

Press Release

**STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE
QUARTER AND YEAR ENDED MARCH 31, 2022**

PERFORMANCE HIGHLIGHTS

- **37% growth in individual loan disbursements for the year ended March 31, 2022**
- **25% growth in the individual loan book (after adding back loans sold in the preceding 12 months)**
- **Improvement in asset quality**
- **Lower credit costs at 33 bps (PY: 56 bps)**
- **Stable spreads at 2.29%; Net Interest Margin at 3.5%**
- **Capital Adequacy at 22.8%; Tier I Capital at 22.2%**
- **Board recommends final dividend of ₹ 30 per equity share (PY: ₹ 23 per equity share)**
- **16% growth in standalone Profit After Tax for the quarter ended March 31, 2022 at ₹ 3,700 crore**
- **21% increase in the consolidated Profit After Tax attributable to the Corporation for the year ended March 31, 2022 at ₹ 22,595 crore**

The Board of Directors of Housing Development Finance Corporation Limited (HDFC) approved the standalone and consolidated audited financial results for the quarter and year ended March 31, 2022 at its meeting held on Monday, May 2, 2022 in Mumbai.

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FINANCIAL RESULTS

Financials for the quarter ended March 31, 2022

The profit before tax for the quarter ended March 31, 2022 stood at ₹ 4,622 crore compared to ₹ 3,924 crore in the corresponding quarter of the previous year, representing a growth of 18%.

The profit after tax stood at ₹ 3,700 crore compared to ₹ 3,180 crore in the corresponding quarter of the previous quarter, representing a growth of 16%.

Financials for the year ended March 31, 2022

The profit before tax for the year ended March 31, 2022 stood at ₹ 17,246 crore compared to ₹ 14,815 crore in the previous year, representing a growth of 16%.

After providing for tax of ₹ 3,504 crore (previous year: ₹ 2,788 crore), the profit after tax for the year ended March 31, 2022 stood at ₹ 13,742 crore compared to ₹ 12,027 crore in the previous year.

DIVIDEND

The Board of Directors reviewed the performance of the Corporation and after assessing the financial performance of the Corporation, its liquidity position and capital buffers, recommended a dividend for the year ended March 31, 2022 of ₹ 30 per equity share of face value of ₹ 2 each compared to ₹ 23 per equity in the previous year.

The dividend pay-out ratio is 40%.

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LENDING OPERATIONS

During the year ended March 31, 2022, individual approvals and disbursements grew by 38% and 37% respectively compared to the previous year.

In the month of March 2022, the Corporation recorded its highest monthly individual disbursements ever. This is despite the fact that the previous year entailed concessional stamp duty benefits in certain states which were not there in the current year.

The demand for home loans and pipeline of loan applications continues to remain strong. Growth in home loans was seen in both, the affordable housing segment as well as in high end properties. The increasing sales momentum and new project launches augurs well for the housing sector.

91% of new loan applications were received through digital channels.

In the fourth quarter of the financial year under review, the non-individual loan book recorded a growth, with a good pipeline of loans from lease rental discounting and construction finance.

Affordable Housing

During the year ended March 31, 2022, 29% of home loans approved in volume terms and 13% in value terms have been to customers from the Economically Weaker Section (EWS) and Low Income Group (LIG).

The average home loan to the EWS and LIG segment stood at ₹ 11.2 lac and ₹ 19.7 lac respectively.

The Corporation continued to have the largest number of home loan customers of over 3.14 lac who have availed benefits under the Credit Linked Subsidy Scheme (CLSS). As at March 31, 2022, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 52,144 crore and the cumulative subsidy amount stood at ₹ 7,228 crore.

Overall Lending Operations

During the year ended March 31, 2022, the average size of individual loans stood at ₹ 33 lac (PY: ₹ 29.5 lac). For the quarter ended March 31, 2022, the average loan size was ₹ 34.7 lac.

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As at March 31, 2022, the assets under management (AUM) stood at ₹ 6,53,902 crore as against ₹ 5,69,894 crore in the previous year.

As at March 31, 2022, individual loans comprise 79% of the AUM.

On an AUM basis, the growth in the individual loan book was 17% and growth in the total AUM was 15%.

During the quarter ended March 31, 2022, the Corporation assigned individual loans amounting to ₹ 8,367 crore (PY: ₹ 7,503 crore). Individual loans sold in the preceding 12 months amounted to ₹ 28,455 crore (PY: ₹ 18,980 crore). The Corporation also assigned standard, non-individual loans amounting to ₹ 1,500 crore during the year.

As at March 31, 2022, the outstanding amount in respect of individual loans sold was ₹ 83,880 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%. The growth in the total loan book after adding back loans sold was 20%.

Collection Efficiency, Non-Performing Assets & Provisioning

The collection efficiency for individual loans on a cumulative basis stood at over 99% during the quarter ended March 31, 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 to September 30, 2022. The Corporation has continued to report NPLs in accordance with the November 12, 2021 circular.

As at March 31, 2022, the gross individual non-performing loans (NPLs) stood at 0.99% of the individual portfolio, while the gross non-performing non-individual loans stood at 4.76% of the non-individual portfolio. The gross NPLs as at March 31, 2022 stood at ₹ 10,741 crore. This is equivalent to 1.91% of the portfolio.

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This marks a significant improvement compared to December 31, 2021, where the gross individual NPLs stood at 1.44% and the gross non-individual NPLs stood at 5.04% of the non-individual portfolio. Total NPLs as at December 31, 2021 stood at 2.32% of the portfolio as against 1.91% as at March 31, 2022.

Based on the earlier NPL norms and to provide a like-for-like comparison with the previous year, the gross individual NPLs at March 31, 2022 was 0.78% (PY: 0.99%) of the individual portfolio and total NPLs was 1.74% (PY: 1.98%) of the loan portfolio. This reflects 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 March 31, 2022, the Corporation carried a total provision of ₹ 13,506 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 2.38%.

The Corporation's Expected Credit Loss (ECL) charged to the Statement of Profit and Loss for the year ended March 31, 2022 was lower at ₹ 1,932 crore (PY: ₹ 2,948 crore). Credit costs for the year ended March 31, 2022 stood at 33 basis points (PY: 56 basis points).

This clearly reflects an improvement in the collection efficiency as well as stabilisation of credit costs on a marginal basis.

NET INTEREST INCOME

The net interest income (NII) for the year ended March 31, 2022 stood at ₹ 17,119 crore compared to ₹ 14,970 crore in the previous year, representing a growth of 14%.

The NII for the quarter ended March 31, 2022 stood at ₹ 4,601 crore compared to ₹ 4,027 crore in the previous year, representing a growth of 14%.

SPREADS AND NET INTEREST MARGIN

The spread on loans over the cost of borrowings for the year ended March 31, 2022 was 2.29%. The spread on the individual loan book was 1.93% and on the non-individual book was 3.40%.

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The reported Net Interest Margin (NIM) was 3.5%.

INVESTMENTS

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

Accordingly, as at March 31, 2022, the unaccounted gains on listed investments in subsidiary and associate companies amounted to ₹ 2,34,248 crore.

COST INCOME RATIO

For the year ended March 31, 2022, cost to income ratio stood at 8.1%.

CAPITAL ADEQUACY RATIO

As at March 31, 2022, the Corporation's capital adequacy ratio stood at 22.8%, of which Tier I capital was 22.2% 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 year ended March 31, 2022, the consolidated profit after tax attributable to the Corporation stood at ₹ 22,595 crore as compared to ₹ 18,740 crore in the previous year, representing a growth of 21%.

DISTRIBUTION NETWORK

HDFC's distribution network spans 675 outlets which include 211 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

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Limited and third party direct selling associates. The Corporation also has 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.

IMPACT OF COVID-19

As at March 31, 2022, loans restructured under the RBI's Resolution Framework for COVID-19 Related Stress (OTR 1.0 & 2.0) was equivalent to 0.80% of the loan book. Of the loans restructured, 98% are individual loans and 2% are non-individual loans. The largest account restructured under the resolution framework of ₹ 2,764 crore was fully repaid as at March 31, 2022.

As at March 31, 2022, loans approved under the Emergency Credit Line Guarantee Scheme stood at ₹ 2,216 crore of which, 79% has been disbursed.

May 2, 2022

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