HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
www.hdfc.com

Ref. No.: SE/2022-23/298

February 6, 2023

BSE Limited
P. J. Towers
Dalal Street
Mumbai 400 001

Kind Attn: Sr. General Manager
DCS – Listing Department

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Kind Attn: Head – Listing

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015

Pursuant to the above-mentioned regulations, we wish to inform you that the Corporation participated in the investor meeting as given below:

Date	Organised by	Type of Meeting/Event	Location
February 6, 2023	Antique Stock Broking Limited	Investor Conference *"Build India, New India"*	Mumbai

Please note that no unpublished price sensitive information was shared/discussed by the Corporation in the said investor meeting.

A copy of the investor presentation is enclosed for your reference and the same is placed on the Corporation's website.

We request you to kindly take the same on record.

Thank you.

Yours faithfully,
For **Housing Development Finance Corporation Limited**

AJAY GIRIDHARILAL AGARWAL
Digitally signed by AJAY GIRIDHARILAL AGARWAL
Date: 2023.02.06 18:44:03 +05'30'

Ajay Agarwal
Company Secretary

Encl. a/a

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Investor Presentation

Housing Development Finance Corporation

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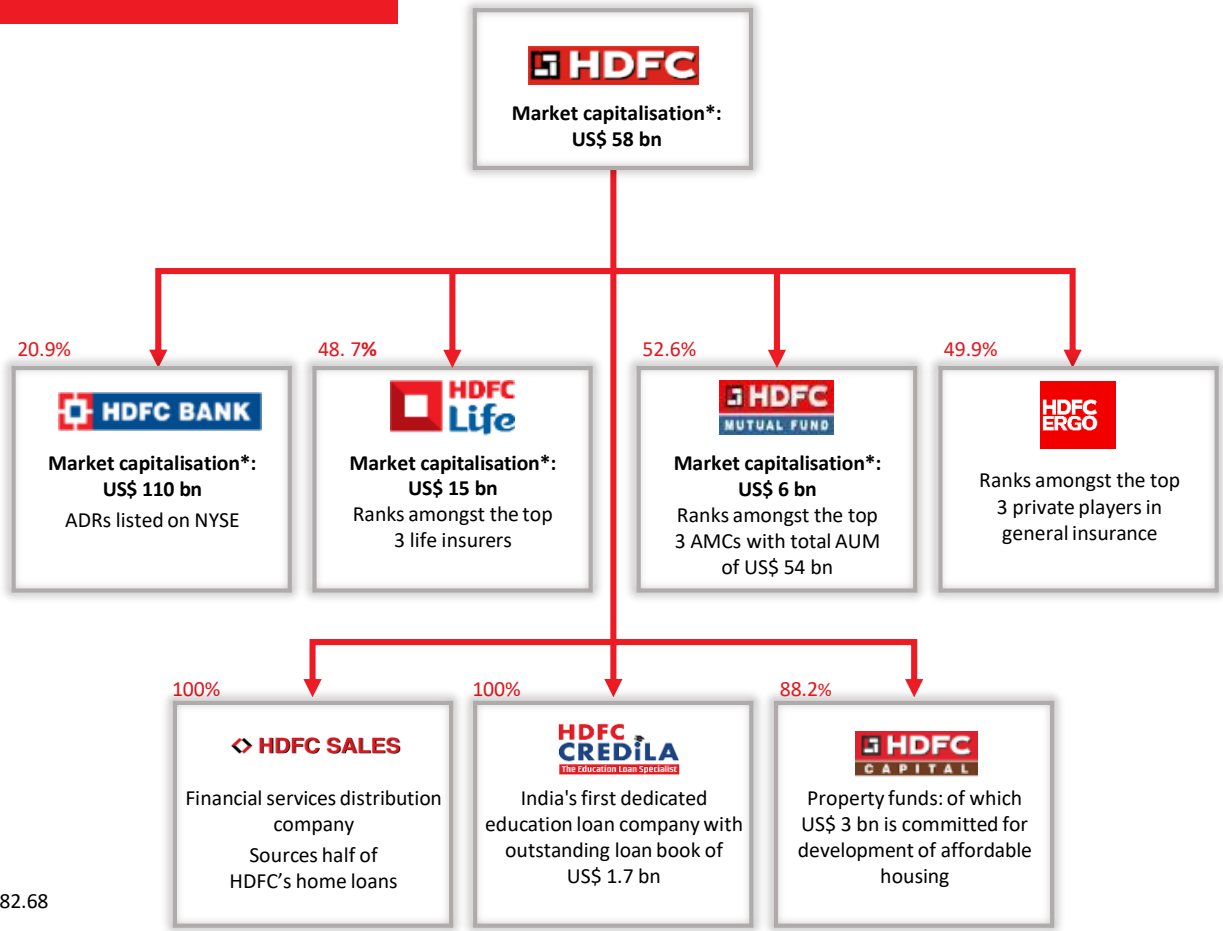
CONTENTS

- Who we Are
- Material Developments
- HDFC Snapshot
- Mortgage Market in India
- Operational and Financial Highlights: Mortgages
- Shareholding
- Financials: Standalone
- Key Subsidiaries and Associates
- Financials: Consolidated
- Environmental, Social & Governance & Other Initiatives

WHO WE ARE…

- Incorporated in 1977 as the first specialised mortgage company in India
- A financial conglomerate with interests beyond mortgages
- 68% shares held by foreign investors



*As at December 31, 2022
US$ amounts converted based on exchange rate of US$ 1 = Rs. 82.68

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MATERIAL DEVELOPMENTS

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MATERIAL DEVELOPMENTS

Proposed Transformational Combination of HDFC with HDFC Bank

- On April 4, 2022, the Board of Directors of HDFC and HDFC Bank at their respective meetings, approved a composite Scheme of Amalgamation (Scheme) for:
  - The amalgamation of HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited, with and into HDFC; and
  - HDFC with and into HDFC Bank
- Subsidiaries/associates of HDFC Limited will become subsidiaries/associates of HDFC Bank
- Shareholders of HDFC as on the record date will receive 42 shares of HDFC Bank (FV Re. 1 each) for 25 shares of HDFC (FV Rs. 2 each)
- HDFC's shareholding in HDFC Bank will be extinguished upon the Scheme becoming effective
- Post the above, HDFC Bank will be 100% owned by public shareholders and existing shareholders of HDFC will own 41% of HDFC Bank
- Till date, the stock exchanges (NSE & BSE), Pension Fund Regulatory and Development Authority, SEBI and RBI have accorded “no objection” for the above scheme
- The scheme was approved by shareholders of the Corporation at the shareholders’ meeting convened by National Company Law Tribunal on November 25, 2022
- The merger proposal is subject to various statutory and regulatory approvals

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RATIONALE
Proposed Transformational Combination of HDFC with HDFC Bank

- In the recent period, various regulatory changes for banks and NBFCs have considerably reduced the barriers for a potential merger:
  - Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of banks have reduced from 27% to 22.5%
  - Prevailing interest rates give spreads on reserves
  - RBI permits Priority Sector Lending Certificates to meet Priority Sector Lending (PSL) norms
  - Long tenor infrastructure & affordable housing bonds are exempt from CRR, SLR and PSL
  - Recent harmonisation of regulations between banks and NBFCs

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BENEFITS OF A COMBINED ENTITY

Proposed Transformational Combination of HDFC with HDFC Bank

- Synergies
  - Access to lower cost of funds
  - Wider distribution network: presently HDFC Bank does not source mortgages from all its offices
  - HDFC Bank to have access to 45+ years of expertise in mortgage origination and loan servicing processes of HDFC
  - Operational efficiencies: will be able to offer the mortgage product seamlessly
  - Cross-selling: 70% of HDFC customers do not bank with HDFC Bank; of the 71 million customers of HDFC Bank, only 5% have a mortgage from other mortgage providers and only 2% have a mortgage from HDFC
- Overcome issues of a holding company discount
- Cancellation of shares of HDFC Bank held by HDFC - will be EPS accretive for HDFC Bank; provide leg room for foreign shareholding (HDFC's equity in HDFC Bank qualifies as indirect foreign investment)
- Through mortgages, HDFC Bank will get longer duration assets on its books
- HDFC Bank can build a housing loan portfolio and enhance product offerings to its existing customer base
- Overcome drag on Return on Equity

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HDFC SNAPSHOT

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BUSINESS SUMMARY

- Loans Outstanding (Gross loans) : Rs. 7,014.85 bn
  (As at December 31, 2022) : US$ 84.84 bn
- Individual Loans Originated CAGR (5 years) : 16%
- Cumulative Housing Units Financed : 10 million
- Cost to Income Ratio : 9.5%
  (excluding notional cost of Employee Stock Option Scheme & Corporate Social Responsibility Expenses)
- Unaccounted gains on listed investments in subsidiary and associate companies (As at December 31, 2022) : Rs. 2,558.83 bn
  : US$ 30.95 bn
- Consolidated Profit After Tax CAGR (5 years) : 15%

BUSINESS HIGHLIGHTS – Q3FY23

- Inherent demand for home loans continues
- Loan book and Assets Under Management cross Rs. 6 trillion and Rs. 7 trillion respectively
- 26% growth in individual loans (after adding back loans sold in the preceding 12 months)
- Approvals and disbursements grew by 21% and 23% respectively during the nine months ended December 31, 2022
- Significant improvement in asset quality
  - Collection efficiency for individual loans on a cumulative basis over the last 9 months stood at 99%
  - Reduction in aggregate of Stage 2 and Stage 3 assets to 5.5% of the Exposure at Default as at December 31, 2022 compared to the peak of 9.2% as at June 30, 2021
  - Lower annualised credit costs in Q3 FY23 at 0.22% (down from 0.33% and 0.29% in Q1 and Q2 respectively)
- Outstanding loans restructured under RBI's Resolution Framework OTR 1.0 and 2.0 at 0.7% of the loan book (down from the peak of 1.4% in Sep-21)

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MORTGAGE MARKET IN INDIA

DRIVERS OF MORTGAGE GROWTH

- Improved Affordability
- Low Penetration
- Government Incentives
  - Enhanced Fiscal Benefits
  - Incentives for Affordable Housing
- Other Demand Drivers

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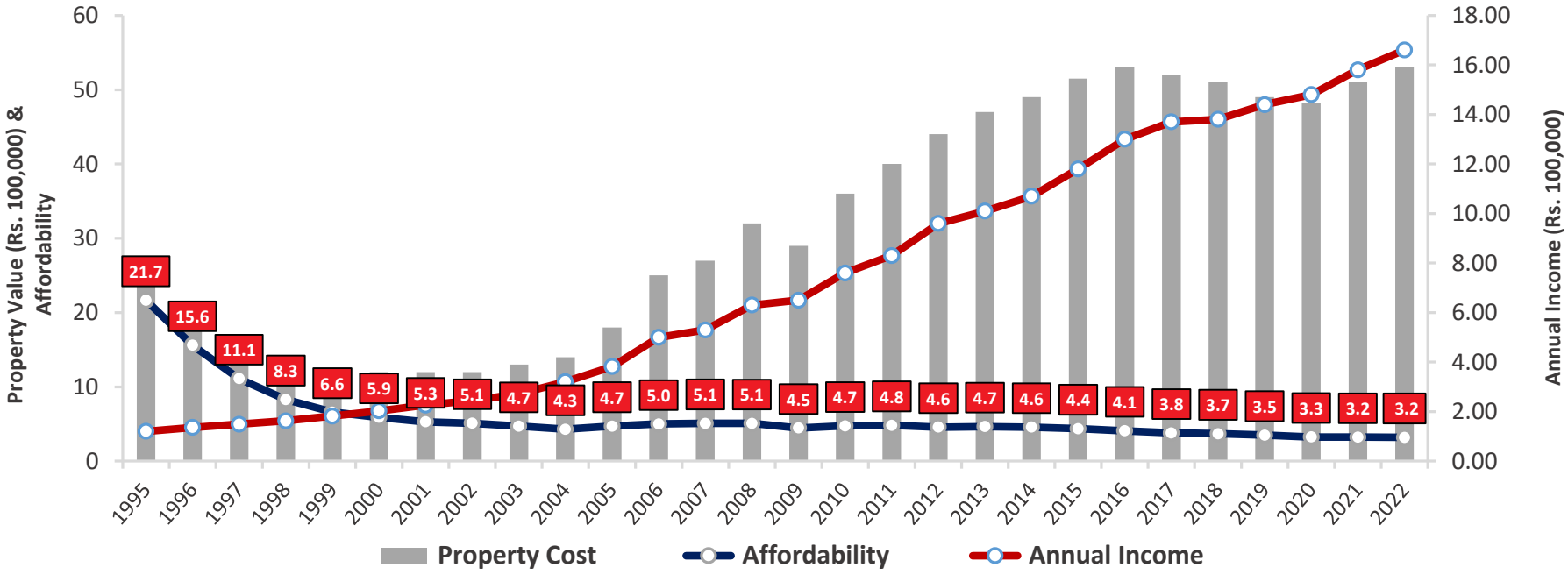
IMPROVED AFFORDABILITY

Best affordability in 2.5 decades
Government support towards housing has helped improve affordability



Representation of property price estimates	Affordability equals property prices by annual income

Based on customer data

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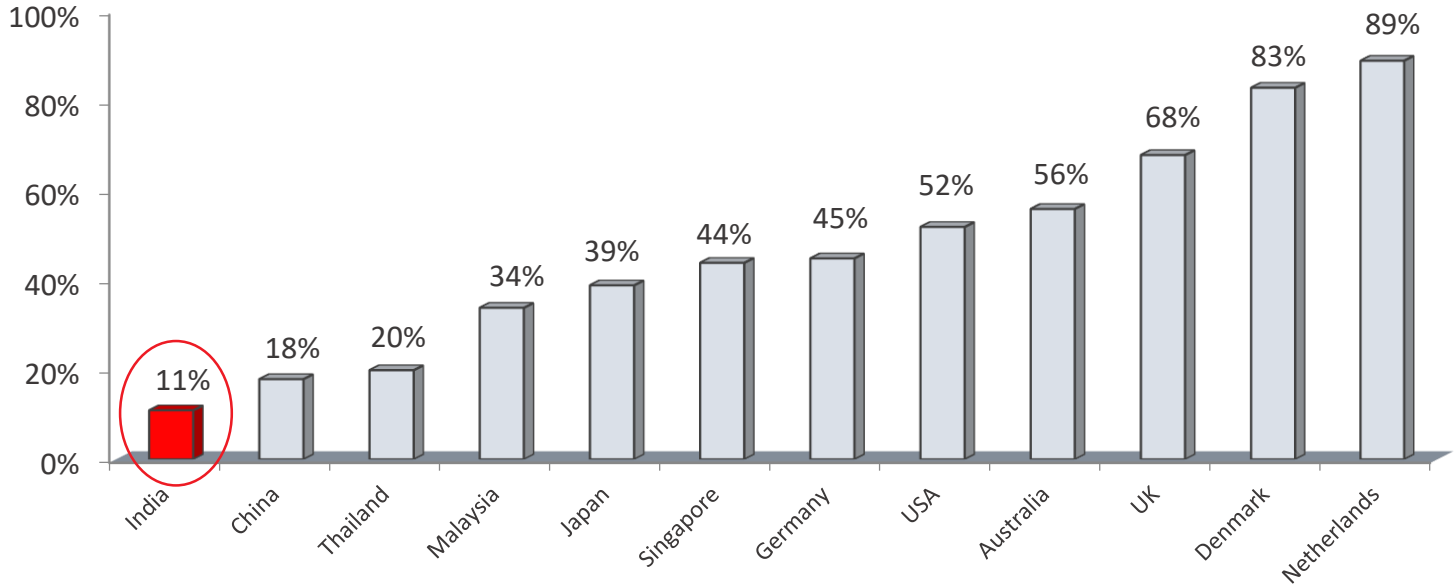
LOW PENETRATION IMPLIES ROOM FOR GROWTH

MORTGAGES AS A PERCENT OF NOMINAL GDP



Source: European Mortgage Federation, Hofinet & HDFC estimates for India.

Note: India's lower GDP resulted in an increase in the mortgage to GDP ratio.

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GOVERNMENT/REGULATORY INITIATIVES

Government Incentives

- Tax incentives on interest and principal amount for home loan borrowers
- Increased budget allocations for housing and urban infrastructure development

Liquidity Measures

- Special refinance facilities for Non-Banking Financial Companies - Housing Finance Companies

Supply Side Incentives

- Incentives to developers to build affordable housing
- 'Infrastructure' status accorded to affordable housing
- External Commercial Borrowings/Rupee Denominated Bonds Issued Overseas

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TAX INCENTIVES HAVE LOWERED THE EFFECTIVE RATES ON MORTGAGES

	FY 2023	FY 2002	FY 2000
Loan amount	3,570,000	3,570,000	3,570,000
Nominal Interest Rate (%)	**8.65%**	**10.75%**	**13.25%**
Max deduction for interest allowed	200,000	150,000	75,000
Deduction on principal	150,000	20,000	20,000
Tax rate	**34.32%**	**31.50%**	**34.50%**
Tenor (years)	20	20	20
Total amount paid per year	458,805	434,928	509,556
Interest component	308,805	383,775	473,025
Principal repaid	150,000	51,153	36,531
Tax amount saved	120,120	53,550	32,775
Effective interest paid on home loan	188,685	330,225	440,250
Effective interest on home loan	**5.3%**	**9.3%**	**12.3%**

OTHER DEMAND DRIVERS

- **Favourable Demographics:** 66% of India's population is below 35 years of age, hence large potential for home loans
- **Nuclear Households:** Rise in the number of households with a shift towards nuclear families
- **Urbanisation:** Currently 32% of the Indian population reside in cities; estimated to be 40% by 2030
- **Affordability:** Improved affordability through rising disposable incomes

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OPERATIONAL & FINANCIAL HIGHLIGHTS: MORTGAGES

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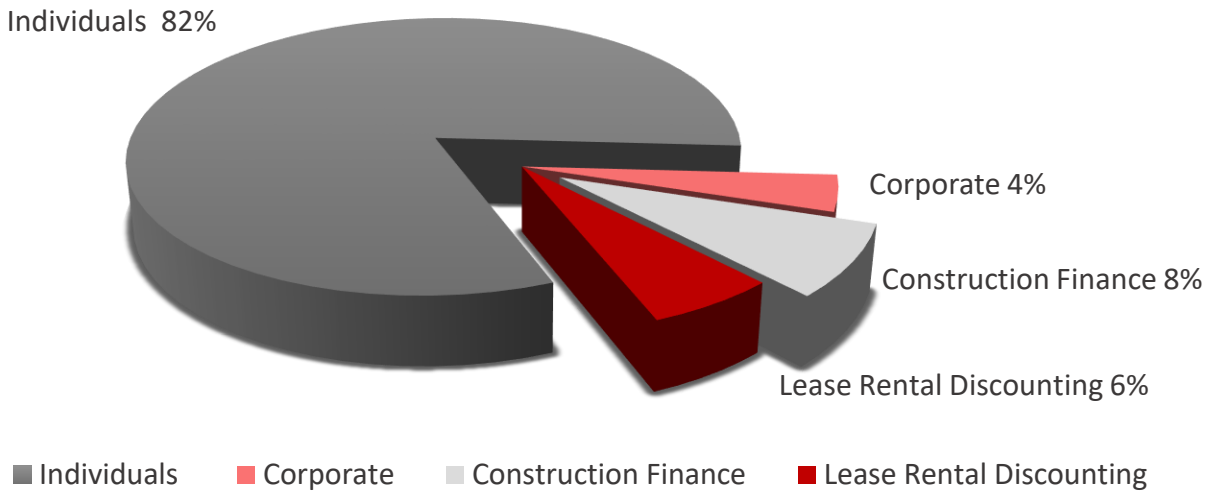
CORE BUSINESS – LENDING

(As at December 31, 2022 : Gross Loans - US$ 84.84 bn)

INDIVIDUAL LOANS

- Home Loans-
  - Fixed rate loans
  - Floating rate loans
- Home Improvement Loans
- Home Extension Loans
- Home Equity Loans
- Rural Home Loans
- Loans to NRIs



As at December 31, 2022	Loan Book Outstanding (After Sell Down)			Loan Book o/s Before Sell Down in last 12 months			Assets Under Management		
	Rs. bn	US$ bn	% Growth	Rs. bn	US$ bn	% Growth	Rs. bn	US$ bn	% Growth
Individuals	4,794	58	17%	5,153	62	26%	5,770	70	18%
Non-Individuals	1,230	15	-6%	1,230	15	-6%	1,245	15	-5%
Total	6,024	73	12%	6,383	77	18%	7,015	85	13%

Individual loans sold (outstanding): Rs. 977 bn (US$ 11.82 bn)

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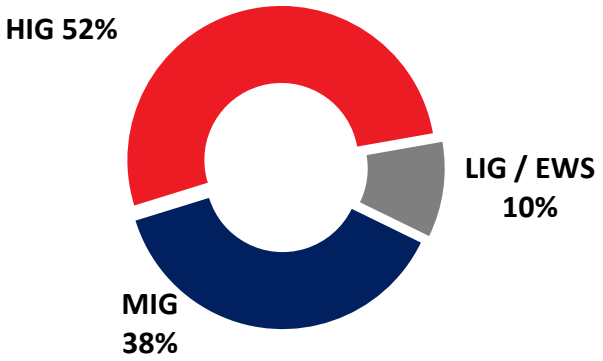
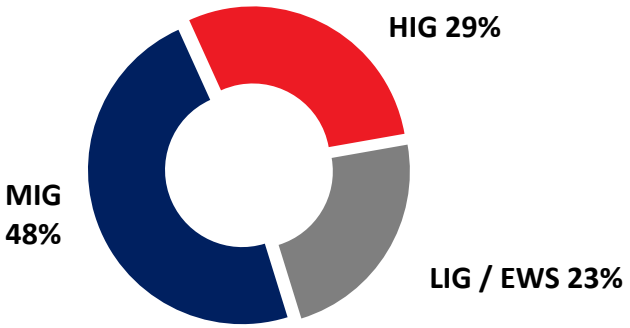
HOUSING ACROSS INCOME GROUPS

Housing Loan Approvals Based on Income Slabs: Apr-Dec 22

In Value terms



In Number terms



Economically Weaker Section: Up to Rs. 0.3 mn p.a
Middle Income Group: Above Rs. 0.6 mn to Rs. 1.8 mn p.a.

Low Income Group: Above Rs. 0.3 mn to Rs. 0.6 mn p.a.
High Income Group: Above Rs. 1.8 mn p.a.

Housing Loans to EWS & LIG Segments

- 23% of home loan approvals in volume terms and 10% in value terms has been to the EWS & LIG segments
- Average home loan – EWS: Rs. 1.08 mn, LIG: Rs. 1.95 mn

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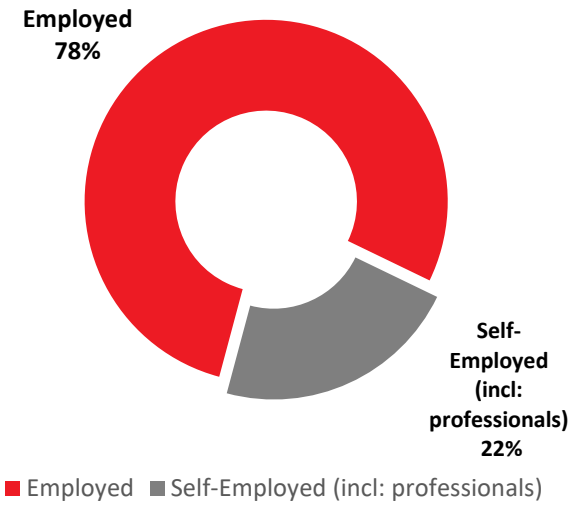
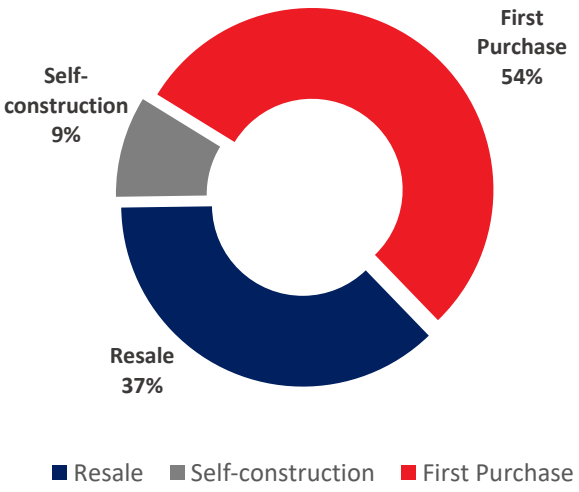
INDIVIDUAL LOANS: Apr-Dec 22*

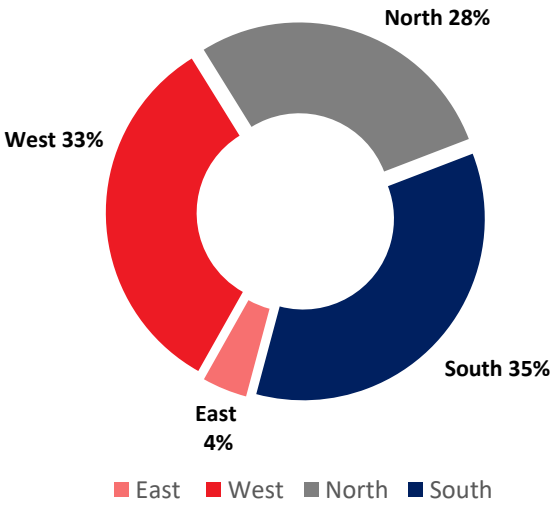
Employment



Acquisition Mode



Geographic Spread



** Based on value of approvals*

SCALE & SPEED THROUGH DIGITALISATION

- Growing trend of digital on-boarding of customers
  - Reimagined on-boarding journey with both, mobile and web
  - Digital on–boarding enabled for channel partners
  - Customers digitally on-boarded and go through a paperless approval process
  - Use of QR codes to help customers access the digital platform
  - 94% of new loan customers on-boarded digitally
- Focused targeting and lead nurturing across multiple digital channels/platforms using SaaS based marketing solutions, thereby increasing effectiveness of marketing campaigns
- Use of technology solutions and fintech integrations at various stages of underwriting, enabling speedy processing of applications and fraud detection
- Machine Learning (ML) based lead scoring model
- Advanced conversational chatbot with Natural Language Processing (NLP) and ML technology, backed by live chat to address customers' servicing and new loan requirements 24X7
- HDFC's website in six vernacular languages, besides English, to serve the needs of customers in Tier II, Tier-III cities and rural areas

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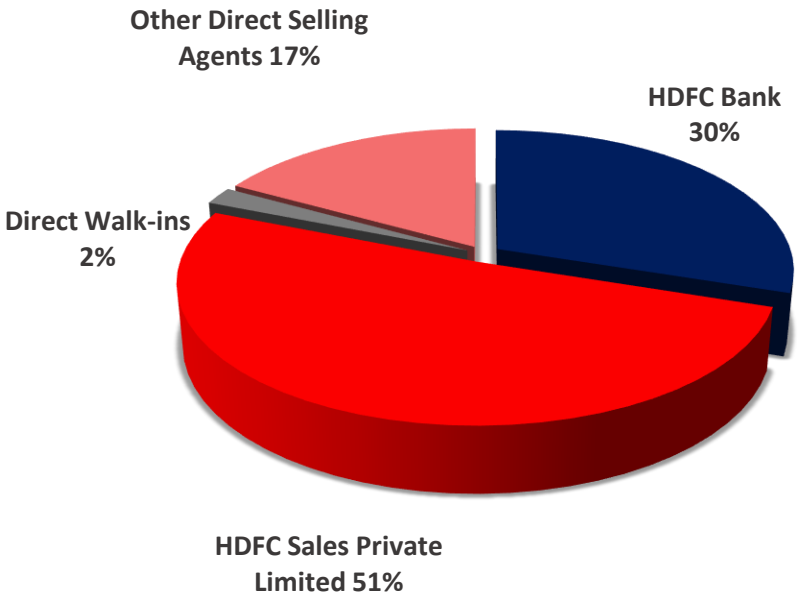
83% OF OUR MORTGAGES ARE SOURCED BY OURSELVES OR THROUGH OUR AFFILIATES

DIGITAL CHANNELS FOR CUSTOMERS

- Using digital and social media marketing strategies and tools to reach out to customers
- Lifecycle management for upselling and cross-selling products to HDFC's existing customers using advanced predictive analytical tools and marketing automation platforms
- Customer queries and service requests fulfilled through 'Customer Connect' – HDFC's digital servicing platform

December 31, 2022



Deposit & loan products offered at several locations through outreach programmes.

Total number of offices: 724 which is inclusive of 213 outlets of HDFC Sales Limited

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OUR CONSERVATIVE LOAN PROFILE UNDERLIES OUR HIGH CREDIT QUALITY

- Average Loan Size : Rs. 3.57 mn (~US$ 43,200)
- Average Loan to Value : 70% (at origination)
- Average Loan Term : 12 years
- Average Age : 38 years
- Primary Security : Mortgage of property financed
- Repayment Type : Amortising

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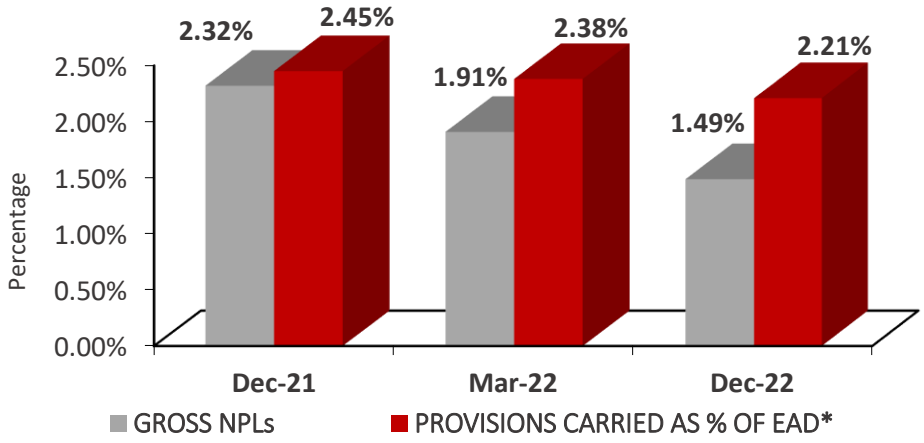
GROSS NON-PERFORMING LOANS(NPLs) & PROVISIONS CARRIED
As per RBI's Revised Norms (i.e. November 12, 2021)



As at December 31, 2022	(Rs. in bn)
NPLs (90 days):	88.80
Provisions Carried:	132.74

NPLs	As at Dec 31, 2021	As at Mar 31, 2022	As at Dec 31, 2022
Individual Loans	1.44%	0.99%	0.86%
Non-Individual Loans	5.04%	4.76%	3.89%
Overall NPLs	2.32%	1.91%	1.49%

*EAD: Exposure at Default

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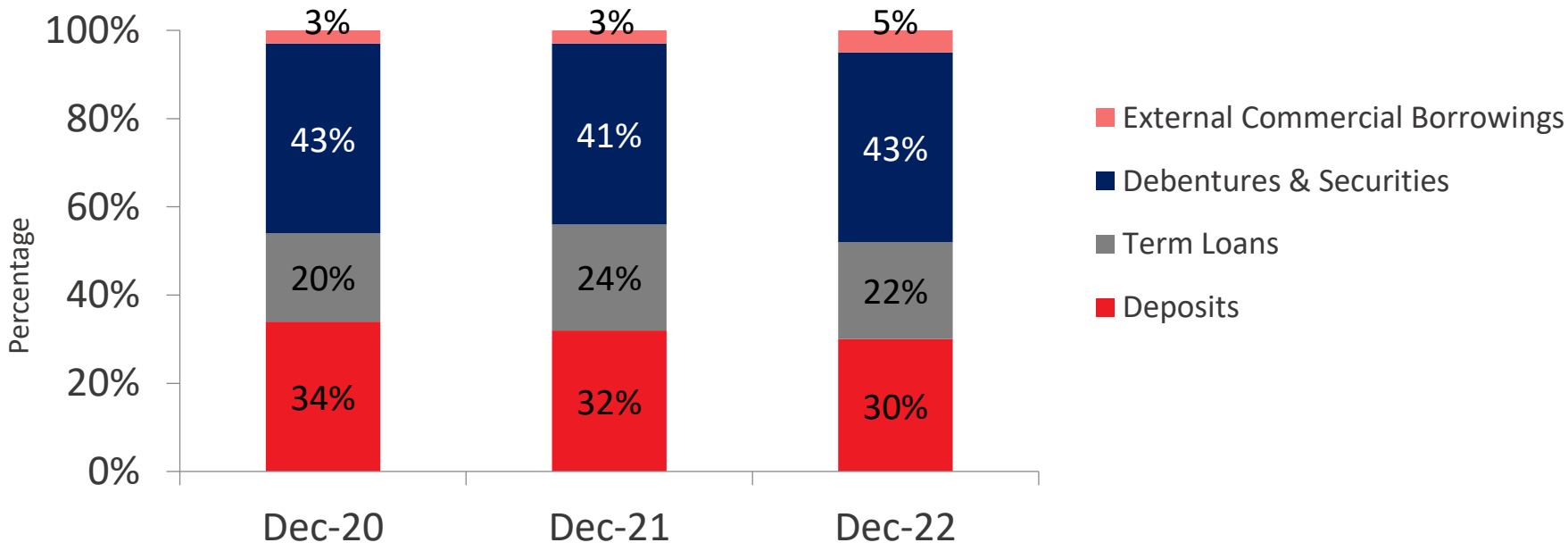
EXPECTED CREDIT LOSS (ECL) BASED ON EXPOSURE AT DEFAULT (EAD)

Exposure at Default	Dec-22	Mar-22	Dec-21
Stage 1	94.5%	93.3%	92.2%
Stage 2	3.7%	4.4%	5.1%
Stage 3	1.8%	2.3%	2.7%
Coverage Ratio (ECL/EAD)			
Stage 1	0.27%	0.26%	0.27%
Stage 2	24.98%	20.35%	17.05%
Stage 3	55.96%	54.33%	48.93%
ECL/EAD	**2.21%**	**2.38%**	**2.45%**

MULTIPLE SOURCES OF BORROWINGS

(As at December 31, 2022: Total Borrowings - US$ 65.76 bn)



Total Borrowings: Rs. 5,436.64 bn (US$ 65.76 bn)

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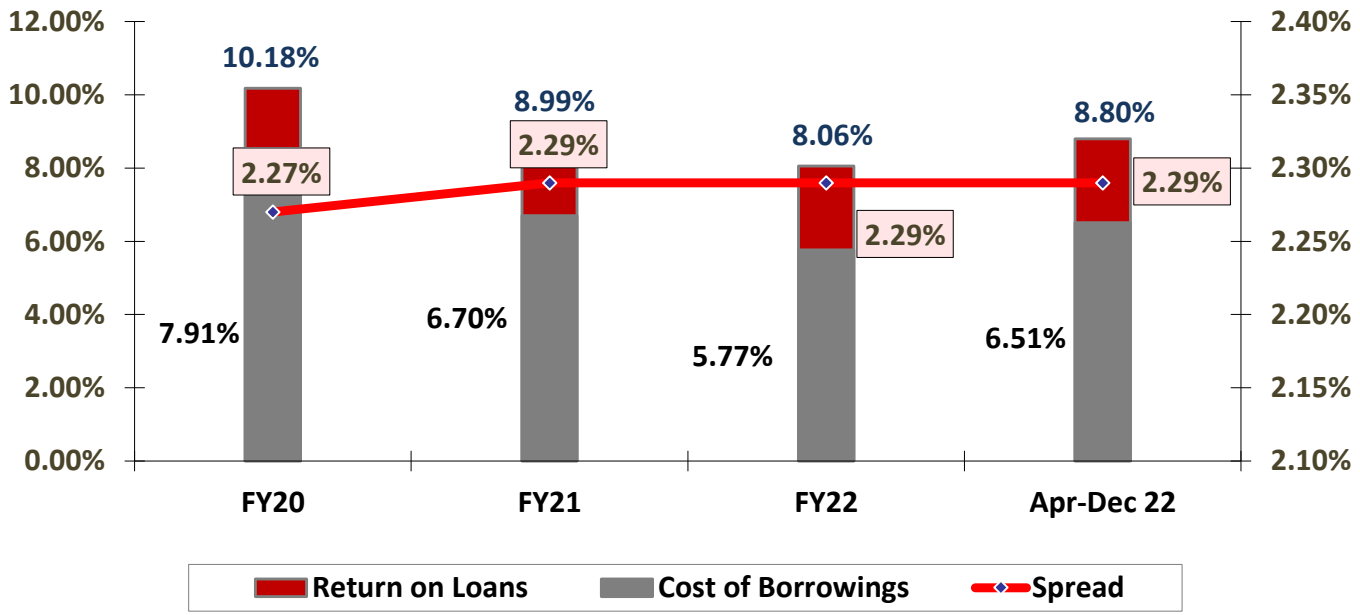
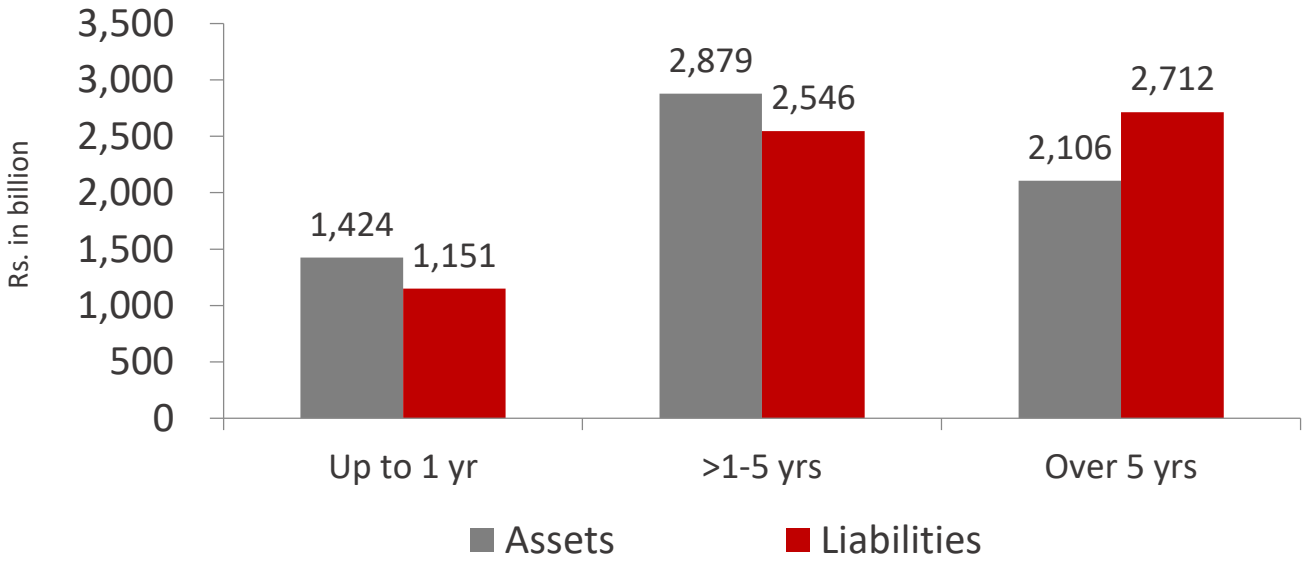
LOAN SPREADS



	Apr-Dec 22
Spread earned on:	
Individual Loans	1.91%
Non-individual Loans	3.69%
Loan Book	2.29%

MATURITY PROFILE

(As at March 31, 2022)



The above graph reflects adjustments for prepayments and renewals in accordance with the guidelines issued by the regulator.

PRODUCTIVITY RATIOS

	Dec-22	Mar-22	Mar-21
Number of employees	3,925	3,599	3,226
Number of outlets	511	464	390
Profit per employee (US$ '000)	484	501	491
Assets per employee (US$ mn)	20.7	22.7	22.5
Admin costs/assets (%)^	0.30	0.23	0.21
Cost income ratio (%)^	9.5	8.1	7.7

Dec-22: annualised
^Excluding notional cost of ESOS and CSR expenses

KEY FINANCIAL METRICS

	Dec-22	Mar-22	Mar-21
Net Interest Margin (%)	3.5	3.5	3.5
Pre-Tax RoAA (%)	3.0	2.9	2.8
Post Tax RoAA (%)	2.4	2.3	2.3
Return on Tier 1 Capital (%)	15.4	15.0	14.8
Capital Adequacy (%)	23.7	22.8	22.2
Of which Tier I (%)	23.2	22.2	21.5
Tier II (%)	0.5	0.6	0.7

Dec-22: annualised

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VALUATION & SHAREHOLDING

VALUATION – METHOD 1

- Number of shares outstanding: 1.83 billion
- Share Price (CMP as at December 31, 2022): Rs. 2,638
- Market Capitalisation: Rs. 4,819 billion (~US$ 58.3 bn)

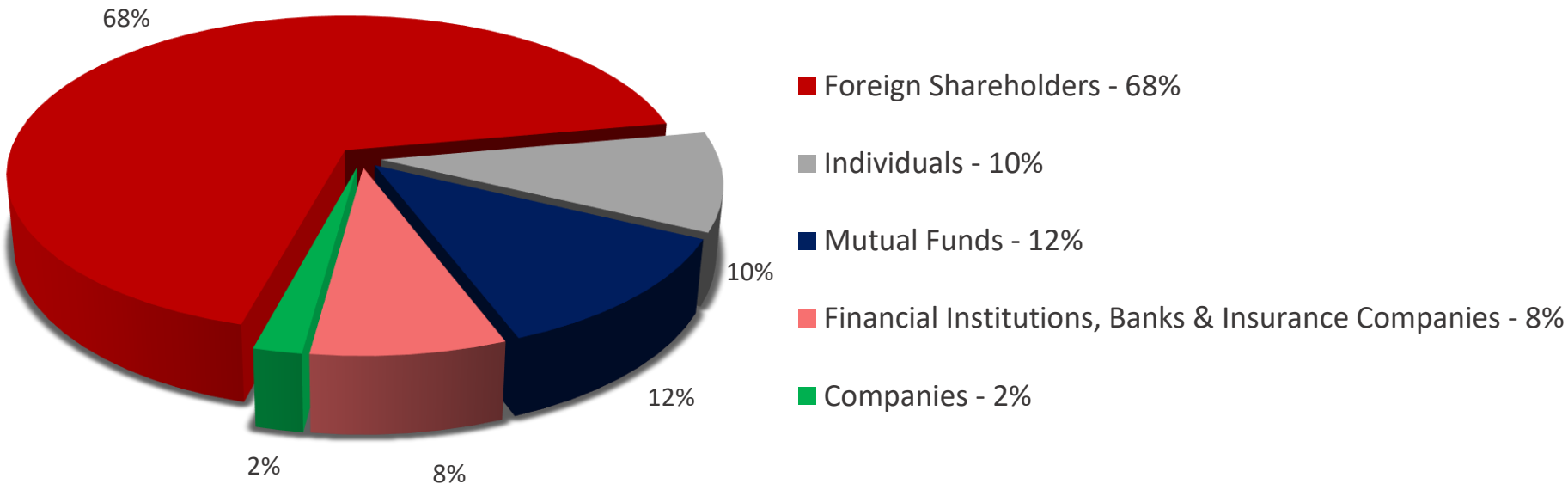
Particulars	Rs. bn	US$ bn
Net Worth	1,292	15.6
Add: Unaccounted gains on strategic listed investments	2,559	30.9
Add: Unaccounted gains on unlisted investments	261	3.2
Adjusted Networth	4,112	49.7
Market Capitalisation	4,819	58.3
Adjusted Price to Book Ratio	**1.2**	**1.2**

VALUATION – METHOD 2

- Number of shares outstanding: 1.83 billion
- Share Price (CMP as at December 31, 2022): Rs. 2,638
- Market Capitalisation: Rs. 4,819 billion (~US$ 58.3 bn)

Particulars	Rs. bn	US$ bn
Market Capitalisation	4,819	58.3
Less: Unaccounted gains on strategic listed investments	2,559	30.9
Less: Unaccounted gains on unlisted investments	261	3.2
Adjusted Market Capitalisation	1,999	24.2
Net Worth	1,292	15.6
Adjusted Price to Book Ratio	**1.5**	**1.5**

SHAREHOLDING PATTERN (As at December 31, 2022)



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FINANCIALS STANDALONE

(BASED ON INDIAN ACCOUNTING STANDARDS)

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BALANCE SHEET (Standalone)

	Dec-22	Dec-21	Growth
	(Rs. in billion)	(Rs. in billion)	(%)
Sources of Funds			
Shareholders' Funds	1,292.39	1,154.00	
Borrowings	5,436.64	4,875.46	**12%**
Current Liabilities & Provisions	246.44	204.74	
	6,975.47	**6,234.20**	**12%**
Application of Funds			
Loans (before provisions) ^	6,023.55	5,389.94	**12%**
Investments	872.83	817.64	
Current/ Fixed Assets	79.09	26.62	
	6,975.47	**6,234.20**	**12%**

^Net of loans sold during the preceding 12 months amounting to Rs. 359.37 billion of individual loans. If these loans were included, the growth in loans would have been 18%.

FINANCIALS – Apr-Dec 22

- Apr-Dec 22 entailed a volatile environment
- The monetary policy and interest rate actions have had a short-term impact on the net interest income
  - This has been due to the transmission lag between the interest rate increase in borrowing costs and the increase in lending rates
- On account of volatile equity markets, the net gain on investments fair valued through the profit and loss account stood at Rs 0.89 bn (PY: Rs 6.72 bn)
- Dividend income was higher at Rs 25.28 bn (PY: Rs 13.83 bn)
- Profit on Sale of Investments: Rs 1.84 bn (PY: Rs 2.63 bn)
- Non-interest expense ratios were higher due to an increase in upfront expenses on staffing, branch expansion and information technology -- benefits to accrue over the coming periods.

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STATEMENT OF PROFIT AND LOSS – Apr-Dec 22 (Standalone)

	Apr-Dec 22 (Rs. in billion)	Apr-Dec 21 (Rs. in billion)	Growth (%)
Net Interest Income	**139.26**	**125.19**	**11%**
Add: Income on derecognised (assigned) loans	6.72	6.20	
Add: Other Operating Income	2.88	2.32	
Net Operating Income	**148.86**	**133.71**	**11%**
Less: Non Interest Expenses	14.12	10.87	
Less: Amortisation of ESOS and CSR Expenses	3.36	4.72	
Add: Other Income	0.34	0.25	
Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL	**131.72**	**118.37**	**11%**
Add: Net gain/(loss) on Fair Value Changes	0.89	6.72	
Add: Dividend	25.28	13.83	
Add: Profit on Sale of Investments	1.84	2.63	
Less: Expected Credit Loss (ECL)	13.57	15.31	
Profit Before Tax	**146.16**	**126.24**	**16%**
Provision for Tax	28.02	25.82	
Profit After Tax	**118.14**	**100.42**	**18%**
Effective tax rate (%)	*19.2%*	*20.5%*	

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STATEMENT OF PROFIT AND LOSS – Q3FY23 (Standalone)

	Oct-Dec 22 (Rs. in billion)	Oct-Dec 22 (Rs. in billion)	Growth (%)
Net Interest Income	**48.40**	**42.84**	**13%**
Add: Income on derecognised (assigned) loans	1.58	2.24	
Add: Other Operating Income	1.18	0.83	
Net Operating Income	**51.16**	**45.91**	**11%**
Less: Non Interest Expenses	4.87	3.69	
Less: Amortisation of ESOS and CSR Expenses	0.84	1.08	
Add: Other Income	0.17	0.09	
Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL	**45.62**	**41.23**	**11%**
Add: Net gain/(loss) on Fair Value Changes	(0.62)	1.23	
Add: Dividend	4.82	1.95	
Add: Profit on Sale of Investments	-	-	
Less: Expected Credit Loss (ECL)	3.70	3.93	
Profit Before Tax	**46.12**	**40.48**	**14%**
Provision for Tax	9.21	7.87	
Profit After Tax	**36.91**	**32.61**	**13%**
Effective tax rate (%)	*20.0%*	*19.4%*	

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KEY ASSOCIATES AND SUBSIDIARIES

HDFC BANK LIMITED

- 20.9% owned by HDFC
- ADRs listed on NYSE
- 7,183 banking outlets, 19,007 ATMs
- Key business areas-

  Wholesale banking | Retail banking | Treasury operations
- Financials (as per Indian GAAP) for the nine-months ended December 31, 2022
  - Advances as at December 31, 2022, stood at Rs. 15 trillion – an increase of 20% over the previous year
  - Total deposits stood at Rs. 17 trillion – an increase of 20% over the previous year
  - PAT (Indian GAAP): Rs. 320.61 bn – an increase of 19% over the previous year
- Arrangement between HDFC & HDFC Bank
  - HDFC Bank sources home loans for a fee
  - Loans originated in the books of HDFC
  - HDFC offers a part of the disbursed loans for assignment to HDFC Bank (up to 70% of loans sourced by HDFC Bank)
  - HDFC retains a spread on the loans that have been assigned
- Market Capitalisation (December 31, 2022): ~US$ 110 bn

HDFC LIFE INSURANCE COMPANY LIMITED (HDFC LIFE)

- 48.7% owned by HDFC
- Successfully completed the merger with Exide Life in October 2022. The entire transaction was completed in less than 14 months.
- Total premium income for the nine months ended December 31, 2022 stood at Rs. 379.1 bn – growth of 20% over the previous year
- Market share of 15.8% among the private insurers
- Key highlights during the nine months ended December 31, 2022 (post-merger)[#]:
  - New Business Margin: 26.5% (PY: 26.5%).
  - Indian Embedded Value stood at Rs. 377 bn as at December 31, 2022 (PY: Rs. 295 bn)
  - Assets Under Management as at December 31, 2022 stood at Rs. 2.3 trillion (PY: Rs 1.9 trillion)
  - Solvency Ratio as at December 31, 2022 – 209% (regulatory requirement: 150%)
  - PAT for nine months ended December 31, 2022 (Indian GAAP): Rs. 10 bn (PY: Rs. 8.5 bn)
  - Product mix (Individual APE) - Unit Linked: 21%, Non-Par Savings: 39%, Annuity: 6%, Protection: 5%, Par: 29%
- HDFC International, (overseas subsidiary of HDFC Life) has been granted the certificate of registration to set up a branch at GIFT City
- Market capitalisation (December 31, 2022): ~US$ 15 bn

[#] Previous year numbers are not comparable due to the Exide Life merger in FY23

HDFC ASSET MANAGEMENT COMPANY LIMITED (HDFC AMC)

- 52.6% owned by HDFC
- Quarterly Average Assets under Management as at December 31, 2022, stood at Rs. 4.4 trillion (US$ 54 bn), with an overall market share of 11%
- Amongst India's largest actively managed equity mutual funds with a market share of 11.7% as at December 31, 2022
  - Equity-oriented AUM of HDFC MF as a proportion of total AUM was 55%
- Individual accounts of HDFC MF as at December 31, 2022
  - 10.8 million live accounts
  - 66% of total monthly average AUM is contributed by individuals
  - Market share of 12.8% of individual monthly average AUM
- Wholly owned subsidiary, HDFC AMC International (IFSC) Limited is located GIFT City
- PAT for nine months ended December 31, 2022 (as per Ind AS): Rs. 10.48 bn
- Market capitalisation (December 31, 2022): ~US$ 6 bn

HDFC ERGO GENERAL INSURANCE COMPANY LIMITED (HDFC ERGO)

- HDFC holds 49.98% and ERGO International AG holds 48.99% of the equity of HDFC ERGO
- Gross direct premium for nine months ended December 31, 2022 stood at Rs. 119.33 bn (PY: Rs. 95.47 bn)
- Products: Motor, health, travel, home and personal accident in the retail segment; property, marine, aviation and liability insurance in the corporate segment; and crop insurance in rural segment
  - Retail accounts for 61% of the total business
- Market share of 10.5% (private sector) and 6.4% (overall) in terms of gross direct premium for the period ended December 31, 2022 (Source: GI Council)
- As at December 31, 2022: Solvency Ratio – 174% (as against regulatory requirement of 150%)
- Profit after tax for nine months ended December 31, 2022: Rs. 4.47 bn (PY : Rs. 3.23 bn)

HDFC CAPITAL ADVISORS LIMITED (HCAL)

- HDFC owns 88.2% and Abu Dhabi Investment Authority (ADIA) holds 10% of the equity in HCAL
- HDFC Capital Affordable Real Estate Fund (HCARE)
  - Set up as a SEBI registered AIF in 2016
  - Objective: To provide long-term flexible funding across the lifecycle of affordable and mid-income housing projects, including early-stage funding. The HCARE platform also invests in technology companies engaged in the affordable housing ecosystem.
  - Amongst the largest private finance platforms for affordable housing
  - Targets affordable & mid-income residential projects with a total funding platform of US$ 3.1 billion
  - Primary investors in HCARE 1, 2 & 3 is a wholly owned subsidiary of ADIA, along with the National Investment and Infrastructure Fund (NIIF) in HCARE 2
- HDFC Capital Advisors is the investment manager for the funds

HDFC CREDILA FINANCIAL SERVICES LIMITED (HDFC CREDILA)

- HDFC holds 100% in HDFC Credila
- HDFC Credila is a non-banking finance company and was the first Indian lender to exclusively focus on education loans
- The company lends to under-graduate and post-graduate students studying in India or abroad
- As at December 31, 2022
  - Profit After Tax (as per Ind AS): Rs. 1.85 bn – 28% growth
  - Cumulative loans disbursed: Rs. 224 bn
  - Loan book outstanding: Rs. 136 bn
    - 30% of the loan book is collateralised
  - Gross non-performing assets: 0.14% (based on RBI's Nov 12, 2021 circular)

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FINANCIALS CONSOLIDATED

(BASED ON INDIAN ACCOUNTING STANDARDS)

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BALANCE SHEET (Consolidated)

	Dec-22	Dec-21	Growth
	(Rs. in billion)	(Rs. in billion)	(%)
Sources of Funds			
Shareholders' Funds	2,068.90	1,789.41	16%
Liabilities Pertaining to Insurance Business	2,522.48	2,154.39	
Loan Funds	5,558.22	4,948.55	
Current Liabilities & Provisions	314.40	251.79	
	10,464.00	**9,144.14**	**14%**
Application of Funds			
Loans	6,026.89	5,333.09	13%
Assets pertaining to Insurance Business	2,686.32	2,291.90	
Investments	1,420.55	1,301.90	
Current Assets, Advances & Fixed Assets	277.35	201.24	
Goodwill on Consolidation	52.89	16.01	
	10,464.00	**9,144.14**	**14%**

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STATEMENT OF PROFIT AND LOSS – Apr-Dec 22
(Consolidated)

Rs. in billion

	Apr-Dec 22	Apr-Dec 21
Interest & Other Operating Income	433.46	356.05
Income from Insurance Business	640.02	633.28
Profit on Sale of Investment & Investment Properties	0.03	0.67
Net gain on fair value changes	3.15	12.81
Income on derecognised (assigned) loans	6.41	5.98
Other Income	0.37	0.29
Total Income	**1,083.44**	**1,009.08**
Finance costs	263.81	203.05
Expenses from Insurance Business	628.34	625.99
Non-Interest Expenses	31.49	26.95
Impairment on financial instruments	13.41	16.35
Total Expenses	**937.05**	**872.35**
Share of profit of associates (equity method)	81.87	65.22
Profit Before Tax	**228.26**	**201.95**
Total tax expense	31.31	30.45
Net Profit After Tax	**196.95**	**171.50**
Profit Attributable to the Corporation	**185.37**	**161.36**

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CONSOLIDATED PROFIT AFTER TAX – Apr-Dec 22
(As per Ind-AS)

	Apr-Dec 22	Apr-Dec 21
	(Rs. in billion)	(Rs. in billion)
HDFC Profit After Tax	**118.14**	**100.42**
HDFC Life	4.33	3.76
HDFC Ergo	1.85	1.72
HDFC Bank	77.31	61.46
HDFC AMC	5.51	5.52
HDFC Credila	1.85	1.44
Other Companies	5.27	2.29
Adjustments:		
Dilution gain / loss from Associates	4.56	3.76
Profit on Sale of Investments	(1.42)	(1.42)
Dividend & Other Adjustments	(32.03)	(17.59)
Net Profit Attributable to the Corporation	**185.37**	**161.36**

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ESG & OTHER INITIATIVES

THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS

ENVIRONMENTAL

- ESG Ratings: HDFC's environmental impact is minimal/low risk
- Long-term commitment to finance affordable & green housing
- Focus on responsible lending -- enhanced E&S due diligence
- MoU with Indian Green Building Council to help promote green buildings
- ~ 3/4th of the lease rental discounting portfolio is certified as green by accredited green rating agencies
- Funding lines from multilateral agencies for on-lending for green and affordable housing
- Green and sustainable deposits for retail depositors
- Supporting programmes for environmental sustainability, recycling, conservation, animal & wildlife protection and the ecology
- Employee sensitisation on climate change and environmental sustainability
- Measuring and monitoring the Corporation's carbon footprint, increased solar panel installations in owned office premises and other initiatives to reduce the carbon footprint
- Disclosures – CDP reporting, Introductory Framework on Climate-related Financial Disclosures

Contd…

THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS

SOCIAL

- Shelter Assistance Reserve created in 1987: Set aside a portion of profits each year to support socially high impact projects
- Cumulatively financed 10 million housing units
- Focus on inclusion & diversity; employee engagement, training and wellbeing
- Institution with the largest number of beneficiaries under the Government's Credit Linked Subsidy Scheme (CLSS) at 0.31 mn
- HDFC primarily implements its CSR initiatives through the H T Parekh Foundation, a charitable institution set up by HDFC
- CSR focus areas: healthcare, education, skilling & livelihoods, persons with disabilities, environmental sustainability
- National CSR Awards by the Ministry of Corporate Affairs, Government of India (GoI) for 'Overall Excellency in CSR for Large Companies' and 'CSR in National Priority Areas – Supporting Technology Incubators'
- Best performing Housing Finance Company for CLSS by the Ministry of Housing and Urban Affairs (GoI)
- At the 19th Inclusive Finance India Awards, the Corporation was awarded the 'Jury Special Award' for contribution to Financial Inclusion

Contd…

THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS

GOVERNANCE

- Founding principles of kindness, fairness, efficiency & effectiveness
- Recent Awards
  - Highest Governance score of 1 by ISS, 2022
  - 'Leadership' category for ESG - CRISIL Sustainability Yearbook, 2022
  - Felicitated under the 'Leadership' category in the Corporate Governance Score Card, 2021 under a joint initiative by IFC-IiAS-BSE
  - Best Integrated Report 2020 by Asian Centre for Corporate Governance & Sustainability
  - 'Leadership in Employee Development' 2021 by ESGRisk.ai, India's 1st ESG rating company
  - 'Company of the Year' at The Economic Times Awards for Corporate Excellence 2020
  - Golden Peacock Award for Excellence in Corporate Governance: 2018, 2020 and 2022
- No promoter holding
- Well reputed, independent directors since inception; core competencies directly linked to the strategy of HDFC

ESG REPORTS

- Report of Directors on Corporate Governance
- Annual Report on Corporate Social Responsibility (CSR) Activities
- Business Responsibility and Sustainability Report - prescribed by SEBI in May 21, voluntary for the top 1,000 companies by market cap for FY22 and mandatory from FY23 onwards. HDFC voluntarily adopted this format in FY21 and FY22
- Integrated Report
- Introductory Framework on Climate-related Financial Disclosures
- Social Initiatives Report
- Independent Review of HDFC's Sustainability Initiatives

Reports are available on the website:

https://www.hdfc.com/investor-relations#environmental-social-and-governance

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DASH PHILOSOPHY & DIGITALISATION OBJECTIVES

Re-imagine and transform the customer journey across the lifecycle to improve customer experience and create market differentiation

D

Digital First

Personalised and digital borrower experience

A

Agile Methods

Customer centric designs, teams collaborate with IT & User Support Groups

S

Seamless

Automate document ingestion; leverage cloud architecture and APIs to facilitate scalability

H

HDFC For You

Organisation-wide thrust on identification and tracking of outcomes and input metrics to drive impact

DASH PHILOSOPHY & DIGITALISATION INITIATIVES

- Board level Information Technology Committee - comprising two independent directors, a whole-time director and members of senior management
- Information Security and Steering Committee monitors the progress of information security and cyber security
- Emphasis on regulation and compliance with respect to consent management, data protection & privacy

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