

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



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**UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER ENDED JUNE 30, 2019**

**PART I – STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER ENDED JUNE 30, 2019**

₹ in Crore

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Reviewed	Audited	Reviewed	Audited
1 Revenue from Operations				
- Interest Income	12,734.82	12,077.94	10,694.16	45,827.48
- Surplus from deployment in Cash Management Schemes of Mutual Funds	311.26	334.39	180.89	997.71
- Dividend Income	138.22	106.52	137.88	511.14
- Rental Income	7.59	40.42	10.78	68.05
- Fees and commission Income	541.58	632.38	505.26	2,475.11
- Net gain on fair value changes	198.94	2,668.18	746.24	4,344.56
- Profit on Sale of Investments	16.44	5.90	25.83	21.63
- Income on derecognised (assigned) loans	296.17	66.17	141.47	859.99
- Income pertaining to Life Insurance Business	6,488.84	10,108.80	4,991.09	28,658.63
- Income pertaining to Non Life Insurance Business	2,390.87	2,611.78	2,221.27	11,929.22
Total Revenue from Operations	23,124.73	28,652.48	19,654.87	95,693.52
2 Other Income	115.09	165.15	118.56	501.35
3 Total Income (1+2)	23,239.82	28,817.63	19,773.43	96,194.87
4 Expenses:				
- Finance costs	8,206.55	7,654.82	6,698.76	29,525.33
- Impairment on financial instruments(Expected Credit Loss)	895.62	535.52	24.15	1,165.70
- Employee benefit expenses	830.62	531.14	912.98	2,967.37
- Depreciation, amortisation and impairment	62.56	32.54	31.11	141.47
- Establishment Expenses	60.35	70.85	96.74	321.11
- Expenses pertaining to Life Insurance Business	7,043.23	12,265.95	5,876.46	32,777.09
- Expenses pertaining to Non Life Insurance Business	2,196.02	2,783.89	2,059.14	11,474.85
- Other Expenses	641.16	926.68	617.34	3,112.81
Total Expenses	19,936.11	24,801.39	16,316.68	81,485.73
5 Share of profit of Associates (Equity Method)	1,275.65	2,089.45	901.81	7,389.82
6 Profit before tax (3-4+5)	4,579.36	6,105.69	4,358.56	22,098.96
7 Tax Expense				
- Current tax	1,156.58	1,342.32	1,061.05	4,370.02
- Deferred tax	(116.94)	(47.91)	2.18	148.43
Total Tax expense	1,039.64	1,294.41	1,063.23	4,518.45
8 Net Profit (before adjustment for minority interest) (6-7)	3,539.72	4,811.28	3,295.33	17,580.51
9 Other Comprehensive Income	543.28	131.46	(464.29)	81.72
10 Total Comprehensive Income (8+9)	4,083.00	4,942.74	2,831.04	17,662.23
11 Profit Attributable to:				
Owners of the Corporation	3,094.38	4,491.98	2,942.26	16,231.76
Non-Controlling Interest	445.34	319.30	353.07	1,348.75
12 Other Comprehensive Income attributable to:				
Owners of the Corporation	488.21	157.43	(371.07)	119.49
Non-Controlling Interest	55.07	(25.97)	(93.22)	(37.77)
13 Total Comprehensive Income attributable to:				
Owners of the Corporation	3,582.59	4,649.41	2,571.19	16,351.25
Non-Controlling Interest	500.41	293.33	259.85	1,310.98
Earnings per Share (Face value ₹ 2)*				
- Basic	17.97	26.15	17.45	95.31
- Diluted	17.86	26.00	17.27	94.57
Paid-up Equity Share Capital (Face value ₹ 2)	345.06	344.29	336.73	344.29
Reserves excluding Revaluation Reserves as at March 31				1,11,388.85

* Not annualised for the quarters

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Notes :

1 The disclosure in terms of Ind AS 108 dealing with "Operating Segment" as specified under Section 133 of the Companies Act, 2013

₹ in Crore

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Reviewed	Audited	Reviewed	Audited
Segment Revenues				
- Loans	13,696.54	11,101.39	10,531.70	44,802.57
- Life Insurance	8,357.16	14,182.84	7,020.49	38,248.74
- General Insurance	2,432.76	2,621.88	2,271.49	12,094.72
- Asset Management	592.25	589.69	536.04	2,254.72
- Others	122.38	148.20	302.59	687.93
Total Segment Revenues	25,201.09	28,644.00	20,662.31	98,088.68
Add : Unallocated Revenues	2.16	(4.56)	1.21	0.17
Less: Inter-segment Adjustments	(1,963.43)	178.19	(890.09)	(1,893.98)
Total Revenues	23,239.82	28,817.63	19,773.43	96,194.87
Segment Results				
- Loans	4,179.38	2,706.94	3,256.91	12,685.20
- Life Insurance	443.05	520.75	416.82	1,495.00
- General Insurance	116.85	37.05	100.11	421.64
- Asset Management	443.74	422.43	308.40	1,396.22
- Others	(7.59)	22.26	195.01	219.89
Total Segment Results	5,175.43	3,709.43	4,277.25	16,217.95
Add / (Less) : Unallocated	2.16	(4.56)	1.21	0.15
Add: Share of Profit from Associates accounted under Equity method	1,275.65	2,089.45	901.81	7,389.82
Less: Inter-segment Adjustments	(1,873.88)	311.37	(821.71)	(1,508.96)
Profit before Tax	4,579.36	6,105.69	4,358.56	22,098.96
Segment Assets				
- Loans	4,74,485.60	4,61,218.46	4,21,913.45	4,61,218.46
- Life Insurance	1,37,267.38	1,32,902.91	1,13,495.76	1,32,902.91
- General Insurance	14,999.24	14,029.66	12,837.42	14,029.66
- Asset Management	4,478.48	4,095.57	3,628.60	4,095.57
- Others	622.78	554.77	665.85	554.77
Total Segment Assets	6,31,853.48	6,12,801.37	5,52,541.08	6,12,801.37
Unallocated				
- Banking	45,442.10	43,874.69	28,612.41	43,874.69
- Others	4,503.08	4,199.06	4,506.08	4,199.06
Total Assets	6,81,798.66	6,60,875.12	5,85,659.57	6,60,875.12
Segment Liabilities				
- Loans	4,11,899.64	4,02,742.63	3,64,539.03	4,02,742.63
- Life Insurance	1,31,350.40	1,27,488.36	1,08,693.83	1,27,488.36
- General Insurance	12,671.54	12,108.55	10,962.56	12,108.55
- Asset Management	241.64	167.34	185.54	167.34
- Others	132.52	87.27	59.11	87.27
Total Segment Liabilities	5,56,295.74	5,42,594.15	4,84,440.07	5,42,594.15
Unallocated				
- Banking	-	-	-	-
- Others	844.04	302.45	779.89	302.45
Total Liabilities	5,57,139.78	5,42,896.60	4,85,219.96	5,42,896.60
Capital Employed				
- Loans	62,585.96	58,475.83	57,374.42	58,475.83
- Life Insurance	5,916.98	5,414.55	4,801.93	5,414.55
- General Insurance	2,327.70	1,921.11	1,874.86	1,921.11
- Asset Management	4,236.84	3,928.23	3,443.06	3,928.23
- Others	490.26	467.50	606.74	467.50
Total Segment Capital Employed	75,557.74	70,207.22	68,101.01	70,207.22
Unallocated				
- Banking	45,442.10	43,874.69	28,612.41	43,874.69
- Others	3,659.04	3,896.61	3,726.19	3,896.61
Total Capital Employed	1,24,658.88	1,17,978.52	1,00,439.61	1,17,978.52

- The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.
- Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation and its subsidiaries GRUH Finance Limited and HDFC Credila Financial Services Private Limited.
- Asset Management segment includes portfolio management, mutual fund and property investment management.
- Others include project management and investment consultancy.
- The Group does not have any material operations outside India and hence disclosure of geographic segments is not given.

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2 The key data relating to standalone results of Housing Development Finance Corporation Limited is as under:

₹ in Crore

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Reviewed	Audited	Reviewed	Audited
Total Income	12,996.11	11,586.58	9,951.98	43,378.01
Profit Before Tax	3,985.11	3,690.89	3,070.00	13,118.77
Tax Expense	782.01	829.31	880.00	3,486.31
Net Profit After Tax	3,203.10	2,861.58	2,190.00	9,632.46
Other Comprehensive Income	261.98	(38.69)	(29.17)	(131.53)
Total Comprehensive Income	3,465.08	2,822.89	2,160.83	9,500.93
Earnings per Share (₹)*				
- Basic	18.60	16.68	12.96	56.53
- Diluted	18.48	16.57	12.83	56.08
Equity Share Capital	345.06	344.29	336.73	344.29
Reserves excluding Revaluation Reserves as at March 31				77,011.18

* Not annualised for the quarters

- The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 - Interim Financial Reporting, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
- Effective April 1, 2019 the Group has adopted Ind AS 116 - Leases, which requires any lease arrangement to be recognised in the balance sheet of the lessee as a 'right-of-use' asset with a corresponding lease liability. Accordingly depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under finance costs. As permitted by the standard, the Group has applied this standard w.e.f. April 1, 2019 and comparatives for the previous period / year have not been restated. The effect of this adoption is insignificant on the profit for the period.
- The proposed merger of GRUH Finance Limited ("GRUH") with Bandhan Bank Limited ("Bandhan") has been approved by Competition Commission of India, National Housing Bank, Reserve Bank of India (RBI), stock exchanges, the Shareholders and Creditors of GRUH and also the Shareholders of Bandhan. The merger is subject to approval by National Company Law Tribunal, Ahmedabad and Kolkata benches.

In view of the directive by RBI to the Corporation to acquire and hold not more than 9.9% of the share capital of Bandhan post merger, during the quarter ended June 30, 2019, 6,35,86,774 equity shares of ₹ 2 each of GRUH were sold resulting in adjusted gain of ₹ 1,740.41 crore in consolidated accounts. This gain has been recognised in Other Equity in accordance with Ind AS 110 - Consolidated Financial Statements. GRUH continues to be a subsidiary for accounting purposes under Ind AS 24 - Related Party Disclosures and Ind AS 110 - Consolidated Financial Statements.
- During the quarter ended June 30, 2019, the Corporation has entered into agreements for acquiring upto 51.2% of the equity share capital of Apollo Munich Health Insurance Company Limited, subject to regulatory approvals from National Housing Bank, Insurance Regulatory and Development Authority of India and Competition Commission of India and/or such other approval from other governmental authorities.
- During the quarter ended June 30, 2019, the Corporation has allotted 38,68,847 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors.
- Figures for the quarter ended March 31, 2019 are derived by deducting the reviewed year to date figures for the period ended December 31, 2018 from the audited figures for the year ended March 31, 2019.
- Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter ended June 30, 2019, which have been subjected to a Limited Review by the Auditors of the Corporation, were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on August 2, 2019, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 2, 2019

Keki M. Mistry
Vice Chairman & CEO