

Press Release




STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE HALF-YEAR ENDED SEPTEMBER 30, 2022

PERFORMANCE HIGHLIGHTS

- **20% growth in the Profit After Tax for the half-year ended September 30, 2022 at ₹ 8,123 crore**
- **36% growth in individual disbursements for the half-year ended September 30, 2022**
- **28% growth in the individual loan book (after adding back loans sold in the preceding 12 months)**
- **Significant improvement in asset quality; lower credit costs**
- **Spreads at 2.28%**
- **Capital Adequacy at 22.5%; Tier 1 Capital at 21.9%**
- **15% increase in the consolidated Profit After Tax attributable to the Corporation for the half-year ended September 30, 2022 at ₹ 11,862 crore**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) announced its unaudited financial results for the quarter and six months ended September 30, 2022 at its meeting held on Thursday, November 3, 2022 in Mumbai. The accounts have been subjected to a limited review by the Corporation's statutory auditors in line with the regulatory guidelines.

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FINANCIAL RESULTS

Financials for the half-year ended September 30, 2022

The half-year ended September 30, 2022 entailed a volatile environment. Some of the financials for the half-year ended September 30, 2022 are not directly comparable with that of the previous year.

- On account of volatile equity markets, the net gain on investments fair valued through the profit and loss account stood at ₹ 151 crore (PY: ₹ 548 crore)
- Dividend income: ₹ 2,046 crore (PY: ₹ 1,188 crore)
- Profit on Sale of Investments: ₹ 184 crore (PY: ₹ 263 crore)
- Non-interest expense ratios were higher largely due to an increase in upfront expenses on staffing, loan processing, branch expansion and information technology to enable meeting the increased demand for home loans. These expenses have been incurred upfront, though benefits will accrue over the ensuing quarters.

The profit before tax for the half-year ended September 30, 2022 stood at ₹ 10,004 crore compared to ₹ 8,576 crore in the corresponding period of the previous year.




After providing ₹ 1,881 crore for tax, the reported profit after tax stood at ₹ 8,123 crore compared to ₹ 6,781 crore in the previous year, representing a growth of 20%.

Financials for the quarter ended September 30, 2022

The profit before tax for the quarter ended September 30, 2022 stood at ₹ 5,414 crore compared to ₹ 4,671 crore in the corresponding quarter of the previous year.

After providing ₹ 960 crore for tax, the reported profit after tax stood at ₹ 4,454 crore compared to ₹ 3,781 crore in the corresponding quarter of the previous year, representing a growth of 18%.

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LENDING OPERATIONS

During the half-year ended September 30, 2022, individual approvals and disbursements grew by 35% and 36% respectively compared to the corresponding period in the previous year.

The demand for home loans continues to remain strong. Growth in home loans was seen in both, the mid-income segment as well as high end properties.

During the half-year ended September 30, 2022, 92% of new loan applications were received through digital channels.

Overall Lending Operations

During the six months ended September 30, 2022, the average size of individual loans stood at ₹ 35.7 lac compared to ₹ 33.1 lac in FY22.

As at September 30, 2022, the assets under management stood at ₹ 6,90,284 crore as against ₹ 5,97,339 crore in the previous year.




As at September 30, 2022, individual loans comprise 81% of the Assets Under Management (AUM).

On an AUM basis, the growth in the individual loan book was 20% and growth in the total loan book on an AUM basis was 16%.

During the quarter ended September 30, 2022, the Corporation assigned loans amounting to ₹ 9,145 crore (PY: ₹ 7,132 crore) to HDFC Bank. Loans sold in the preceding 12 months amounted to ₹ 34,513 crore (PY: ₹ 27,199 crore).

As at September 30, 2022, the outstanding amount in respect of individual loans sold was ₹ 93,566 crore. HDFC continues to service these loans.

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The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 28%. The growth in the total loan book after adding back loans sold was 21%.

Collection Efficiency, Non-Performing Assets (NPAs) & Provisioning

The collection efficiency for individual loans on a cumulative basis stood at over 99% during the quarter ended September 30, 2022.

On November 12, 2021, the Reserve Bank of India (RBI) issued a notification to lending institutions on harmonisation of Prudential Norms on Income Recognition, Asset Classification & Provisioning (IRACP norms). Subsequently, RBI deferred the effective date till September 30, 2022. The Corporation has continued to report NPLs in accordance with the November 12, 2021 circular.

As at September 30, 2022, the gross individual non-performing loans (NPLs) stood at 0.91% of the individual portfolio, while the gross non-performing non-individual loans stood at 3.99% of the non-individual portfolio. The gross NPLs as at September 30, 2022 stood at ₹ 9,355 crore. This is equivalent to 1.59% of the portfolio.


Based on the earlier NPL norms and to provide a like-for-like comparison with the previous year, the gross individual NPLs as at September 30, 2022 was 0.73% (PY: 1.10%) of the individual portfolio and total NPLs was 1.44% (PY: 2.00%) of the loan portfolio. This reflects significant improvement in the overall asset quality.

To reiterate, the Corporation has not opted for the deferment, but declared its NPLs and made provisioning based on the November 12, 2021 notification of RBI.

As at September 30, 2022, the Corporation carried a total provision of ₹ 13,146 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 2.21%.

The Corporation's Expected Credit Loss (ECL) charged to the Statement of Profit and Loss for the half-year ended September 30, 2022 was lower at ₹ 987 crore (PY: ₹ 1,138 crore).

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Annualised credit costs for the quarter ended September 30, 2022 stood at 29 basis points.

Credit costs for the half-year ended September 30, 2022 stood at 31 basis points (PY: 40 basis points).

Net Interest Income and Spreads

The monetary policy and interest rate actions have had a short-term impact on the net interest income (NII) and to a lesser extent on the net interest margin (NIM).

The NII for the quarter ended September 30, 2022 stood at ₹ 4,639 crore compared to ₹ 4,110 crore in the previous year, registering a growth of 13%.

The NII for the half-year ended September 30, 2022 stood at ₹ 9,086 crore compared to ₹ 8,235 crore in the previous year.




- During the half-year ended September 30, 2022, though lending rates have been increased, there has been a transmission lag between the interest rate increase in borrowing costs and asset repricing.
- In the corresponding six months of the previous year, due to the second wave of COVID-19, there was ample liquidity in the system and consequently, overnight interest swap rates fell to very low levels, thus the expanding NII and NIM.

The reported NIM for the half-year ended September 30, 2022 was 3.4%.

The spread on loans over the cost of borrowings for the half-year ended September 30, 2022 was 2.28%. The spread on the individual loan book was 1.91% and on the non-individual book was 3.65%.

The Corporation has increased its benchmark lending rates and has incrementally shifted from a quarterly reset for individual loans to a monthly reset to reduce the impact of transmission of rate changes.

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INVESTMENTS

All investments in the Corporation's subsidiary and associate companies are carried at cost and not at fair value.

Accordingly, as at September 30, 2022, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 2,24,781 crore.

COST INCOME RATIO

For the half-year ended September 30, 2022, cost to income ratio stood at 9.5%.

CAPITAL ADEQUACY RATIO

As at September 30, 2022, the Corporation's capital adequacy ratio stood at 22.5%, of which Tier I capital was 21.9% and Tier II capital was 0.6%. As per regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 15% and 10% respectively.




CONSOLIDATED FINANCIAL RESULTS

For the half-year ended September 30, 2022, the consolidated profit after tax attributable to the Corporation stood at ₹ 11,862 crore as compared to ₹ 10,299 crore in the previous year, representing a growth of 15%.

DISTRIBUTION NETWORK

HDFC's distribution network spans 709 outlets which include 212 offices of HDFC's distribution company, HDFC Sales Private Limited (HSPL). HDFC covers additional locations through its outreach programmes. Distribution channels form an integral part of the distribution network with home loans being distributed through HSPL, HDFC Bank Limited and third party direct selling associates. The Corporation also has online digital platforms for loans and deposits.

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To cater to non-resident Indians, HDFC has offices in London, Dubai and Singapore and service associates in the Middle East.

November 3, 2022

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