

Press Release

STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

PERFORMANCE HIGHLIGHTS

- Standalone Profit After Tax for the nine months ended December 31, 2019 stood at ₹ 15,537 crore (PY: ₹ 6,771 crore)
- Standalone Profit After Tax for the quarter ended December 31, 2019 stood at ₹ 8,372 crore (PY: ₹ 2,114 crore)
- Loan Assets Under Management (AUM) cross ₹ 5 lac crore.
- 24% growth in individual loans (after adding back loans sold in the preceding 12 months)
- 16% growth in the individual loan book on an AUM basis as at December 31, 2019.
- Spreads at 2.27%, 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 and nine months ended December 31, 2019, following its meeting on Monday, January 27, 2020 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

Financials for the nine months ended December 31, 2019

The reported profit before tax for the nine months ended December 31, 2019 stood at ₹ 17,658 crore compared to ₹ 9,428 crore in the corresponding period of the previous year.

After providing for tax of ₹ 2,121 crore (previous year: ₹ 2,657 crore), the reported profit after tax before other comprehensive income for the nine months ended December 31, 2019 stood at ₹ 15,537 crore compared to ₹ 6,771 crore in the corresponding period of the previous year.

GRUH Finance Limited (GRUH), an associate of the Corporation merged into and with Bandhan Bank Limited (Bandhan Bank) with effect from October 17, 2019. The Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan Bank.

In accordance with para 22 of 'Ind AS 28 – Investments in Associates and Joint Ventures', on derecognition of the investment in GRUH, the Corporation has recognised a fair value gain of ₹ 9,020 crore.

During the nine months period, the Corporation has also made provisions of ₹ 4,639 crore.

Financials for the quarter ended December 31, 2019

The reported profit before tax for the quarter ended December 31, 2019 stood at ₹ 9,143 crore compared to ₹ 2,869 crore in the previous year.

After providing for tax of ₹ 771 crore, the reported profit after tax (before other comprehensive income) for the quarter ended December 31, 2019 stood at ₹ 8,372 crore compared to ₹ 2,114 crore in the corresponding quarter of the previous year.

During the quarter, the Corporation has made provisions of ₹ 2,995 crore.

LENDING OPERATIONS

Affordable Housing

During the nine months ended December 31, 2019, 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 approving 9,400 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at ₹ 1,500 crore.

The average home loan to the EWS and LIG segment stood at ₹ 10.2 lac and ₹ 17.6 lac respectively.

Overall Lending Operations

Total individual loan approvals grew by 15% and disbursements grew by 13%. The average size of individual loans stood at ₹ 26.9 lac.

As at December 31, 2019, the loan book stood at ₹ 4,41,472 crore as against ₹ 3,89,421 crore in the previous year, representing a growth of 13%.

As at December 31, 2019, individual loans comprise 76% of the Assets Under Management (AUM).

During the nine months ended December 31, 2019, individual loans accounted for 90% of the incremental growth of the AUM.

On an AUM basis, the growth in the individual loan book was 16%. The growth in the total loan book was 14%.

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 nine months ended December 31, 2019, the Corporation assigned loans amounting to ₹ 18,648 crore (PY: ₹ 22,732 crore). Loans sold in the preceding 12 months amounted to ₹ 21,066 crore.

As at December 31, 2019, the outstanding amount in respect of individual loans sold was ₹ 63,679 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 19%.

Non-Performing Assets (NPAs)

The gross non-performing loans as at December 31, 2019 stood at ₹ 5,950 crore. This is equivalent to 1.36% of the loan portfolio. The non-performing loans of the individual portfolio stood at 0.75% while that of the non-individual portfolio stood at 2.91%.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 3,624 crore. Of this, ₹ 1,913 crore is towards provisioning for standard assets and ₹ 1,711 crore is towards non-performing assets.

The actual provisions as at December 31, 2019 stood at ₹ 9,934 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 2.25%.

On the basis of classification of assets under Ind AS, as at December 31, 2019, 98.4% of the EAD comprised Stage 1 and 2 assets.

Net Interest Income (NII)

The NII (excluding income on assigned loans) for the nine months ended December 31, 2019 stood at ₹ 9,340 crore compared to ₹ 8,317 crore in the previous year, representing a growth of 12%.

Spread and Margin

The spread on loans over the cost of borrowings for the nine months ended December 31, 2019 was 2.27%. The spread on the individual loan book was 1.93% and on the non-individual book was 3.14%.

Net Interest Margin for the nine months ended December 31, 2019 remained unchanged at 3.3%.

INVESTMENTS

As at December 31, 2019, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 2,33,608 crore.

COST INCOME RATIO

For the nine months ended December 30, 2019, the cost to income ratio stood at 9.6%.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 18.6%, of which Tier I capital was 17.3% and Tier II capital was 1.3%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 13% and 10% respectively.

HDFC ERGO HEALTH INSURANCE COMPANY LIMITED

Pursuant to the receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, the Corporation has, on January 9, 2020, acquired 51.16% of the equity share capital of



Apollo Munich Health Insurance Company Limited which has been renamed as HDFC ERGO Health Insurance Company Limited.

CONSOLIDATED FINANCIAL RESULTS

For the nine months ended December 31, 2019, the consolidated profit after tax stood at ₹ 18,485 crore as compared to ₹ 12,769 crore in the corresponding period last year.

For the quarter ended December 31, 2019, the consolidated profit after tax stood at ₹ 4,196 crore as compared to ₹ 3,377 crore in the corresponding quarter of the previous year.

DISTRIBUTION NETWORK

HDFC's distribution network spans 576 outlets which include 202 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.

January 27, 2020