Press Release

AUDITED STANDALONE & CONSOLIDATEDFINANCIAL RESULTS FOR THE QUARTER AND THE YEAR ENDED MARCH 31,2020

PERFORMANCE HIGHLIGHTS

- **Profit After Tax for the year ended March 31, 2020 stood at₹17,770 crore (PY: ₹9,633 crore)**
- **21% growth in individual loans (after adding back loans sold in the preceding 12 months)**
- **14% growth in the individual loan book on an Assets Under Management (AUM) basis as at March 31, 2020**
- **Spreadsat 2.27%, Net Interest Margin at 3.4%**
- **Net Interest Income for the quarter ended March 31, 2020 grew by 17% to stand at ₹ 3,780 crore. Profit After Tax for the quarter ended March 31, 2020 stood at ₹ 2,233 crore.**
- **Recommends final dividend of ₹21 per equity share, same as the total dividend in the previous year.**
- **Consolidated Profit After Tax stood at ₹ 22,826crore (PY: ₹17,581crore) - growth of 30%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) approved the standalone and consolidated audited financialresults for the quarter and year ended March 31, 2020, at its meeting held on Monday, May 25, 2020 in Mumbai.

STANDALONE FINANCIAL RESULTS

Financials for the year ended March 31, 2020

The reported profit before tax for the year ended March 31, 2020 stood at₹ 20,351crore compared to ₹13,119 crore in the previous year.

- After providing for tax of ₹ 2,581 crore (previous year: ₹3,486 crore), the reported profit after tax before other comprehensive income for the year ended March 31, 2020 stood at ₹17,770 crore compared to ₹9,633 crore in the previous year.

The profit numbers for the year are not directly comparable with that of the previous year for the following reasons:

- Fair value gain on amalgamation of GRUH Finance Limited (GRUH) with Bandhan Bank Limited of ₹ 9,020 crore (PY: nil)

- Profit on Sale of Investments of₹3,524crore (PY: ₹ 1,212 crore)

- Dividend received in Q4FY20 was ₹ 2 crore (PY: ₹ 537 crore), resulting in a lower dividend received for the year of ₹ 1,081 crore (PY: ₹ 1,131 crore).

- Gain on Fair value adjustments: ₹99 crore (PY: ₹ 552 crore)

- Additional provisioning, including provisioning for the impact of COVID-19 of ₹ 5,913 crore (PY: ₹ 935 crore)

To facilitate a like-for-like comparison, after adjusting for the fair value on gain of amalgamation, other fair value adjustments, profit on sale of investment, dividend and provisioning, the adjusted profit before tax for the year ended March 31, 2020 is ₹ 12,540 crore compared to ₹ 11,159 crore in the previous year, reflecting a growth of 12%.

Financials for the quarter ended March 31, 2020

The reported profit before tax for the quarter ended March 31, 2020 stood at₹2,693crore compared to ₹3,691crorein the corresponding quarter of the previous year.

After providing for tax of ₹ 460 crore, the reported profit after tax (before other comprehensiveincome) for the quarter ended March 31, 2020 stood at ₹2,233crore compared to ₹2,862crore in the corresponding quarter of the previous year.

The profit numbers for the quarter ended March 31, 2020 are not directly comparable for the following reasons:

Dividend received in Q4FY20 was ₹ 2 crore (PY: ₹ 537 crore). With dividend distribution tax being abolished, some of the subsidiary companies of the Corporation did not pay interim dividend.

Profit on sale of investments was ₹ 2 crore (PY: ₹ 321 crore)

Fair value changes charged to the Statement of Profit and Loss– largely on account of the fall in the stock markets of ₹ 428 crore (PY: ₹167 crore)

Increase in provisioning, including impact for COVID-19 of ₹ 1,274 crore (PY: ₹ 398 crore)

After adjusting for fair value adjustments, profit on sale of investment, dividend and provisioning, the adjusted profit before tax for the quarter ended March 31, 2020 is ₹ 3,535 crore compared to ₹ 3,064 crore in the previous year, reflecting a growth of 15%.

DIVIDEND

The Corporation did not declare interim dividend during the year ended March 31, 2020 (PY: ₹ 3.50 per equity share of ₹ 2 each).

The Board of Directors reviewed the performance of the Corporation and the impact of COVID-19. After assessing capital buffers and liquidity levels of the Corporation and taking cognisance of the need to also meet shareholder expectations, the board decided to retain the dividend at the previous year's levels.

Accordingly, the Board of Directors recommends payment of final dividend for the financial year ended March 31, 2020 of ₹ 21 per equity share of ₹ 2 each compared to a final dividend of ₹ 17.50 per equityin the previous year.

The dividend pay-out ratio is 20.5%.

There will be no dividend distribution tax payable by the Corporation as the dividend is now taxable in the hands of the recipient.

LENDING OPERATIONS

Affordable Housing

During the year endedMarch 31, 2020, 36% of home loans approved in volume terms and 18% 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 approving9,640loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at₹1,589crore.

The average home loan to the EWS and LIG segment stood at ₹10.3lac and ₹17.7lac respectively.

Overall Lending Operations

Total individual loan approvals grew by 14% in volume terms and 12% in value terms. Disbursements grew by 7%.The average size of individual loans stood at₹27lac.

As at March 31, 2020, the loan book stood at ₹4,50,903croreas against₹4,06,607crore in the previous year, representing a growth of 11%.

As at March 31, 2020, individual loans comprise 76% of the Assets Under Management (AUM).

During the year ended March 31, 2020, individual loans accounted for 89% of the incremental growth of the AUM.

On an AUM basis, the growth in the individual loan book was 14%. The growth in the total loan book was 12%.

Given the prolonged uncertainty and risk averseness in the lending environment for non-individual loans,the Corporation continued to be prudent in its lending.

During the year ended March 31, 2020, the Corporation assigned individual loans amounting to ₹24,127 crore (PY:₹25,150crore).

As at March 31, 2020, the outstanding amount in respect of individual loans sold was ₹65,695 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 21%. The growth in the total loan book after adding back loans sold was 17%.

Non-Performing Assets (NPAs)

The gross non-performing loansas at March 31, 2020stood at ₹8,908 crore. This is equivalent to 1.99% of the loan portfolio. The non-performing loans of the individual portfolio stood at 0.95% while that of the non-individual portfolio stood at 4.71%.

As per NHB norms, the Corporation is required to carry a total provision of ₹4,188 crore.Of this, ₹1,921 crore is towards provisioning for standard assets and ₹2,267crore is towards non-performing assets.

The actual provisionsas at March 31, 2020stood at ₹10,988 crore. This is ₹ 6,800 crore over and above the regulatory requirement.The provisions carried as a percentage of the Exposure at Default (EAD)is equivalent to 2.44%.

On the basis of classification of assets under Ind AS, as at March 31, 2020, 97.7% of the EAD comprised Stage 1 and 2 assets.

Net Interest Income (NII)

The NII(excluding income on assigned loans) for the year ended March 31, 2020 stood at ₹ 12,904crorecompared to ₹11,457crore in the previous year, representing a growth of 13%.

For the quarter ended March 31, 2020, the NII stood at ₹3,564crore compared to ₹3,139crore in the corresponding quarter of the previous year, representing a growth of 14%.

Inclusive offees and income from assigned loans, the NII for the quarter ended March 31, 2020 stood at ₹ 3,780 crore compared to ₹ 3,238 crore in the previous year, representing a growth of 17%.

Spread and Margin

The spread on loans over the cost of borrowings for the year ended March 31, 2020was 2.27%.The spread on the individual loan book was 1.92% and on the non-individual book was 3.14%.

Net Interest Margin stood at 3.4%,compared to 3.3% in the previous year.

INVESTMENTS

As at March31, 2020, the unaccountedgains on listed investments in subsidiary and associate companies amounted to₹1,54,461crore.

COST INCOME RATIO

For the year ended March 31, 2020, the cost to income ratiostood at 9.0% compared to 8.9% in the previous year.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 17.7%, of which Tier I capital was 16.6% and Tier II capital was 1.1%. 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

For the yearended March 31, 2020, the consolidated profit after tax stood at ₹22,826crore as compared to ₹17,581crore in the previous year, representing a growth of 30%.

The profit attributable to the Corporation stood at ₹ 21,435 crore as compared to ₹ 16,232 crore in the previous year, representing a growth of 32%.

DISTRIBUTION NETWORK

HDFC's distribution network spans 585outlets which include 206offices 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 andthird 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.

IMPACT OF COVID-19

The World Health Organisation declared COVID-19 as a pandemic on March 11, 2020 and India has been under a national lockdown since March 25, 2020.

The impact of COVID-19 was felt towards the last fortnight of the financial year. Retail loan disbursements were disrupted in the latter half of the month of March.

97% of the Corporation's customers use electronic modes of repayment for their instalments. However, in respect of 3% of borrowers, where follow ups would have otherwise been done through personal visits, this was not possible owing to the national lockdown. Recovery efforts were hampered in the latter half of March 2020, which resulted in an increase in individual non-performing loans.

With offices being closed in the months of April and part of May, individual loan disbursements havecontinued to be impacted. Loan approvals and loan servicing requirements are being done online. Further details are on the website, www.hdfc.com.

In accordance with the directions by the Reserve Bank of India, the Corporation has offered the moratorium to customerswhose loans were standard as at February 29, 2020 for the period March 1, 2020 and May 31, 2020. On May 22, 2020, the RBI further permitted an extension the moratorium period by 3 months i.e. up to August 31, 2020.

The Corporation has adopted an 'opt-in' structure for the moratorium. As of date, approximately 26% of the Corporation's loans under management have opted for the moratorium. Individual loans under moratorium account for 21% of the individual loan portfolio.

The Corporation remains well capitalised and has significantly increased its liquidity levels. The Corporation has continued to raise funds from the capital markets, banks and refinance facilities during the lockdown.

The flow of deposits has continued as well.Deposits are being serviced online through its deposit platform,https://online.hdfc.com/hdfcdeposits/.

From mid-May onwards, the Corporation has gradually opened up its offices in areas which are not designated as containment zones and all offices and employees/visitorsare following necessary hygiene protocols and social distancing.

As of date, nearly 90% of HDFC's offices are open for business. Offices currently operate within the local lockdown guidelines issued by the authorities from time to time and staff, on a rotational basis, follow the Work From Home protocol as required.

All customer requests are being served and the Corporation is confident that despite the extant challenges, all efforts are being made to remain a customer-centric organisation.

The HDFC group together committed ₹150 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) to support the Indian government's efforts in managing the health crisis caused by the COVID-19 pandemic. Of this, the Corporation's contribution was ₹ 60 crore.

During the national lockdown, HDFC, through H T Parekh Foundation, has intensified its efforts to reach vulnerable communities across various states in India. It has increased its reach to 22 partners, across 12 states, with either cooked meals one month ration kits or hygiene safety kits. As of date, the Corporation has reached out to over 1.2 lac individuals through the provision of ration kits and approximately 7.7 lac cooked meals during the lockdown. Over 1 lac personal protection equipment (PPE) kits, 70,000 masks and ventilators have been distributed to state governments of Maharashtra, Delhi and Gujarat and charitable hospitals treating COVID-19 patients.

A total of ₹ 77 crore has been made by the Corporation towards COVID-19 relief across healthcare, community outreach and contribution to PM-CARES Fund.

There remains a high level of uncertainty about the duration of the lockdown and the time required for life and business operations to normalise. The Corporation will keep its investors and other stakeholders updated on material developments pertaining to the impact of COVID-19 on business.

May 25, 2020