

Press Release

HDFC'S FINANCIAL RESULTS FOR THE PERIOD **APRIL 1, 2011 TO MARCH 31, 2012**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) approved the thirty-fifth annual accounts of the Corporation for the year ended March 31, 2012 at its meeting held on Monday, May 7, 2012 in Mumbai.

FINANCIAL RESULTS

Financials for the year ended March 31, 2012

For the year ended March 31, 2012, the profit before sale of investments and tax stood at ₹ 5,395.43 crores as against ₹ 4,507.22 crores in the previous year, representing a growth of 20%.

Profit on sale of investments for the financial year is ₹ 270.19 crores which is lower than the corresponding amount of ₹ 359.74 crores in the previous year.

After considering profit on sale of investments and after providing ₹ 1,543 crores for taxes, the profit after tax for the year ended March 31, 2012 increased by 17% to ₹ 4,122.62 crores as compared with ₹ 3,534.96 crores in the previous year.

Dividend

The Board of Directors recommend payment of dividend for the year ended March 31, 2012 of ₹ 11 per equity share of face value of ₹ 2 per share as against ₹ 9 per equity share for the previous year.

Financials for the quarter ended March 31, 2012

For the quarter ended March 31, 2012, the profit before sale of investments and tax stood at ₹ 1,745.08 crores as against ₹ 1,420.38 crores in the corresponding quarter of the previous year, representing a growth of 23%.

Profit on sale of investments for the quarter ended March 31, 2012 is ₹ 79.06 crores which is lower than the corresponding amount of ₹ 133.57 crores in the previous year.

After considering profit on sale of investments and after providing ₹ 498 crores for taxes, the profit after tax for the quarter ended March 31, 2012 increased by 16% to ₹ 1,326.14 crores as against ₹ 1,141.95 crores in the corresponding quarter last year.

TOTAL ASSETS

As at March 31, 2012, the total assets of HDFC stood at ₹ 1,67,520 crores as against ₹ 1,39,242 crores as at March 31, 2011 – an increase of 20%.

Loan Book

As at March 31, 2012, the loan book stood at ₹ 1,40,875 crores as against ₹ 1,17,127 crores in the previous year – an increase of 20%. During the year, the Corporation sold loans amounting to ₹ 4,978 crores. The growth in the loan book would have been 25% had the Corporation not sold any loans during the year.

Spreads and Net Interest Margins

The spread on loans over the cost of borrowings for the year ended March 31, 2012 stood at 2.27% as against 2.33% in the previous year. Net Interest Margin for the year was 4.4%, the same as compared to the previous year.

Investments

As at March 31, 2012, the unrealised gains on HDFC's listed investments amounted to ₹ 24,464 crores (previous year ₹ 21,392 crores). This excludes the appreciation in the value of the unlisted investments.

LENDING OPERATIONS

Approvals and Disbursements

Loan approvals during the year were ₹ 90,154 crores as compared to ₹ 75,185 crores in the previous year, representing a growth of 20%. Loan disbursements during the year were ₹ 71,113 crores as against ₹ 60,314 crores in the previous year, representing a growth of 18%.

Cumulative loan approvals and disbursements as at March 31, 2012 were ₹ 4,63,400 crores and ₹ 3,73,646 crores respectively. This is in respect of approximately 4.02 million housing units.

The average size of individual loans stood at ₹ 19.5 lacs as compared to ₹ 18.6 lacs in the previous year.

Non-Performing Loans

Gross non-performing loans as at March 31, 2012 amounted to ₹ 1,069 crores. This is equivalent to 0.74% of the portfolio (as against 0.77% in the previous year). This is the twenty-ninth consecutive quarter end at which the percentage of non-performing loans have been lower than the corresponding quarter in the previous year.

Based on a six months overdue basis, the non-performing loans as at March 31, 2012 stood at 0.44% of the loan portfolio as against 0.46% in the previous year.

During the year, National Housing Bank (NHB) made further amendments to the provisioning requirements. Accordingly, the Corporation is required to carry an additional provision in respect of non-performing assets and a general provision on commercial real estate assets at 1% (earlier 0.4%) and other standard loans at 0.40% (earlier nil). In addition, the Corporation has to carry a 2% provision on standard assets in respect of housing loans granted under the Dual Rate Home Loan Scheme.

Based on the aforesaid, as per NHB norms, the Corporation is required to carry a total provision of ₹ 1,402 crores of which only ₹ 318 crores is on account of non-performing loans and the balance Rs 1,084 crores is in respect of general provisioning on standard loans including Dual Rate Home Loans.

As against non-performing loans of ₹ 1,069 crores, the balance in the provision for contingencies account as at March 31, 2012 stood at ₹ 1,671 crores (inclusive of provision for non-performing loans). This is equivalent to 1.16% of the portfolio.

RESOURCES

As at March 31, 2012, the total borrowings of the Corporation stood at ₹ 1,39,128 crores as against ₹ 1,15,112 crores in the previous year -- an increase of 21%.

The total loans outstanding from banks, institutions and NHB as at March 31, 2012 amounted to ₹ 40,697 crores as compared to ₹ 42,490 crores as at March 31, 2011.

HDFC raised ₹ 22,492 crores through private placement of non-convertible debentures (NCDs) during the year under review. The NCDs were “AAA” rated by both CRISIL and ICRA. During the year, HDFC also raised ₹ 1,000 crores through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures.

As at March 31, 2012, outstanding deposits stood at ₹ 36,293 crores. CRISIL and ICRA have for the seventeenth consecutive year reaffirmed “AAA” rating for HDFC’s deposits

CAPITAL ADEQUACY RATIO

HDFC's capital adequacy ratio stood at 14.6% of the risk weighted assets, as against the minimum requirement of 12%. Tier 1 capital adequacy was 11.7% against a minimum requirement of 6%.

COST INCOME RATIO

For the year ended March 31, 2012, the cost to income ratio stood at 7.6% as compared to 7.7% in the previous year.

CONSOLIDATED FINANCIAL RESULTS

In terms of the consolidated financial accounts, the profit after tax for the year ended March 31, 2012 stood at ₹ 5,462.51 crores as against ₹ 4,528.41 crores – an increase of 21%.

REVIEW OF KEY SUBSIDIARY COMPANIES

HDFC Standard Life Insurance Company Limited (HDFC Life)

Gross premium income of HDFC Life for the year ended March 31, 2012 stood at ₹ 10,202 crores as compared to ₹ 9,004 crores in the previous year – a growth of 13%. The sum assured in force for the current year was ₹ 1,38,718 crores as compared to ₹ 98,917 crores in the previous year.

HDFC Life has reported a maiden profit of ₹ 271 crores for the year ended March 31, 2012. The back book has started generating sufficient profits to offset the new business strain on writing new policies and this has resulted in improving the results under Indian GAAP.

HDFC Life is now ranked No. 2 among private sector life insurers in terms of market share based on the weighted received premium of individual business for FY 2012.

HDFC Asset Management Company Limited (HDFC AMC)

As at March 31, 2012, HDFC AMC managed 38 debt, equity, exchange traded and fund of fund schemes of HDFC Mutual Fund. The average assets under management during

the month of March 2012 stood at ₹ 98,607 crores (which is inclusive of average assets under discretionary portfolio management/advisory services).

For the year ended March 31, 2012, HDFC AMC reported a profit after tax of ₹ 269.14 crores.

HDFC Mutual Fund is ranked first in the industry on the basis of Average Assets under Management.

HDFC ERGO General Insurance Company Limited (HDFC ERGO)

HDFC ERGO offers a complete range of insurance products like motor, health, travel, home and personal accident in the retail segment and customised products like property, marine, aviation and liability insurance in the corporate segment.

During the year, HDFC ERGO improved its market ranking to the 4th largest private sector player in the general insurance industry. Further, the Company continued to be the largest player in the Personal Accident line of business.

The general insurance industry grew by 24% in FY 2012. In comparison, during the year, HDFC ERGO recorded a growth of 44%, with a Gross Written Premium (excluding cessions from the motor pool) of ₹ 1,874 crores as against ₹ 1,302 crores in the previous year.

DISTRIBUTION NETWORK

HDFC's distribution network spans 311 outlets which include 74 offices of HDFC's distribution company, HDFC Sales Private Limited (HSPL). In addition, HDFC covers over 90 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 an office in London, Dubai and Singapore and service associates in Kuwait, Oman, Qatar, Sharjah, Abu Dhabi and Saudi Arabia – Al Khobar, Jeddah and Riyadh.

May 7, 2012