

Press Release

STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

PERFORMANCE HIGHLIGHTS

- **17% growth in the individual loan book on an Assets Under Management (AUM) basis at December 31, 2018**
- **24% growth in individual loans (after adding back loans sold in the preceding 12 months)**
- **18% growth in Net Interest Income for the quarter ended December 31, 2018**
- **27% growth in Profit before Sale of Investments and Provision for Loan Losses for the quarter ended December 31, 2018**
- **Spreads at 2.26%, Net Interest Margin at 3.5%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) announced its unaudited financial results for the quarter and nine months ended December 31, 2018, following its meeting on Tuesday, January 29, 2019 in Mumbai.

The Corporation has adopted Indian Accounting Standards (Ind AS) from April 1, 2018 and the effective date for such transition is April 1, 2017. The accounts have been subjected to a limited review by the Corporation's statutory auditors in line with the regulatory guidelines.

Appointment of Director

The board, on the recommendation of the Nomination and Remuneration Committee of Directors approved the appointment of Ms. Ireena Vittal as an independent director of the Corporation for a period of 5 years with effect from January 30, 2019, subject to the approval of the Members of the Corporation.

FINANCIAL RESULTS

Financials for the quarter ended December 31, 2018

The profit numbers for the quarter ended December 31, 2018 are not comparable with that of the quarter ended December 31, 2017.

In the quarter ended December 31, 2017, the Corporation had sold shares in the initial public offer of HDFC Life Insurance Company Limited (HDFC Life) for a consideration of ₹ 5,250 crore.

In accordance with Ind AS, the Profit before Sale of Investments and Provision for Loan Losses for the quarter ended December 31, 2018 stood at ₹2,984 crore compared to ₹2,352 crore in the corresponding quarter of the previous year, representing a growth of 27%.

The reported profit before tax for the quarter ended December 31, 2018 stood at ₹2,869 crore compared to ₹5,851 crore in the corresponding quarter of the previous year.

After providing for tax of ₹755 crore (previous year ₹551 crore), the reported profit after tax before Other Comprehensive Income for the quarter ended December 31, 2018 stood at ₹ 2,114 crore compared to ₹ 5,300 crore in the corresponding quarter of the previous year.

Financials for the ninemonths ended December 31, 2018

In accordance with Ind AS, the Profit before Sale of Investments and Provision for Loan Losses for the ninemonths ended December 31, 2018 stood at ₹8,964 crore compared to ₹7,127 crore in the corresponding period of the previous year representing a growth of 26%.

The reported profit before tax for the ninemonths ended December 31, 2018 stood at ₹9,428 crore compared to ₹10,588 crore in the corresponding period of the previous year.

After providing for tax of ₹2,657 crore (previous year ₹1,885 crore), the reported profit after tax before Other Comprehensive Income for the ninemonths ended December 31, 2018 stood at ₹ 6,771 crore compared to ₹ 8,703 crore in the corresponding period of the previous year.

LENDING OPERATIONS

Affordable Housing

The Corporation continued its efforts towards housing loans to the Economically Weaker Section (EWS) and Low Income Groups (LIG).

During the ninemonths ended December 31, 2018, 37% of home loans approved in volume terms and 18% in value terms have been to customers from the EWS and LIG segment.

The Corporation on an average, has been approving 8,400 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at approximately ₹1,360 crore.

The average home loan to the EWS and LIG segment stood at ₹10.1 lac and ₹17.6 lac respectively.

In terms of the government's Credit Linked Subsidy Scheme (CLSS), the Corporation remains a leader with 66,801 cumulative beneficiaries. Under the CLSS, the Corporation has cumulatively disbursed ₹ 11,297 crore loans to first-time home buyers belonging to the EWS/LIG and middle-income groups. The cumulative subsidy amount stood at ₹ 1,472 crore.

Overall Lending Operations

Total individual loan disbursements grew by 15%. The average size of individual loans stood at ₹26.9 lac.

On an Assets under Management (AUM) basis, the growth in the individual loan book was 17% and the non-individual loan book grew by 9%. The growth in the total loan book was 15%.

As at December 31, 2018, individual loans comprise 74% of the AUM.

As at December 31, 2018, the loan book stood at ₹3,85,520 crore as against ₹3,42,154 crore in the previous year.

During the quarter ended December 31, 2018, the Corporation sold individual loans amounting to ₹6,959 crore (PY: Nil).

Total individual loans sold during the preceding twelve months was ₹22,732 crore as against ₹12,078 crore in the corresponding period of the previous year.

As at December 31, 2018, the outstanding amount in respect of individual loans sold was ₹54,797 crore. HDFC continues to service these loans.

The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 24% (14% net of loans sold). The non-individual loan book grew at 9%. The growth in the total loan book after adding back loans sold was 19% (13% net of loans sold).

Non-Performing Assets (NPAs)

As per National Housing Bank (NHB) norms, the gross non-performing loans as at December 31, 2018 stood at ₹4,731 crore. This is equivalent to 1.22% of the loan portfolio.

As per NHB norms, the Corporation is required to carry a total provision of ₹3,068 crore.

As against this, the balance in the Provisions and Loan Losses Account as at December 31, 2018 stood at ₹5,220 crore. This is equivalent to 1.35% of the loan portfolio.

Net Interest Income

The net interest income for the nine-months ended December 31, 2018 stood at ₹8,241 crore compared to ₹6,986 crore in the corresponding period of the previous year, representing a growth of 18%.

For the quarter ended December 31, 2018, the net interest income stood at ₹2,871 crore compared to ₹2,442 crore in the corresponding quarter of the previous year, representing a growth of 18%.

Spread and Margin

The spread on loans over the cost of borrowings for the nine months ended December 31, 2018 stood at 2.26%. The spread on the individual loan book was 1.89% and on the non-individual book was 3.08%.

Net Interest Margin (including the upfronting of income on account of loans sold as per Ind AS stood) at 3.5% as compared to 3.3% in the previous year.

The NIM excluding the upfronting of income on account of loans sold stood at 3.2% compared to 3.0% in the previous year.

INVESTMENTS

As at December 31, 2018, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹1,78,516 crore.

COST INCOME RATIO

For the nine months ended December 31, 2018, the cost to income ratio stood at 8.8%.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 18.9%, of which Tier I capital was 17.2% and Tier II capital was 1.7%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

DISTRIBUTION NETWORK

HDFC's distribution network spans 531 outlets which include 180 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.

January 29, 2019