

## Press Release

### **STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE HALF-YEAR ENDED SEPTEMBER 30, 2019**

#### PERFORMANCE HIGHLIGHTS

- **61% growth in standalone Profit After Tax for the quarter ended September 30, 2019 at ₹3,962 crore (PY: ₹2,467 crore)**
- **54% growth in standalone Profit After Tax for the half-year ended September 30, 2019 at ₹7,165 crore (PY: ₹4,657 crore)**
- **24% growth in individual loans (after adding back loans sold in the preceding 12 months)**
- **17% growth in the individual loan book on an Assets Under Management (AUM) basis at September 30, 2019**
- **Spreads at 2.26%, Net Interest Margin at 3.3%**

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, 2019, following its meeting on Monday, November 4, 2019 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 quarter ended September 30, 2019***

The reported profit before tax for the quarter ended September 30, 2019 stood at ₹ 4,530 crore compared to ₹ 3,489 crore in the previous year, representing a growth of 30%. This is inclusive of the profit on sale of investments on part stake sale of GRUH Finance of ₹ 1,627 crore (previous year: ₹891 crore) during the quarter ended September 30, 2019.

Dividend income during the quarter ended September 30, 2019 stood at ₹1,074 crore compared to ₹ 6 crore in the previous year. In the current financial year, dividend from HDFC Bank (₹ 865 crore) and GRUH Finance (₹ 70 crore) was received in the second quarter (as against the first quarter in the previous financial year).

After providing for tax of ₹568crore, the reported profit after tax (before other comprehensive income as per Ind AS) for the quarter ended September 30, 2019 stood at ₹ 3,962crore compared to ₹ 2,467 crore in the corresponding quarter of the previous year, representing a growth of 61%.

Total comprehensive income for the quarter ended September 30, 2019 stood at ₹ 3,866crore compared to ₹ 2,378 crore in the corresponding quarter of the previous year, representing a growth of 63%.

### ***Financials for the half-year ended September 30, 2019***

The reported profit before tax for the half-year ended September 30, 2019 stood at ₹8,515crore compared to ₹6,559crore in the corresponding period of the previous year, representing a growth of 30%. This is inclusive of the profit on sale of investments of ₹3,521crore (previous year: ₹891crore) during the period.

After providing for tax of ₹1,350crore (previous year: ₹1,902crore), the reported profit after tax before other comprehensive income for the half-year ended September 30, 2019 stood at ₹ 7,165crore compared to ₹ 4,657crore in the corresponding period of the previous year, representing a growth of 54%.

Total comprehensive income for the half-year ended September 30, 2019 stood at ₹ 7,331crore compared to ₹ 4,539crore in the corresponding period of the previous year, representing a growth of 62%.

## **LENDING OPERATIONS**

### **Affordable Housing**

During the half-year ended September 30, 2019, 36% of home loans approved in volume terms and 18% in value terms have been to customers from the Economically Weaker Section (EWS) and Low Income Groups (LIG).

The Corporation on an average, has been approving 9,300 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at ₹1,500crore.

The average home loan to the EWS and LIG segment stood at ₹10.1lac and ₹17.5lac respectively.

### **Overall Lending Operations**

Total individual loan approvals grew by 14% and disbursements grew by 12%. The average size of individual loans stood at ₹27lac.

As at September 30, 2019, the loan book stood at ₹4,26,739 crore as against ₹3,81,950 crore in the previous year, representing a growth of 12%.

As at September 30, 2019, individual loans comprise 76% of the Assets Under Management (AUM).

On an AUM basis, the growth in the individual loan book was 17%. The growth in the total loan book was 13%.

Given the prolonged uncertainty and risk averseness in the lending environment for non-individual loans, the Corporation continued to be prudent by curtailing some of its lending to the non-individual segment.

During the half-year ended September 30, 2019, the Corporation assigned loans amounting to ₹14,390 crore (PY: ₹15,773 crore). Loans sold in the preceding 12 months amounted to ₹23,767 crore.

As at September 30, 2019, the outstanding amount in respect of individual loans sold was ₹62,628 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 24%. The growth in the total loan book after adding back loans sold was 18%.

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

As per National Housing Bank norms, the gross non-performing loans as at September 30, 2019 stood at ₹5,655 crore. This is equivalent to 1.33% of the loan portfolio. The non-performing loans of the individual portfolio stood at 0.73% while that of the non-individual portfolio stood at 2.87%.

As per NHB norms, the Corporation is required to carry a total provision of ₹3,559 crore. Of this, ₹1,874 crore is towards provisioning for standard assets and ₹1,685 crore is towards non-performing assets.

The provisions as at September 30, 2019 stood at ₹7,313 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 1.72%.

On the basis of classification of assets under Ind AS, as at September 30, 2019, 98.4% of the EAD comprised Stage 1 and 2 assets.

## **Net Interest Income**

The net interest income (NII – only interest), for the quarter ended September 30, 2019 stood at ₹3,021 crore compared to ₹2,590 crore in the previous year, representing a growth of 17%.

The NII for the half-year ended September 30, 2019 stood at ₹6,100 crore compared to ₹5,334 crore in the previous year, representing a growth of 14%.

## **Spread and Margin**

The spread on loans over the cost of borrowings for the half-year ended September 30, 2019 was 2.26%. The spread on the individual loan book was 1.93% and on the non-individual book was 3.08%.

Net Interest Margin for the half year ended September 30, 2019 was 3.3%, the same as the previous year.

## **INVESTMENTS**

As at September 30, 2019, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹2,28,875 crore.

## **COST INCOME RATIO**

For the half-year ended September 30, 2019, cost to income ratio stood at 9.7%.

## **CAPITAL ADEQUACY RATIO**

The Corporation's capital adequacy ratio stood at 19.6%, of which Tier I capital was 18.1% and Tier II capital was 1.5%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 13% and 10% respectively.

## **EFFECTIVENESS OF MERGER OF GRUH FINANCE INTO AND WITH BANDHAN BANK**

As at October 17, 2019, being the record date for the merger of GRUH Finance with and into Bandhan Bank and based on the share exchange ratio, the Corporation holds 15,93,63,149 equity shares of Bandhan Bank, representing a shareholding of 9.9% in Bandhan Bank.

## **CONSOLIDATED FINANCIAL RESULTS**

For the quarter ended September 30, 2019, the consolidated profit after tax attributable to the Corporation stood at ₹10,389 crore as compared to ₹5,759 crore in the corresponding quarter of the previous year.

For the half-year ended September 30, 2019, the consolidated profit after tax attributable to the Corporation stood at ₹13,483 crore as compared to ₹8,701 crore in the corresponding period last year.

## **DISTRIBUTION NETWORK**

HDFC's distribution network spans 567 outlets which include 199 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 an online digital platform for loans.

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

*November 4, 2019*