

Press Release

STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

PERFORMANCE HIGHLIGHTS

- **46% growth in standalone Profit After Tax for the quarter ended June 30, 2019 at ₹ 3,203 crore (PY: ₹ 2,190 crore)**
- **24% growth in individual loans (after adding back loans sold in the preceding 12 months)**
- **17% growth in the individual loan book on an Assets Under Management (AUM) basis as at June 30, 2019**
- **Spreads at 2.25%, Net Interest Margin at 3.3%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) announced its unaudited financial results for the quarter ended June 30, 2019, at its meeting held on Friday, August 2, 2019 in Mumbai. The accounts have been subjected to a limited review by the Corporation's statutory auditors in line with the regulatory guidelines.

FINANCIAL RESULTS

The reported profit before tax for the quarter ended June 30, 2019 stood at ₹ 3,985 crore compared to ₹ 3,070 crore in the previous year. This is inclusive of the profit on sale of investments on part stake sale of GRUH Finance of ₹ 1,894 crore during the quarter ended June 30, 2019.

Further, dividend income in the current year was ₹ 1 crore as against ₹ 586 crore (including ₹ 581 crore from HDFC Bank and GRUH Finance) in the previous year. In the current financial year, dividend from HDFC Bank and GRUH Finance has been received in the second quarter.

After providing for tax of ₹ 782 crore, the reported profit after tax (before Other Comprehensive Income as per Ind AS) for the quarter ended June 30, 2019 stood at ₹ 3,203 crore compared to ₹ 2,190 crore in the corresponding quarter of the previous year, representing a growth of 46%.

Profit after tax after Other Comprehensive Income for the quarter ended June 30, 2019 was ₹ 3,465 crore compared to ₹ 2,161 crore in the corresponding quarter of the previous year, representing a growth of 60%.

LENDING OPERATIONS

Affordable Housing

During the quarter ended June 30, 2019, 35% of home loans approved in volume terms and 17% in value terms have been to customers from the Economically Weaker Section (EWS) and Low Income Groups (LIG).

The Corporation on an average, has been approving ~8,700 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at ₹ 1,415 crore.

The average home loan to the EWS and LIG segment stood at ₹ 10.2 lac and ₹ 17.5 lac respectively.

Overall Lending Operations

Total individual loan approvals grew by 16% and disbursements grew by 12%. The average size of individual loans stood at ₹ 27.8 lac.

As at June 30, 2019, the loan book stood at ₹ 4,16,597 crore as against ₹ 3,74,575 crore in the previous year.

As at June 30, 2019, individual loans comprise 74% of the Assets Under Management (AUM).

On an AUM basis, the growth in the individual loan book was 17%. The growth in the total loan book was 13%.

Given the uncertainty and risk averseness in the lending environment for non-individual loans, the Corporation opted to be prudent by curtailing some of its lending to non-individual loans.

During the quarter ended June 30, 2019, the Corporation assigned loans amounting to ₹ 7,230 crore compared to ₹ 9,714 crore in the corresponding quarter of the previous year. Loans sold in the preceding 12 months amounted to ₹ 22,666 crore (PY: ₹ 13,245 crore).

As at June 30, 2019, the outstanding amount in respect of individual loans sold was ₹ 58,631 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%. The growth in the total loan book after adding back loans sold was 17%.

Non-Performing Assets (NPAs)

As per National Housing Bank norms, the gross non-performing loans as at June 30, 2019 stood at ₹ 5,315 crore. This is equivalent to 1.29% of the loan portfolio. The non-performing loans of the individual portfolio stood at 0.72% while that of the non-individual portfolio stood at 2.68%.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 3,366 crore. Of this, ₹ 1,830 crore is towards provisioning for standard assets and ₹ 1,536 crore is towards non-performing assets.

The provisions as at June 30, 2019 stood at ₹ 6,470 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 1.55%.

On the basis of classification of assets under Ind AS, as at June 30, 2019, 98.5% of the EAD comprised Stage 1 and 2 assets.

Net Interest Income

The net interest income (NII) for the quarter ended June 30, 2019 stood at ₹ 3,042 crore compared to ₹ 2,743 crore in the previous year a growth of 11%.

The Corporation had raised equity in the months of February and March 2018 amounting to ₹ 13,000 crore. Of the capital raised, an amount of ₹ 8,500 crore was invested in HDFC Bank in July 2018. Accordingly, for the quarter ended June 30, 2018, the Corporation earned income on deployment of these funds.

Further, given the environment on liquidity, the Corporation as matter of prudence has been carrying a considerably higher level of liquidity since September 2018. Accordingly, the amount invested in high quality liquid assets in the first quarter of the current year is significantly higher than the corresponding period in the previous year.

The NII numbers for the quarter ended June 30, 2019 are therefore not strictly comparable with the corresponding quarter of the previous year.

Spread and Margin

The spread on loans over the cost of borrowings for the quarter ended June 30, 2019 was 2.25%. The spread on the individual loan book was 1.91% and on the non-individual book was 3.07%.

Net Interest Margin was 3.3%, the same as the corresponding quarter last year.

INVESTMENTS

As at June 30, 2019, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 2,07,725 crore.

COST INCOME RATIO

For the quarter ended June 30, 2019, cost to income ratio stood at 9.6%.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 18.8%, of which Tier I capital was 17.3% and Tier II capital was 1.5%. The capital adequacy ratio is calculated after factoring in the final dividend for FY19. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 13% and 10% respectively.

CONSOLIDATED FINANCIAL RESULTS

As per Ind AS, for the quarter ended June 30, 2019, the consolidated profit after tax attributable to the Corporation stood at ₹ 3,094 crore as compared to ₹ 2,942 crore in the previous year.

In the case of consolidated financial results under Ind AS, the profit on sale of investments on part stake sale of GRUH Finance is recognised in other equity. Owing to this, the consolidated profit after tax attributable to the Corporation is lower than the standalone profit after tax of the Corporation.

DISTRIBUTION NETWORK

HDFC's distribution network spans 557 outlets which include 196 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. The Corporation also has an online digital platform for loans.

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

August 2, 2019