

Press Release

STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2022

PERFORMANCE HIGHLIGHTS

- **18% growth in the Profit After Tax for the nine-months ended December 31, 2022 at ₹ 11,814 crore**
- **Loan book crosses Rs 6 lac crore; Assets Under Management at over Rs 7 lac crore**
- **26% growth in the individual loan book (after adding back loans sold in the preceding 12 months)**
- **Significant improvement in asset quality; Credit costs for the quarter ended December 31, 2022 at 22 basis points**
- **NIM at 3.5%, Spreads at 2.29%**
- **Capital Adequacy at 23.7%; Tier 1 Capital at 23.2%**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) announced its unaudited financial results for the quarter and nine-months ended December 31, 2022 at its meeting held on Thursday, February 2, 2023 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 nine-months ended December 31, 2022

The nine-months ended December 31, 2022 entailed a volatile environment. Some of the financials for the nine-months ended December 31, 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 ₹ 89 crore (PY: ₹ 672 crore)
- Dividend income: ₹ 2,528 crore (PY: ₹ 1,383 crore)
- The 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. There was also an increase in legal expenses. These expenses have been incurred upfront, though benefits will accrue over the coming periods.

The profit before tax for the nine-months ended December 31, 2022 stood at ₹ 14,616 crore compared to ₹ 12,624 crore in the corresponding period of the previous year.

After providing ₹ 2,802 crore for tax, the reported profit after tax stood at ₹ 11,814 crore compared to ₹ 10,042 crore in the previous year, representing a growth of 18%.

Financials for the quarter ended December 31, 2022

The profit before tax for the quarter ended December 31, 2022 stood at ₹ 4,612 crore compared to ₹ 4,048 crore in the corresponding quarter of the previous year.

After providing ₹ 921 crore for tax, the reported profit after tax stood at ₹ 3,691 crore compared to ₹ 3,261 crore in the corresponding quarter of the previous year.

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LENDING OPERATIONS

During the nine-months ended December 31, 2022, individual approvals and disbursements grew by 21% and 23% respectively compared to the corresponding period in the previous year.

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

During the nine-months ended December 31, 2022, 94% of new loan applications were received through digital channels.

Overall Lending Operations

During the nine-months ended December 31, 2022, the average size of individual loans stood at ₹ 35.7 lac compared to ₹ 33.1 lac in FY22.

As at December 31, 2022, the assets under management stood at ₹ 7,01,485 crore as against ₹ 6,18,917 crore in the previous year.

As at December 31, 2022, individual loans comprise 82% of the Assets Under Management (AUM).




On an AUM basis, the growth in the individual loan book was 18% and growth in the total loan book on an AUM basis was 13%.

During the quarter ended December 31, 2022, the Corporation assigned loans amounting to ₹ 8,892 crore (PY: ₹ 7,468 crore) to HDFC Bank. Loans sold in the preceding 12 months amounted to ₹ 35,937 crore (PY: ₹ 27,591 crore).

As at December 31, 2022, the outstanding amount in respect of individual loans sold was ₹ 97,700 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 26%. The growth in the total loan book after adding back loans sold was 18%.

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Collection Efficiency, Non-Performing Assets & Provisioning

The collection efficiency for individual loans on a cumulative basis stood at 99% during the nine-months ended December 31, 2022.

Based on the revised norms by the Reserve Bank of India (November 12, 2021 notification), as at December 31, 2022, there has been a significant improvement in non-performing loans (NPLs).

As at December 31, 2022, the gross individual NPLs stood at 0.86% (PY: 1.44%) of the individual portfolio, while the gross non-performing non-individual loans stood at 3.89% (PY: 5.04%) of the non-individual portfolio. The gross NPLs as at December 31, 2022 stood at ₹ 8,880 crore. This is equivalent to 1.49% of the portfolio, down from 2.32% as at December 31, 2021.

As at December 31, 2022, the Corporation carried a total provision of ₹ 13,274 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 nine-months ended December 31, 2022 was lower at ₹ 1,357 crore (PY: ₹ 1,531 crore).

Annualised credit costs for the quarter ended December 31, 2022 stood at 22 basis points.




Credit costs for the nine-months ended December 31, 2022 stood at 28 basis points (PY: 35 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).

- During the nine-months ended December 31, 2022, though lending rates have increased, there has been a transmission lag between the interest rate increase in borrowing costs and asset repricing.

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The NII for the quarter ended December 31, 2022 stood at ₹ 4,840 crore compared to ₹ 4,284 crore in the previous year, registering a growth of 13%.

The NII for the nine-months ended December 31, 2022 stood at ₹ 13,926 crore compared to ₹ 12,519 crore in the previous year.

The reported NIM for the nine-months ended December 31, 2022 was 3.5%.

The spread on loans over the cost of borrowings for the nine-months ended December 31, 2022 was 2.29%. The spread on the individual loan book was 1.91% and on the non-individual book was 3.69%.

INVESTMENTS

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

Accordingly, as at December 31, 2022, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 2,55,883 crore.

COST INCOME RATIO

For the nine-months ended December 31, 2022, the cost to income ratio stood at 9.5%.

CAPITAL ADEQUACY RATIO

As at December 31, 2022, the Corporation's capital adequacy ratio stood at 23.7%, of which Tier I capital was 23.2% and Tier II capital was 0.5%. As per regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 15% and 10% respectively.

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CONSOLIDATED FINANCIAL RESULTS

For the nine-months ended December 31, 2022, the consolidated profit after tax attributable to the Corporation stood at ₹ 18,537 crore as compared to ₹ 16,136 crore in the previous year, representing a growth of 15%.

DISTRIBUTION NETWORK

HDFC's distribution network spans 724 outlets which include 213 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.

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

February 2, 2023

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