

Press Release

FINANCIAL RESULTS FOR THE QUARTER AND THE YEAR ENDED MARCH 31, 2018 STANDALONE & CONSOLIDATED

PERFORMANCE HIGHLIGHTS

- 18% growth in the overall loan book on an Assets Under Management (AUM) basis as at March 31, 2018
- 26% growth in individual loans (after adding back loans sold in the preceding 12 months)
- 38% of home loans approved in terms of numbers during the financial year are towards the Economically Weaker Section & Low Income Group¹
- Spreads at 2.29%, Net Interest Margins at 4.0%

- For the quarter ended March 31, 2018
 - Standalone Profit After Tax stood at ₹2,846 crore (Previous Year {PY}: 2,044 crore)

- For the year ended March 31, 2018
 - Standalone Profit After Tax stood at ₹12,164 crore (PY: ₹7,443 crore), The current year's profits are inclusive of exceptional items of ₹3,682 crore
 - 14% growth in Net Interest Income

- Final dividend of ₹16.50 per share of ₹2 per equity share recommended, total dividend including interim dividend: ₹20 per share (PY: ₹18 per share)

- Consolidated Profit After Tax stood at ₹16,255 crore (PY: ₹11,051 crore)

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) approved the standalone and consolidated audited financial results for the quarter and year ended March 31, 2018, at its meeting held on Monday, April 30, 2018 in Mumbai.

¹ Economically Weaker Section: Household income up to Rs 3 lac p.a.
Low Income Group: Household income greater than Rs 3 lac up to Rs 6 lac p.a.

Board of Directors

With effect from April 30, 2018, independent directors of the Corporation, Mr. D. N. Ghosh and Mr. D. M. Sukthankar resigned from the board. The board placed on record its sincere appreciation for their invaluable contribution to the board over the years.

The board has appointed Mr. U. K. Sinha and Mr. Jalaj Dani as independent directors for a term of 5 years with effect from April 30, 2018, subject to the approval of members at the ensuing Annual General Meeting (AGM).

The board also re-appointed Mr. Keki M. Mistry as the Managing Director (designated as Vice-Chairman & Chief Executive Officer) of the Corporation for a period of three years, with effect from November 14, 2018, subject to the approval of members at the ensuing AGM.

STANDALONE FINANCIAL RESULTS

Financials for the year ended March 31, 2018

The reported profit before tax for the year ended March 31, 2018 stood at ₹ 15,264 crore compared to ₹ 10,727 crore in the previous year – an increase of 42%.

The Corporation earned a profit of ₹5,257 crore from the initial public offer of HDFC Standard Life Insurance Company Limited (HDFC Life). The Corporation had created an additional special provision of ₹ 1,575 crore as a charge to the statement of profit and loss. These amounts have been disclosed as exceptional items.

In the quarter ended March 31, 2018, the Corporation made a profit of ₹ 265 crore from the sale of its wholly owned subsidiaries, HDFC Realty Limited and HDFC Developers Limited. The Corporation also created an additional special provision as a charge to the statement of profit and loss of ₹80 crore, being 30% of the pre-tax gains on this transaction, thereby building an additional buffer against any unexpected risk in the future.

After adjusting for exceptional items and one-time transactions (i.e. profit on sale of subsidiaries and consequent special additional provisions), the profit before tax would have been ₹11,397 crore for the year ended March 31, 2018 compared to ₹10,082 crore in the previous year, representing a growth of 13%.

The transactions for sale of HDFC Life triggered the provision of Minimum Alternate Tax under Section 115JB of the Income-Tax Act, 1961. The tax expense has been adjusted accordingly.

After considering the tax and the provision for deferred tax liability on special reserve, the reported profit after tax for the year ended March 31, 2018 stood at ₹ 12,164crore compared to ₹ 7,443crore in the previous year.

Financials for the quarter ended March 31, 2018

The profit before tax for the quarter ended March 31, 2018 stood at ₹ 3,517crore compared to ₹ 2,938crore in the corresponding quarter of the previous year – an increase of 20%.

The reported profit after tax for the quarter ended March 31, 2018 stood at ₹ 2,846crore compared to ₹ 2,044 crore in the corresponding quarter of the previous year – an increase of 39%.

DIVIDEND

In March 2018, the Board of Directors declared and paid an interim dividend of ₹ 3.50 per equity share of ₹ 2 per share compared to ₹3 per equity share in the previous year.

The Board of Directors recommends payment of final dividend for the year ended March 31, 2018 of ₹16.50 per equity share of ₹ 2 per share compared to ₹ 15 per equity share for the previous year.

The total dividend for the year is ₹20 per equity share as against ₹18 per equity share for the previous year.

LENDING OPERATIONS

Increased Focus on Affordable Housing

In support of the government's flagship scheme, 'Housing For All', the Corporation has increased its efforts towards loans to the Economically Weaker Section (EWS) and Low Income Group (LIG).

During the year ended March 31, 2018, 38% of home loans approved in volume terms and 19% in value terms have been to customers from the EWS and LIG segment.

The Corporation on an average has been approving 8,200 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at approximately ₹1,312crore.

During the year ended March 31, 2018, in value terms, loans to the EWS and LIG segment grew by 32% and 41% respectively over previous year.

The average home loan to the EWS and LIG segment stood at ₹10.2 lac and ₹17.4 lac respectively.

Overall Lending Operations

Total individual loan disbursements grew by 29% during the year ended March 31, 2018. The average size of individual loans stood at ₹26.4lac.

On an Assets under Management (AUM) basis, the growth in the individual loan book was 18% and the non-individual loan book was 17%. The growth in the total loan book was 18%.

As at March 31, 2018, individual loans comprise 73% of the AUM.

As at March 31, 2018, the loan book stood at ₹3,59,442crores against ₹2,96,472crore in the previous year.

During the year, the Corporation sold individual loans amounting to ₹6,453 crore.

As at March 31, 2018, the outstanding amount in respect of individual loans sold was ₹39,364crore. HDFC continues to service these loans and is entitled to the residual income on the loans sold. The residual income on the individual loans sold stood at 1.27% per annum and is being recognised over the life of the loans and not on an upfront basis.

The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 26% (23% net of loans sold). The non-individual loan book grew at 17%. The growth in the total loan book after adding back loans sold was 23% (21% net of loans sold).

Non-Performing Loans (NPLs)

Gross non-performing loans as at March 31, 2018 stood at ₹4,019 crore. This is equivalent to 1.11% of the loan portfolio. The non-performing loans of the individual portfolio stood at 0.64% while that of the non-individual portfolio stood at 2.18%.

As per National Housing Bank norms, the Corporation is required to carry a total provision of ₹2,756crore of which ₹1,598crore is against standard assets and ₹1,158 crore is towards regulatory provisioning for non-performing assets.

As against this, the balance in the Provisions and Contingencies Account as at March 31, 2018 stood at ₹5,000 crore. This is equivalent to 1.39% of the loan portfolio.

Net Interest Income

For the year ended March 31, 2018

The net interest income for the year ended March 31, 2018 stood at ₹11,313crore compared to ₹9,954crore in the previous year, representing a growth of 14%.

For the quarter ended March 31, 2018

The net interest income for the quarter ended March 31, 2018 stood at ₹3,211 crore compared to ₹2,852crore in the corresponding quarter of the previous year, representing a growth of 13%.

Spread and Margin

The spread on loans over the cost of borrowings for the year ended March 31, 2018 stood at 2.29%.The spread on the individual loan book was 1.92% and on the non-individual book was 3.10%.

Net Interest Margin for the year ended March 31, 2018was 4.0%.

INVESTMENTS

As at March 31, 2018, the unaccountedgains on listed investments amounted to₹1,55,680crore (previous year ₹81,514crore). This excludes the appreciation in the value of unlisted investments.

The unaccounted gains on listed investments as at April27, 2018 stood at ₹1,66,511 crore.This excludes the appreciation in the value of unlisted investments.

COST INCOME RATIO

For the year ended March 31, 2018, the cost to income ratio stood at 7.6%.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 19.2%, of which Tier I capital was 17.3% and Tier II capital was 1.9%. Deferred tax liability on Special Reserve and the investment in HDFC Bank has been considered as a deduction in the computation of

Tier I capital. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively. Further, the proposed dividend and tax thereon for the year ended March 31, 2018 has been considered in determining the net owned funds in the computation of the capital adequacy ratio.

CONSOLIDATED FINANCIAL RESULTS

For the quarter ended March 31, 2018, the consolidated profit after tax at ₹ 3,961 crore as compared to ₹ 3,079 crore in the corresponding quarter of the previous year, representing a growth of 29%.

For the year ended March 31, 2018, the consolidated profit after tax stood at ₹ 16,255 crore as compared to ₹ 11,051 crore in the previous year, representing a growth of 47%.

The share of profit from subsidiary and associate companies in the consolidated profit after tax (excluding exceptional items) stood at 33% for the year ended March 31, 2018.

DISTRIBUTION NETWORK

HDFC's distribution network spans 474 outlets which include 148 offices of HDFC's distribution company, HDFC Sales Private Limited (HSPL). HDFC covers additional locations through its outreach programmes. Distribution channels form an integral part of the distribution network with home loans being distributed through HSPL, HDFC Bank Limited and third party direct selling associates.

To cater to non-resident Indians, HDFC has offices in London, Dubai and Singapore and service associates in the Middle East.

April 30, 2018