

Press Release

**STANDALONE FINANCIAL RESULTS FOR THE HALF-YEAR ENDED  
SEPTEMBER 30, 2018**

**PERFORMANCE HIGHLIGHTS**

- **17% growth in the overall loan book on an Assets Under Management (AUM) basis as at September 30, 2018**
- **25% growth in individual loans (after adding back loans sold in the preceding 12 months)**
- **Reduction in non-performing loans to 1.13% as at September 30, 2018 compared to 1.18% as at June 30, 2018**
- **18% growth in Net Interest Income for the half-year ended September 30, 2018**
- **Spreads at 2.28%**
- **Profit After Tax for the quarter ended September 30, 2018 stood at ₹ 2,467 crore – a growth of 25%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) announced its unaudited financial results for the first half of financial year 2018-19, following its meeting on Thursday, November 1, 2018 in Mumbai. The accounts have been subjected to a limited review by the Corporation's statutory auditors in line with the regulatory guidelines.

**FINANCIAL RESULTS**

***Financials for the half-year ended September 30, 2018***

The reported profit before tax for the half-year ended September 30, 2018 stood at ₹ 6,559 crore compared to ₹ 4,737 crore in the corresponding period of the previous year, representing a growth of 38%

In August 2018, the Corporation received ₹ 891 crore from the initial public offer of HDFC Asset Management Company Limited.

After providing for tax of ₹ 1,902 crore ( previous year ₹ 1,334 crore), the reported profit after tax before other comprehensive income for the half-year ended September 30,

2018 stood at ₹ 4,657 crore compared to ₹ 3,403 crore in the corresponding period of the previous year, representing a growth of 37%.

### ***Financials for the quarter ended September 30, 2018***

The reported profit before tax for the quarter ended September 30, 2018 stood at ₹ 3,489 crore compared to ₹ 2,715 crore in the corresponding quarter of the previous year, representing a growth of 29%.

After providing for tax of ₹ 1,022 crore (previous year ₹ 737 crore), the reported profit after tax before other comprehensive income for the quarter ended September 30, 2018 stood at ₹ 2,467 crore compared to ₹ 1,978 crore in the corresponding quarter of the previous year, representing an increase of 25%.

## **LENDING OPERATIONS**

In support of the government's flagship scheme, 'Housing For All', the Corporation continued its efforts towards loans to the Economically Weaker Section (EWS) and Low Income Group (LIG).

During the half-year ended September 30, 2018, 37% of home loans approved in volume terms and 18% in value terms have been to customers from the EWS and LIG segment.

The Corporation on an average has been approving 8,300 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at approximately ₹ 1,354 crore.

The average home loan to the EWS and LIG segment stood at ₹ 10.1 lac and ₹ 17.6 lac respectively.

### **Overall Lending Operations**

Total individual loan disbursements grew by 17%. The average size of individual loans stood at ₹ 27 lac.

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

As at September 30, 2018, individual loans comprise 73% of the AUM.

As at September 30, 2018, the loan book stood at ₹ 3,79,091 crore as against ₹ 3,24,269 crore in the previous year.

During the quarter ended September 30, 2018, the Corporation sold individual loans amounting to ₹ 6,059 crore (PY: ₹ 3,531 crore). All the loans assigned during the quarter were to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank.

Total loans sold during the preceding twelve months was ₹ 15,773 crore as against ₹ 15,433 crore in the corresponding period of the previous year.

As at September 30, 2018, the outstanding amount in respect of individual loans sold was ₹ 50,414 crore. HDFC continues to service these loans.

The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 25% (18% net of loans sold). The non-individual loan book grew at 14%. The growth in the total loan book after adding back loans sold was 22% (17% net of loans sold).

### **Non-Performing Assets (NPAs)**

As per National Housing Bank (NHB) norms, the gross non-performing loans as at September 30, 2018 stood at ₹ 4,278 crore. This is equivalent to 1.13% of the loan portfolio (as against 1.18% as at June 30, 2018). The non-performing loans of the individual portfolio stood at 0.66% while that of the non-individual portfolio stood at 2.18%.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 2,951 crore.

As against this, the balance in the Provisions and Loan Losses Account as at September 30, 2018 stood at ₹ 5,071 crore. This is equivalent to 1.33% of the loan portfolio.

In terms of Ind AS, the Corporation's assets have to be classified as follows:

- Stage 1: Outstanding up to 30 days;
- Stage 2: Outstanding greater than 30 days, but less than 90 days;
- Stage 3: Non-performing Assets – Outstanding for greater than 90 days.

On the basis of classification of assets, as at September 30, 2018, 98.87% of the loan portfolio comprised Stage 1 and 2 assets, while Stage 3 assets were 1.13% of the loan portfolio. Further, 98.6% of the loan instalments in Stage 1 & 2 are in the 0 to 30 day bucket.

## **Net Interest Income**

The net interest income (without considering income from loans sold) for the half-year ended September 30, 2018 stood at ₹ 5,343 crore compared to ₹ 4,511 crore in the corresponding period of the previous year, representing a growth of 18%.

For the quarter ended September 30, 2018 the net interest income (without considering income from loans sold) stood at ₹ 2,594 crore compared to ₹ 2,236 crore in the corresponding quarter of the previous year, representing a growth of 16%.

## **Spread and Margin**

The spread on loans over the cost of borrowings for the half-year ended September 30, 2018 stood at 2.28%. The spread on the individual loan book was 1.91% and on the non-individual book was 3.11%.

Net Interest Margin (including the upfronting of income on account of loans sold as per Ind AS) stood at 3.5% as compared to 3.4% in the previous year.

## **INVESTMENTS**

As at September 30, 2018, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 1,69,744 crore.

## **COST INCOME RATIO**

For the half-year ended September 30, 2018, the cost to income ratio stood at 9.0%.

## **CONVERSION OF WARRANTS**

In October 2015, the Corporation had issued 3.65 crore of Warrants at a price of ₹ 14 per Warrant. The Warrant holder had the right to exchange each Warrant on or before October 5, 2018 at a Warrant Exercise Price of ₹ 1,475 per equity share. 99.998% of the Warrants got converted. The Corporation received a total amount of ₹ 5,384 crore on conversion of the Warrants.

## **CAPITAL ADEQUACY RATIO**

The Corporation's capital adequacy ratio stood at 18.4%, of which Tier I capital was 17.1% and Tier II capital was 1.3%. 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 514 outlets which include 169 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 the Middle East.

*November 1, 2018*