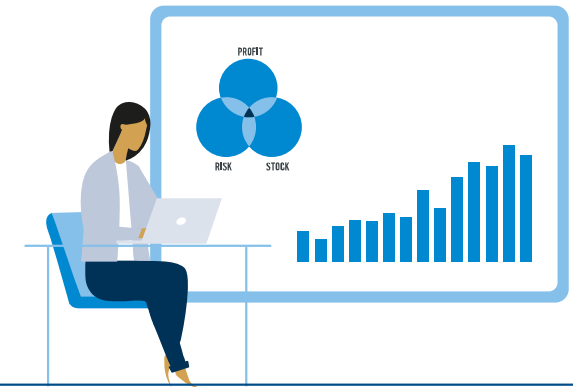




HDFC Bank Presentation

May 2023

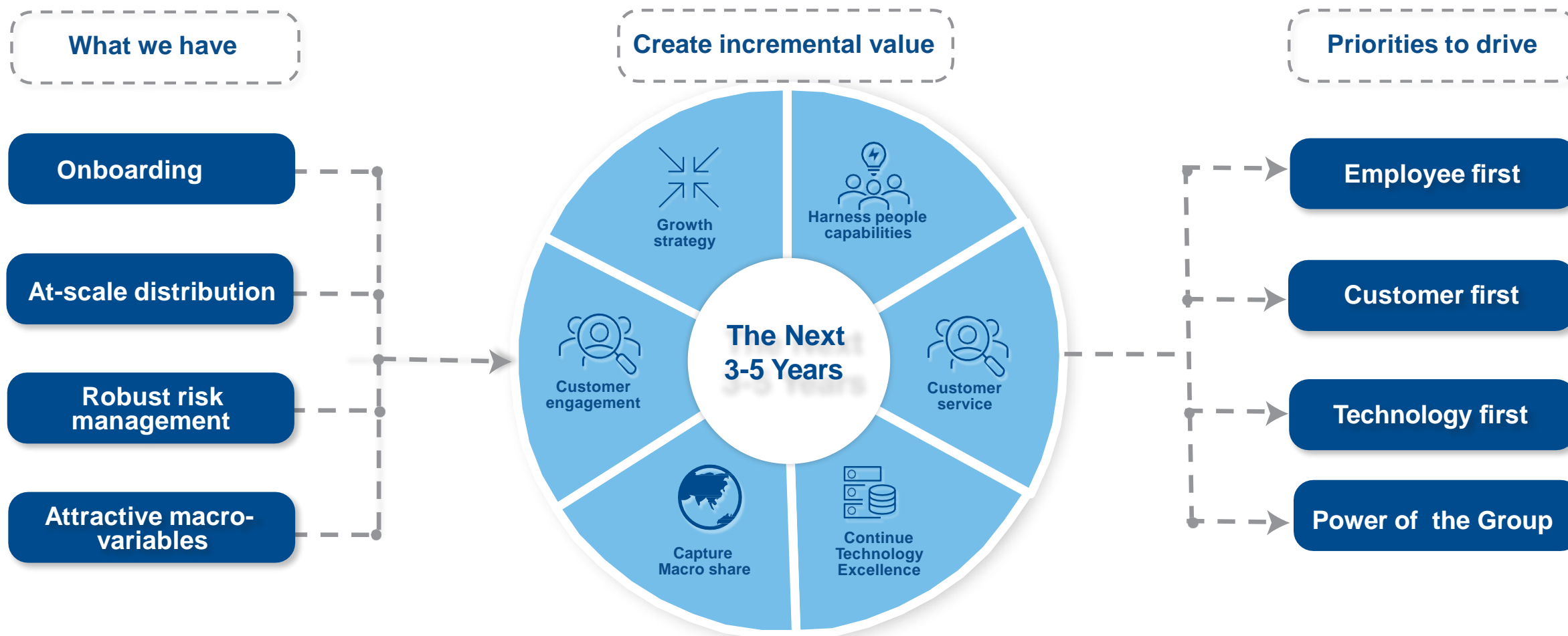


Contents

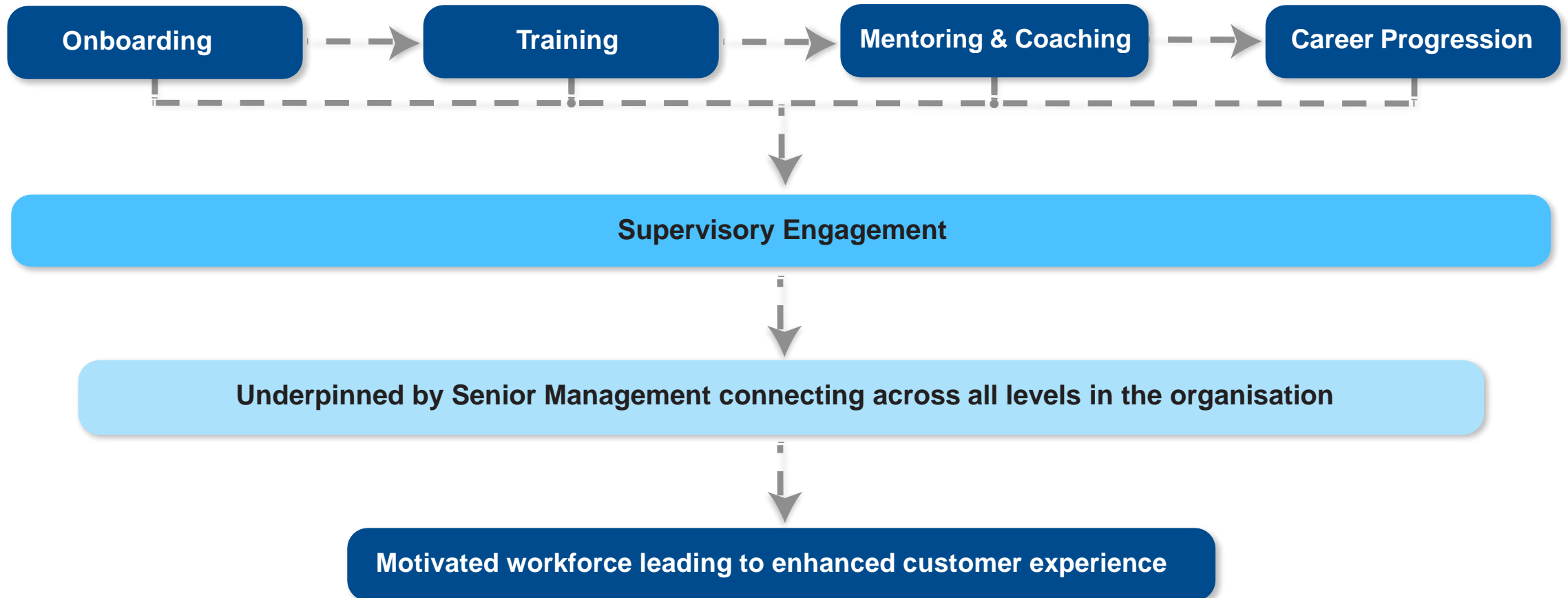
1. CEO's Priorities
2. Positioned for attractive macro-variables
3. FY 2023 performance in context
4. Driving growth at scale

CEO's Priorities

What we have – positioned to consistently create value

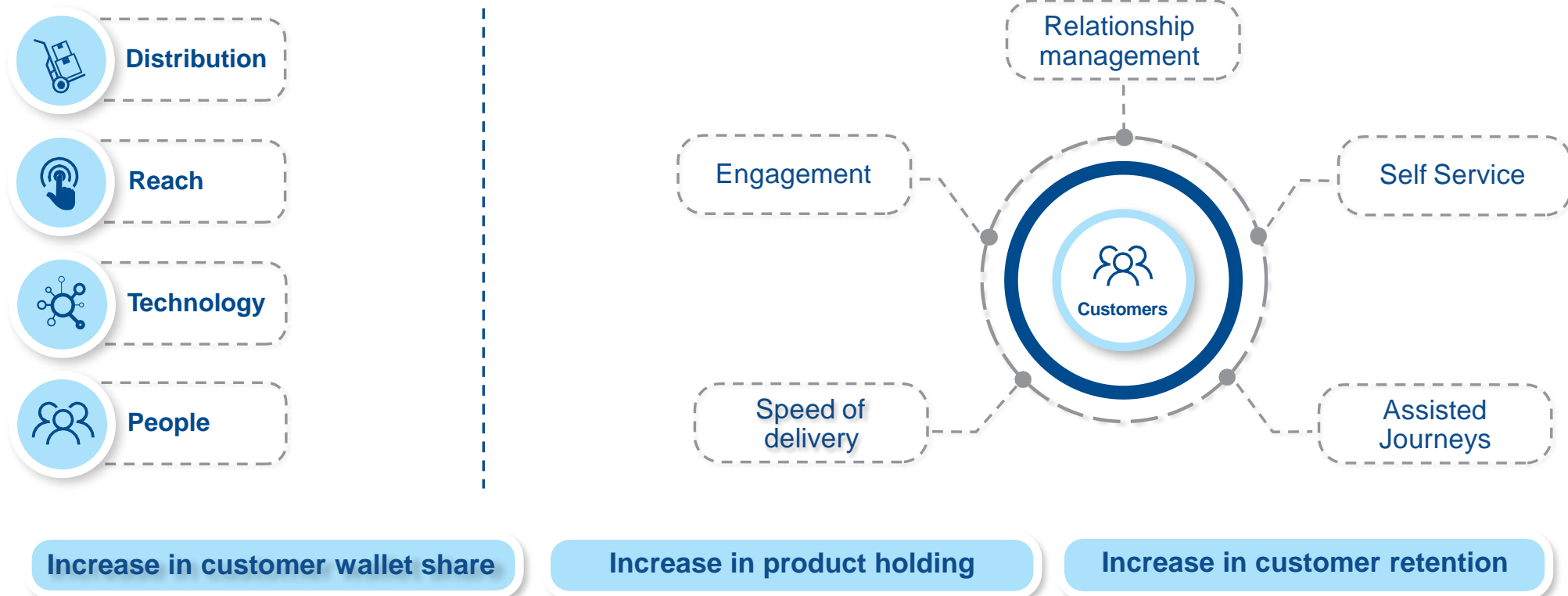


Employee first



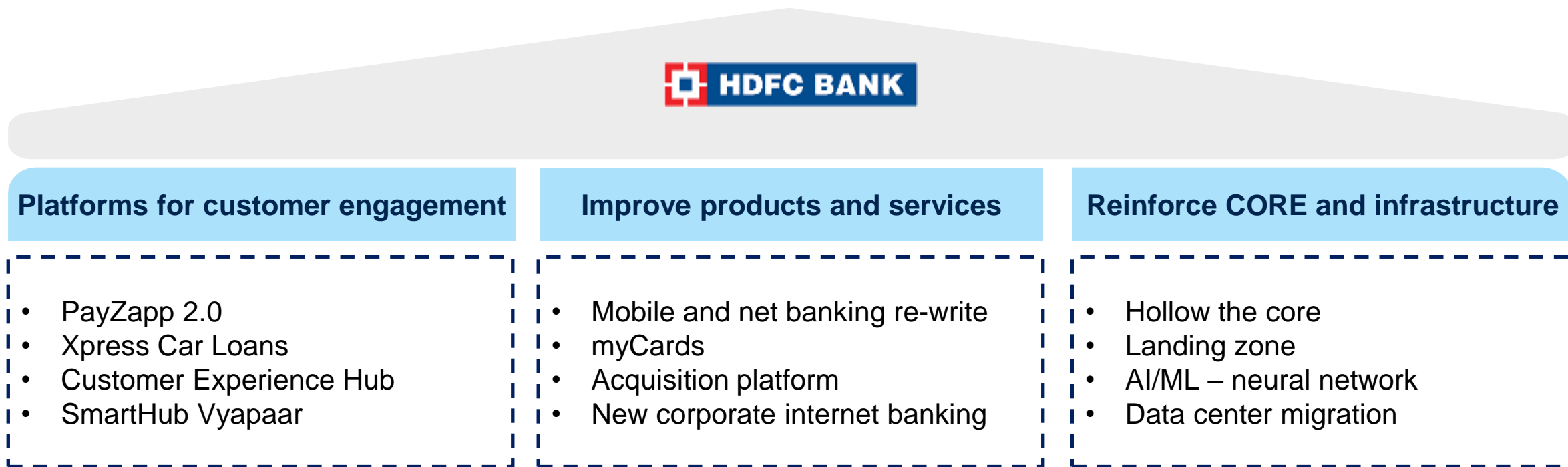
Customer first

Service mindset leads to meeting customer needs



Transitioning from product centric to customer centric service-oriented organisation

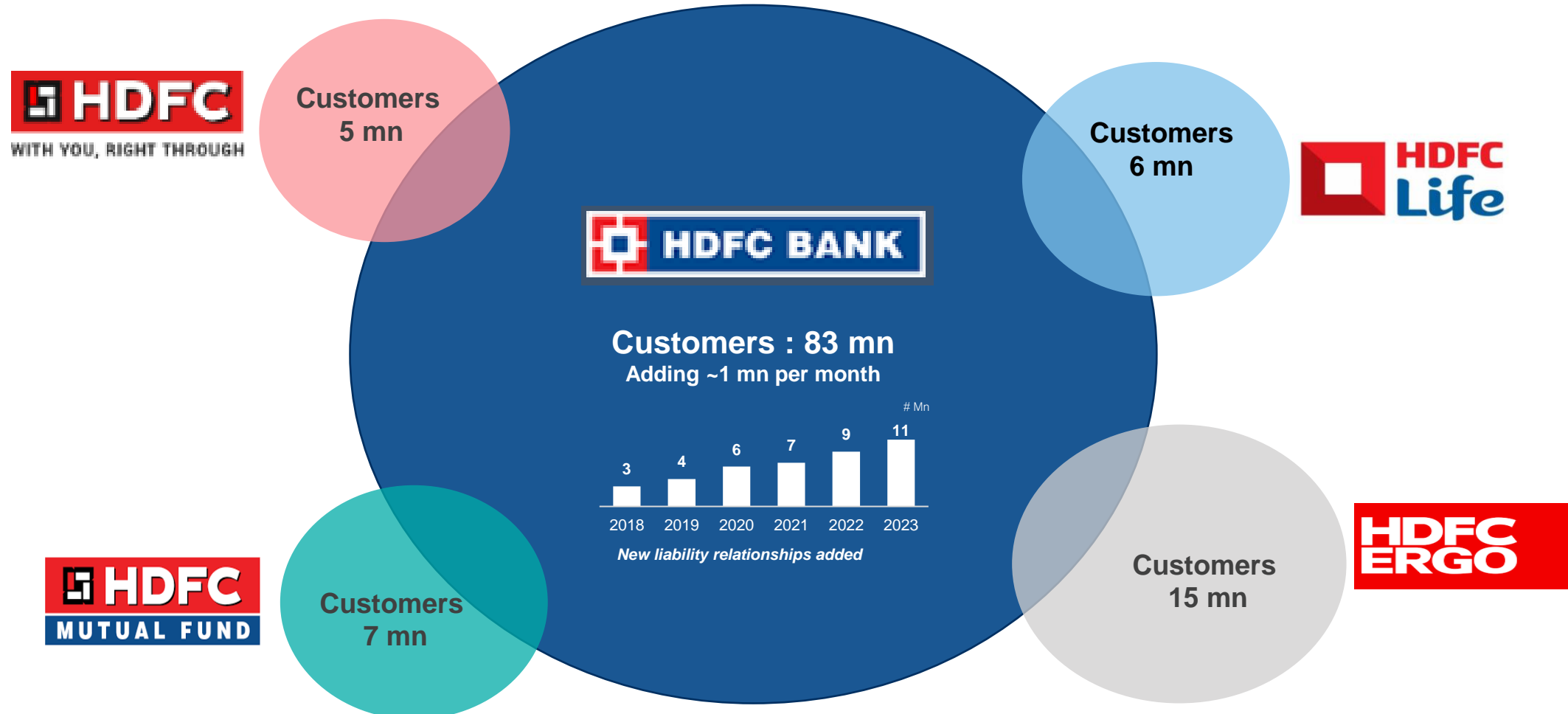
Technology first



Most digitized **acquisition | transaction | services** Bank

Group customer experience, avenue to deepen relationship

Group companies provide avenue for future growth



Positioned for attractive macro-variables

Compelling opportunities



One of the **fastest growing economies** in the world – real GDP growth ~7%; **rising affluence**



Credit growth mirroring GDP growth with a **multiplier of ~2x**



Significant under penetration of credit – potential to extend credit to **400mn - 500 mn individuals¹**



Aspiration mirroring **western/ global trends**



Increasing digital adoption – **~700 mn active internet users**



Augurs well for **hybrid acquisition and servicing model**



Stable, inter-operable infrastructure – Aadhar, UPI, AA, Credit Bureaus etc.



Best levels of property affordability coupled with government support enhances mortgage potential

1. As per report by TransUnion CIBIL

GDP growth to drive bank credit growth

Banking sector credit growth has been ~2x the average YoY GDP growth during FY10 to FY22

Credit growth rate for banks compared with GDP growth rate (%)

	Average YoY growth		
	FY'10-14	FY'14-18	FY'18-23 ³
GDP	7.2%	7.6%	3.8%
Overall banking sector ¹	17%	10%	9%
HDFC Bank	24%	21%	19%
	Growth multiplier ²		
Overall banking sector	2.4	1.3	2.4

Credit growth mirroring GDP growth – multiplier of ~2.4x

Source: International Monetary Fund, HDFC Bank, Reserve Bank of India

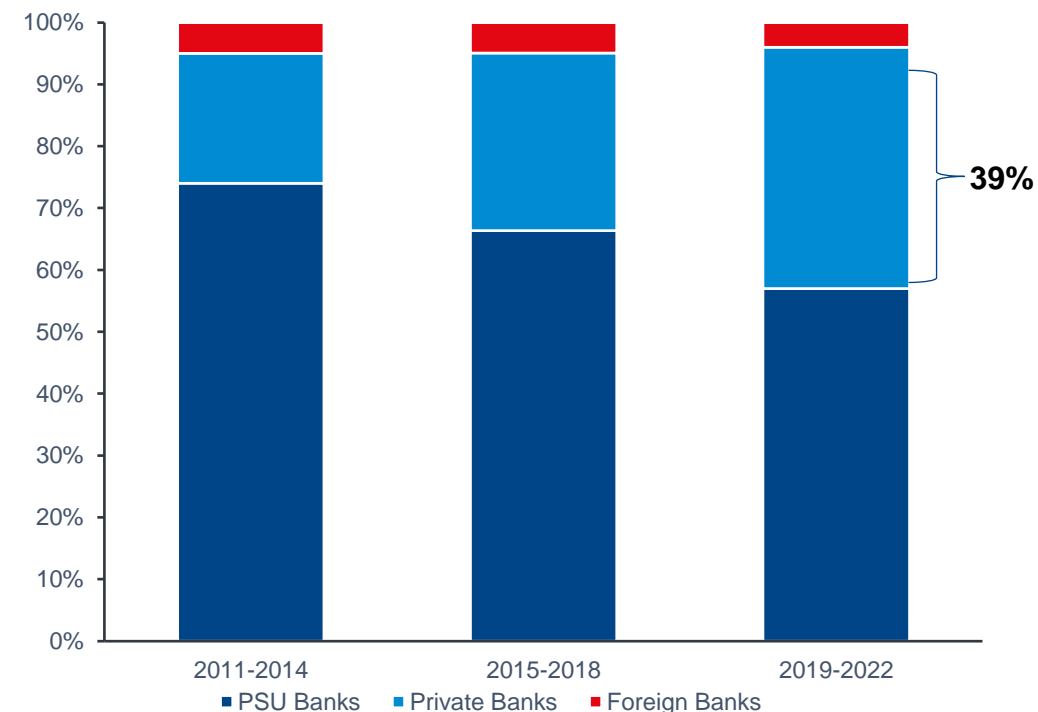
1. Overall banking sector credit includes scheduled commercial banks

2. Banks' YoY growth rate / GDP growth rate

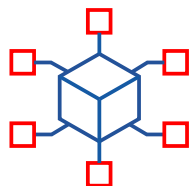
3. December 2022 used as proxy data for overall banking sector for FY23

Growing share of private banks in bank credit

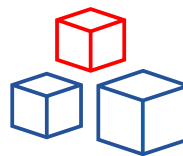
Category-wise share of credit



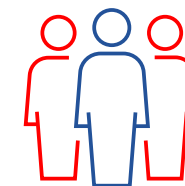
Ubiquitous bank – HDFC Bank Story



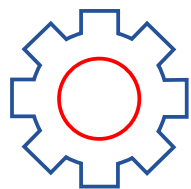
Pan-India distribution network



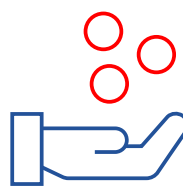
Complete suite of products and services



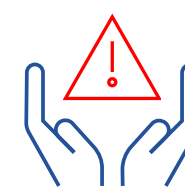
Growing customer base



Proven ability to execute



Well diversified loan book;
Granular deposits



Prudent and robust risk management
with industry-best asset quality

Attractively positioned to capture larger share of growing Indian economy

FY 2023 performance in context

What has been achieved by the bank



Delivered double-digit deposit and assets growth of **20%+ CAGR** ; faster than the banking sector



Best In class branch productivity, people productivity, balance sheet productivity and asset quality



Low credit cost; allows investments for future through enhanced distribution and digitisation



Low and stable GNPAs throughout the credit cycles (0.9% - 1.3%)



ROA has consistently ranged ~1.9% - 2.1%; **one of the highest across banks in India.**

HDFC Bank at a glance



Prominence

#1

Private sector bank in India*

US\$ 100+ bn

Market capitalisation

170k+

Employees

#1

Most Valuable Indian Banking Brand[#]



Market share

~11%

Advances[^]

~10%

Deposits

47%

POS and e-com^{^^}

28%

Credit cards spends^{^^}



Reach

83 mn

Customer base

7.8k+

Banking branches

23k+

Banking outlets

~ 4 mn

Merchant acceptance points



Social impact

₹8 bn

CSR spend

> ₹500 bn

Contribution to exchequer

52%

Branches in semi-urban and rural

15k +

CSC - BCs

*in terms of asset size | [#]Kantar BrandZ Most Valuable Indian Brands 2022 Rankings | [^]Domestic | ^{^^}Feb'23
CSC - BCs: Customer Service Centre – Business Correspondents
Unless otherwise stated, information is as at or for the year ended March 2023

FY 2023



Total Deposits grew 21% or by Rs. 3,242 bn; stood at Rs. 18,834 bn as at March 31, 2023



Gross advances grew 17% or by Rs. 2,337 bn; stood at Rs. 16,142 bn at March 31, 2023



Customer base at 83 mn (up by 12 mn) – potential to engage and deepen relationships

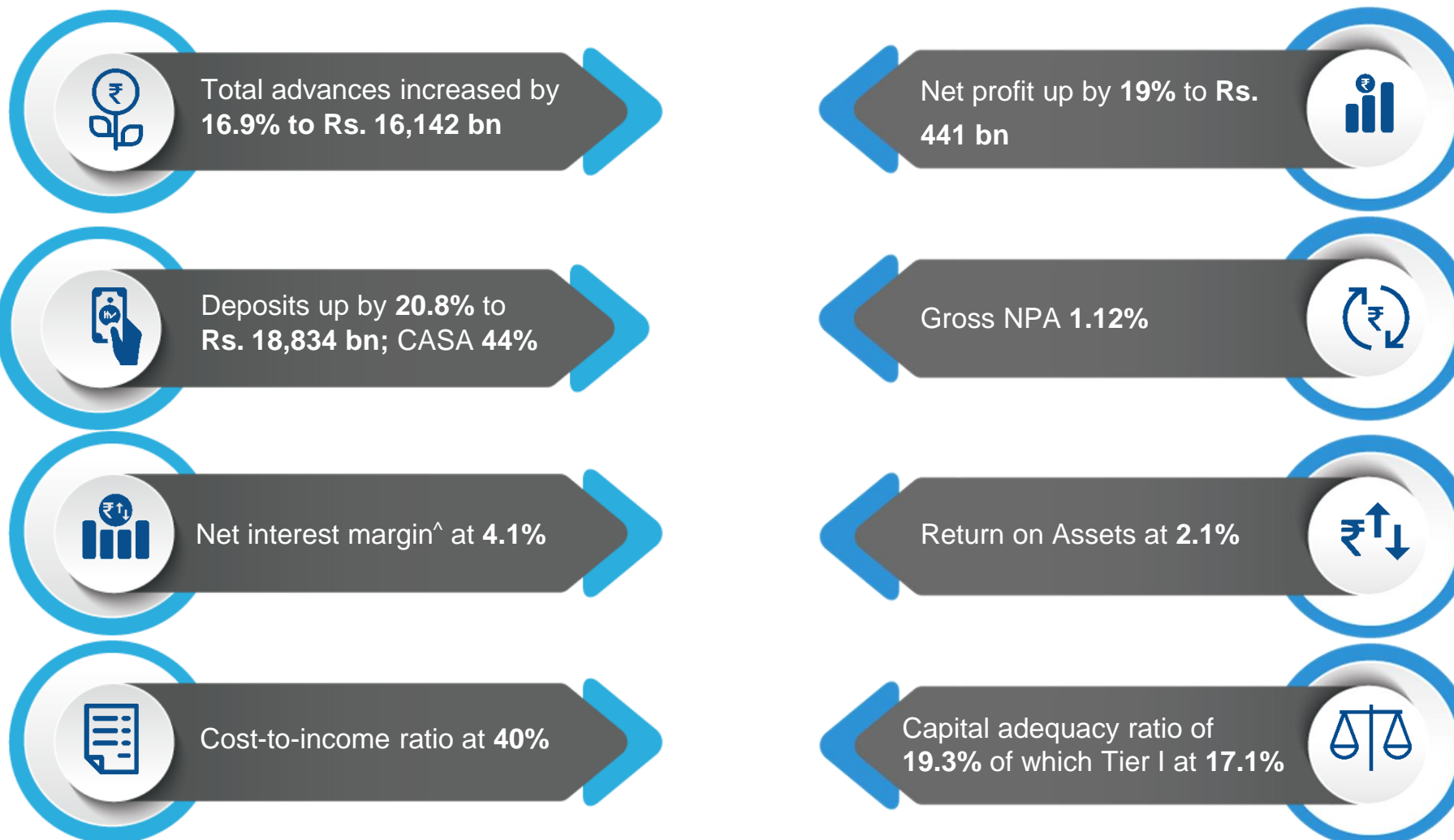


Branch network at 7,821 (additions of 1,479) – distribution strength enables customer engagement



Announced **merger** of HDFC Limited with HDFC Bank in April'22 – to be consummated in next quarter

Key Financial Parameters for FY2023



Standalone Indian GAAP figures (bn = Billion); ₹ = Rupees; [^]based on total assets

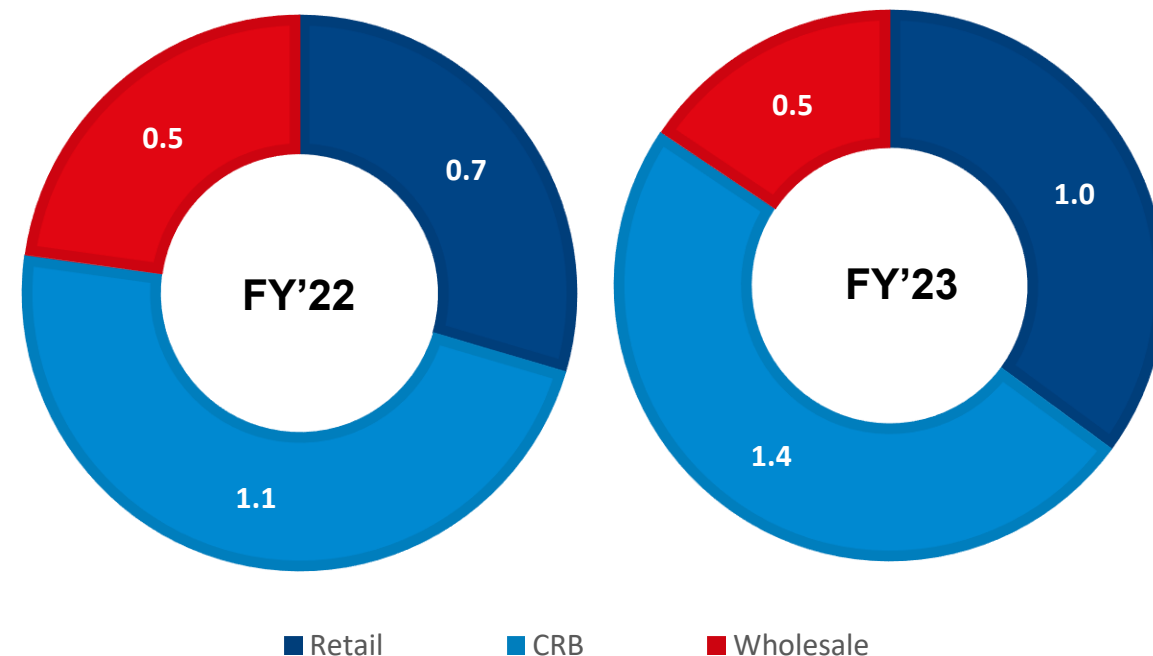
Sustained growth across segments – risk parameter driven

Growth across all segments

Loans (Rs. bn)	Mar'21	Mar'22	Mar'23	FY'22 YoY	FY'23 YoY
Retail	4,617	5,318	6,346	15%	19%
CRB	3,717	4,847	6,292	30%	30%
Wholesale	3,099	3,640	4,097	17%	13%
Gross loans (pre IBPS/BRDS)	11,433	13,805	16,735	21%	21%
IBPC/BRDS	-	-	(592)	-	-
Total	11,433	13,805	16,142	21%	17%

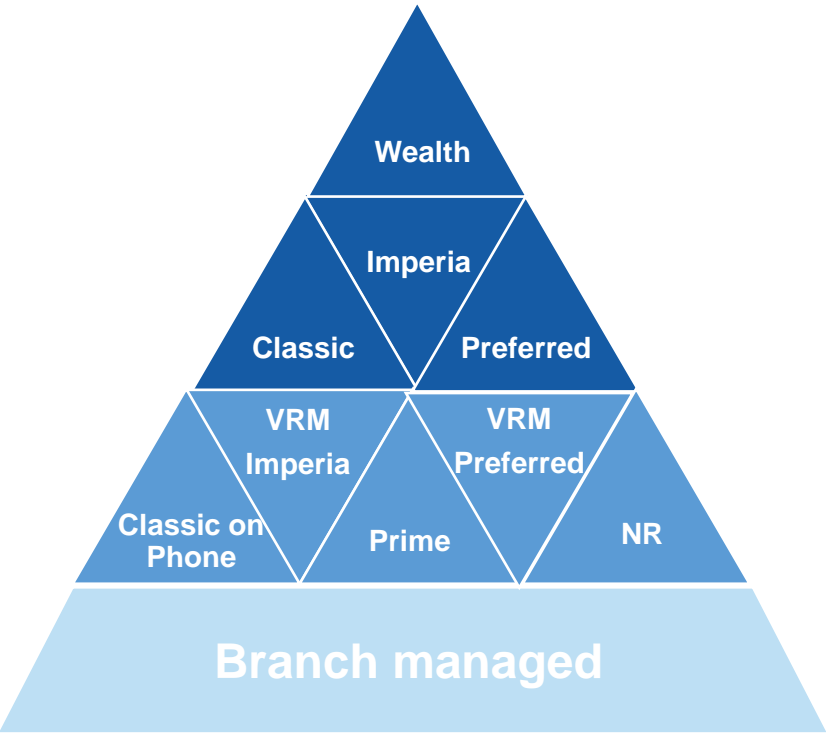
Incremental loan growth

Rs. Bn.

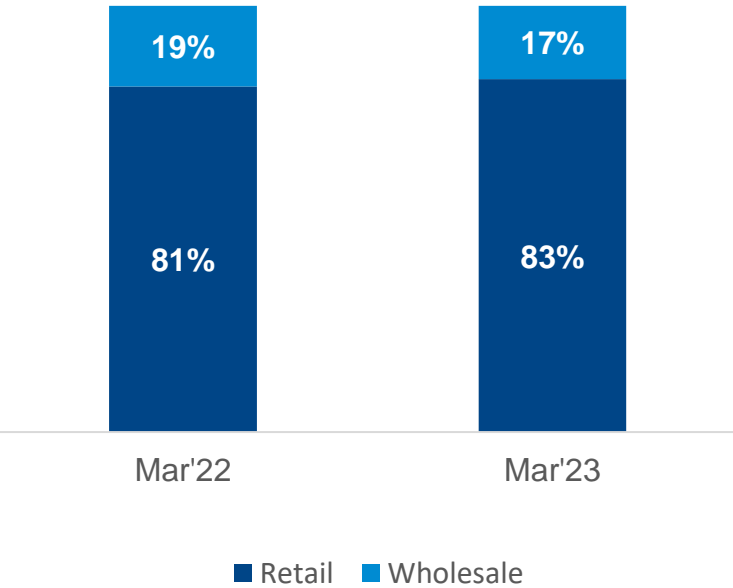


Mobilising deposits from multiple banking channels

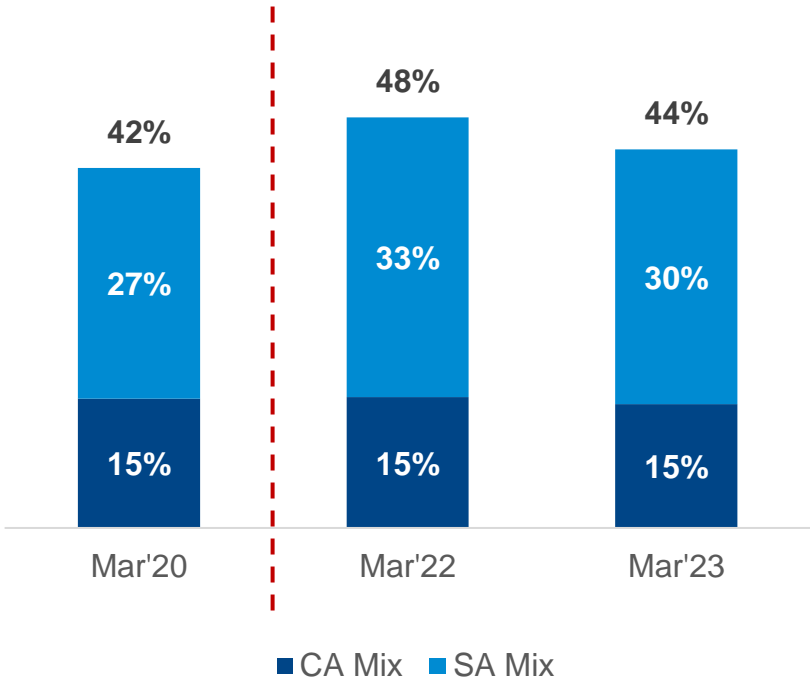
Multi-Channel Strategy



Granular deposits



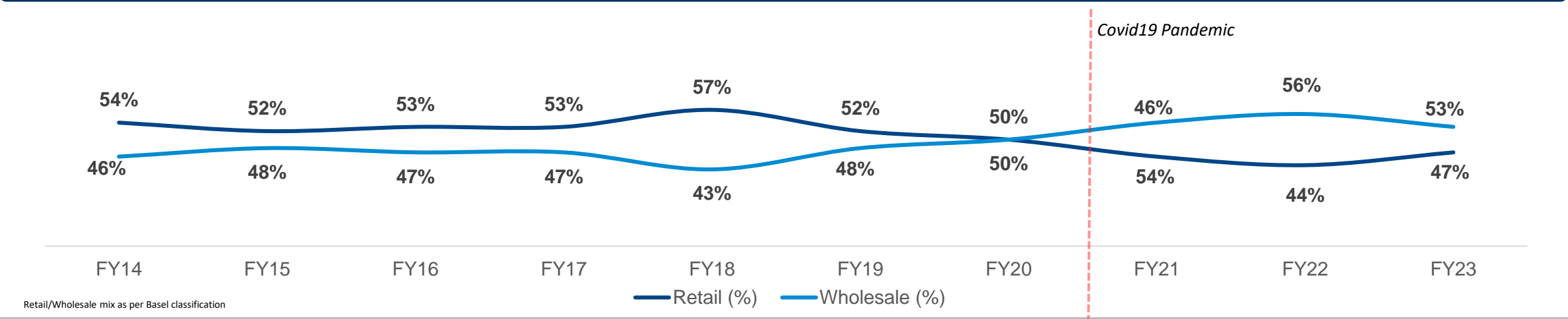
CASA ratio improved over pre-Covid level



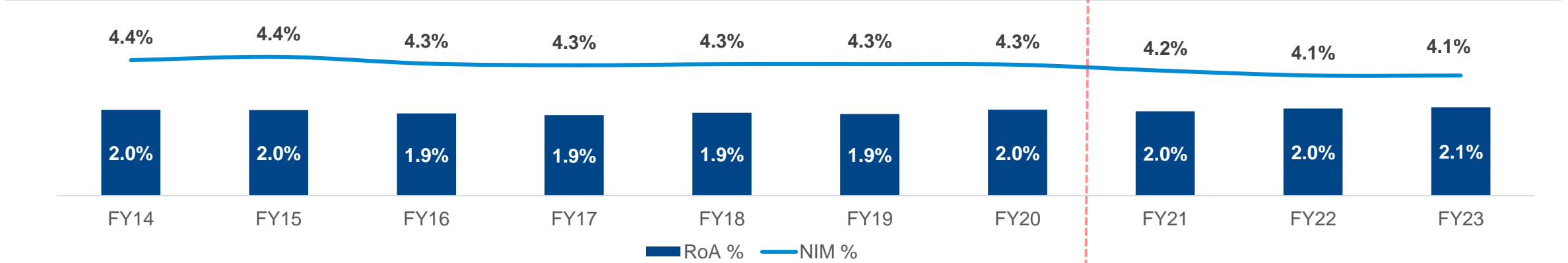
Retail anchoring deposit growth

Product mix impacts NIM; RoA remains consistent

Loan mix



NIM and RoA

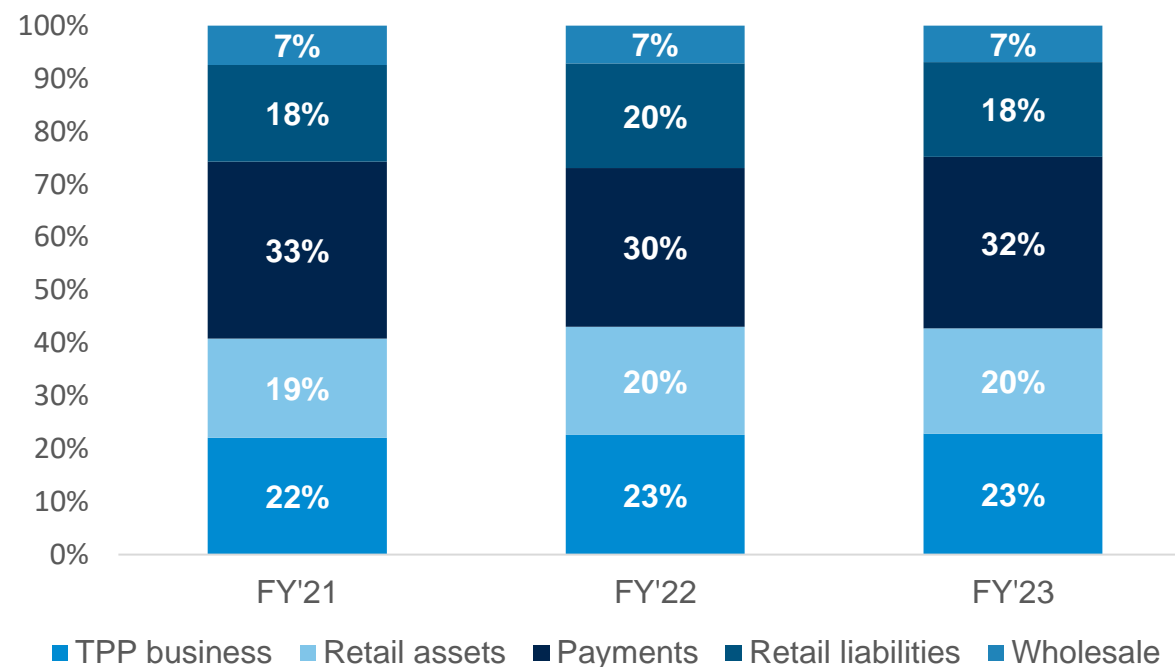


Granular and well diversified fee income

Other Income Mix

Non-NII (Rs. bn)	FY'21	FY'22	FY'23	FY'22 YoY	FY'23 YoY
Fees and Commission	162	195	238	21%	22%
FX & Derivatives	24	39	41	60%	4%
P&L on Investment	39	23	-11	-41%	-150%
Others	27	38	44	39%	17%
Total Non-NII	252	295	312	17%	6%

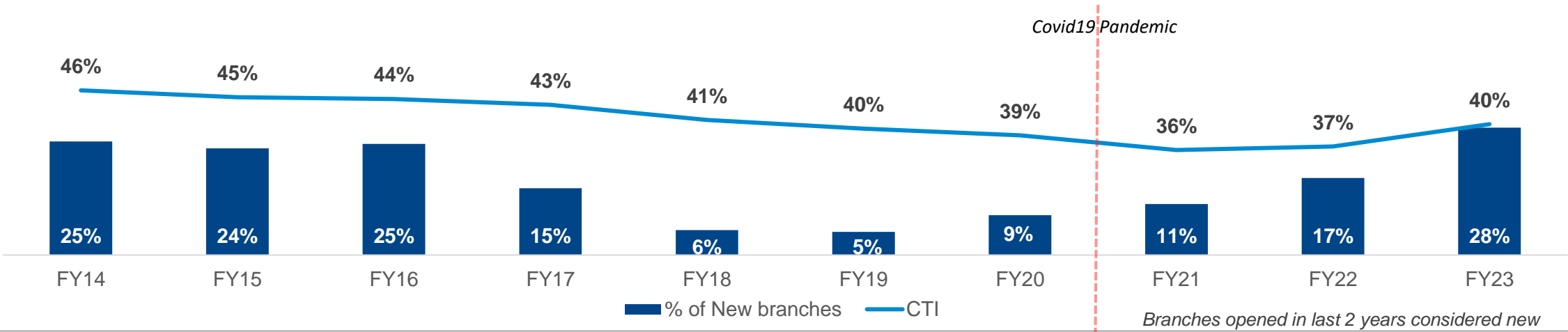
Fee Income Mix



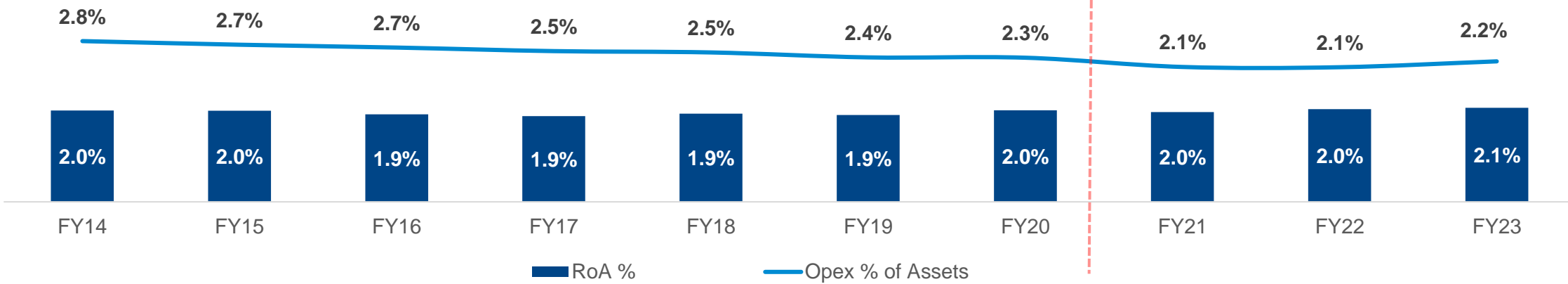
Well diversified fee income; pre-dominantly non-fund based

Efficiency in growth

Cost to Income and % of new branches

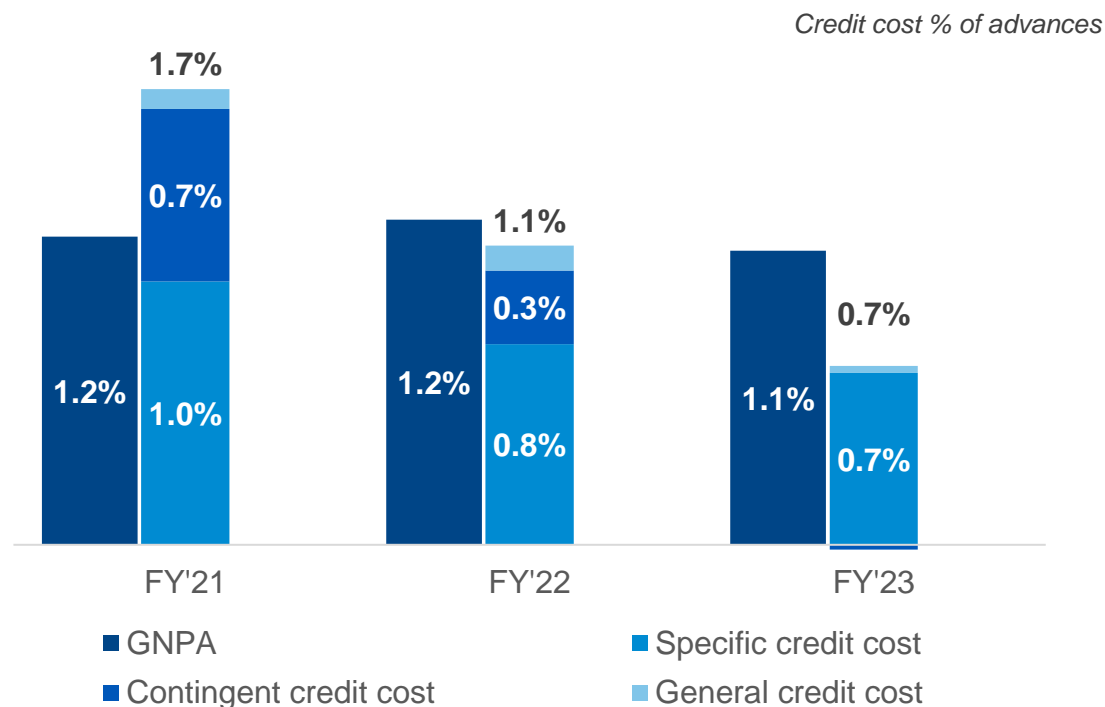


Operating expenses as % of assets and RoA



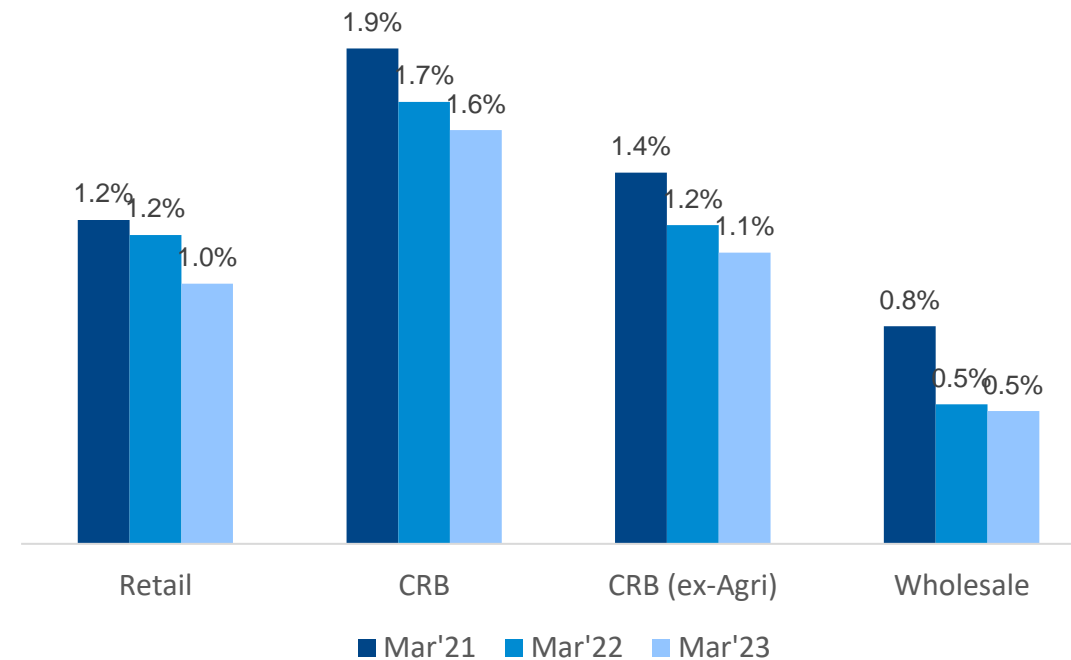
Resilient asset quality and low credit cost

Gross NPA and credit cost



Resilient asset quality leading to low credit cost

GNPA by segment



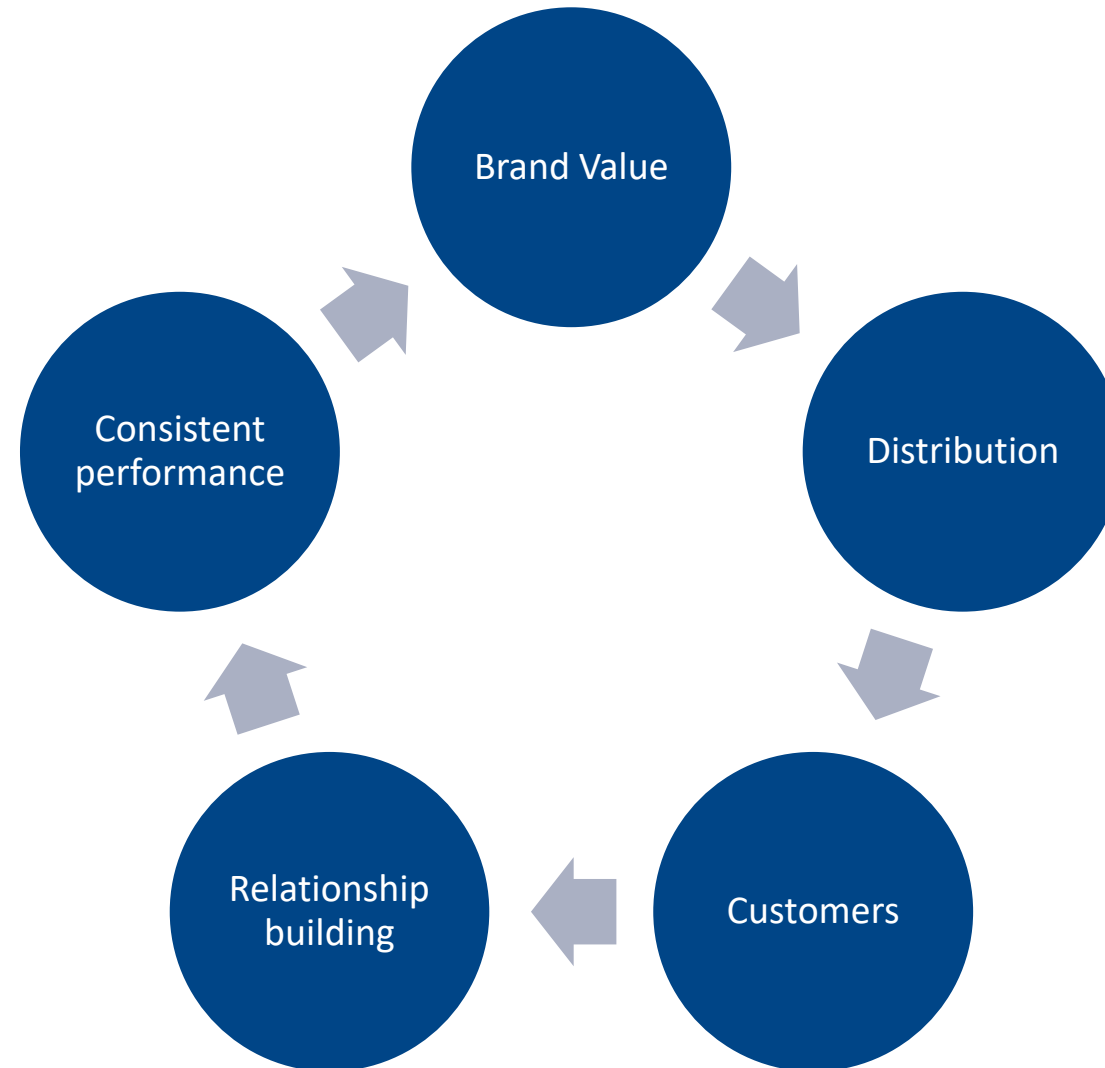
Healthy asset quality across segments

Income Statement

Rs. bn	Standalone			Consolidated		
	FY22	FY23	YoY	FY22	FY23	YoY
Net Interest Income	720.1	868.4	21%	773.5	929.7	20%
Non-Interest Income	295.1	312.2	6%	317.6	339.2	7%
Net revenue	1,015.2	1,180.6	16%	1,091.1	1,268.9	16%
Operating expenses	374.4	476.5	27%	403.1	515.3	28%
PPOP	640.8	704.1	10%	688.0	753.6	10%
Provisions	150.6	119.2	(21%)	179.3	138.6	(23%)
Profit before tax	490.2	584.9	19%	508.7	615.0	21%
Profit after tax	369.6	441.1	19%	380.5	460.0	21%
Earnings per share (Rs.)	67	79	19%	69	83	20%
Book value per share (Rs.)	433	502	NM*	446	519	NM*

Driving growth at scale

Value accretion



How has the Bank delivered



Execution in driving a large distribution



High quality deposits franchise with ability to cross sell



Innovation in products



Driven off advanced analytics and digital platforms

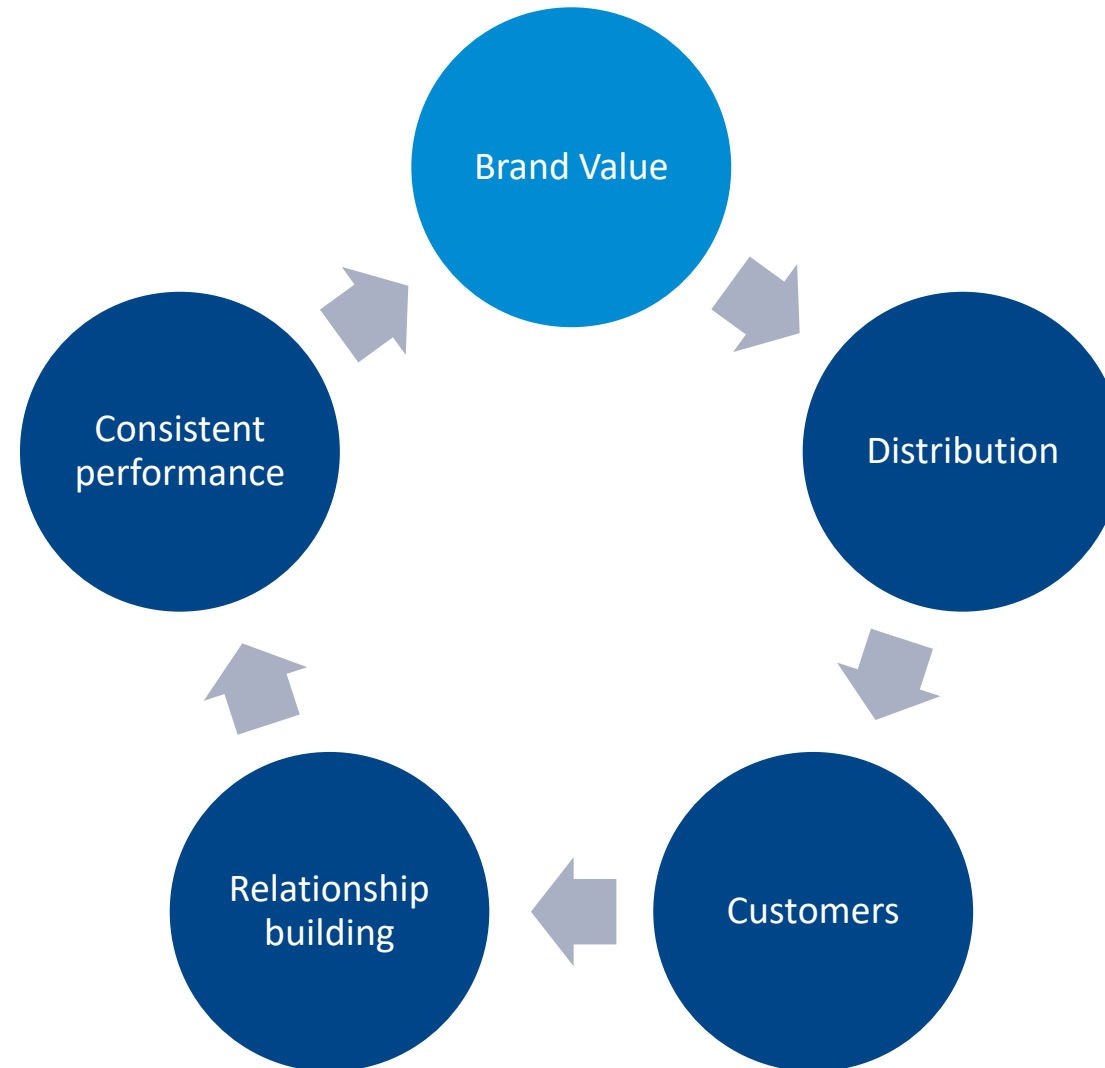


Strong credit culture and scientific risk management



Granular policies and early warning systems in place

Value accretion



Brand value creation

Customer centricity; superior service experience

Comprehensive and need-based product offerings

Analytics driven risk management

Digital journeys

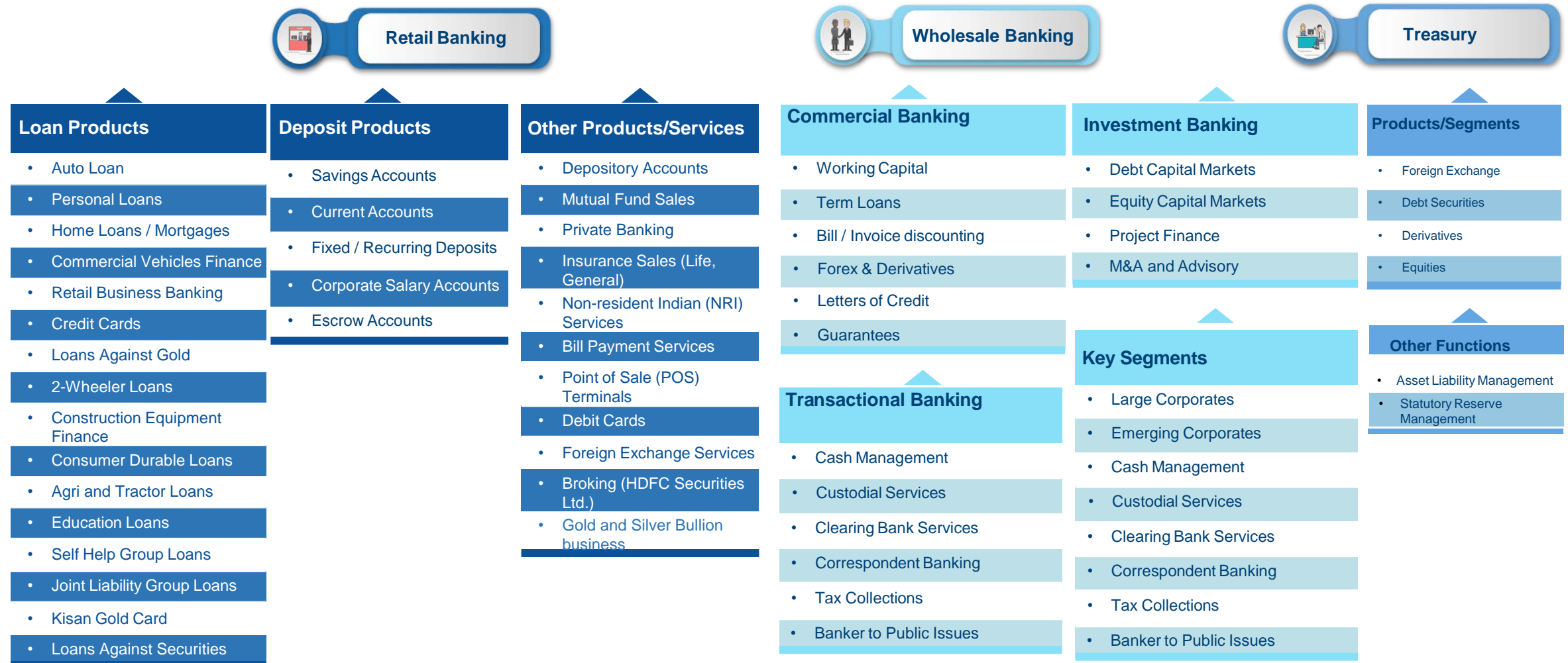
- Brand value* of \$ 33 Bn (\$ 21 Bn in FY'20)
- Most valuable Indian bank brand*
- 2nd most valuable Indian brand*
- 61st most valuable global brand*
- Brand health KPI - TOM of 23%#
- Relationship NPS of 54%^

**Kantar Brandz 2022*

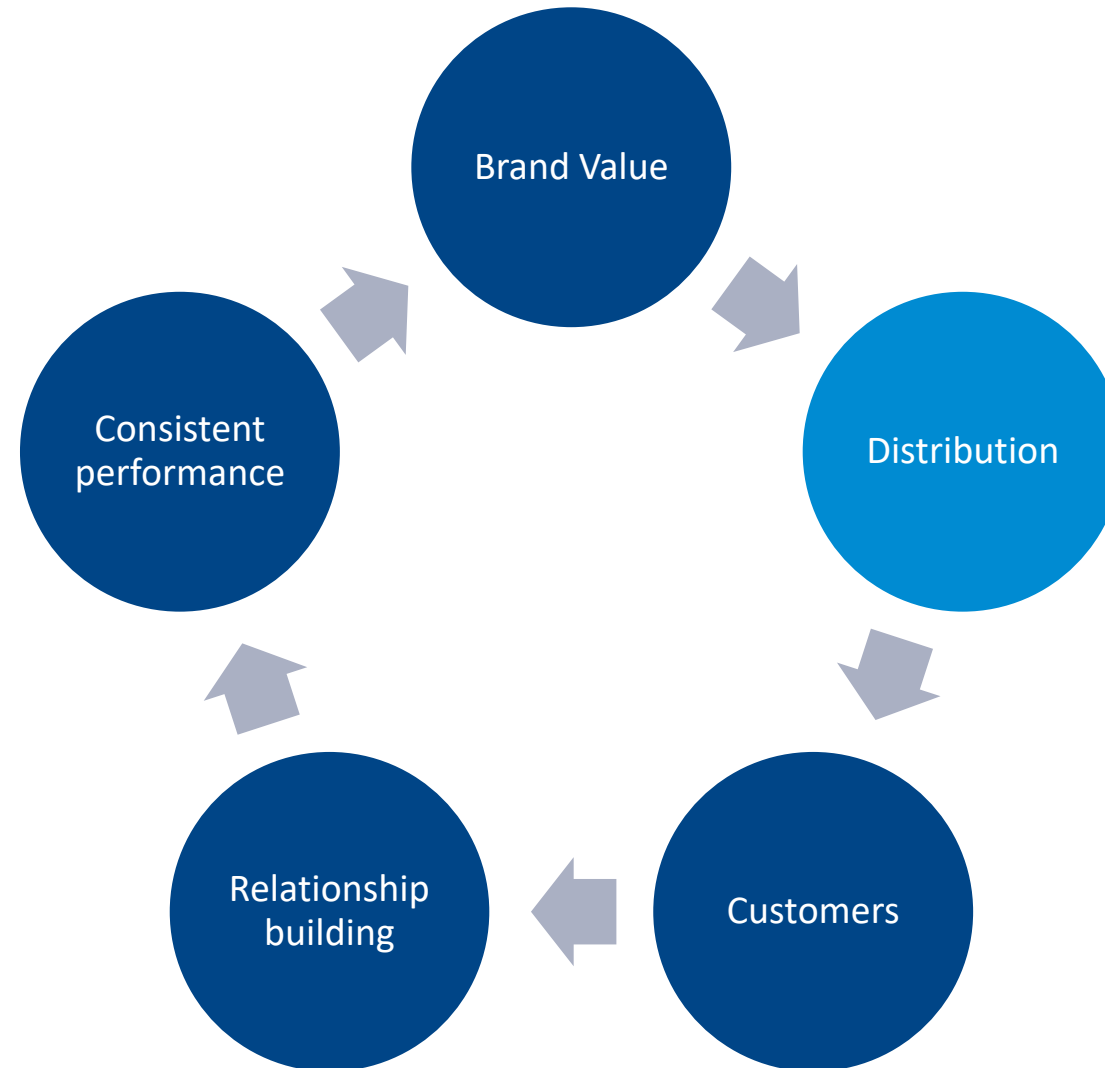
#Source: Kantar; TOM – Top of mind awareness measured in Feb'23

^Source: NPS Prism survey data; Bain analysis 2022

Comprehensive, consistent and need-based offerings

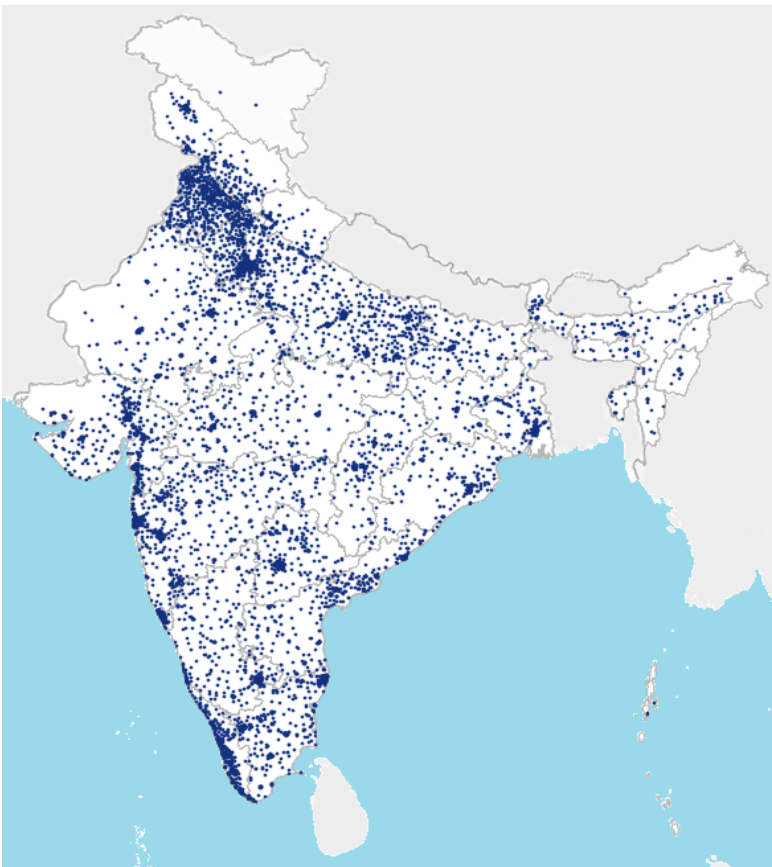


Value accretion



Distribution strength creates depositor relationships

Strong national footprint (branches)



Reinvesting profits to continuously enhance distribution

Geography	Branches	CSC BCs	Other BCs	Total Banking outlets
Rural	1,416	11,186	229	12,831
Semi-urban	2,674	2,941	166	5,781
Urban	1,568	934	12	2,514
Metro	2,163	452	1	2,616
Total	7,821	15,513	408	23,742

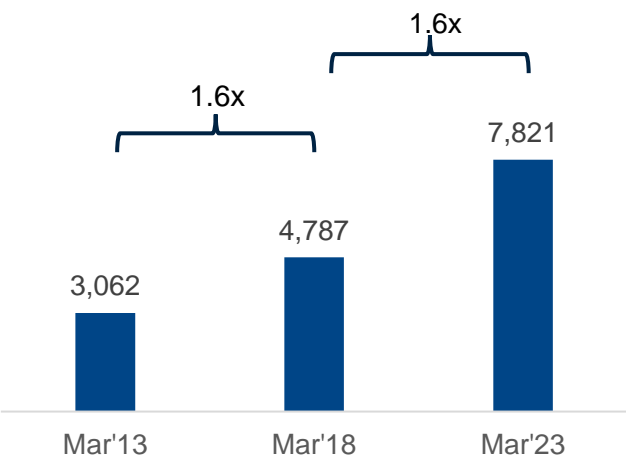
CSC: Customer Service Centers | BCs: Business Correspondents

1.7x branches since FY'17; 1.5K branches added in FY'23
Providing banking solutions in more than **3,800** cities/towns with **7K+** branches and around **16K** banking outlets

Branch expansion coupled with improved productivity

Acceleration in investments:
2.6x branches in the last decade

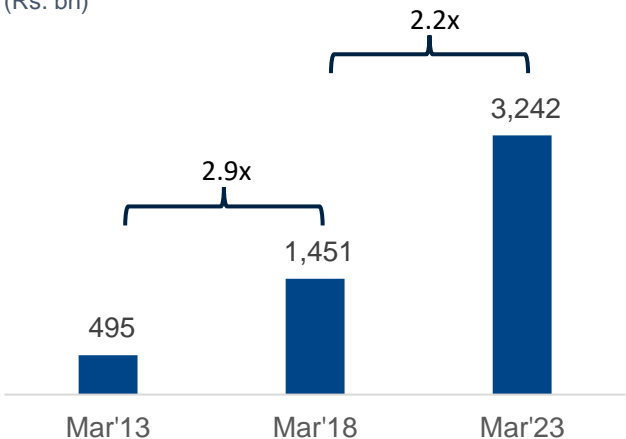
Branches (#)



Branch network aids growth of
deposits

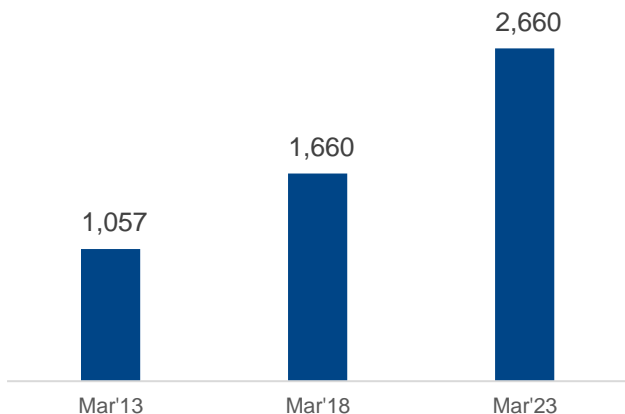
Incremental deposits per year

(Rs. bn)



Improved branch metrics even
with accelerated branch addition

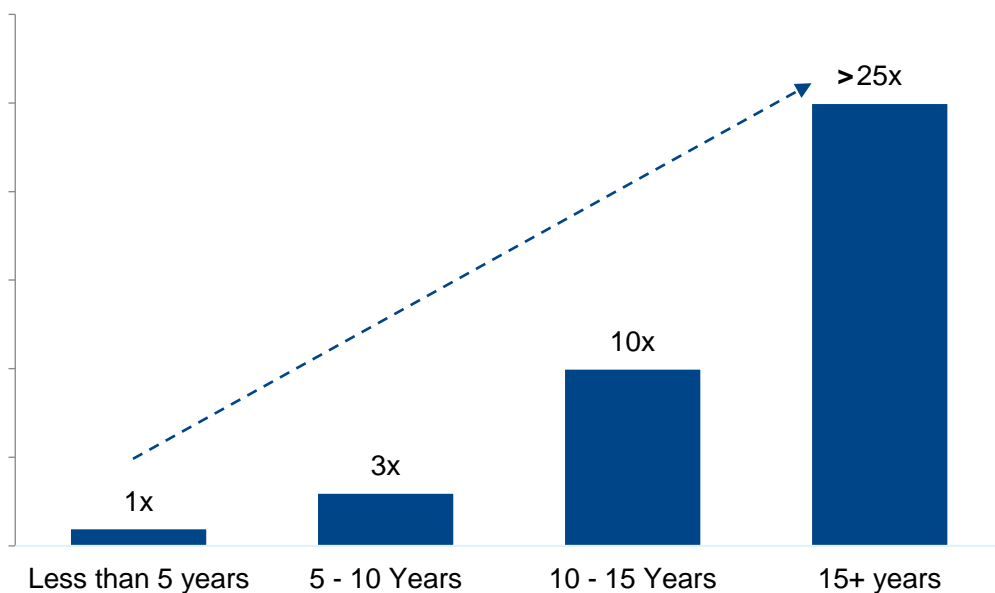
Deposit per branch (Rs. mn)



52% branches in SURU locations
Retail deposits comprise 83% of total deposits

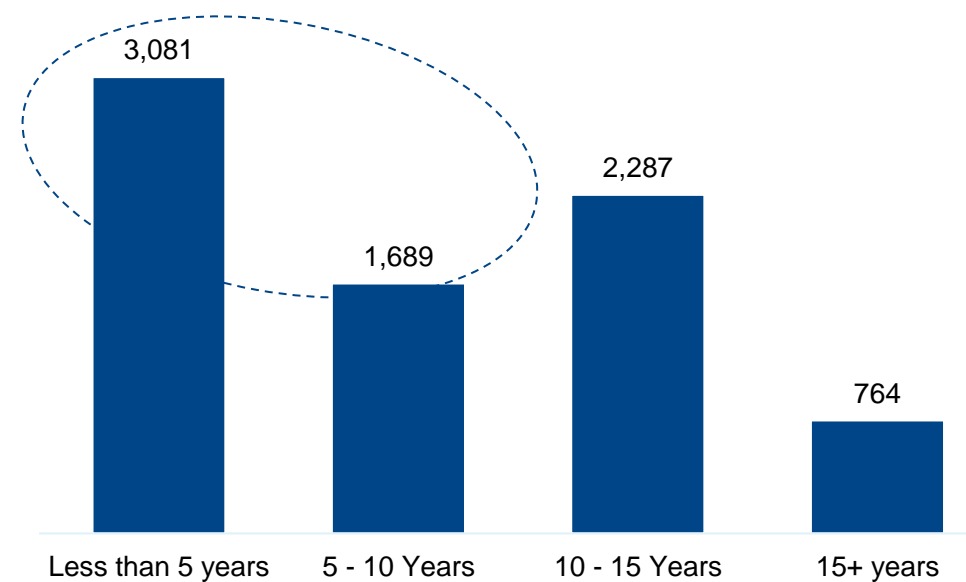
Leveraging the power of branches banking – well poised for sourcing deposits

Branch deposits compound with time

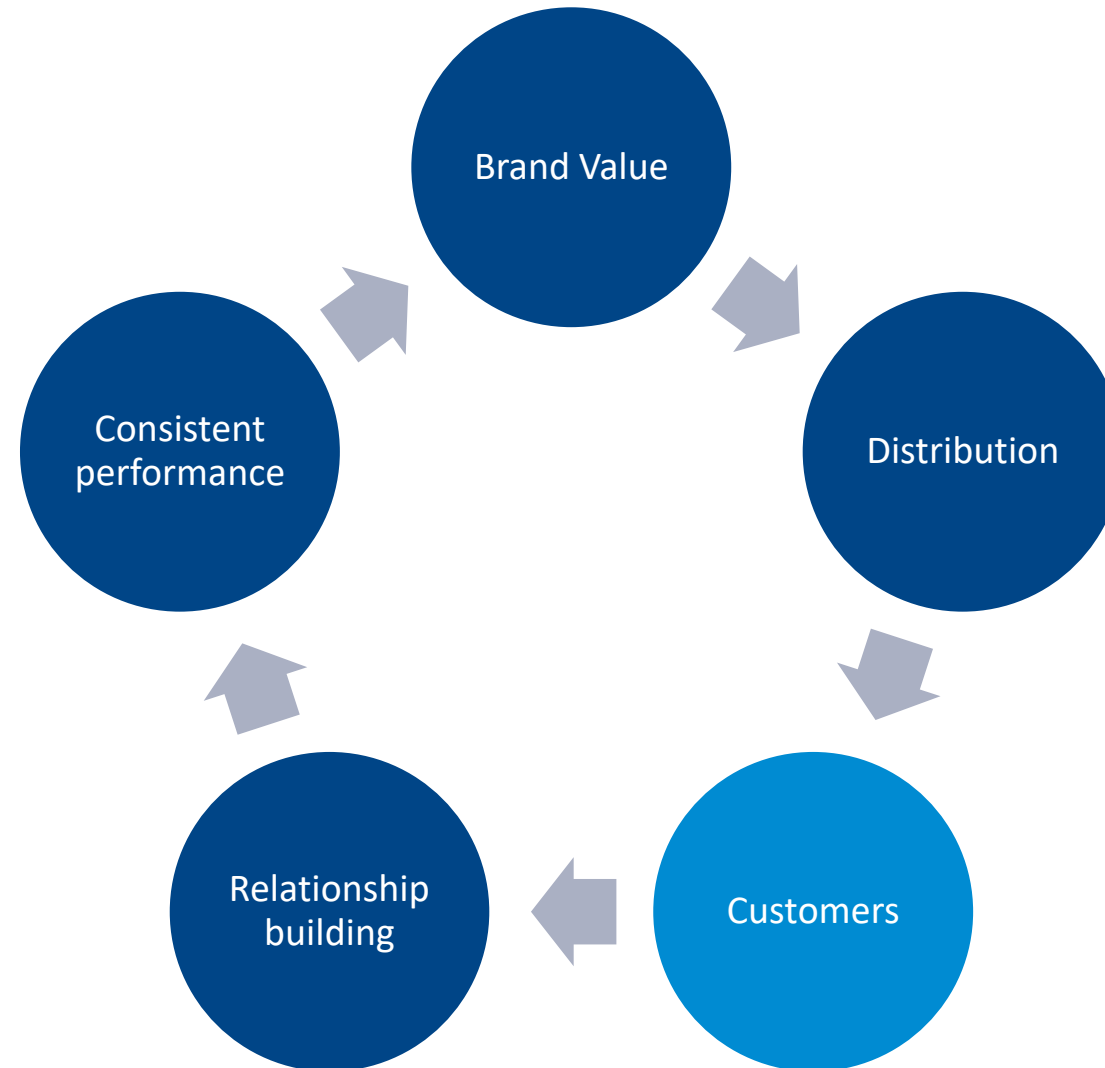


>60% branches less than 10 years old – at an inflection point

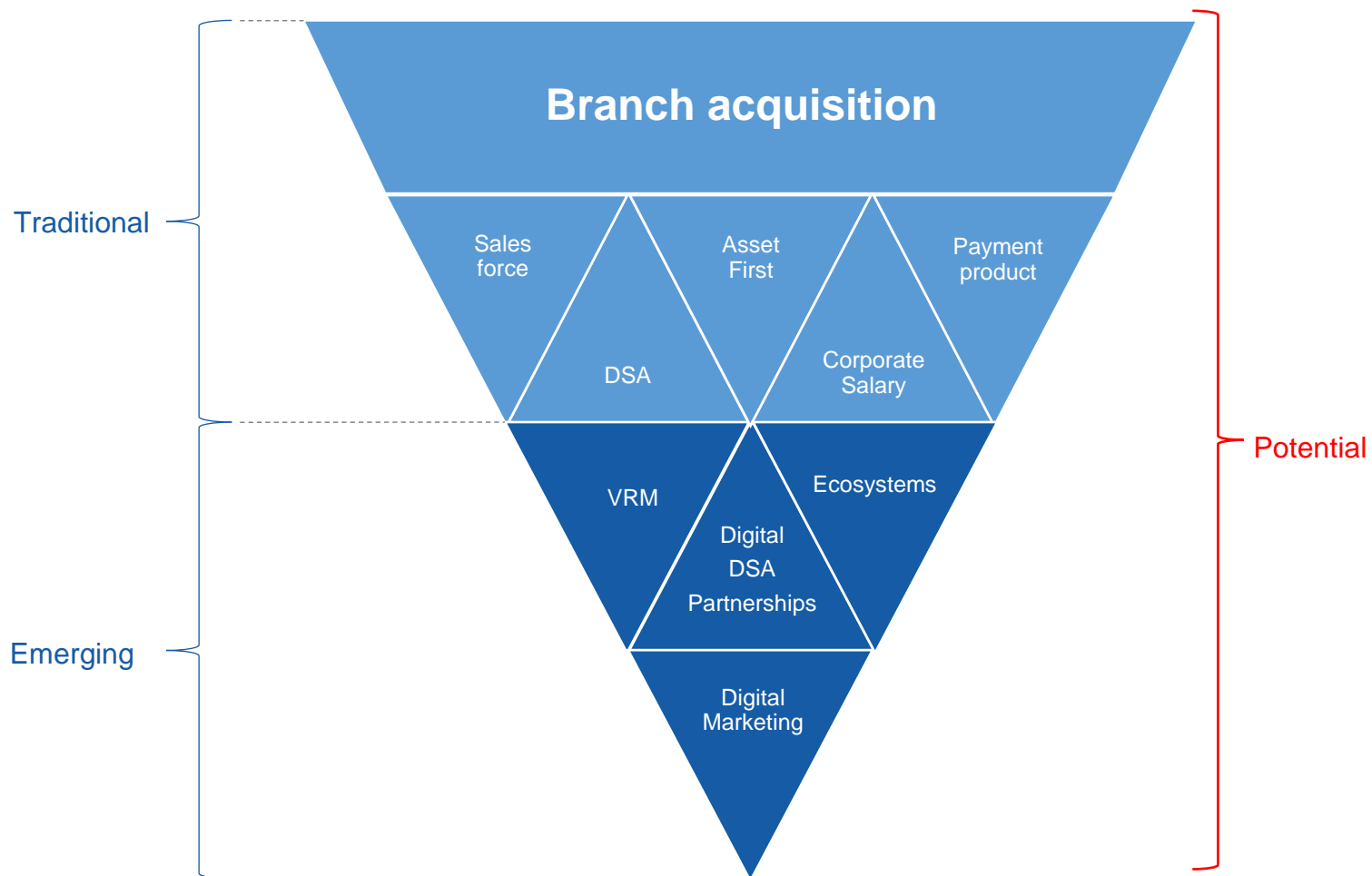
Branches (#)



Value accretion



Strong customer acquisition – hybrid model



Customer acquisition

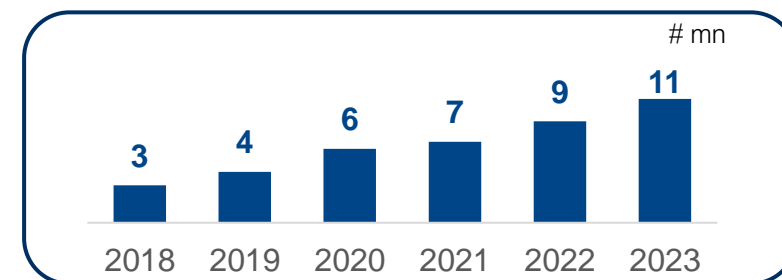
Traditional acquisition channels

- branch and salary relationship continuing to grow and acquire new relationship
- Supplemented by asset and payments product where liability is offered

Emerging tech enabled channels

- Digital marketing – with potential to grow
- Partnerships
- VRM

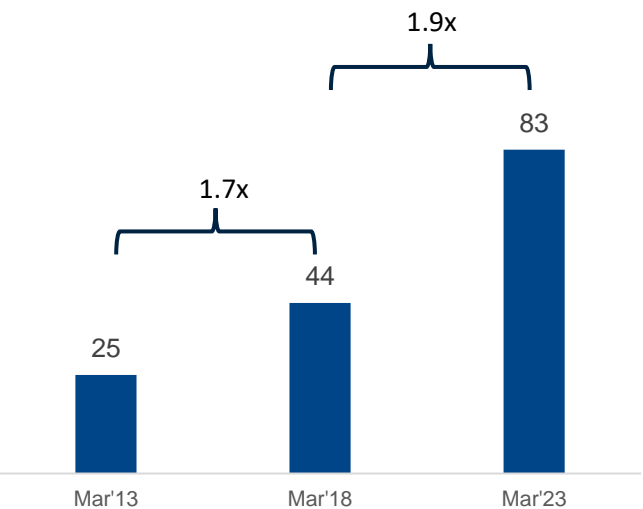
New liability relationships added



Customer profile suited for future growth

Customer base – the strength from within

Customers (# mn)



No. of
branches

3,062

4,787

7,821

Acquiring
customers – future
potential

~3x 'new to bank' (NTB) customers added
in FY23 as compared to 5 years ago

>60% of the customers in the age bracket
of < 40 years

Nurturing
customers across
the years

Over 55% customers with >3-year vintage
with us

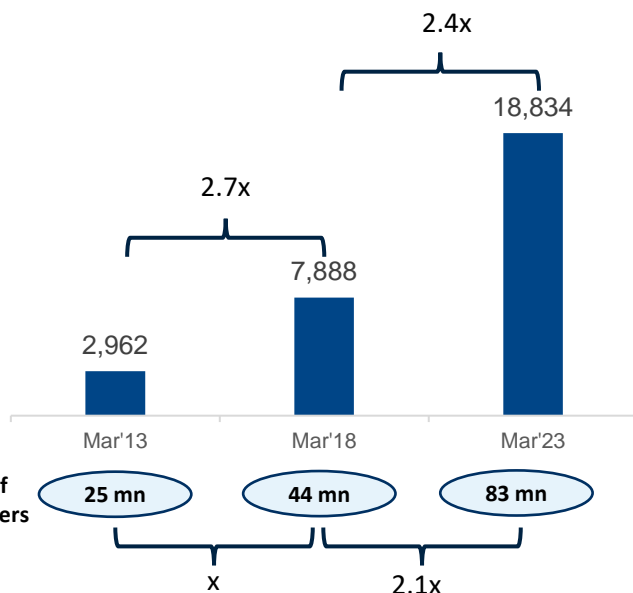
~3 products held by customers with vintage
>= 3 years

Partnering customer through their life cycle leading to better penetration and wallet share

Formidable deposit franchise – foundational pillar

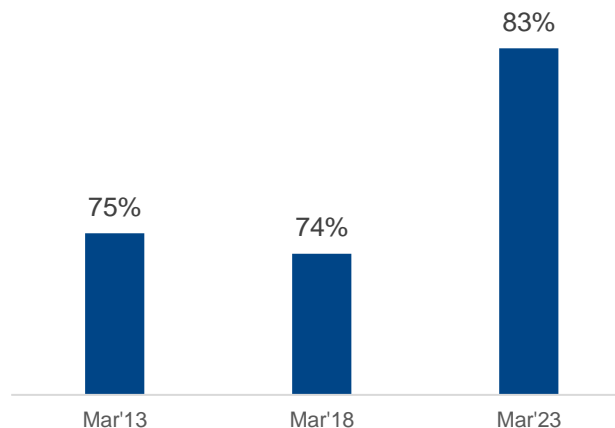
Growth in deposits enabled by growing customer base

Deposits (Rs. bn)



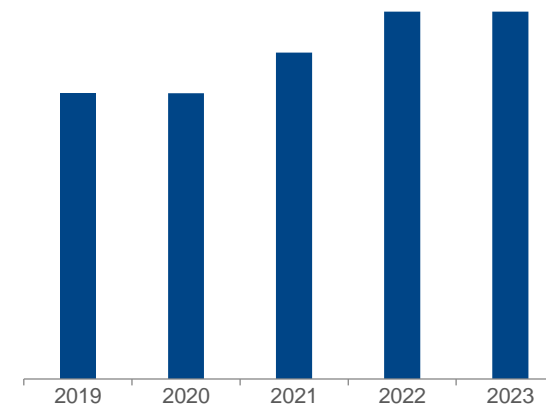
Granular deposits

Retail deposits (%)



Healthy growth in customer transaction balance

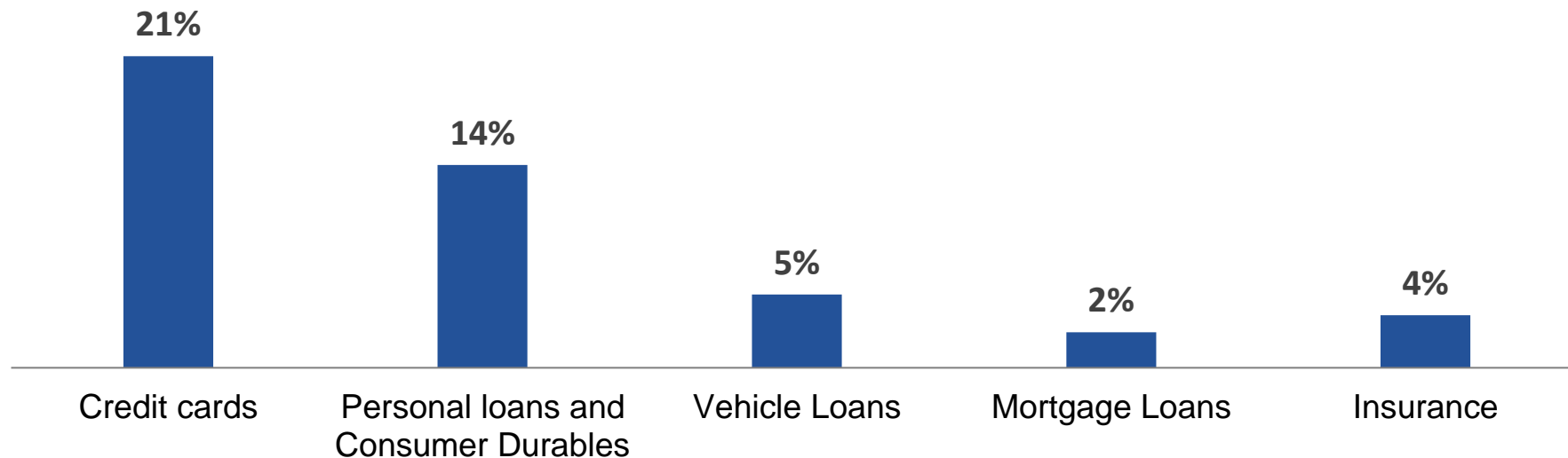
Savings balance per customer



~10% market share in deposits – March 2023

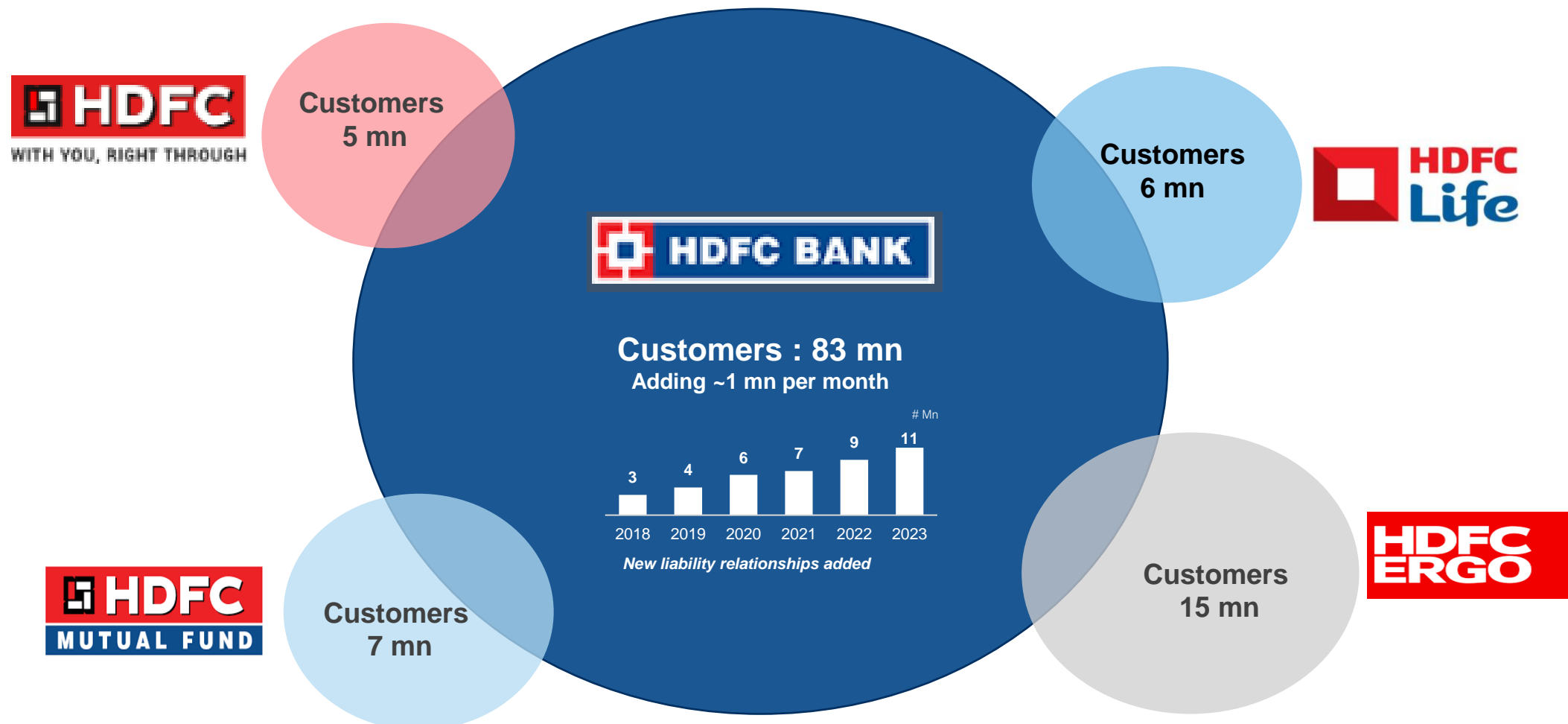
Penetration into existing base – gives a fillip for growth

Large under penetrated retail base



Group customer experience, avenue to deepen relationship

Group companies provide avenue for future growth



Potential exists to build on foundation for sustainable growth

Significant headroom for growth



Significant number of branches that can help tap a large opportunity – including SURU



High cross sell potential – ~60% branches less than 10-year vintage



Positioned at the center of plate - in key growth engines of the country; MSME, Emerging Corporates, SURU, Salaried, etc

Drivers of execution going forward



Customer acquisition through simplified journeys, digital personalized campaigns through omni channel presence; and group companies pursuant to the merger



Smooth delivery of products and services through AI/ML driven Next Best Action engine and pre-qualification/approval

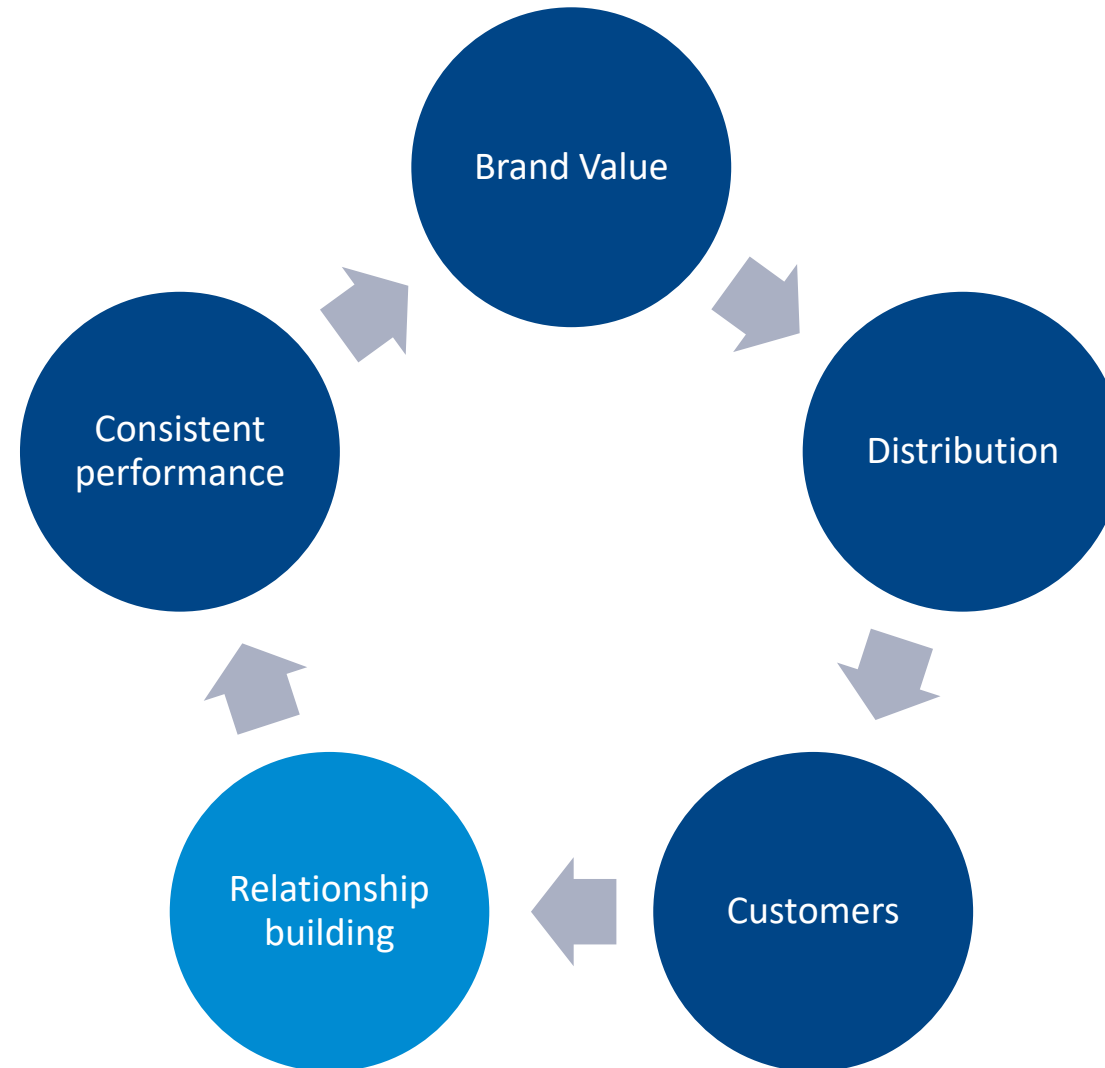


Life cycle management of customer through superior relationship management – e.g. use of AI/ML to personalize and curate narratives



Ecosystem banking through initiatives such as Vypaar and critical partnerships

Value accretion



Products and segments are deeply intertwined

Retail products (illustratively)	Auto loans	Personal loans	Payments
Loan book outstanding	117K cr	172K cr	86K cr
Deposits balances held by customers	0.8x	0.2x	5.8x

Particulars	CRB	CBG
Loan book outstanding	629K cr	410K cr
Deposits balances held by ecosystem customers	1.0x	0.8x

Tapping the right product/segment will ensure greater deposit mobilization

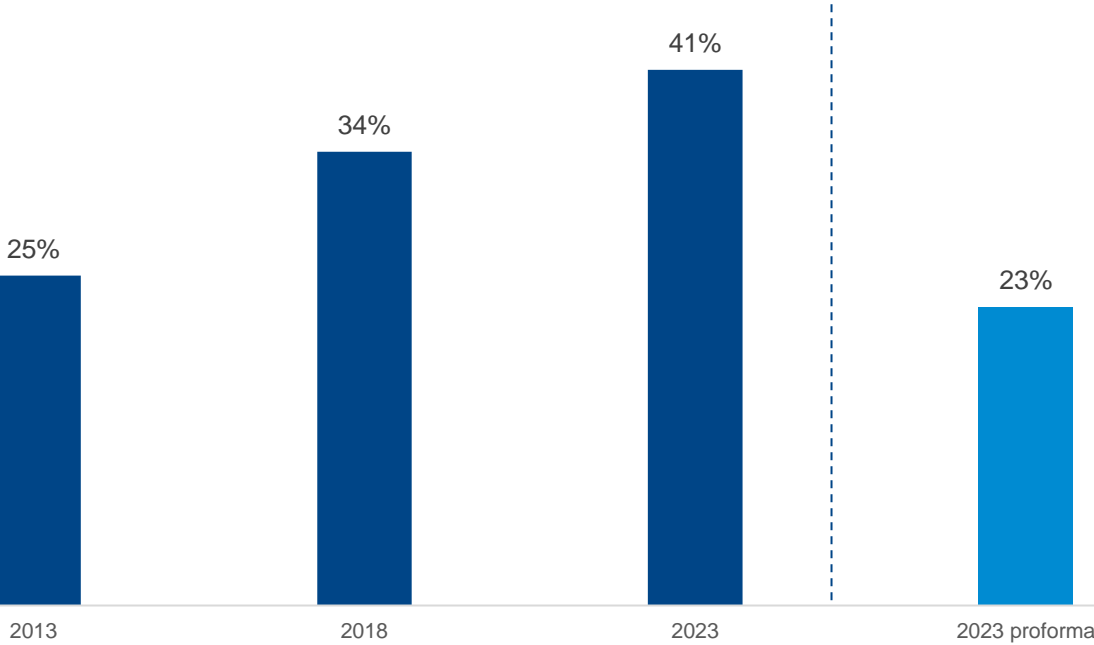
Overlapping opportunities across products/ businesses

Mortgage loans impact – creates space for other products

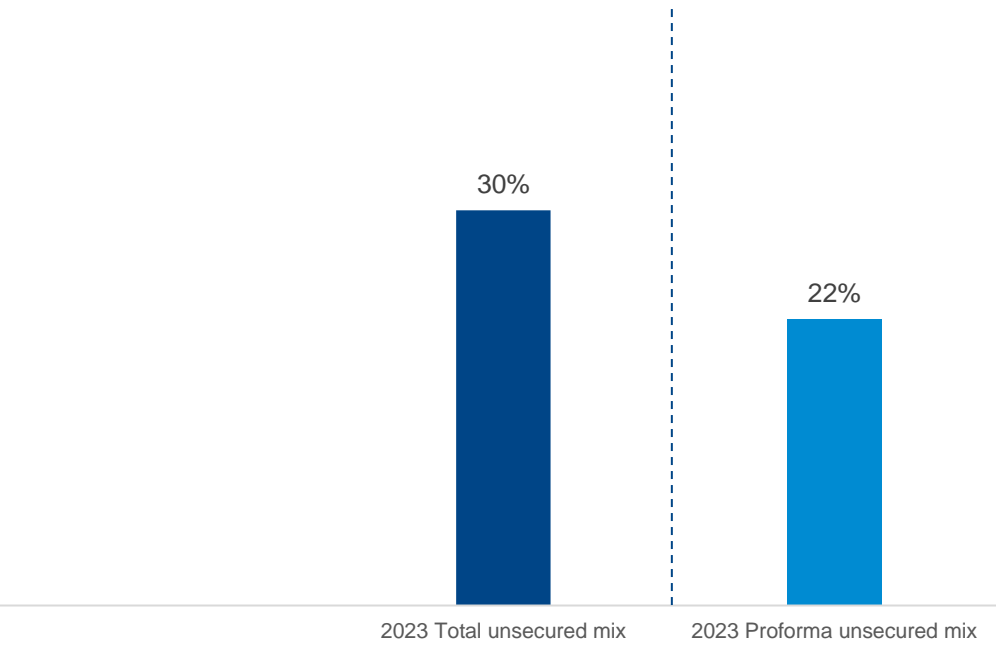
Extends runway for unsecured lending in retail book

Proforma total unsecured loan book

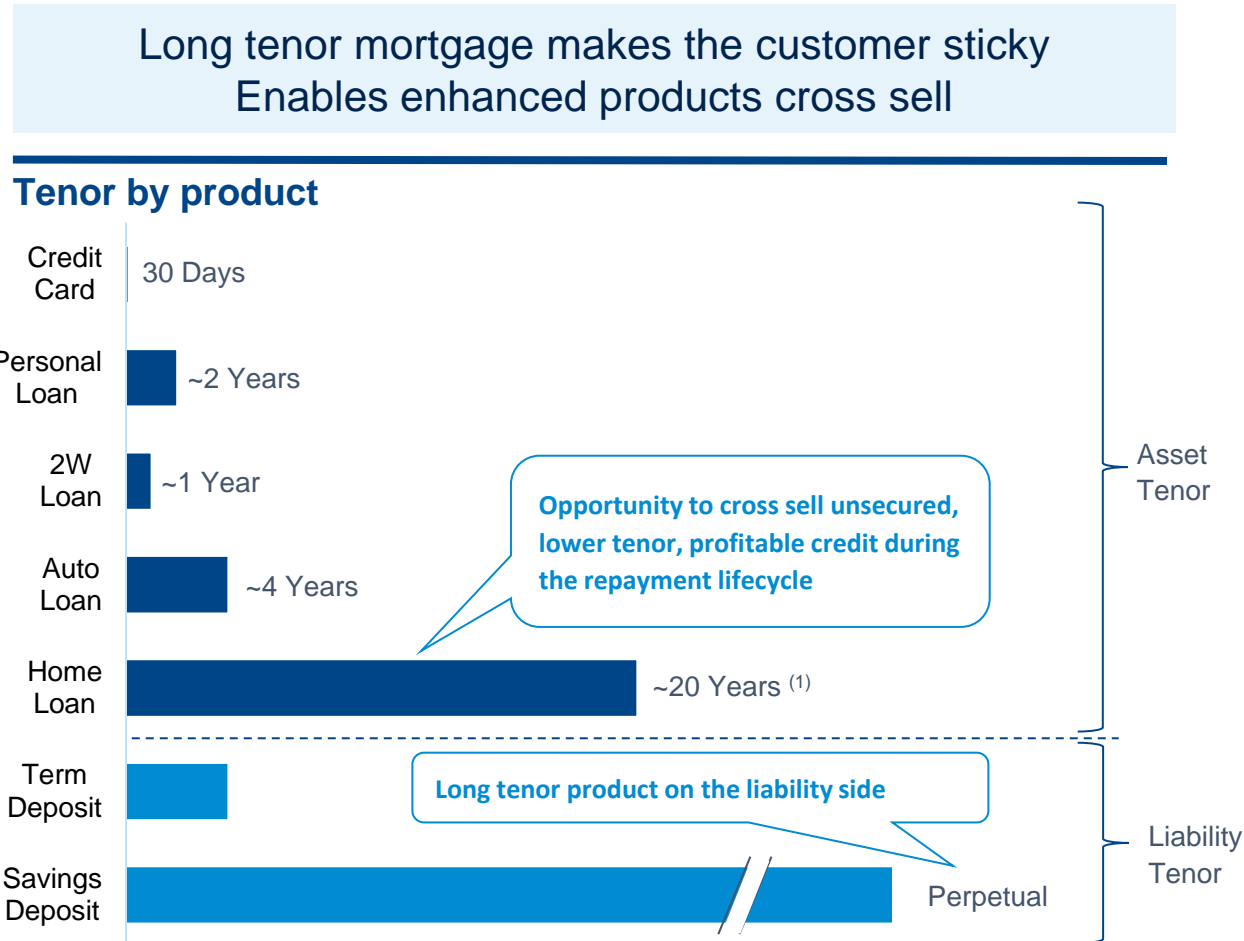
Mix of personal loans and payment products (%)



Mix of unsecured loans in total loan book (%)

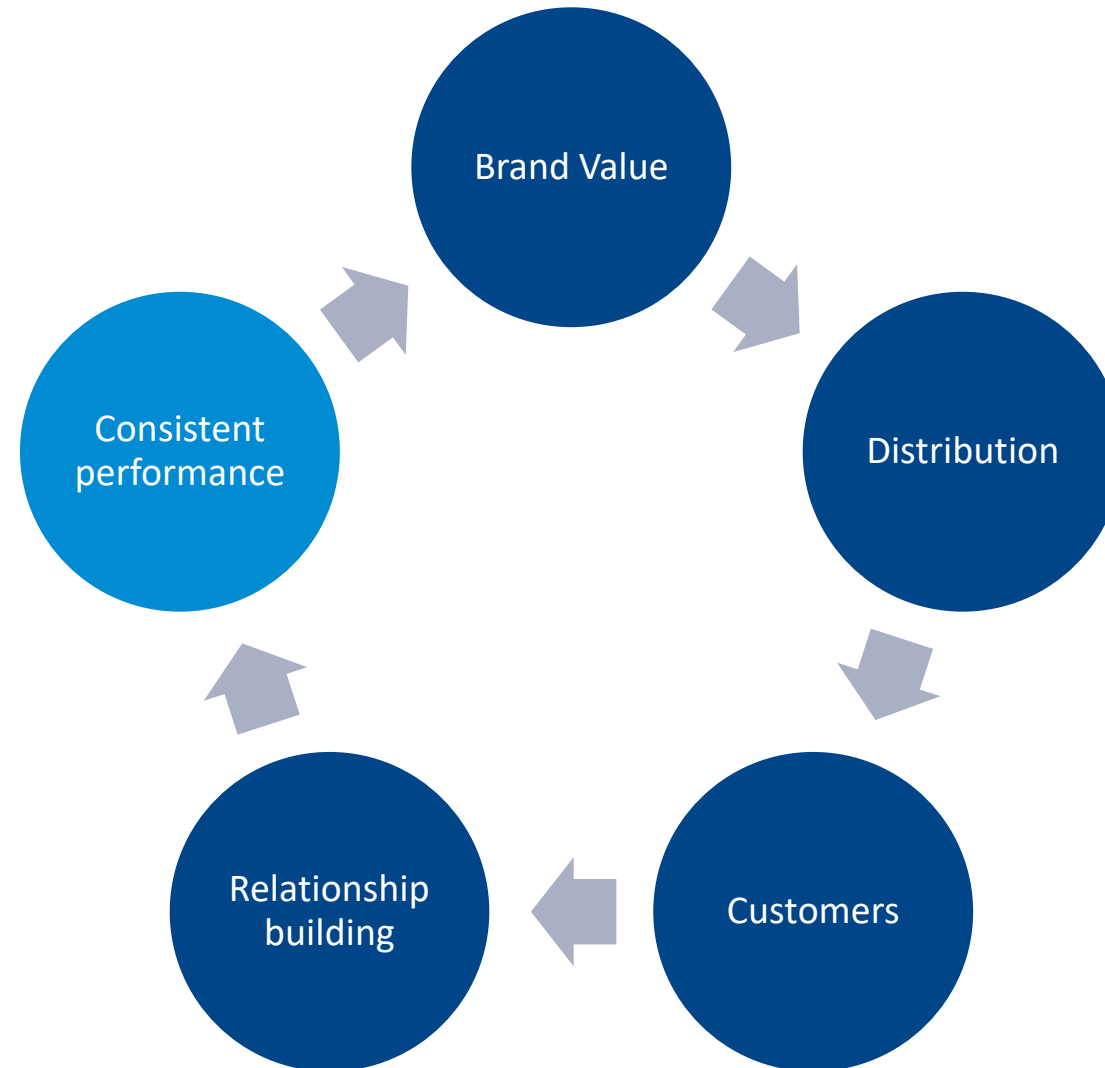


Balance sheet complementary tenor opportunity



Better visibility of customer enhances risk assessment framework, aiding further cross sell opportunities

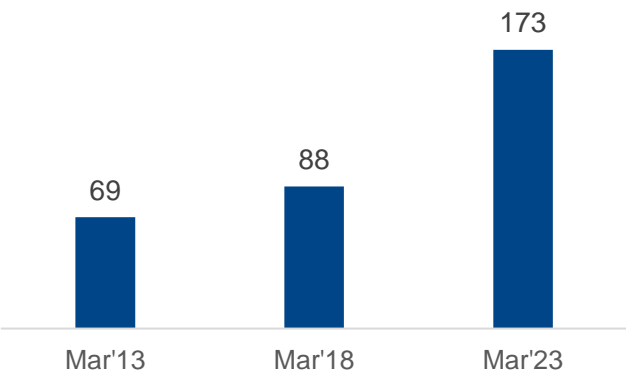
Value accretion



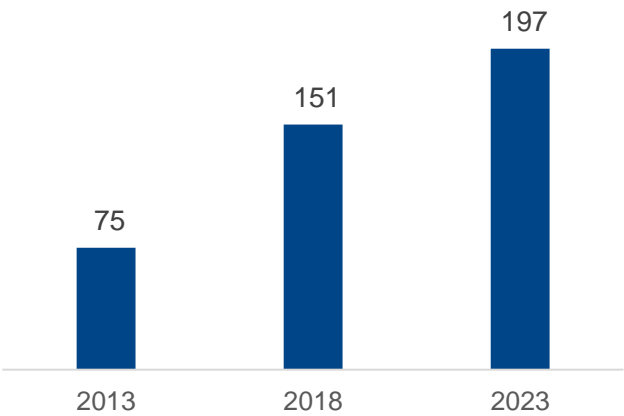
Best in class people productivity

People – core to effective customer service and relationship management; driving business and revenue

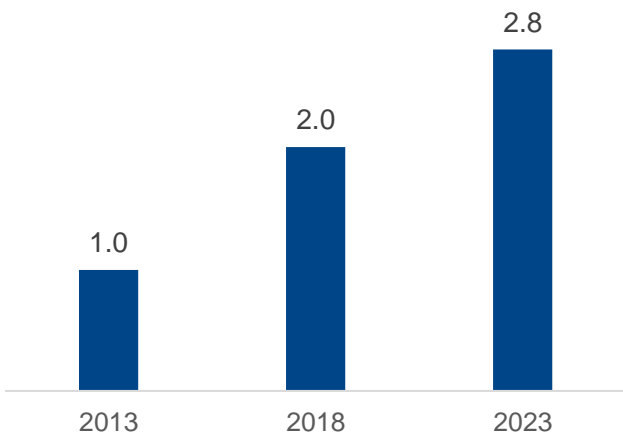
Employees (# in 000's)



Business* per employee (Rs. mn)



Profit per employee (Rs. mn)

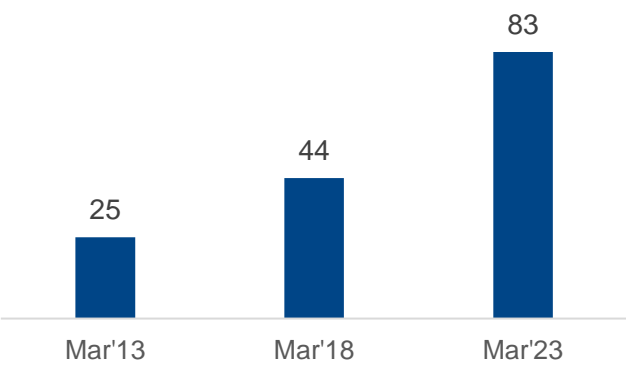


*Business represents total of quarterly average of net advances and deposits (net of inter-bank deposits)

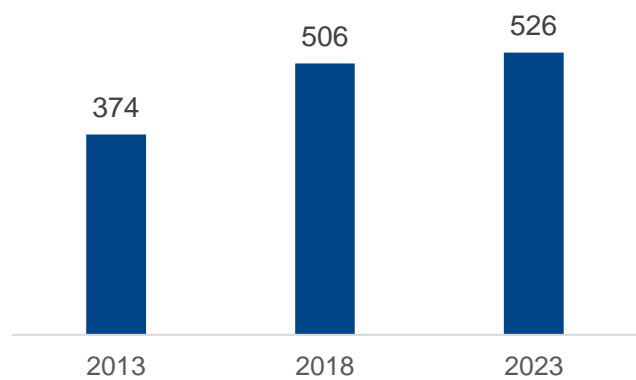
Customer productivity

Continuously tap all customer needs through innovative financial product offerings to maximize life-time value

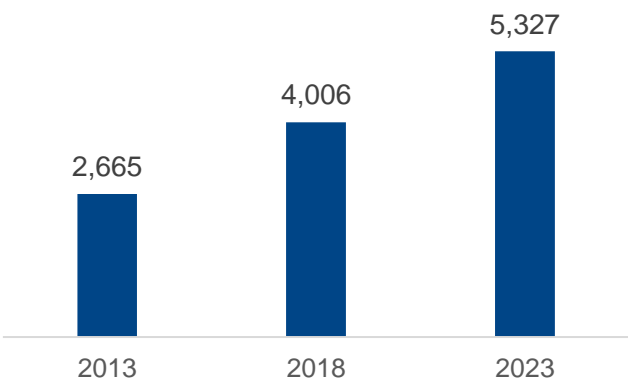
Customer (# in mn)



Customer per average employee (#)

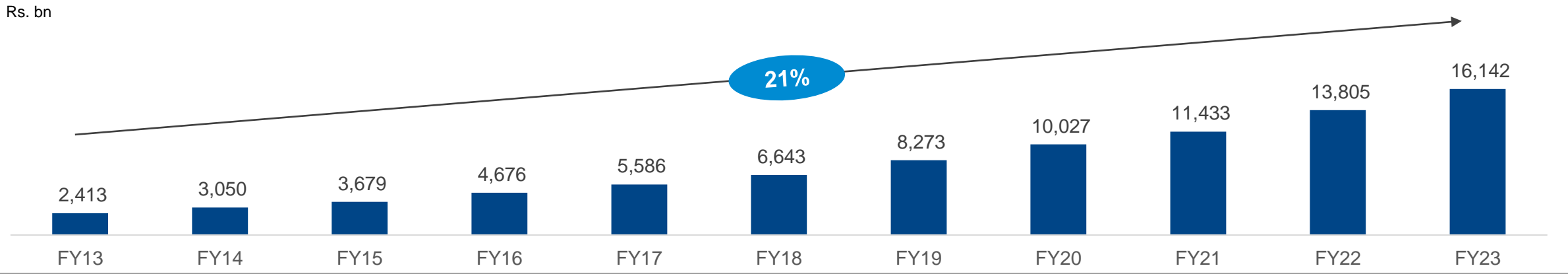


Profit per Customer (Rs.)

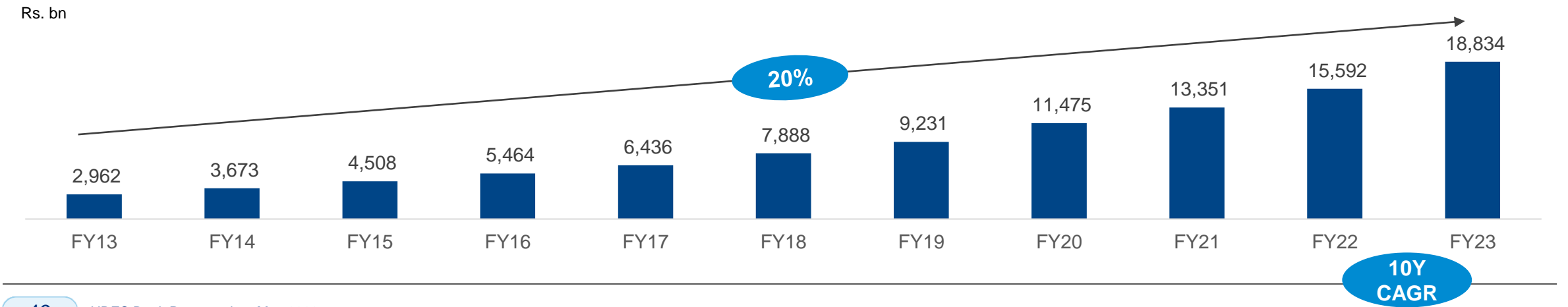


Long term consistent growth

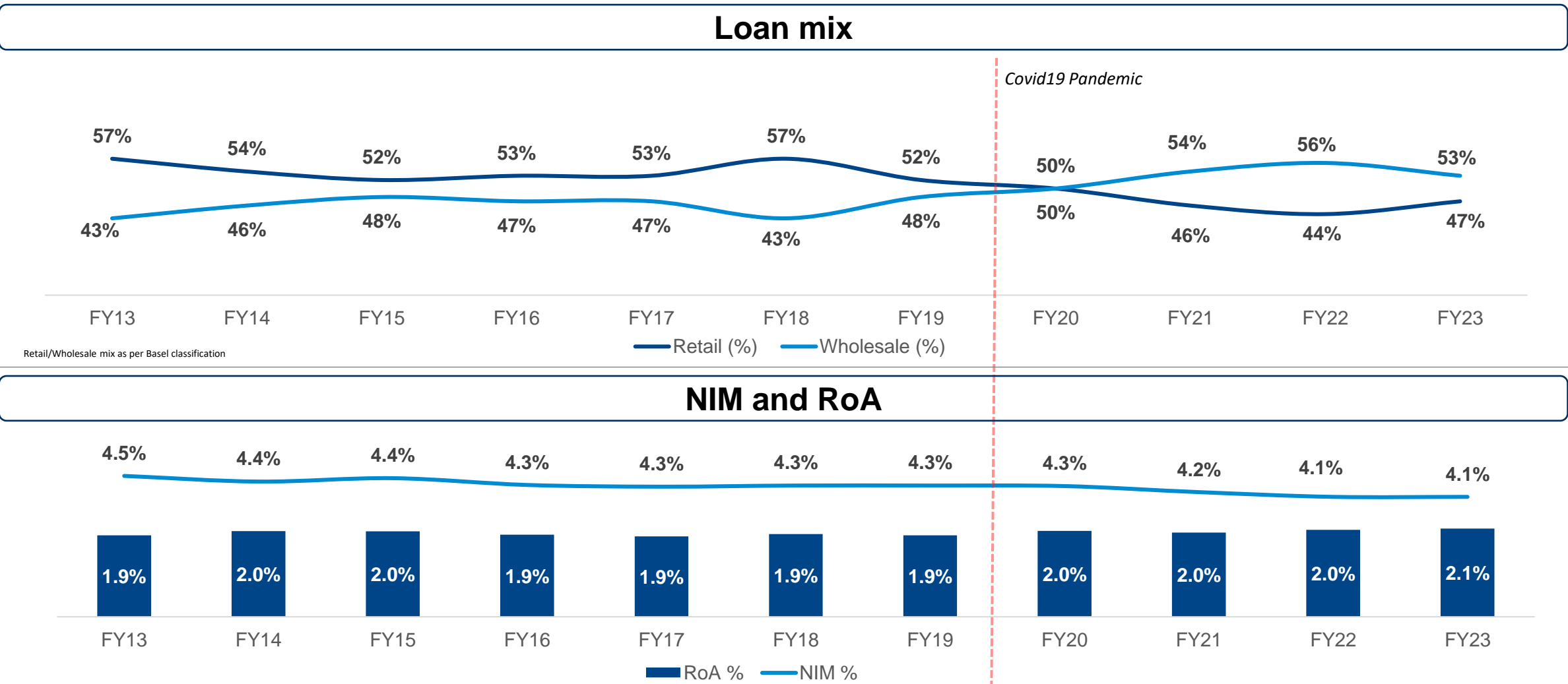
Advances



Deposits

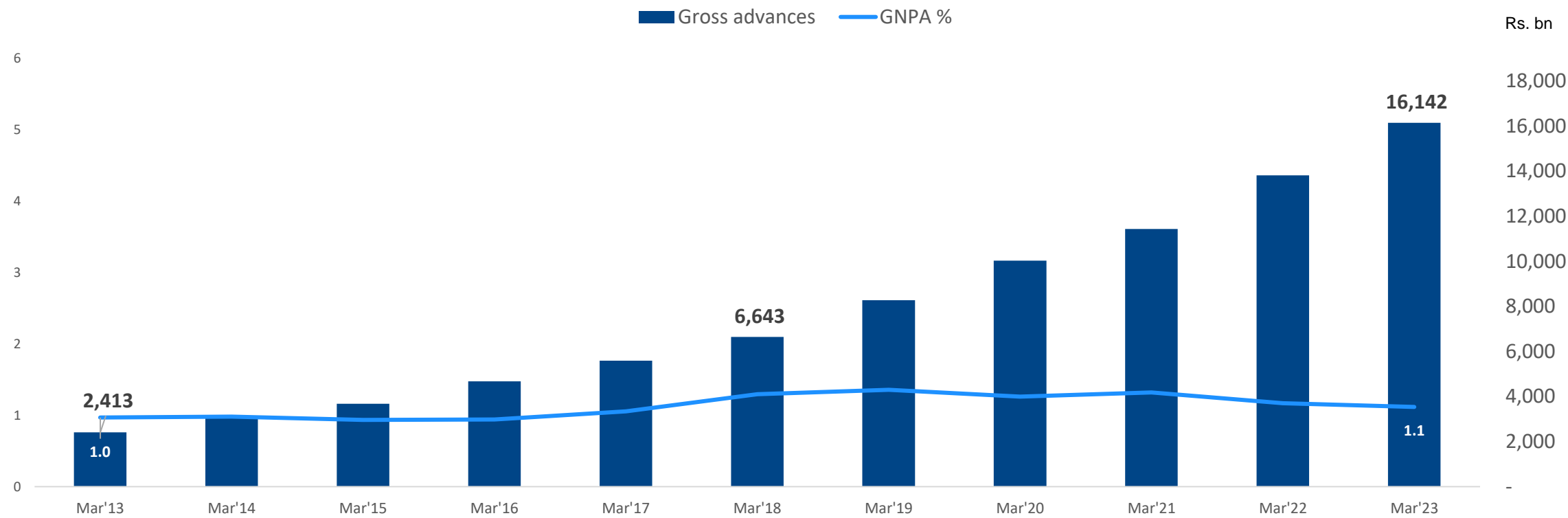


Product mix impacts NIM; RoA remains consistent



Low and stable GNPA's across credit cycles

Cross cycle experience with stable asset quality (GNPA%)



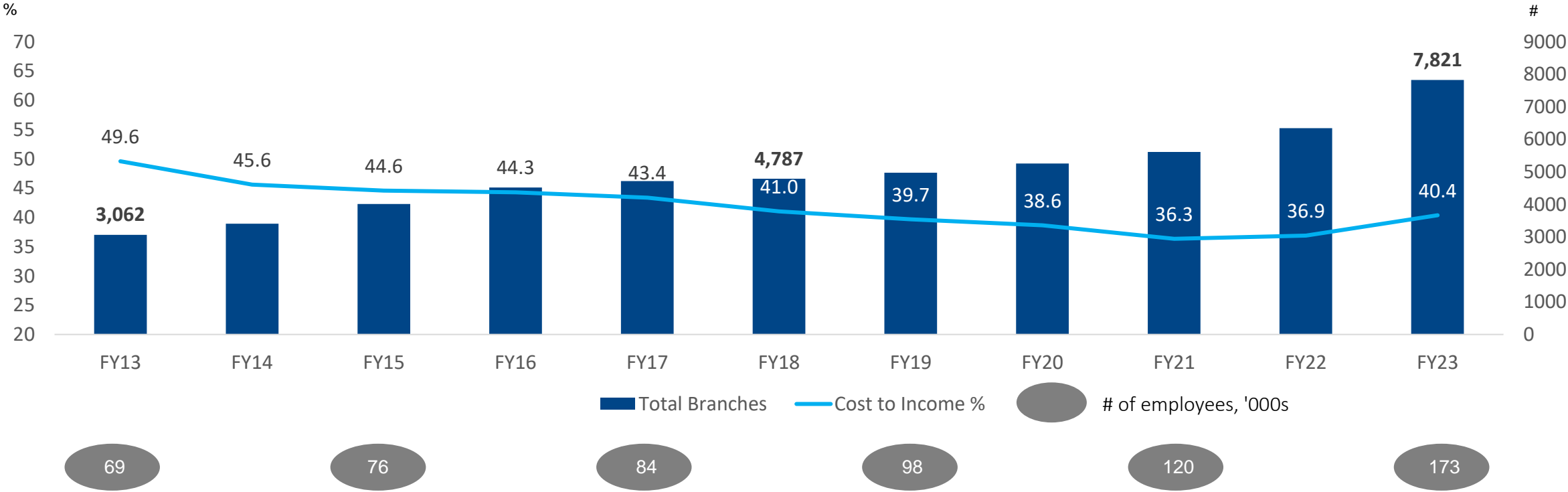
Low and stable GNPA coupled with consistent strong growth in advances across economic cycles

Credit costs



Credit costs stable over long term

Low cost to income ratio driven by digitisation and efficiency

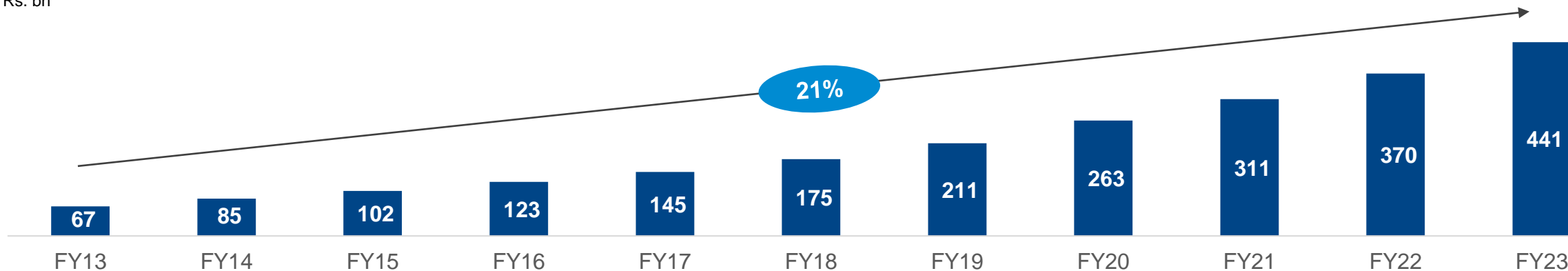


Investment in people process distribution provides scale

Consistent performance across cycles

Profit after tax

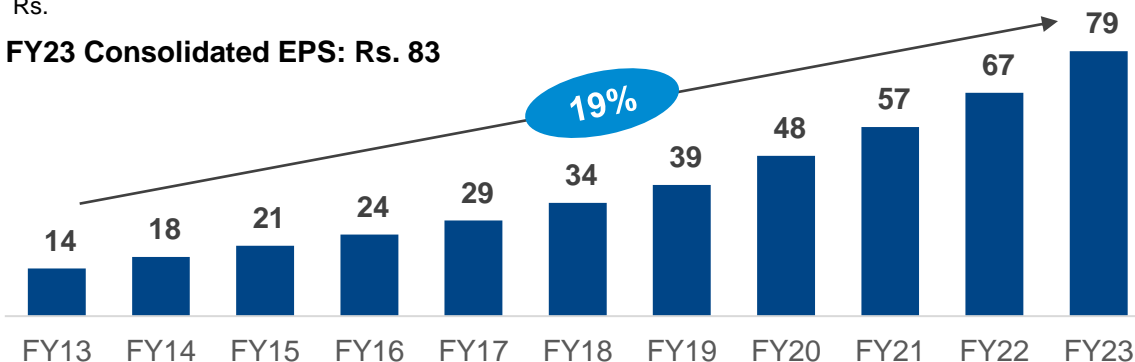
Rs. bn



Earnings per share

Rs.

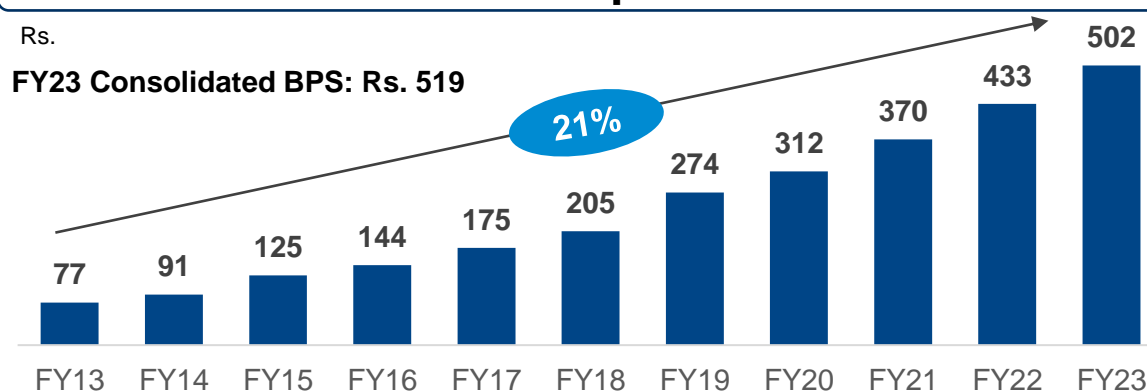
FY23 Consolidated EPS: Rs. 83



Book value per share

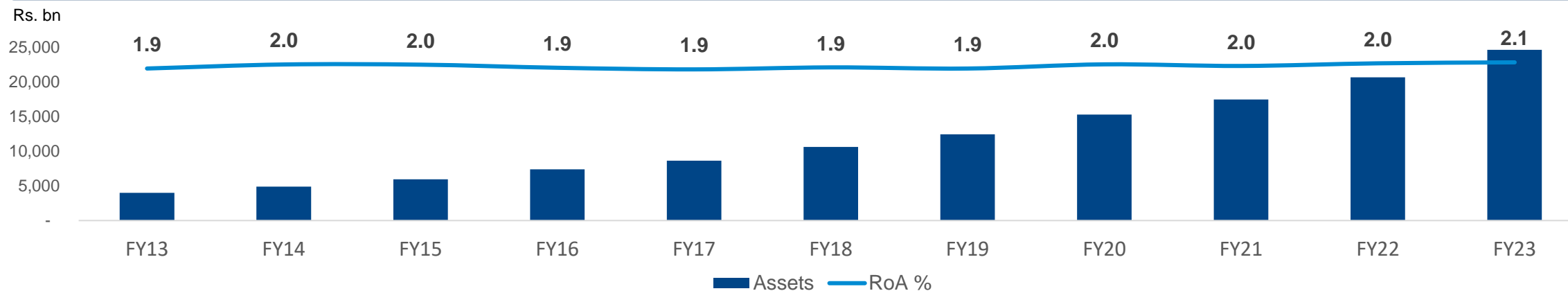
Rs.

FY23 Consolidated BPS: Rs. 519

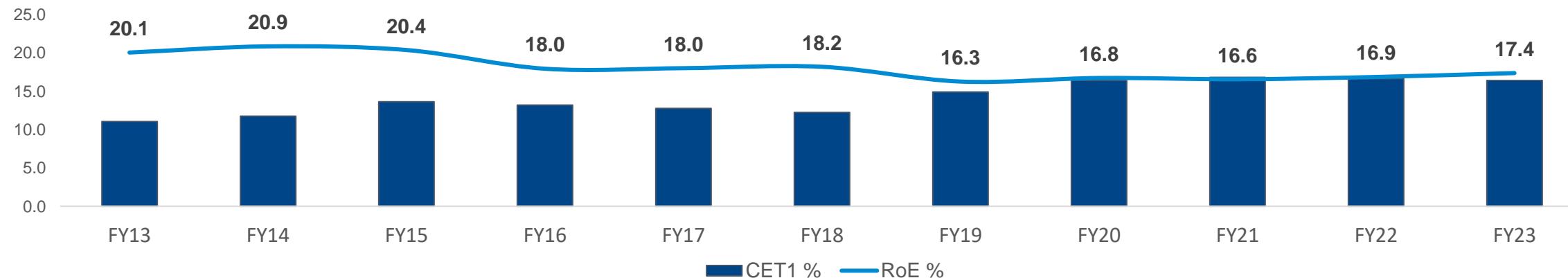

**10Y
CAGR**

Balance sheet and capital productivity

Consistent growth in assets and RoA

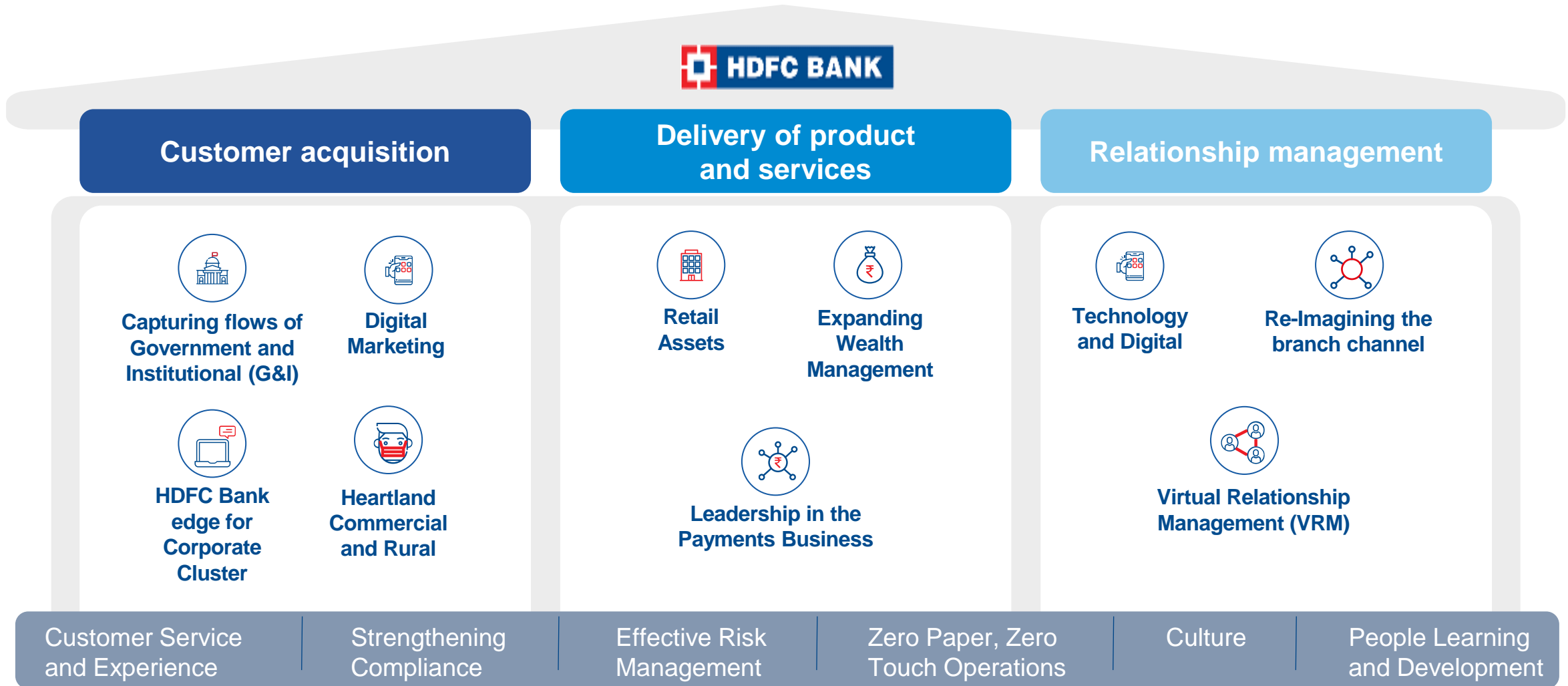


Capital positioned for growth with consistent RoE



FY13 Tier 1 capital as per Basel II
FY14 onwards CET1 capital as per Basel III

10 Pillars of Growth



Execution is paramount



Macro opportunities are enormous

- Environment is conducive



Customer centricity through Relationship Management



Future ready pillars are executing

- Pillars anchor relationship management



Granular deposits – led by retail over 80% share



Driving Transformation
Technology enablers



Partnerships opens up new channels to customer relationship



Experiments in innovation lab to expand segments

- continued focus on risk management



Ecosystem banking to strengthen relationship offering

Culture and work environment

Deposit mobilization across businesses

Self funding ratios to inch-up

Organic PSL across businesses

Technology and digital launches

Penetration in customer base

UNLOCKING SYNERGIES FROM MERGER OF HDFC LTD. WITH HDFC BANK

Subsidiary performance

HDB Financial Services: financing the underbanked

RBI-licensed NBFC focussed on underbanked customers in under-served markets – capitalising on opportunities beyond the Bank's appetite

Offerings directed at the financing needs of "Bharat"



Enterprise Finance

- Unsecured Business Loan
- Loans against Lease Rentals
- Loans Against Property
- Working Capital Loans



Asset Finance

- Tractor Loans
- Commercial Vehicle Loans
- Construction Equipment Loans



Consumer Finance

- Personal Loans
- Gold Loans
- Auto Loans
- Digital Loans
- Consumer Durable Loans
- Microfinance



Fee-based Products

- General Insurance
- Life Insurance
- Health Insurance
- Home Assure

Also provides collections services and back-office support to the Bank

Key Metrics	FY22	FY23	YoY
AUM (Rs. bn)	614	701	+14%
Net Revenue (Rs. bn)	80	89	+11%
PAT (Rs. bn)	10	20	+94%
No. of customers (mn)	9.1	11.9	+31%
ROE	11.2%	18.7%	+750 bps
ROA	1.6%	3.1%	+150 bps
EPS (Rs.)	13	25	+93%
BV (Rs.)	121	145	+20%

Key Strengths

- Strong Distribution Model: pan-India, regionally diversified reach
 - ✓ 1,492 branches across 1,054 cities: over 80% outside of top-20 centres
- Focus on underbanked customers: ~15% of the Loan book as of March'23 consist of customers new-to-credit
- Deep understanding of customer behaviour: experienced multiple loan cycles across products through 15-year vintage
- Granular balance sheet: 20 largest borrowers constitute 0.5% of loan book

HDFC Securities Limited: digitally-led retail equity broking

A market-leading, research-driven retail broking house



Vintage of over two decades



4.4 million customers



209 Branches across 147 cities



Among top-5 brokers by revenue and top-10 by active customers



94% Retail clients traded digitally



>50% broking revenue from mobile

Complete suite of digital and assisted offerings to meet needs of all generations of investors

- Seamless trading experience across multiple channels
- Distinctive research ideas enabling customers to profit from investment and trading
- Global investing, SIPs and stock baskets
- Dedicated relationship managers, customer service desks, Call-N-Trade facility
- Continuous investment in technology to ensure best-in-class customer experience and ability to transact large volumes

Key Metrics	FY22	FY23	YoY
Total Customers (mn)	3.8	4.4	+16%
Customers Added (mn)	1.2	0.6	-50%
Digital Transactions	91%	92%	+1 ppt
IPO Applications (mn)	16.6	6.1	-63%
Brokerage Income (Rs. cr)	1,155	808	-30%
PAT (Rs. cr)	984	777	-21%
ROE	59%	43%	-1600 bps
EPS (Rs.)	623	490	-21%

Contributing to the franchise

- Strengthening customer value proposition – fulfilling multiple financial needs
- Leveraging the Bank's presence to operate a highly cost-efficient business
- Attractive financial outcomes: high ROE and free cash-flow generation
- Separate platform & brand HDFC SKY discount broking being launched in Q1 FY24

END OF PRESENTATION