



**Housing Development Finance  
Corporation Limited**

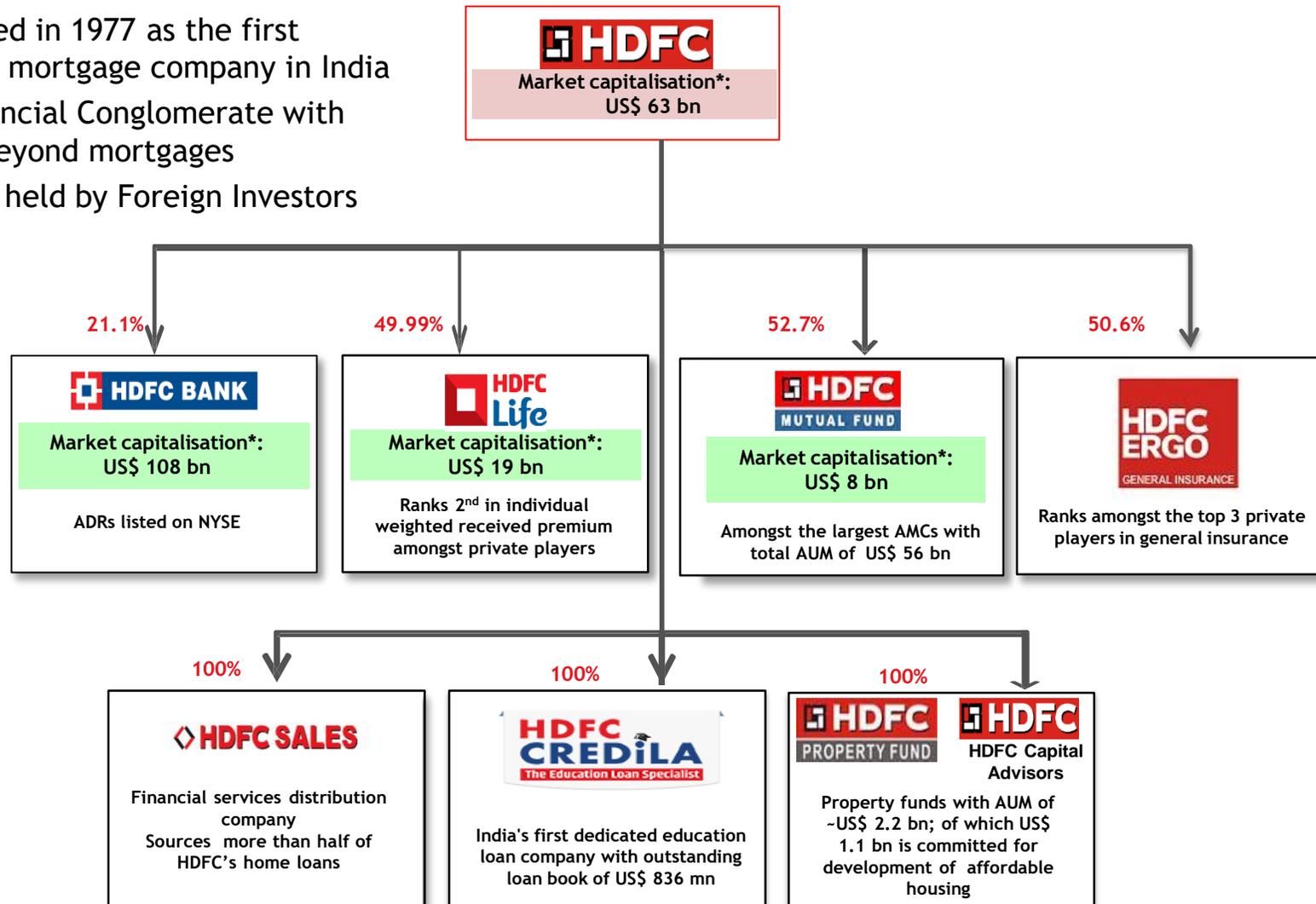
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# **HDFC SNAPSHOT**

## WHO WE ARE...

- Incorporated in 1977 as the first specialised mortgage company in India
- Now a Financial Conglomerate with interests beyond mortgages
- 72% shares held by Foreign Investors



\*As at December 31, 2020

US\$ amounts converted based on exchange rate of US\$ 1 = Rs. 73.17

# BUSINESS SUMMARY

- **Loans Outstanding (Gross loans)** : Rs. 5,521.67 bn  
*(As at December 31, 2020)* : US\$ 75.46 bn
- **Individual Loans Originated CAGR (5 years)\*** : 18%
- **Cumulative Housing Units Financed** : 8.1 million
- **Cost to Income Ratio** : 8.1%  
*(excluding ESOS cost and CSR Expenses)*
- **Unaccounted gains on listed investments** : Rs. 2,529.10 bn  
**in subsidiary and associate companies** : US\$ 34.56 bn  
*(As at December 31, 2020)*
- **Consolidated Profit After Tax CAGR (5 years)\*** : 21%

\* As at March 31, 2020

# IMPACT OF COVID-19

- All offices of the Corporation have opened for business and are following the necessary hygiene protocols, safety precautions and social distancing requirements. Where mandated, staff continue to work on a rotational basis and in accordance with extant guidelines.
- Strong growth in individual loan disbursements, re-affirming housing demand remains robust
  - Low interest rates, softer property prices, reduction in stamp duty in certain states and continued fiscal incentives on home loans.
  - Demand for both, affordable housing and high-end properties
- Various schemes and regulatory forbearances have been put in place by the government and the Reserve Bank of India (RBI) to facilitate the revival of sectors deeply impacted by COVID-19.
  - As at December 31, 2020, outstanding loans of Rs 50 billion is being restructured under the RBI's Resolution Framework for COVID-19 Related Stress. This is 0.9% of AUM. The largest account under the resolution framework accounted for 0.5% of AUM.
- Cumulative COVID-19 provision as at December 31, 2020 stood at Rs 9.59 billion. Total provisions stood at Rs 123.42 billion.
- Gradual unwinding of high levels of liquidity maintained; reverting to pre-COVID levels. Current liquidity levels comfortable and negative carry has been minimised.
- As at December 31, 2020, the Capital Adequacy Ratio stood at 20.9% of which Tier 1 Capital was 19.9% (The minimum regulatory requirement is 14% and 10% for Capital Adequacy Ratio and Tier 1 Capital respectively.)

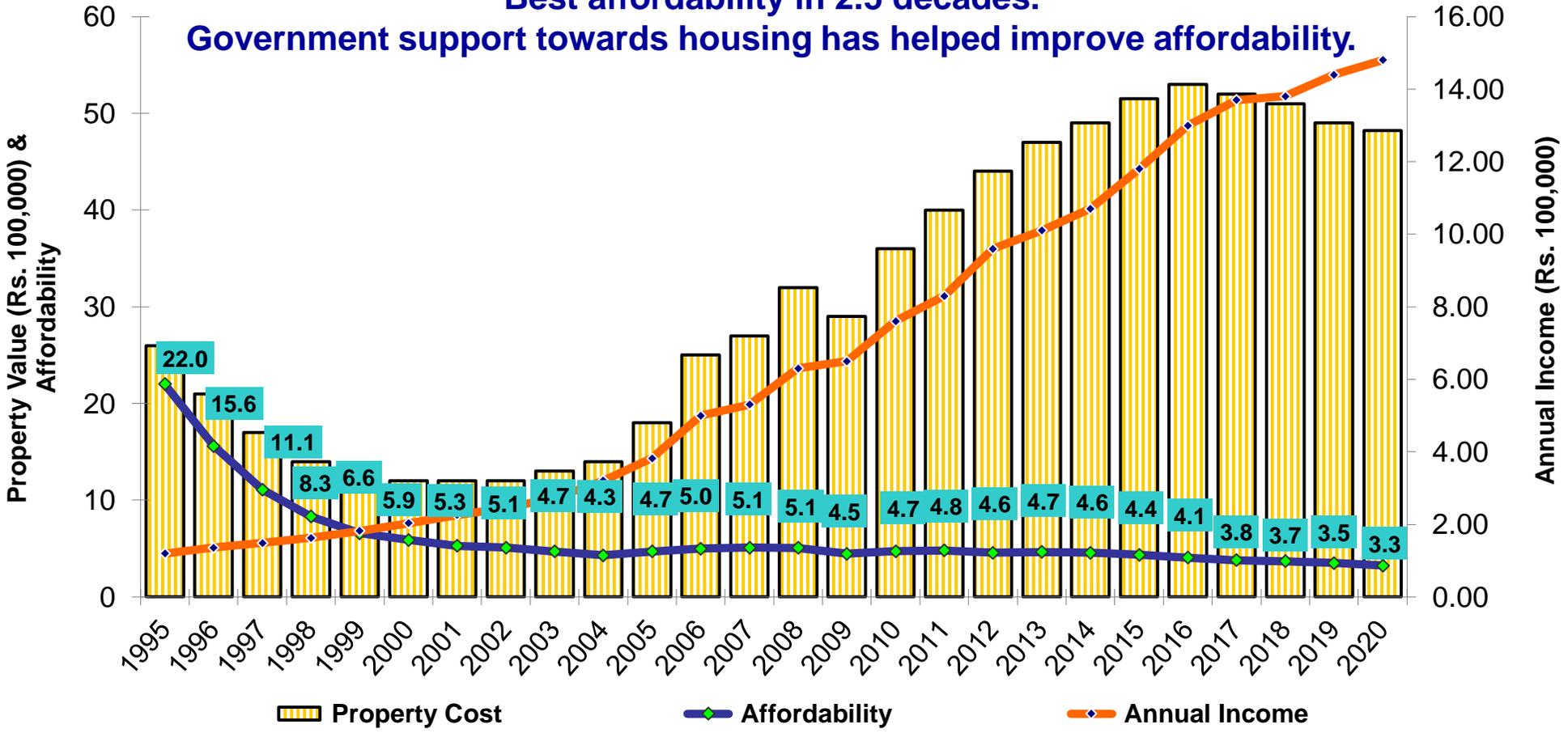
# **MORTGAGE MARKET IN INDIA**

# DRIVERS OF MORTGAGE GROWTH

- **Improved Affordability**
- **Low Penetration**
- **Government Incentives**
  - **Enhanced Fiscal Benefits**
  - **Credit Linked Subsidy Scheme**
- **Other Demand Drivers**

# IMPROVED AFFORDABILITY

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



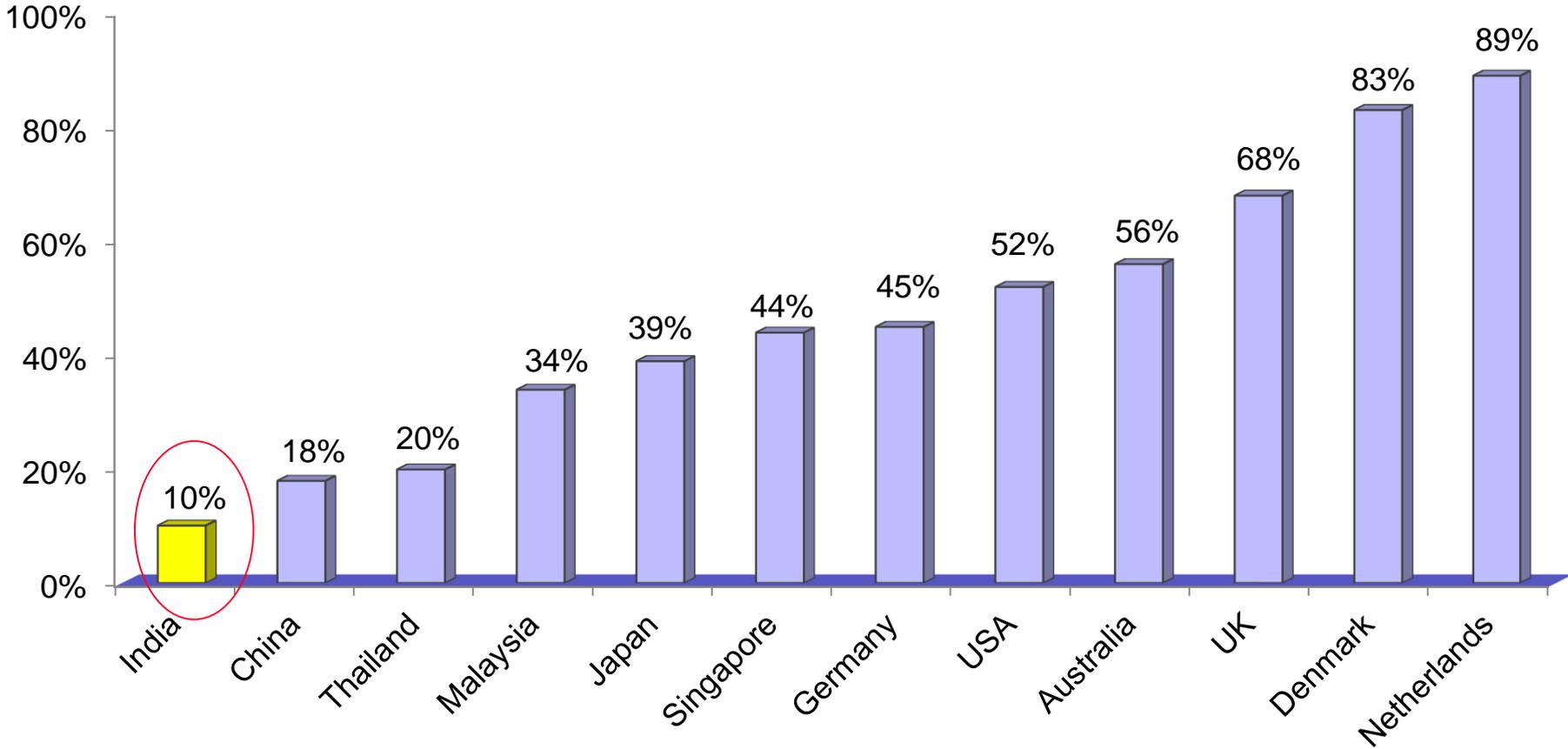
Representation of property price estimates

Affordability equals property prices by annual income

Based on customer data

# LOW PENETRATION IMPLIES ROOM FOR GROWTH

## MORTGAGES AS A PERCENT OF NOMINAL GDP



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

# GOVERNMENT INITIATIVES

## Fiscal Incentives

Tax incentives on interest and principal amount for home loan borrowers

## Interest Subvention Scheme

Interest rate subsidy under the Credit Linked Subsidy Scheme (CLSS) widened to include middle-income groups

Extension of timeframe and rationalisation of conditions under the CLSS

## Supply Side Incentives

Incentives to developers to build affordable housing

'Infrastructure' status accorded to affordable housing

External Commercial Borrowings/Rupee Denominated Bonds Issued Overseas

# TAX INCENTIVES & THE CREDIT LINKED SUBSIDY SCHEME (CLSS) HAVE LOWERED THE EFFECTIVE RATES ON MORTGAGES

|                                      | FY 2021   | FY 2002   | FY 2000   |
|--------------------------------------|-----------|-----------|-----------|
| Loan amount (Rs)                     | 28,50,000 | 28,50,000 | 28,50,000 |
| Less: Subsidy under CLSS             | 2,30,156  | -         | -         |
| Revised loan amount                  | 26,19,844 | 28,50,000 | 28,50,000 |
| Nominal Interest Rate(%)             | 6.95%     | 10.75%    | 13.25%    |
| Max deduction for interest allowed   | 2,00,000  | 1,50,000  | 75,000    |
| Deduction on principal               | 1,50,000  | 20,000    | 20,000    |
| Tax rate                             | 30.90%    | 31.50%    | 34.50%    |
| Tenor (years)                        | 20        | 20        | 20        |
| Total amount paid per year           | 3,32,079  | 3,28,944  | 3,85,380  |
| Interest component                   | 1,82,079  | 3,06,375  | 3,77,625  |
| Principal repaid                     | 1,50,000  | 22,569    | 7,755     |
| Tax amount saved                     | 1,08,150  | 53,550    | 32,775    |
| Effective interest paid on home loan | 73,929    | 2,52,825  | 3,44,850  |
| Effective interest on home loan      | 2.6%      | 8.9%      | 12.1%     |

Note: Union Budget 2021-22: Additional interest deduction of Rs.1.5 lac for loans sanctioned from April 1, 2021 to March 31, 2022. This is for first-time home-buyers; house cost: up to Rs 450,000.

## CREDIT LINKED SUBSIDY SCHEME – AN ENABLER

- The Credit Linked Subsidy Scheme (CLSS) is one of the key components under the government's flagship programme, 'Housing for All by 2022.'
- The interest subsidy on the home loan is paid to the beneficiary upfront, thereby reducing the amount of the equated monthly instalment (EMI).
- The eligible beneficiary family should not own a home.
- Applicable for home loans disbursed after January 1, 2017.
- CLSS for middle-income groups extended by one year up to March 31, 2021.
- HDFC ranked as the top performing primary lender for CLSS beneficiaries

### KEY FEATURES OF THE CLSS SCHEME

|  | Economically Weaker/<br>Low Income Group | Middle Income Group -I                                     | Middle Income Group-II  |
|--|--|--|---|
| Household Income p.a.                            | Up to Rs 600,000<br>(US\$ 8,200)         | Rs > 600,000 up to<br>1,200,000<br>(>US\$ 8,200 to 16,400) | > Rs 1,200,000 to<br>1,800,000<br>(>US\$ 16,400 to<br>24,600) |
| Property size (sq mtrs)                          | 60                                       | 160  | 200   |
| Maximum amount of loan<br>qualifying for subsidy | Rs 600,000<br>(US\$ 8,200)               | Rs 900,000<br>(US\$ 12,300)                                | Rs 1,200,000<br>(US\$ 16,400)                                 |
| Interest Subsidy (% per annum)                   | 6.50%                                    | 4%   | 3%  |
| Subsidy under CLSS*                              | Rs 267,280<br>(US\$ 3,600)               | Rs 235,068<br>(US\$ 3,200)                                 | Rs 230,156<br>(US\$ 3,100)                                    |

\*NPV discount rate at 9% for 20 years

## 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 50% by 2030
- **Interest Rates:** Improved affordability through rising disposable incomes and lowest ever interest rates on home loans

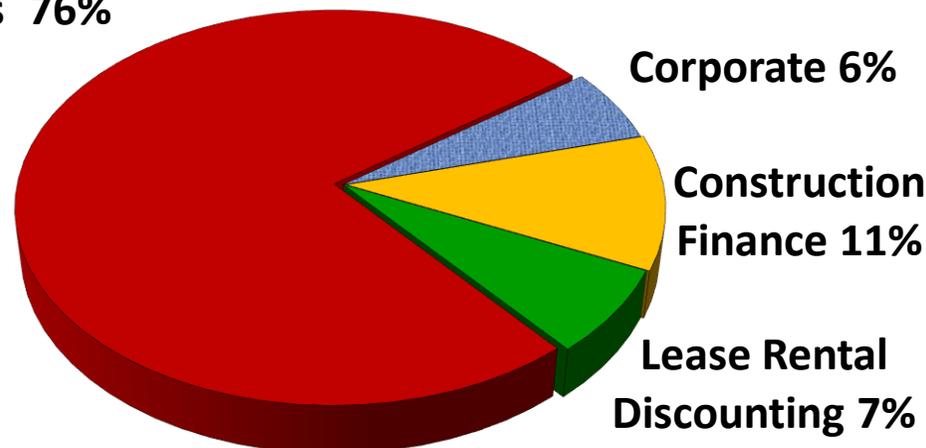
# **OPERATIONAL & FINANCIAL HIGHLIGHTS: MORTGAGES**

# CORE BUSINESS – LENDING

(As at December 31, 2020: Gross Loans - US\$ 75.46 bn)

| INDIVIDUAL LOANS   |
|--|
| - Home Loans <ul style="list-style-type: none"> <li>• Fixed rate loans</li> <li>• Floating rate loans</li> </ul> |
| - Home Improvement Loans   |
| - Home Extension Loans   |
| - Home Equity Loans  |
| - Rural Home Loans   |
| - Loans to NRIs  |

Individuals 76%



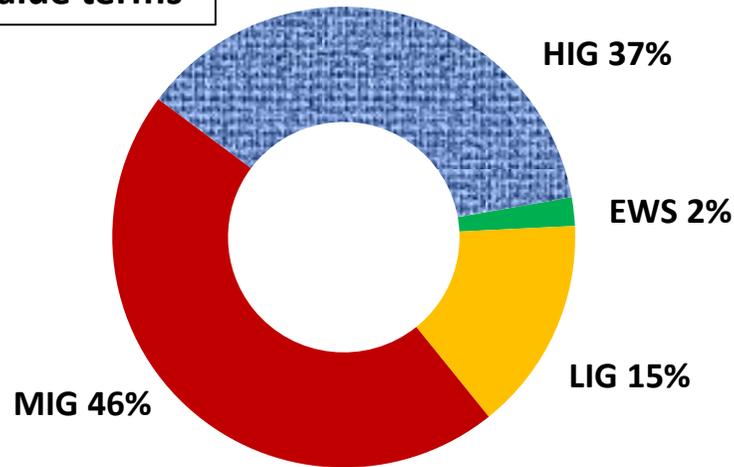
| As at December 31, 2020 | Loan Book Outstanding (After Sell Down) |           |            | Loan Book o/s Before Sell Down in last 12 months |           |            | Assets Under Management |           |           |
|-------------------------|---|-----------|------------|--|-----------|------------|-------------------------|-----------|-----------|
|                         | Rs. bn                                  | US\$ bn   | %Growth    | Rs. bn   | US\$ bn   | %Growth    | Rs. bn                  | US\$ bn   | %Growth   |
| Individuals             | 3,519                                   | 48        | 10%        | 3,689  | 50.41     | 16%        | 4,200                   | 57        | 10%       |
| Non-Individuals         | 1,320                                   | 18        | 7%         | 1,320  | 18        | 7%         | 1,322                   | 18        | 7%        |
| <b>Total</b>            | <b>4,839</b>                            | <b>66</b> | <b>10%</b> | <b>5,009</b>                                     | <b>68</b> | <b>13%</b> | <b>5,522</b>            | <b>75</b> | <b>9%</b> |

Individual loans sold (outstanding): Rs. 680.73 bn (US\$ 9.30 bn)

# AFFORDABLE HOUSING

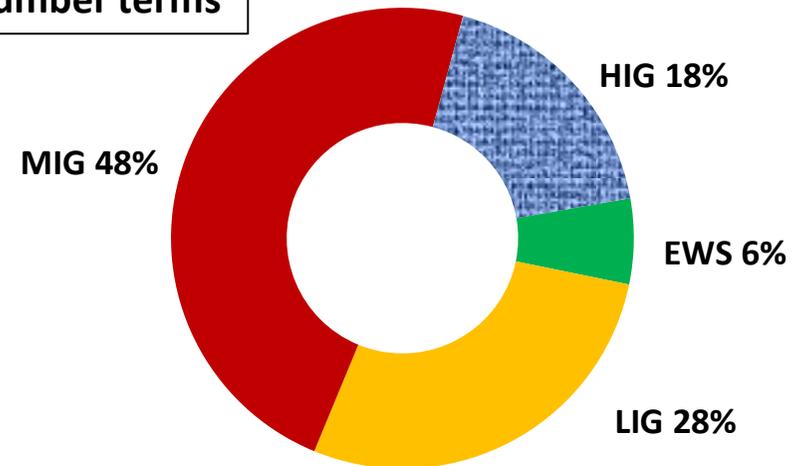
## Housing Loan Approvals Based on Income Slabs: Apr-Dec FY21

In Value 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.

In Number terms



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.

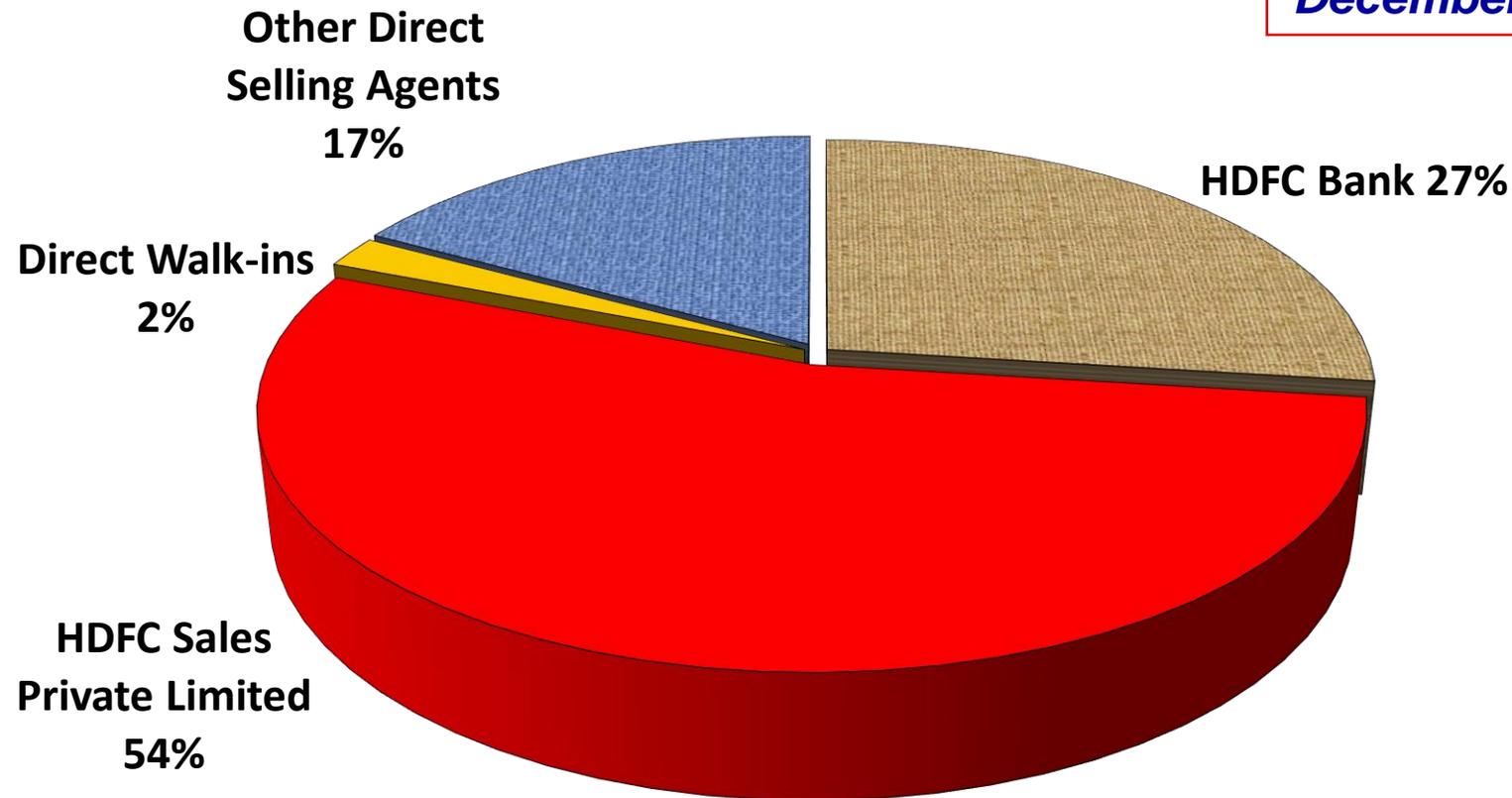
**50%** of housing loans disbursed in Apr-Dec 20 were to first-time homebuyers.

### Housing Loans to EWS & LIG Segments

- 34% of home loan approvals in volume terms has been to the EWS & LIG segments and 17% in value terms
- Average home loan – EWS: Rs 1.07 mn, LIG: Rs 1.85 mn

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

*December 31, 2020*

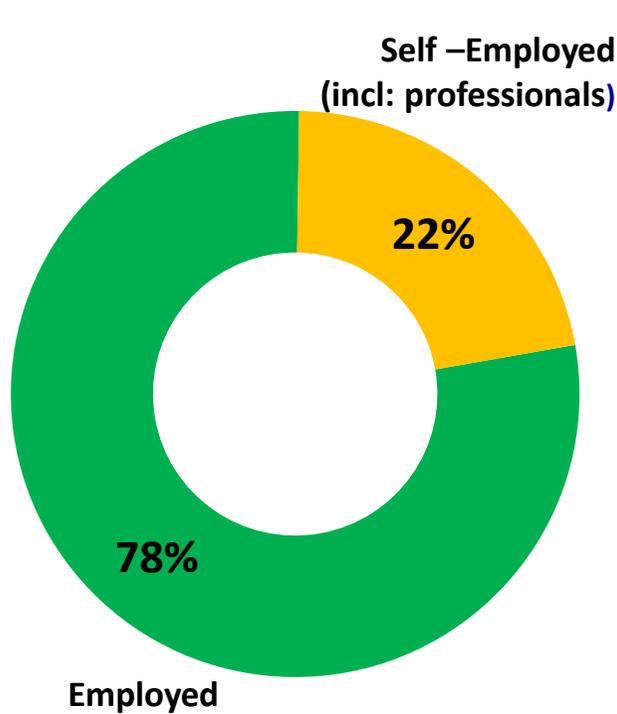


Deposit & loan products offered at several locations through outreach programmes.

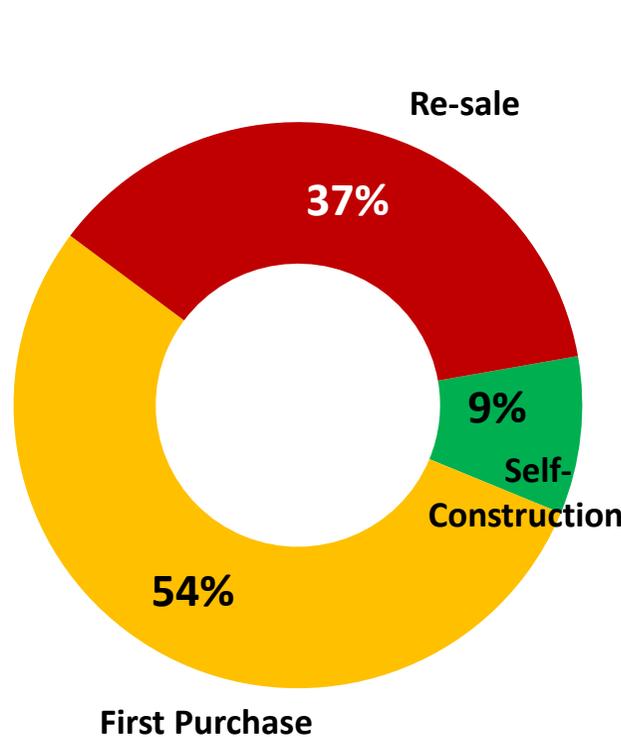
Total number of offices: **589** which is inclusive of **202** outlets of HDFC's wholly owned distribution company.

# INDIVIDUAL LOANS\*: Apr-Dec FY21

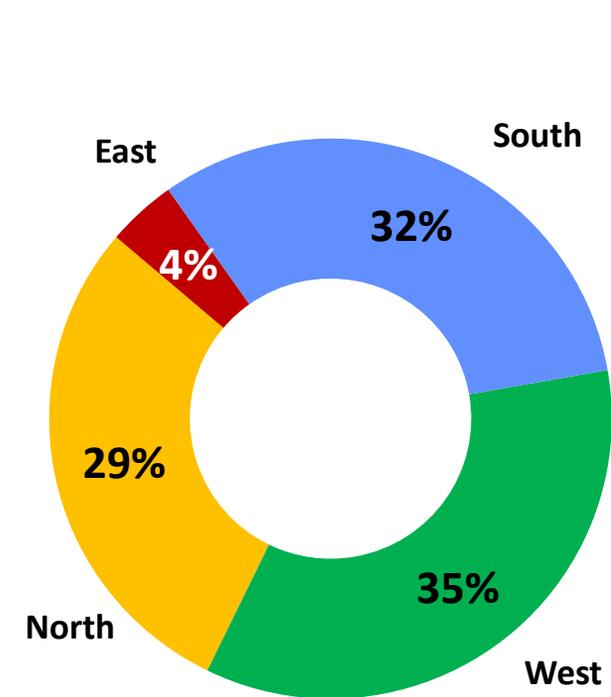
Employment



Acquisition Mode



Geographic Spread

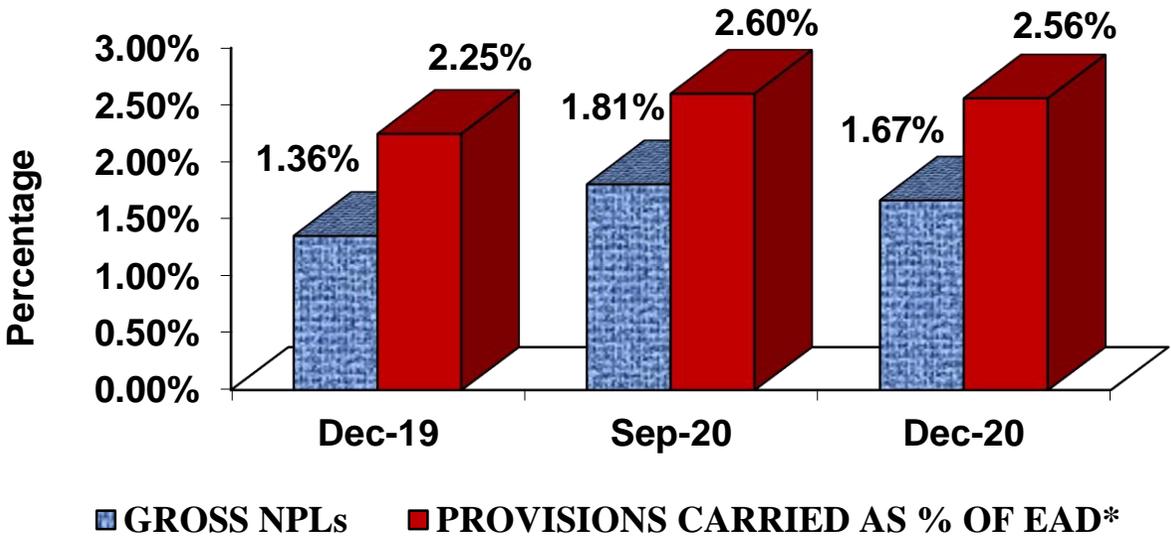


\* Based on value of approvals

## **OUR CONSERVATIVE LOAN PROFILE UNDERLIES OUR HIGH CREDIT QUALITY**

- **Average Loan Size** : Rs. 2.85 mn (~US\$ 38,950)
- **Average Loan to Value** : 70% (at origination)
- **Average Loan Term** : 12 years
- **Average Age** : 39 years
- **Primary Security** : Mortgage of property financed
- **Repayment Type** : Amortising

# NON-PERFORMING LOANS (NPLs) & PROVISIONS CARRIED



| As at December 31, 2020  |        |
|--|--------|
| (Rs. in bn)  |        |
| NPLs (3 months):   | 80.12  |
| Provisions Carried:  | 123.42 |
| Regulatory provision as per period of default & standard assets: | 65.79  |

| NPLs                 | Reported | Proforma <sup>^</sup> |
|----------------------|----------|-----------------------|
| Individual Loans     | 0.79%    | 0.98%                 |
| Non-Individual Loans | 4.00%    | 4.35%                 |
| Overall NPLs         | 1.67%    | 1.91%                 |

<sup>^</sup>Without standstill as per Supreme Court Order  
 \*EAD: Exposure at Default

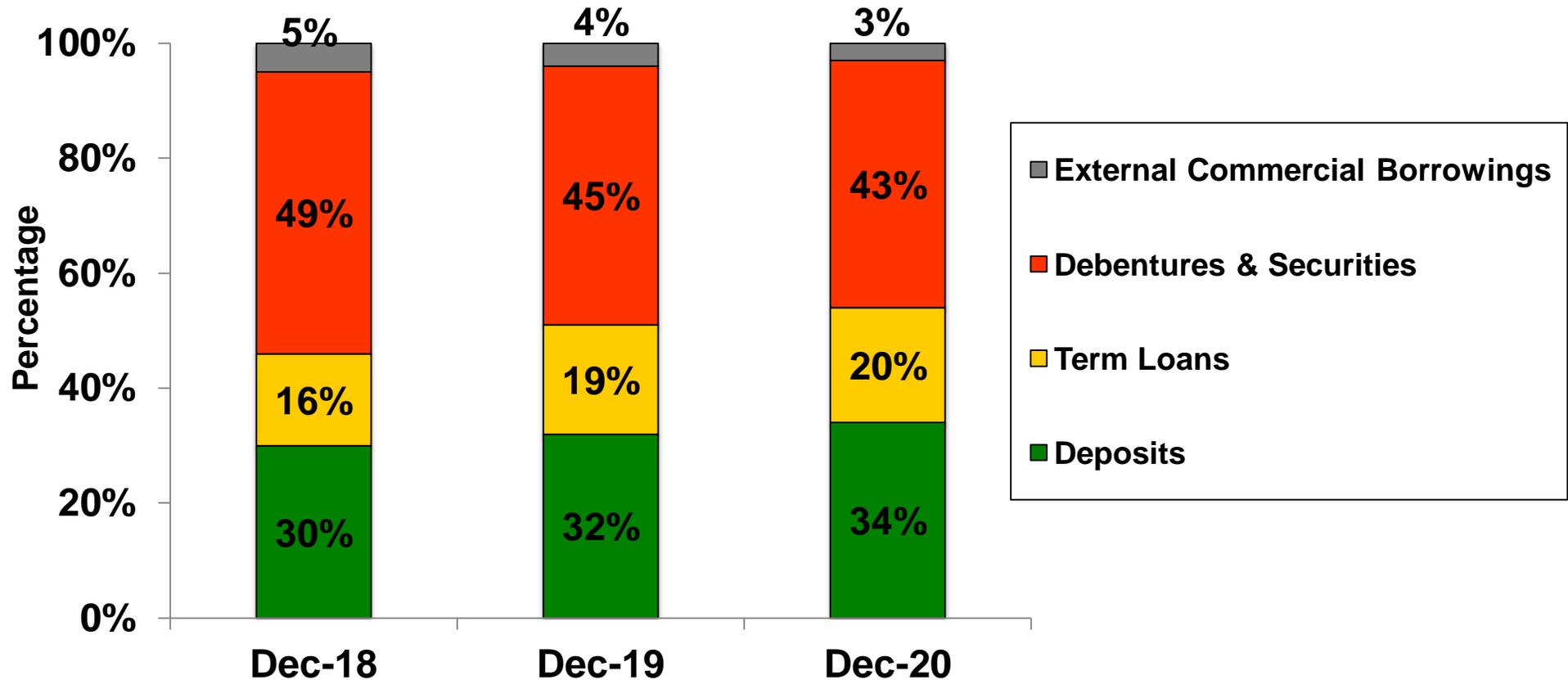
# EXPECTED CREDIT LOSS (ECL) BASED ON EXPOSURE AT DEFAULT (EAD)

Rs bn

| As per IND AS            | Dec-20   | Sep-20   | Mar-20   |
|--------------------------|----------|----------|----------|
| Gross Stage 1            | 4,375.07 | 4,404.30 | 4,158.64 |
| ECL Provision Stage 1    | 8.92     | 13.16    | 3.46     |
| Net Stage 1              | 4,366.15 | 4,391.14 | 4,155.18 |
| Coverage Ratio % Stage 1 | 0.20%    | 0.30%    | 0.08%    |
| Gross Stage 2            | 342.08   | 233.13   | 247.94   |
| ECL Provision Stage 2    | 60.08    | 59.05    | 57.50    |
| Net Stage 2              | 282.00   | 174.08   | 190.44   |
| Coverage Ratio % Stage 2 | 18%      | 25%      | 23%      |
| Gross Stage 3            | 110.02   | 103.70   | 102.73   |
| ECL Provision Stage 3    | 54.42    | 50.83    | 48.92    |
| Net Stage 3              | 55.60    | 52.87    | 53.81    |
| Coverage Ratio % Stage 3 | 49%      | 49%      | 48%      |
| EAD                      | 4,827.17 | 4,741.13 | 4,509.31 |
| ECL Provision            | 123.42   | 123.04   | 109.88   |
| Net                      | 4,703.75 | 4,618.09 | 4,399.43 |
| ECL/EAD                  | 2.56%    | 2.60%    | 2.44%    |

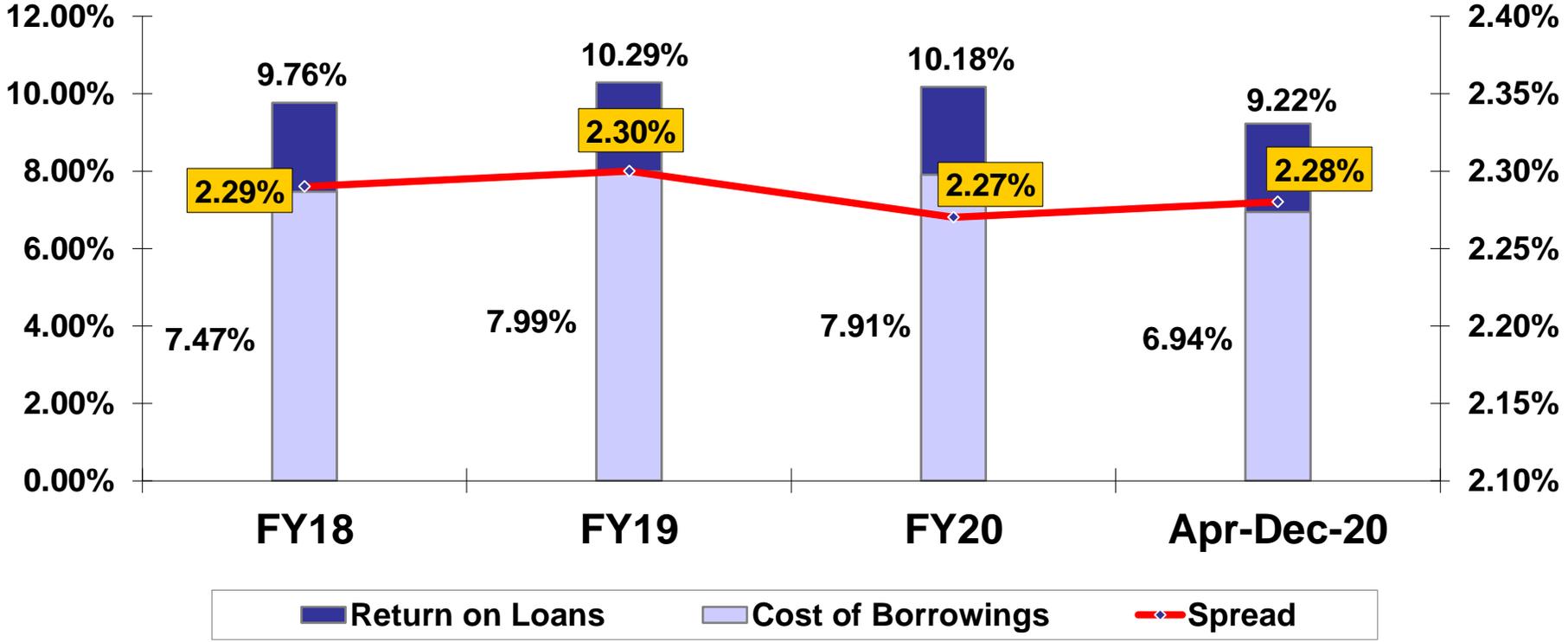
# MULTIPLE SOURCES OF BORROWINGS

(As at December 31, 2020: Total Borrowings - US\$ 59.30 bn)



**Total Borrowings: Rs 4,339.17 bn (US\$ 59.30 bn)**

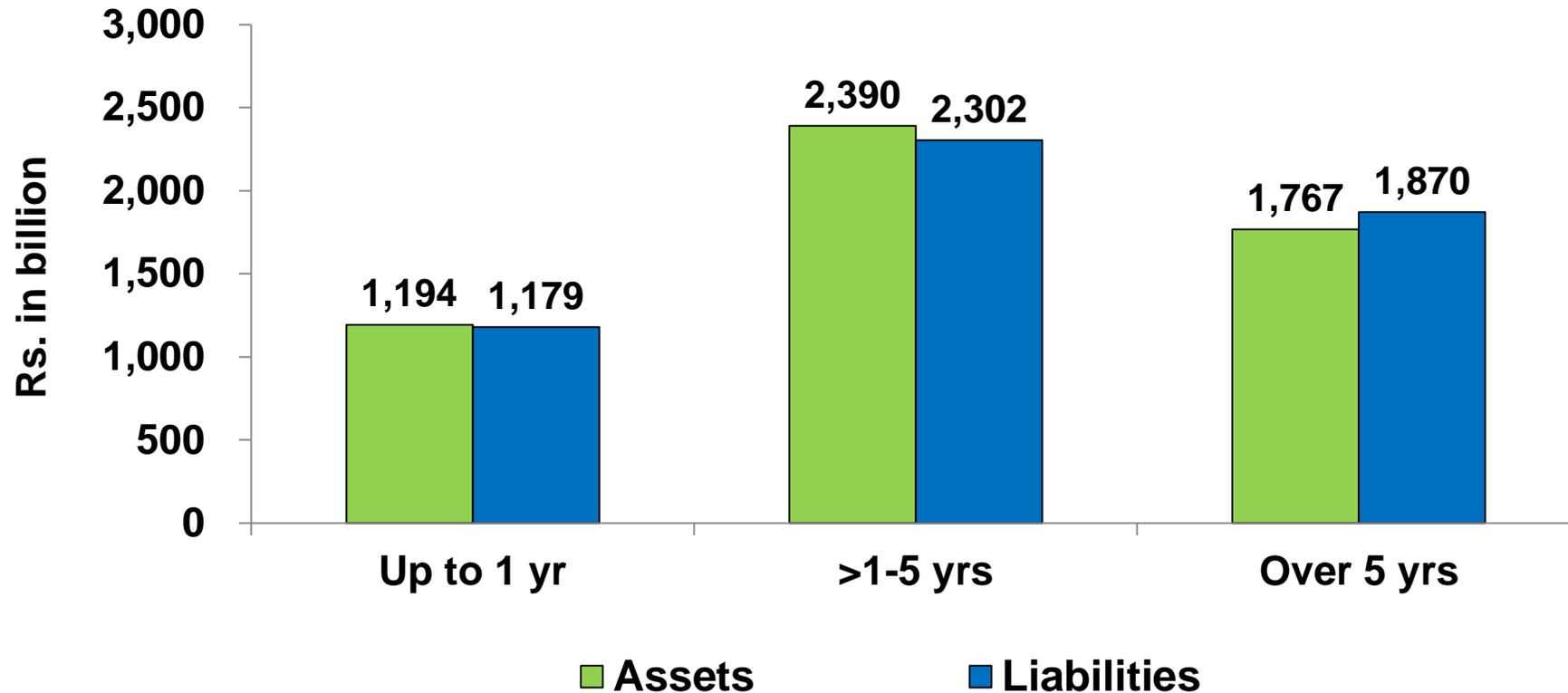
# LOAN SPREADS



| Apr-Dec 2020             |       |
|--------------------------|-------|
| <b>Spread earned on:</b> |       |
| Individual Loans         | 1.94% |
| Non-individual Loans     | 3.14% |
| Loan Book                | 2.28% |

# MATURITY PROFILE

(As at March 31, 2020)



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

# PRODUCTIVITY RATIOS

|   | FY20         | FY19         |
|---|--------------|--------------|
| <b>Number of employees</b>                | <b>3,095</b> | <b>2,840</b> |
| <b>Number of outlets</b>                  | <b>379</b>   | <b>358</b>   |
| <b>Profit per employee (US\$ '000)*</b>   | <b>457</b>   | <b>476</b>   |
| <b>Assets per employee (US\$ mn)</b>      | <b>21.6</b>  | <b>20.6</b>  |
| <b>Admin costs/assets (%)<sup>^</sup></b> | <b>0.24</b>  | <b>0.25</b>  |
| <b>Cost income ratio (%)</b>              | <b>9.0</b>   | <b>8.9</b>   |

*\*To make ratios comparable, profit on sale of strategic investments have not been considered.*

*<sup>^</sup>Excluding ESOS cost and CSR expenses*

# KEY FINANCIAL METRICS

|   | FY20                    | FY19        |
|---|-------------------------|-------------|
| <b>Net Interest Margin(%)</b>           | <b>3.4</b>              | <b>3.3</b>  |
| <b>Pre Tax RoAA (%)<sup>^</sup></b>     | <b>2.5</b>              | <b>3.0</b>  |
| <b>Post Tax RoAA (%)<sup>^</sup></b>    | <b>2.0</b>              | <b>2.1</b>  |
| <b>Return on Equity (%)<sup>^</sup></b> | <b>21.7</b>             | <b>13.5</b> |
| <b>Capital Adequacy (%)</b>             | <b>20.9<sup>#</sup></b> | <b>19.2</b> |
| <b>Of which Tier I (%)</b>              | <b>19.9</b>             | <b>17.6</b> |
| <b>Tier II (%)</b>                      | <b>1.0</b>              | <b>1.6</b>  |

<sup>^</sup>Adjusted for profit on sale of investments of strategic investments

<sup>#</sup>As at December 31, 2020

# VALUATION & SHAREHOLDING

# VALUATION – METHOD 1

- Number of shares outstanding: 1.80 billion
- Share Price (CMP as at December 31, 2020): Rs. 2,559
- Market Capitalisation: Rs. 4,606.7 billion (~US\$ 63 bn)

|   | Rs bn      | US\$ bn    |
|---|------------|------------|
| Net Worth   | 1,061      | 14.5       |
| <i>Add:</i> Unaccounted gains on strategic listed investments | 2,529      | 34.6       |
| <i>Add:</i> Unaccounted gains on unlisted investments         | 144        | 2.0        |
| Adjusted Networkth  | 3,734      | 51.0       |
| Market Capitalisation   | 4,607      | 63.0       |
| <b>Adjusted Price to Book Ratio</b>                           | <b>1.2</b> | <b>1.2</b> |

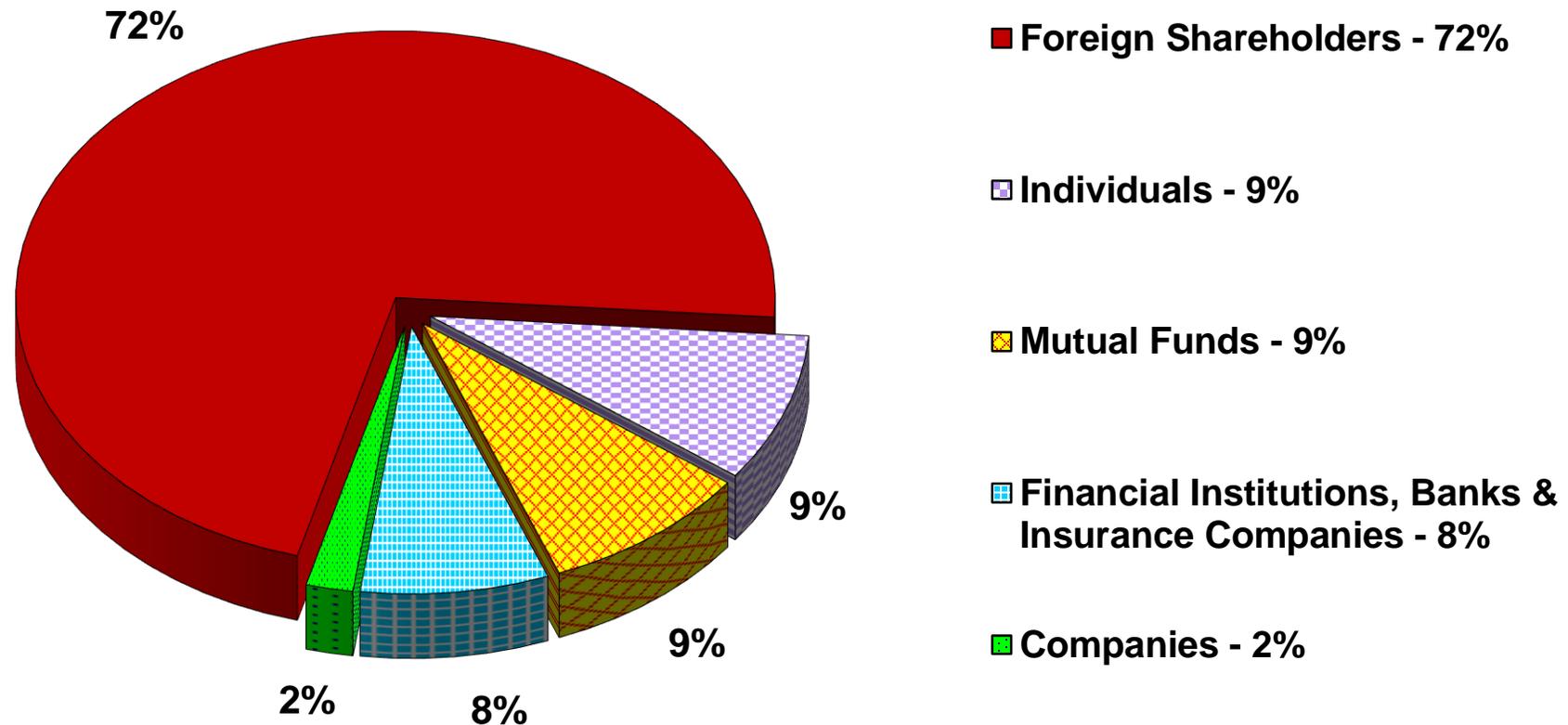
# VALUATION – METHOD 2

- Number of shares outstanding: 1.80 billion
- Share Price (CMP as at December 31, 2020): Rs. 2,559
- Market Capitalisation: Rs. 4,606.7 billion (~US\$ 63 bn)

| Valuation  | Rs bn        | US\$ bn     |
|--|--------------|-------------|
| Market Capitalisation  | 4,607        | 63.0        |
| <i>Less: Unaccounted gains on strategic listed investments</i> | 2,529        | 34.6        |
| <i>Less: Unaccounted gains on unlisted investments</i>         | 144          | 2.0         |
| <b>Adjusted Market Capitalisation</b>                          | <b>1,934</b> | <b>26.4</b> |
| <b>Net Worth</b>   | <b>1,061</b> | <b>14.5</b> |
| <b>Adjusted Price to Book Ratio</b>                            | <b>1.8</b>   | <b>1.8</b>  |

# SHAREHOLDING PATTERN

As at December 31, 2020



# **FINANCIALS**

## **Standalone**

### **(Based on Indian Accounting Standards)**

# STATEMENT OF PROFIT AND LOSS – Q3 FY21

|  | <u>Oct-Dec 20</u><br>(Rs in billion) | <u>Oct-Dec 19</u><br>(Rs in billion) | <u>Growth</u><br>(%) |
|--|--------------------------------------|--------------------------------------|----------------------|
| Interest Income  | 109.01                               | 110.09                               | -1%                  |
| Interest Expenses  | 68.33                                | 77.69                                | -12%                 |
| <b>Net Interest Income</b>   | <b>40.68</b>                         | <b>32.40</b>                         | <b>26%</b>           |
| Add: Net gain on derecognition of assigned loans                               | 4.10                                 | 1.70                                 |                      |
| Add: Fees net of Commission (EIR)  | (0.63)                               | (0.27)                               |                      |
| Add: Other Operating Income  | 0.70                                 | 0.70                                 |                      |
| <b>Net Operating Income</b>  | <b>44.85</b>                         | <b>34.53</b>                         | <b>30%</b>           |
| Less: Non Interest Expenses  | 3.32                                 | 3.27                                 |                      |
| Less: Amortisation of ESOS and CSR Expenses                                    | 2.04                                 | 0.57                                 |                      |
| Add: Other Income  | 0.09                                 | 0.06                                 |                      |
| <b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b> | <b>39.58</b>                         | <b>30.75</b>                         | <b>29%</b>           |
| Add: Net gain/ (loss) on Fair Value Changes                                    | 2.30                                 | 0.39                                 |                      |
| Add: Gain on Scheme of Amalgamation  | -                                    | 90.20                                |                      |
| Add: Dividend  | 0.02                                 | 0.04                                 |                      |
| Add: Profit on Sale of investments   | 1.57                                 | -                                    |                      |
| Less: Expected Credit Loss   | 5.94                                 | 29.95                                |                      |
| <b>Profit Before Tax</b>   | <b>37.53</b>                         | <b>91.43</b>                         |                      |
| Provision for Tax  | 8.27                                 | 7.70                                 |                      |
| <b>Profit After Tax Before Other Comprehensive Income</b>                      | <b>29.26</b>                         | <b>83.73</b>                         |                      |
| Other Comprehensive income   | 23.26                                | (8.07)                               |                      |
| <b>Total Comprehensive Income</b>  | <b>52.52</b>                         | <b>75.66</b>                         |                      |
| <b>Effective tax rate (%)</b>  | <b>22.0%</b>                         | <b>8.4%</b>                          |                      |

Note: Profit numbers are not comparable with that of the previous year. The merger of GRUH Finance with Bandhan Bank was effective October 17, 2019. As per IndAS, the Corporation had on derecognition of the investment in GRUH, recorded a fair value gain of Rs 90.20 billion through the Statement of Profit and Loss during the quarter ended December 31, 2019.

# ANALYSIS OF PROFITS – Q3 FY21

|                                   | Oct-Dec 20   | Oct-Dec 19   | Growth      |
|-----------------------------------|--------------|--------------|-------------|
|                                   | Rs in Bn     | Rs in Bn     |             |
| <b>Reported Profit Before Tax</b> | <b>37.53</b> | <b>91.43</b> | <b>-59%</b> |
| <b>Less</b>                       |              |              |             |
| Dividend                          | 0.02         | 0.04         |             |
| Profit on Sale of Investments     | 1.57         | -            |             |
| Net gain on Fair Value Changes    | 2.31         | 0.39         |             |
| Gain on Scheme of Amalgamation    | -            | 90.20        |             |
| Net gains on loans assigned       | 4.10         | 1.70         |             |
| <b>Add</b>                        |              |              |             |
| Employee Stock Options            | 1.47         | 0.03         |             |
| Expected Credit Loss              | 5.94         | 29.95        |             |
| <b>Adjusted Profit Before Tax</b> | <b>36.94</b> | <b>29.08</b> | <b>27%</b>  |

# STATEMENT OF PROFIT AND LOSS – Apr-Dec FY21

|  | <u>Apr-Dec 20</u><br>(Rs in billion) | <u>Apr-Dec 19</u><br>(Rs in billion) | <u>Growth</u><br>(%) |
|--|--------------------------------------|--------------------------------------|----------------------|
| Interest Income  | 331.56                               | 326.80                               | 1%                   |
| Interest Expenses  | 220.49                               | 233.40                               | -6%                  |
| <b>Net Interest Income</b>   | <b>111.07</b>                        | <b>93.40</b>                         | <b>19%</b>           |
| Add: Net gain on derecognition of assigned loans                               | 7.53                                 | 7.30                                 |                      |
| Add: Fees net of Commission (EIR)  | (1.64)                               | (1.35)                               |                      |
| Add: Other Operating Income  | 1.97                                 | 1.97                                 |                      |
| <b>Net Operating Income</b>  | <b>118.93</b>                        | <b>101.32</b>                        | <b>17%</b>           |
| Less: Non Interest Expenses  | 9.63                                 | 9.72                                 |                      |
| Less: Amortisation of ESOS and CSR Expenses                                    | 3.37                                 | 1.73                                 |                      |
| Add: Other Income  | 0.16                                 | 0.18                                 |                      |
| <b>Profit Before Sale of Investments, Dividend, Fair Value Changes and ECL</b> | <b>106.09</b>                        | <b>90.05</b>                         | <b>18%</b>           |
| Add: Net gain/(loss) on Fair Value Changes                                     | 4.90                                 | (3.28)                               |                      |
| Add: Gain on Scheme of Amalgamation  | -                                    | 90.20                                |                      |
| Add: Dividend  | 6.23                                 | 10.79                                |                      |
| Add: Profit on Sale of Investments   | 13.98                                | 35.21                                |                      |
| Less: Expected Credit Loss (ECL)   | 22.29                                | 46.39                                |                      |
| <b>Profit Before Tax</b>   | <b>108.91</b>                        | <b>176.58</b>                        |                      |
| Provision for Tax  | 20.44                                | 21.21                                |                      |
| <b>Profit After Tax Before Other Comprehensive Income</b>                      | <b>88.47</b>                         | <b>155.37</b>                        |                      |
| Other Comprehensive income   | 29.40                                | (6.40)                               |                      |
| <b>Total Comprehensive Income</b>  | <b>117.87</b>                        | <b>148.97</b>                        |                      |
| <i>Effective tax rate (%)</i>  | <i>18.8%</i>                         | <i>12.0%</i>                         |                      |

Note: Profit numbers are not comparable with that of the previous year. The merger of GRUH Finance with Bandhan Bank was effective October 17, 2019. As per IndAS, the Corporation had on derecognition of the investment in GRUH, recorded a fair value gain of Rs 90.20 billion through the Statement of Profit and Loss during the nine months ended December 31, 2019.

# BALANCE SHEET

|                                  | <u>Dec-20</u>   | <u>Dec-19</u>   | <u>Growth</u> |
|----------------------------------|-----------------|-----------------|---------------|
|                                  | (Rs in billion) | (Rs in billion) | (%)           |
| <b>Sources of Funds</b>          |                 |                 |               |
| Shareholders' Funds              | 1,060.80        | 895.84          |               |
| Borrowings                       | 4,339.17        | 3,962.24        | 10%           |
| Current Liabilities & Provisions | 205.09          | 200.64          |               |
|                                  | <b>5,605.06</b> | <b>5,058.72</b> | <b>11%</b>    |
| <b>Application of Funds</b>      |                 |                 |               |
| Loans <sup>^</sup>               | 4,839.19        | 4,414.72        | 10%           |
| Investments                      | 716.86          | 548.85          |               |
| Current/ Fixed Assets            | 49.01           | 95.15           |               |
|                                  | <b>5,605.06</b> | <b>5,058.72</b> | <b>11%</b>    |

<sup>^</sup>Net of loans sold during the preceding 12 months amounting to Rs 169.56 billion of individual loans. If these loans were included, the growth in loans would have been 13%.

# **KEY ASSOCIATES AND SUBSIDIARIES**

# HDFC BANK

- **21.1% owned by HDFC**
- **ADRs listed on NYSE**
- **5,485 banking outlets, 15,541 ATMs**
- **Key business areas**
  - **Wholesale banking      Retail banking      Treasury operations**
- **Financials (as per Indian GAAP) for the nine months ended December 31, 2020**
  - **Advances as at December 31, 2020, stood at Rs. 10,823 bn – an increase of 16% over the previous year**
  - **Total deposits stood at Rs. 12,711 bn – an increase of 19% over the previous year**
  - **PAT (Indian GAAP): Rs. 229.30 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, 2020): ~US\$ 108 bn**

# HDFC LIFE INSURANCE COMPANY LIMITED

## (HDFC LIFE)

- 49.99% owned by HDFC and Standard Life (Mauritius Holdings) 2006 Limited holds 8.9% of the equity of HDFC Life.
- Total premium income for the nine months ended December 31, 2020 stood at Rs. 257 bn – growth of 16% over the previous year
- HDFC Life ranked 2<sup>nd</sup> in terms of Individual WRP with market share of 16%. The private market share within the group and overall new business segment stood at 27% and 22% respectively.
  - New Business Margin for the nine months ended December 31, 2020 (post overrun): 25.6% (PY: 26.6%)
  - Indian Embedded Value stood at Rs. 250.5 bn as at December 31, 2020 (PY: Rs. 208.4 bn)
  - Operating Return on Embedded Value for the nine months ended December 31, 2020 stood at 18.3% (PY: 19%)
  - Assets Under Management as at December 31, 2020 stood at Rs. 1,656 bn (PY: Rs. 1,365 bn)
  - PAT for the nine months ended December 31, 2020 (Indian GAAP): Rs. 10.42 bn (PY: Rs. 9.84 bn)
- Product mix - Unit Linked: 23%, Non-Par Savings: 30%, Par Protection: 35%, Term & Health: 7%, Annuity: 5%
- Market capitalisation (December 31, 2020): ~US\$ 19 bn

# **HDFC ASSET MANAGEMENT**

- **52.7% owned by HDFC and Standard Life Investments holds 21.2% of the equity of HDFC Asset Management.**
- **Total Assets under Management (AUM) as at December 31, 2020, stood at Rs. 4.07 trillion (US\$ 56 bn) with an overall market share of 13.1%**
- **India's largest actively managed equity mutual fund with a market share of 13.4% as on December 31, 2020**
  - **Equity-oriented assets of HDFC MF as a proportion of total AUM was 40%**
- **Individual accounts of HDFC MF as at December 31, 2020**
  - **9.1 million live accounts**
  - **55% of total monthly average AUM is contributed by individuals**
  - **Market share of 13.8% of individual monthly average AUM**
- **PAT for the nine months ended December 31, 2020 (as per Ind AS): Rs. 10 bn**
- **Market capitalisation (December 31, 2020): ~US\$ 8 bn**

# **HDFC ERGO GENERAL INSURANCE COMPANY LTD.**

- **HDFC holds 50.6% and ERGO holds 41.2% and Munich Health Holding AG holds 7.2% of the equity of HDFC ERGO General Insurance Company Limited (HDFC ERGO)**
- **During the quarter ended December 31, 2020, following the receipt of requisite approvals, HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) merged with HDFC ERGO General Insurance Company Limited (HDFC ERGO). The appointed date of the Scheme of Amalgamation for the merger is March 1, 2020.**
- **Gross direct premium for the nine months ended December 31, 2020 stood at Rs. 87 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 the rural segment**
  - **Retail accounts for 60% of the total business**
- **Market share of 10.5% (private sector) and 6.0% (overall) in terms of gross direct premium for the nine months ended December 31, 2020 (Source: GI Council)**
- **As at December 31, 2020: Combined Ratio – 103.7%, Solvency Ratio – 198% (as against regulatory requirement of 150%)**
- **Profit After Tax for the nine months ended December 31, 2020 (Indian GAAP): Rs. 5.10 bn**

# PROPERTY FUNDS

## HDFC PROPERTY VENTURES

- **HDFC India Real Estate Fund**
  - Launched in 2005
  - Fund corpus : Rs. 10 billion – fully invested
  - Domestic investors, close-ended fund
  - Fund has been substantially exited; 1.6 X of the fund corpus has been returned to investors
  
- **HIREF International LLC**
  - Launched in 2007
  - Fund corpus : US\$ 800 million
  - International investors, 9 year close-ended fund
  - Some exits have been made and the Fund is in the process of exiting from the balance investments; 1.3X corpus has been returned to investors
  
- **HIREF International LLC II Pte Ltd.**
  - Fund corpus: US\$ 321 million
  - Final close in April 2015
  - International investors, 8 year close-ended fund

## HDFC CAPITAL ADVISORS

- **HDFC Capital Affordable Real Estate Fund (HCARE)**
  - HCARE-1 was set up as a SEBI registered AIF in 2016 with a fund size of US\$ 450 mn
  - HCARE-2, set up in December 2017, achieved its final close in October 2018 with a fund size of US\$ 650 mn
  - HCARE 1 & 2 together create a US\$ 1.1 bn platform targeting affordable & mid-income residential projects
  - The objective is to provide long-term equity and mezzanine capital to developers building affordable and middle- income housing across India’s leading 20 cities
  - Primary investors in HCARE 1 & 2 is a wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA) along with the National Investment and Infrastructure Fund (NIIF) in HCARE-2
  - HDFC Capital Advisors is the investment manager for the funds and is one of the largest real estate fund managers in the country

# **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, 2020**
  - **Profit After Tax (as per Ind AS): Rs. 1.11 bn – 12% growth**
  - **Cumulative loans disbursed: Rs 115 bn**
  - **Loan book outstanding as at December 31, 2020: Rs. 61 bn**
    - **43% of the loan book is collateralised**
  - **Average loan: Rs. 2.1 mn**
  - **Gross non-performing assets: 0.23%**

# **FINANCIALS**

## **Consolidated**

### **(Based on Indian Accounting Standards)**

# BALANCE SHEET (Consolidated)

|  | <u>Dec-20</u><br>(Rs in billion) | <u>Dec-19</u><br>(Rs in billion) | <u>Growth</u><br>(%) |
|--|----------------------------------|----------------------------------|----------------------|
| <b>Sources of Funds</b>                      |                                  |                                  |                      |
| Shareholders' Funds                          | 1,613.85                         | 1,343.66                         | 20%                  |
| Liabilities Pertaining to Insurance Business | 2,046.82                         | 1,697.67                         |                      |
| Loan Funds                                   | 4,397.21                         | 4,008.69                         | 10%                  |
| Current Liabilities & Provisions             | 81.51                            | 24.57                            |                      |
|  | <b>8,139.39</b>                  | <b>7,074.59</b>                  | <b>15%</b>           |
| <b>Application of Funds</b>                  |                                  |                                  |                      |
| Loans  | 4,771.55                         | 4,372.91                         | 9%                   |
| Assets pertaining to Insurance Business      | 2,010.80                         | 1,609.69                         |                      |
| Investments                                  | 540.07                           | 470.50                           |                      |
| Current Assets, Advances & Fixed Assets      | 800.96                           | 615.24                           |                      |
| Goodwill on Consolidation                    | 16.01                            | 6.25                             |                      |
|  | <b>8,139.39</b>                  | <b>7,074.59</b>                  | <b>15%</b>           |

## STATEMENT OF PROFIT AND LOSS – Apr-Dec FY21

|   | Dec-20           | Dec-19           | Growth     |
|---|------------------|------------------|------------|
|   | (Rs. in billion) | (Rs. in billion) |            |
| Interest & Other Operating Income             | 357.51           | 364.63           |            |
| Income from Insurance Business                | 654.84           | 382.83           |            |
| Profit on Sale of Investment Properties       | -                | 0.23             |            |
| Profit on Loss of Control of a subsidiary     | -                | 97.99            |            |
| Net gain on fair value change                 | 13.50            | (1.73)           |            |
| Net gain on derecognition of assigned loans   | 7.10             | 7.30             |            |
| Other Income                                  | 0.22             | 0.38             |            |
| <b>Total Income</b>                           | <b>1,033.17</b>  | <b>851.63</b>    | <b>21%</b> |
| Finance costs                                 | 224.15           | 243.09           |            |
| Expenses from Insurance Business              | 638.65           | 371.29           |            |
| Non-Interest Expenses                         | 21.98            | 19.70            |            |
| Impairment on financial instruments           | 23.09            | 46.42            |            |
| <b>Total Expenses</b>                         | <b>907.87</b>    | <b>680.50</b>    | <b>33%</b> |
| Share of profit of associates (equity method) | 50.03            | 41.28            |            |
| <b>Profit before tax</b>                      | <b>175.33</b>    | <b>212.41</b>    |            |
| Total tax expense                             | 27.15            | 27.57            |            |
| <b>Net Profit After Tax</b>                   | <b>148.18</b>    | <b>184.84</b>    |            |
| Other Comprehensive Income                    | 35.10            | (2.57)           |            |
| <b>Total Comprehensive Income</b>             | <b>183.28</b>    | <b>182.27</b>    |            |
| <b>Profit Attributable to the Corporation</b> | <b>133.90</b>    | <b>173.18</b>    |            |

Note: During the nine months ended December 31, 2019, GRUH was amalgamated with Bandhan Bank which resulted in a pre tax adjusted gain of Rs 98 billion in the Statement of Profit and Loss.

# CONSOLIDATED PROFIT AFTER TAX – Apr-Dec FY21

## (As per Ind-AS)

|  | Apr-Dec 20      | Apr-Dec 19      | Growth |
|--|-----------------|-----------------|--------|
|  | (Rs in billion) | (Rs in billion) |        |
| <b>HDFC Profit After Tax</b>                             | <b>88.47</b>    | <b>155.37</b>   |        |
| HDFC Life  | 7.10            | 5.07            | 40%    |
| HDFC Ergo  | 2.90            | 1.54            | 88%    |
| HDFC Bank  | 48.52           | 38.96           | 25%    |
| HDFC AMC   | 5.32            | 5.07            | 5%     |
| HDFC Credila   | 1.11            | 0.91            | 22%    |
| GRUH Finance   | -               | 0.79            |        |
| Property Funds (incl GRIHA)                              | (1.04)          | 0.35            |        |
| HDFC Invt & HDFC Holdings                                | 0.18            | 3.08            |        |
| HDFC Edu, Sales, Property Cos, Others                    | (0.26)          | (0.06)          |        |
| Adjustments:   | -               | -               |        |
| Adjustment on account of dilution of stake in associates | 1.63            | 2.19            |        |
| Fair Value Adjustment /Profit on Sale of GRUH            | -               | (27.42)         |        |
| Dividend & Other Adjustments                             | (20.03)         | (12.67)         |        |
| <b>Net Profit Attributable to the Corporation</b>        | <b>133.90</b>   | <b>173.18</b>   |        |

# **ESG & OTHER INITIATIVES**

# THE ESG WAY: ENCOMPASSING ALL STAKEHOLDERS

| ENVIRONMENTAL  | SOCIAL   | GOVERNANCE   |
|--|--|--|
| <ul style="list-style-type: none"> <li>• MSCI ESG Ratings – HDFC ranks in the top quartile; environmental impact: minimal</li> <li>• Long-term commitment to finance affordable &amp; green housing</li> <li>• Responsible Lending Policy</li> <li>• 3/4<sup>th</sup> of lease rental discounting portfolio certified as green buildings by the Indian Green Building Council or the Leadership in Energy and Environmental Design</li> <li>• Supporting programmes for environmental sustainability, recycling, conservation, animal &amp; wildlife protection and the ecology</li> <li>• Employee sensitisation on environmental impact; initiatives to facilitate carbon offsets</li> <li>• Recycling efforts at HDFC – paper, plastic, wet waste, e-waste</li> </ul> | <ul style="list-style-type: none"> <li>• Shelter Assistance Reserve created in 1987: Set aside a portion of profits each year to support socially high impact projects</li> <li>• Cumulatively financed 8.1 million housing units</li> <li>• Focus on inclusion &amp; diversity; employee engagement / training;</li> <li>• First institution to have over 200,000 beneficiaries under the government’s Credit Linked Subsidy Scheme</li> <li>• HDFC primarily implements its CSR initiatives through the H T Parekh Foundation, a charitable institution set up by HDFC</li> <li>• HDFC through its CSR initiatives supports projects focused on healthcare (including water &amp; sanitation), education, skilling &amp; livelihoods and rehabilitation of disaster affected homes</li> <li>• Contribution towards COVID-19 relief measures with impact assessment report</li> </ul> | <ul style="list-style-type: none"> <li>• Founding principles of kindness, fairness, efficiency &amp; effectiveness</li> <li>• Recent Awards for Governance -                         <ul style="list-style-type: none"> <li>Golden Peacock Award for Excellence in Corporate Governance 2020</li> <li>Governance QualityScore’ of 1 by ISS: highest quality of governance practices</li> <li>Best Audit Committee – 2019 by the Asian Centre for Corporate Governance &amp; Sustainability</li> <li>Felicitated under the ‘Leadership’ in the Corporate Governance Score Card, 2019 under a joint initiative by IFC-IIAS-BSE</li> </ul> </li> <li>• No promoter holding</li> <li>• Well reputed, independent directors since inception; core competencies directly linked to the strategy of HDFC</li> <li>• Undertaken board refreshment</li> </ul> |

# ESG REPORTS

- **Integrated Report**
- **Report of Directors on Corporate Governance**
- **Annual Report on Corporate Social Responsibility (CSR) Activities**
- **Business Responsibility Report**
- **HDFC COVID-19 Relief Response: Impact Assessment Report**
- **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>

# IT & 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.**
- **Online portals for home loan customers and depositors - growing trend of digital on-boarding of customers.**
- **HDFC's website in six vernacular languages to serve the needs of customers in Tier II and Tier-III cities and rural areas.**
- **Advanced conversational chatbot with Natural Language Processing (NLP) and Machine Learning (ML) technology.**
- **Using digital and social media marketing strategies and tools to reach out customers.**
- **Lifecycle management programme for upselling and cross-selling products to HFDC's existing customers using advanced predictive analytical tools.**

*Thank You*