HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
www.hdfc.com

Ref. No. SE/ 2016-17/ 200

October 26, 2016

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, 5th Floor, Plot No. C/1,
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051.

Kind Attn: Head - Listing

Dear Sirs,

Sub: Press release – Financial results for the quarter/half-year ended September 30, 2016

This is further to the unaudited financial results (standalone and consolidated) for the quarter/half-year ended September 30, 2016 filed with the stock exchanges in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), submitted earlier today.

Please find enclosed a press release issued by the Corporation in this regard.

Thanking you,

Yours faithfully,
For Housing Development Finance Corporation Limited

Ajay Agarwal
Company Secretary

Encl: a.a.

Press Release

FINANCIAL RESULTS FOR THE HALF-YEAR ENDED SEPTEMBER 30,2016
STANDALONE & CONSOLIDATED

Performance Highlights

- **25% growth in the standalone profit after tax at `3,697 crore for the half-year ended September 30, 2016**
- **Standalone profit after taxat `1,827 crore for the quarter ended September 30, 2016 – growth of 14%**
- **25% growth in the individual loan book (after adding back loans sold in the preceding 12 months); 18% growth on an AUM basis**
- **Net Interest Margin for the half-year ended September 30, 2016 stood at 3.85%, spread on loans at 2.28%**
- **Gross non-performing loans stood at 0.76% of the loan portfolio as at September 30, 2016**
- **Consolidated profit after tax at `5,243 crore for the half-year ended September 30, 2016– growth of 22%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) announced its unaudited standalone and consolidated financial results for the first half of the financial year 2016-17, following its meeting on Wednesday, October 26, 2016 in Mumbai. The accounts have been subjected to a limited review by the Corporation's statutory auditors in line with the regulatory guidelines.

STANDALONE FINANCIAL RESULTS

Financials for the half-year ended September 30, 2016

For the six months ended September 30, 2016, the profit before tax stood at `5,257 crore as compared to `4,276 crore in the corresponding period of the previous year, representing a growth of 23%. This includes the profit on sale of part of the Corporation's stake in HDFC ERGO General Insurance Company.

After providing `1,560 crore for tax (inclusive of `193crore as deferred tax liability on Special Reserve), the profit after tax for the six months ended September 30, 2016 stood at `3,697crore as compared to `2,966 crore in the corresponding period of the previous year, representing a growth of 25%.

Financials for the quarter ended September 30, 2016

For the quarter ended September 30, 2016, the profit before tax stood at `2,558 crore as compared to `2,324 crore in the corresponding quarter of the previous year.

After providing `731 crore for tax, (inclusive of `103 crore as deferred tax liability on Special Reserve), the profit after tax stood at `1,827crore as compared to `1,605 crore in the previous year, representing a growth of 14%.

LENDING OPERATIONS

Individual loan disbursements grew by 20% during the half-year ended September 30, 2016. The average size of individual loans stood at `25.7 lac.

As at September 30, 2016, total Assets Under Management (AUM) stood at `3,11,264 crore, of which the loan book was `2,75,406 crore and outstanding loans sold/assigned was `35,858 crore.

The Corporation, under the loan assignment route sold loans amounting to` 1,939 crore in the quarter ending September 30, 2016 to HDFC Bank.Loans sold/assigned in the preceding twelve months amounted to `13,086 crore.

In respect of total loans sold/assigned, the residual interest is 1.22% per annum and is being recognised over the life of the underlying loans and not on an upfront basis.

The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 25% (17% net of loans sold). The non-individual loan book grew at 13%. The growth in the total loan book after adding back loans sold was 21% (16% net of loans sold).

On an Assets Under Management (AUM) basis, the growth in the individual loan book was 18% and the non-individual loan book was 13%. The growth in the total loan book on an AUM basis was 17%.

Non-Performing Loans

Gross non-performing loans as at September 30, 2016 amounted to `2,108 crore. This is equivalent to 0.76% of the loan portfolio.The non-performing loans of the individual portfolio stood at 0.61% while that of the non-individual portfolio stood at 1.11%.

As per NHB norms, the Corporation is required to carry a total provision of `2,106 crore of which `1,435 crore is against standard assets.

The balance in the provision for contingencies account as at September 30, 2016 stood at `3,119 crore of which `619 crore is on account of non-performing loans. This balance in the provision for contingencies is equivalent to 1.13% of the portfolio.

Spread and Net Interest Margin

The spread on loans over the cost of borrowings for the half-year ended September 30, 2016 stood at 2.28% compared to 2.26% for the quarter ended June 30, 2016. The spread on the individual loan book was 1.95% and on the non-individual book was 3.04%.

Net Interest Margin for the half-year ended September 30, 2016 was 3.85%.

INVESTMENTS

As at September 30, 2016, the unrealised gains on HDFC's listed investments amounted to `70,641crore (previous year `58,169 crore). This excludes the appreciation in the value of unlisted investments.

RUPEE DENOMINATED BONDS (MASALA BONDS)

The Corporation has raised Rupee Denominated Bonds overseas amounting to ` 5,000 crore through four issues. The Corporation was the first Indian corporate issuer of such bonds. The bonds are listed on the London Stock Exchange.

DEFERRED TAX LIABILITY ON SPECIAL RESERVE

National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance as on April 1, 2014 in the Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961, over a period of 3 years, in a phased manner in the ratio of 25:25:50.

Accordingly, the Corporation had created 25% of deferred tax liability of `559.54 crore in each of the two previous financial years. The remaining 50% (` 1,119.08 crore) of the deferred tax liability is required to be created in the current financial year. The Corporation has created proportionate deferred tax liability of ` 559.54 crore for the half-year ended September 30, 2016. The balance amount of deferred tax liability of `559.54 crore will be created in the second half of the financial year.

CAPITAL ADEQUACY RATIO

The Corporation's capital adequacy ratio stood at 16.5%, of which Tier I capital was 13.3% and Tier II capital was 3.2%. Deferred tax liability on Special Reserve and the investment in HDFC Bank has been considered as a deduction in the computation of Tier I capital. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

DISTRIBUTION NETWORK

HDFC's distribution network spans 415 outlets which include 121 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.

To cater to non-resident Indians, HDFC has offices in London, Dubai and Singapore and service associates in Kuwait, Oman, Qatar, Abu Dhabi and Saudi Arabia.

CONSOLIDATED FINANCIAL RESULTS

For the half-year ended September 30, 2016, the consolidated profit after tax stood at `5,243 crore as compared to `4,311 crore in the corresponding period last year, representing a growth of 22%.

The share of profit from subsidiary and associate companies in the consolidated profit after tax stood at 29% for the half-year ended September 30, 2016.

October 26, 2016