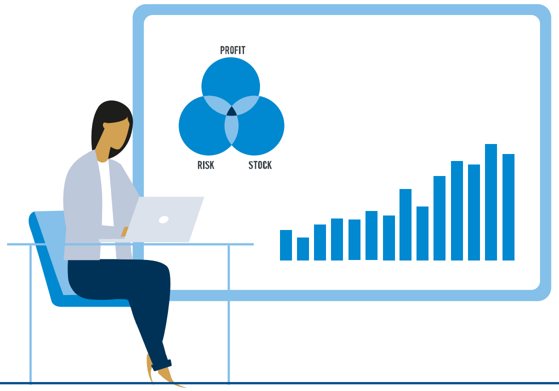
HDFC BANK

Investor Presentation



SAFE HARBOUR STATEMENT

Certain statements are included in this release which contain words or phrases, such as ‘will’, ‘aim’, ‘will likely result’, ‘believe’, ‘expect’, ‘will continue’, ‘anticipate’, ‘estimate’, ‘intend’, ‘plan’, ‘contemplate’, ‘seek to’, ‘future’, ‘objective’, ‘goal’, ‘project’, ‘should’, ‘will pursue’ and similar expressions or variations of these expressions, that are ‘forward-looking statements’. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for various banking services, future levels of our non-performing loans, our growth and expansion, the adequacy of our allowance for credit and investment losses, technological changes, volatility in investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to pay dividends, the impact of changes in banking regulations and other regulatory changes on us in India and other jurisdictions, our ability to roll over our short-term funding sources and our exposure to market and operational risks.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future.

As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions, instability or uncertainty in India and other countries which have an impact on our business activities or investments caused by any factor, including terrorist attack in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region or between India and China, military armament or social unrest in any part of India, the monetary and interest rate policies of the Government of India, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in Indian and foreign laws and regulations, including tax, accounting and banking regulations, changes in competition and the pricing environment in India, and regional or general changes in asset valuations.

What's inside

1. Macro – Compelling Opportunities
2. Context – Leading Performance
3. Sustainable Growth Drivers
4. Merger Enhances Potential

What we have – Priorities to drive – Create incremental value

What we have

- Macro & policy tail-winds
- At-scale distribution
- Robust risk management
- Investments in place

Priorities to drive

Create incremental value

- Highly productive acquisition engines
- Data and need driven relationships
- Build human capital
- Maximize lifetime value

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1 — Attractive macro-opportunities driving growth and scale

Compelling opportunities

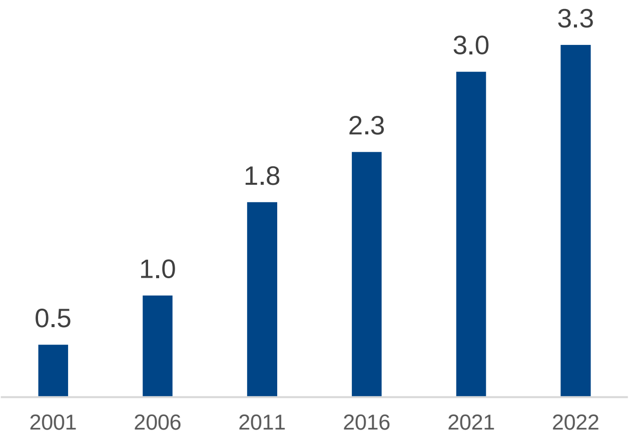
- One of the **fastest growing economies** in the world – real GDP growth 7%+; **rising affluence**
- Credit growth mirroring GDP growth with a **multiplier of ~1.5x**
- Significant under penetration of credit – potential to extend credit to **400mn - 500 mn individuals**[1]
- Aspiration mirroring **western/ global trends**
- Increasing digital adoption – monthly active **internet users ~700 mn**
- Augurs well for **hybrid acquisition and servicing model**
- **Stable, inter-operable infrastructure** – Aadhar, UPI, AA, Credit Bureaus etc.
- **Long runway for market share gains**

1. As per report by TransUnion CIBIL

India is one of the fastest growing major economies

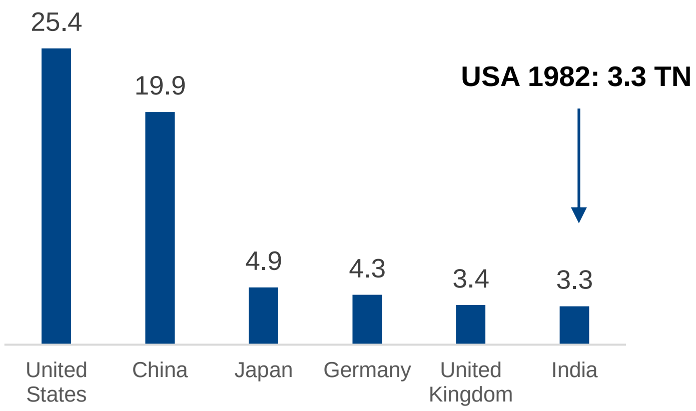
GDP more than doubled in two decades

GDP (US$ TN)



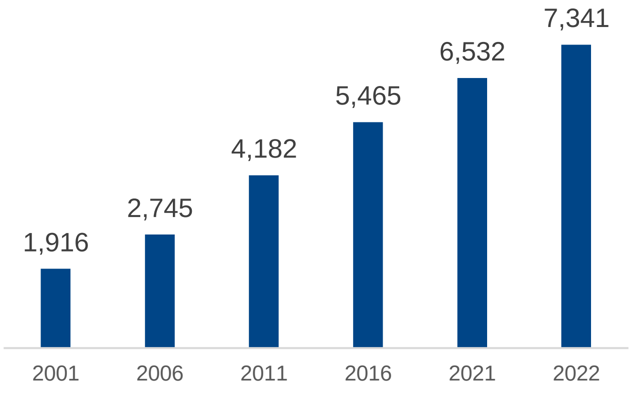
Making India the sixth-largest global economy

Nominal GDP 2022 (US$ TN)



Leading to Rising Affluence

GDP per capita, US$ at PPP



Real GDP growth of 7%+ helped India emerge as the sixth largest economy in the world

Rising affluence is key

Source: IMF, CEIC, HDFC Bank

GDP growth to drive bank credit growth

Banking sector credit growth has been ~2x the average YoY GDP growth during FY'08-20

Growing share of private banks in bank credit

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

Average YoY growth

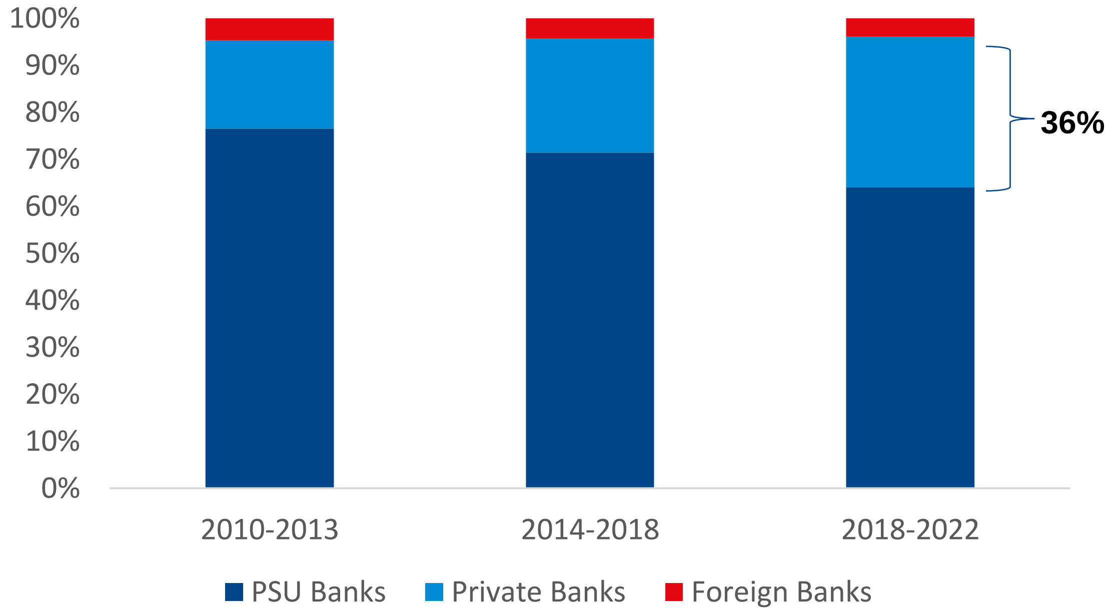
	FY'10-14	FY'14-18	FY'18-22[3]
GDP	6.6%	7.3%	3.5%
Overall banking sector[1]	20%	8%	5%
HDFC Bank	24%	21%	20%

Growth multiplier[2]

	FY'10-14	FY'14-18	FY'18-22[3]
Overall banking sector	3.1	1.1	1.4

Credit growth mirroring GDP growth –
multiplier of ~1.5x

Category-wise credit growth



Source: IMF, CEIC, HDFC Bank

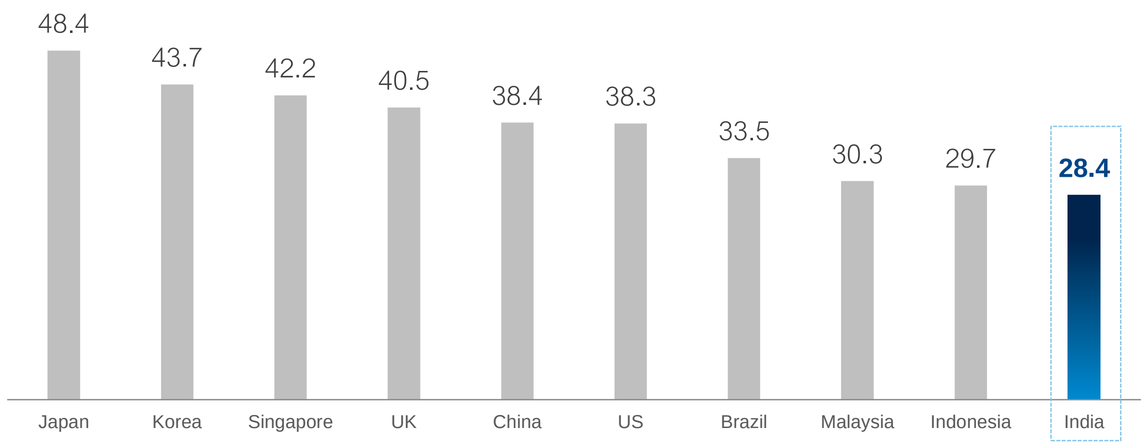
1. Overall credit includes credit from public sector banks, private banks and NBFCs
2. Banks YoY growth rate / GDP growth rate
3. December 2021 used as proxy data for overall banking sector for FY22

A young and dynamic country driving digitization

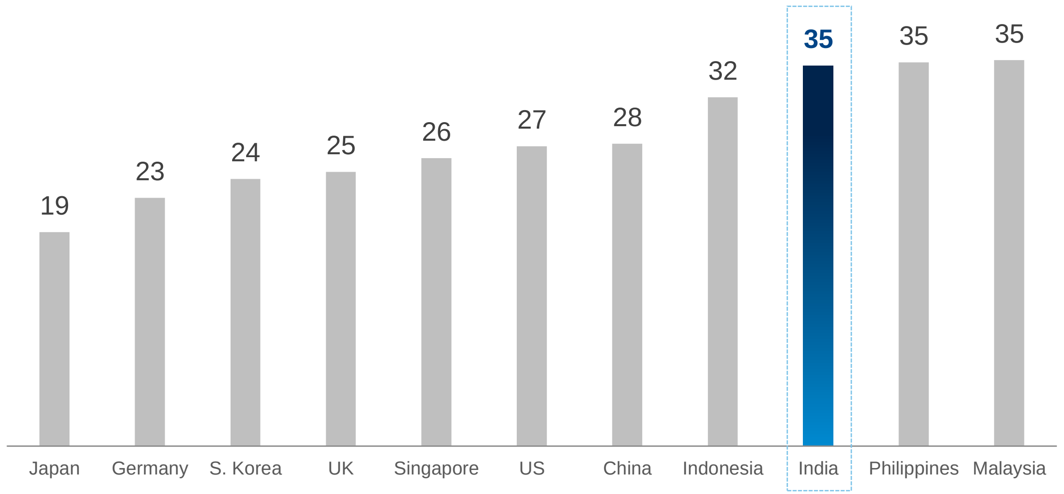
India's median age is significantly lower

~35% of India's population is in the age group of 15-34 years

Median age of major economies (in years)



15-34 years old population in major economies (% of total)



Young population **supports consumption and system credit growth**

Aspirations mirroring western/global trends

Source: UN Population Division

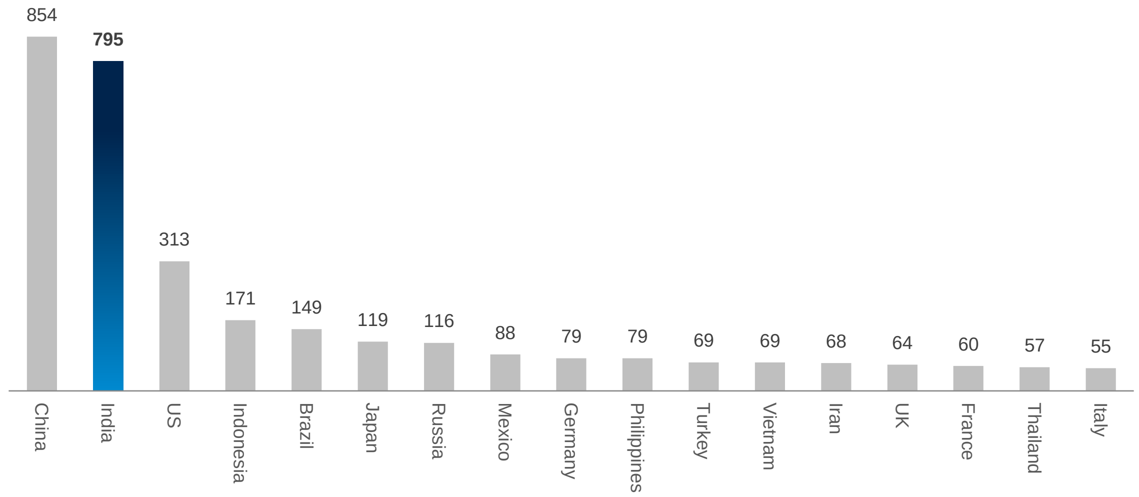
Growing internet adoption facilitating digitization

India has the second highest internet users in the world

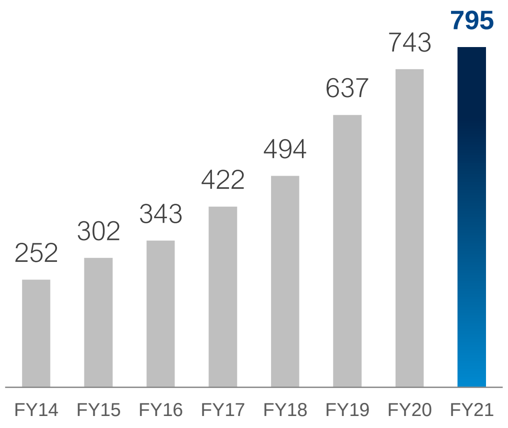
Internet subscribers' growth registering a CAGR of 17.4% since FY14India

Smartphone users in India have risen sharply

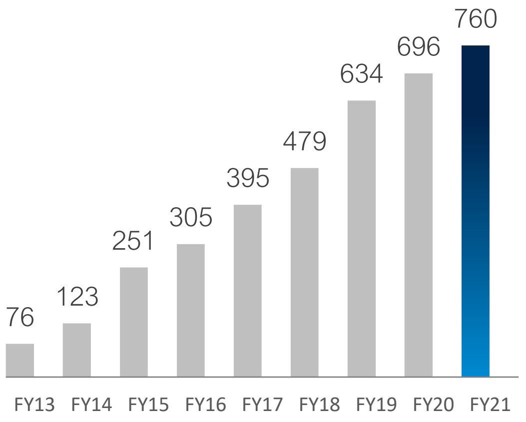
Internet subscribers (in Mn)



Internet subscribers in India
(in Mn)



Smartphone users in India
(in Mn)



Increasing digital adoption; **monthly active internet users ~700 mn**

Augurs well for hybrid acquisition and servicing model

Source: TRAI, HDFC Bank

Ubiquitous bank – HDFC Bank Story

Large distribution network	Complete product range	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

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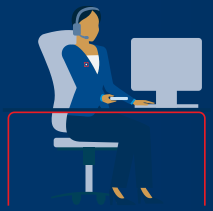
2 — Leading Performance



What has been achieved by the bank

- Delivered steadfast double-digit assets growth - **20%+ CAGR** ; faster than the banking sector
- **Low and stable GNPAs** throughout the credit cycles (0.9% - 1.3%)
- **Low cost to income ratio**; driven by digitization and efficiency management (~38% - 39%)
- **Best In class** branch productivity, people productivity, balance sheet productivity
- Banks ROA has consistently ranged ~1.8% - 2%; **one of the highest across banks in India**.
- **ROE consistently above cost of capital** throughout the economic cycles

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

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HDFC Bank at a glance

Prominence

#1
Private sector bank in India*

US$ 100+ bn
Market capitalisation

140K+
Employees

#1
Among BrandZ Top 75 most valuable Indian brand in 2020 (seventh consecutive year)#

Market share

11.6%
Advances^

9.5%
Deposits

46%
POS and e-com^^

28%
Credit cards in force (volume)^^

Reach

>70 Mn
Customer base

6.3K+
Banking branches

21K+
Banking outlets

> 3 Mn
Merchant acceptance points

Social impact

₹737 cr
CSR spend

> ₹45K cr
Contribution to exchequer

50%
Branches in semi-urban and rural

15K +
CSC - BCs

Only a 28-year history of driving along the country's demographics – which has a long runway ahead

*in terms of asset size | #Released by WPP and Kantar| ^Domestic | ^^Feb'22
CSC - BCs: Customer Service Centre – Business Correspondents
Unless otherwise stated, information is as at or for the year ended March 2022

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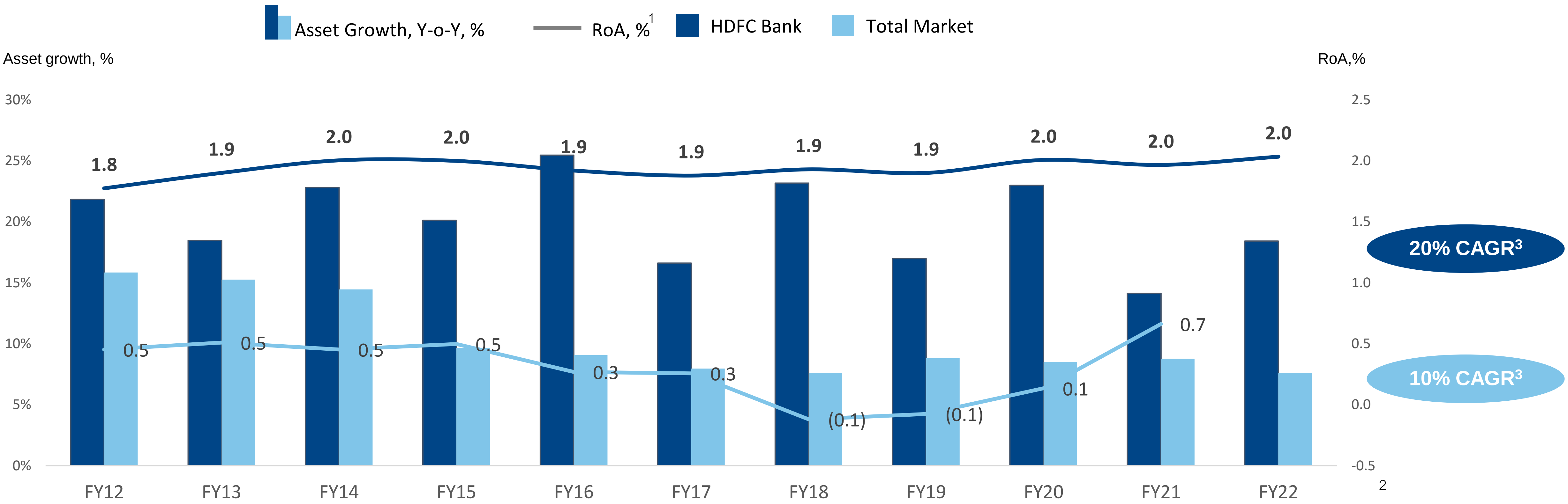
Steadfast double-digit assets growth; faster than banking sector



Consistent RoA ranging from ~1.8% to 2.0% – while consistently growing assets

1. Weighted average RoA based on loan advances and RoA reported by all scheduled commercial banks to RBI
2. 2021-2022 market growth based on only Loan Advances growth reported by RBI
3. Asset Growth CAGR from FY2011-2012 to FY2021-2022

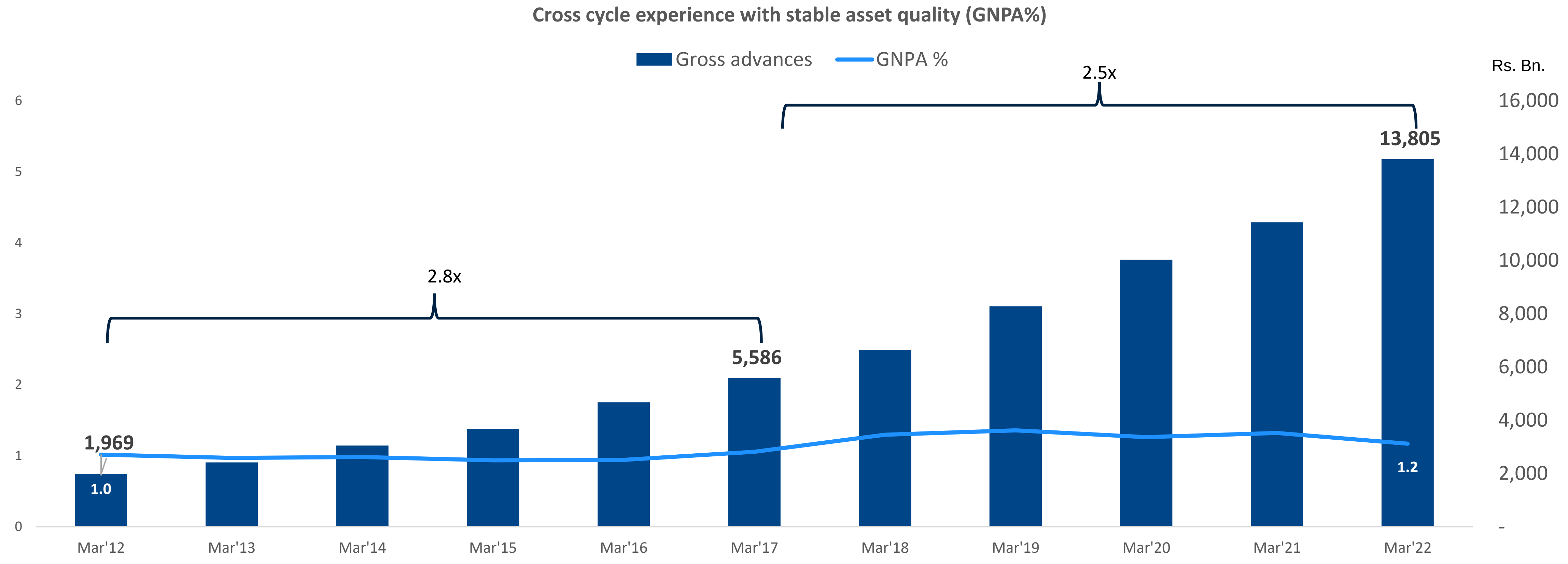
Source: RBI reported market data, HDFC Bank

Consistent increase in market share

Deposits Market share	As of 31st Mar'22	Market share gains over			
		1 Year (vs. Mar'21)	2 Years (vs. Mar'20)	3 Years (vs. Mar'19)	5 Years (vs. Mar'17)
HDFC Bank	9.5%	91 bps	126 bps	231 bps	368 bps
Top 3 peers combined	13.3%	103 bps	137 bps	227 bps	380 bps

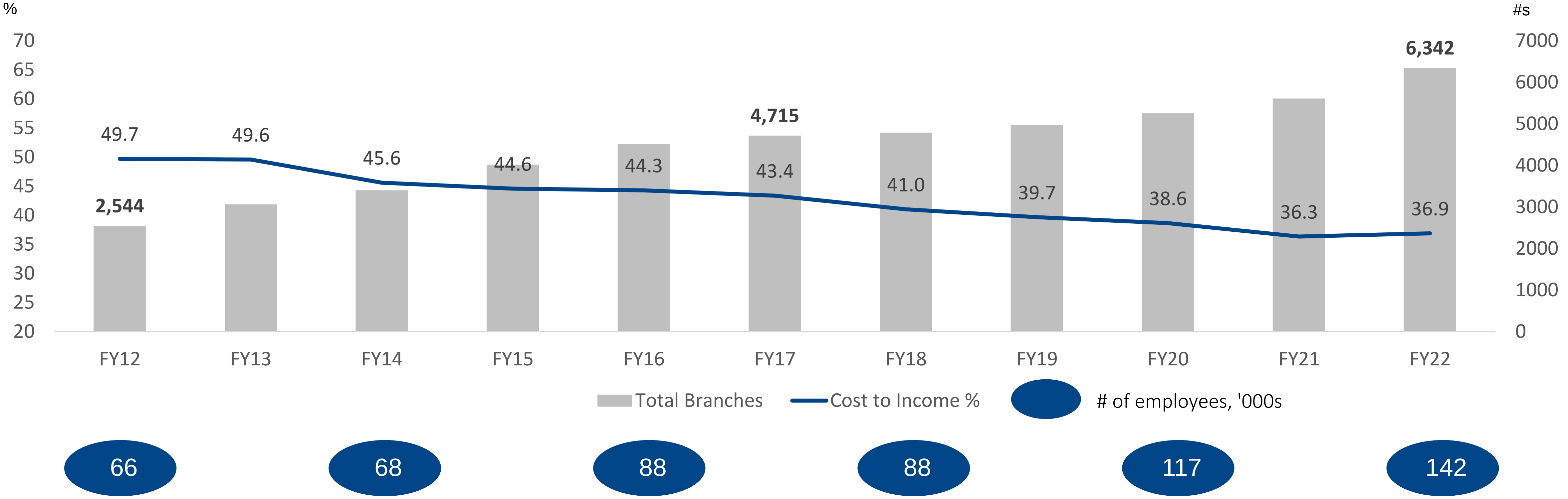
Advances Market share	As of 31st Mar'22	Market share gains over			
		1 Year (vs. Mar'21)	2 Years (vs. Mar'20)	3 Years (vs. Mar'19)	5 Years (vs. Mar'17)
HDFC Bank	11.6%	115 bps	197 bps	315 bps	478 bps
Top 3 peers combined	15.6%	98 bps	166 bps	230 bps	361 bps

Low and stable GNPAs across credit cycles



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

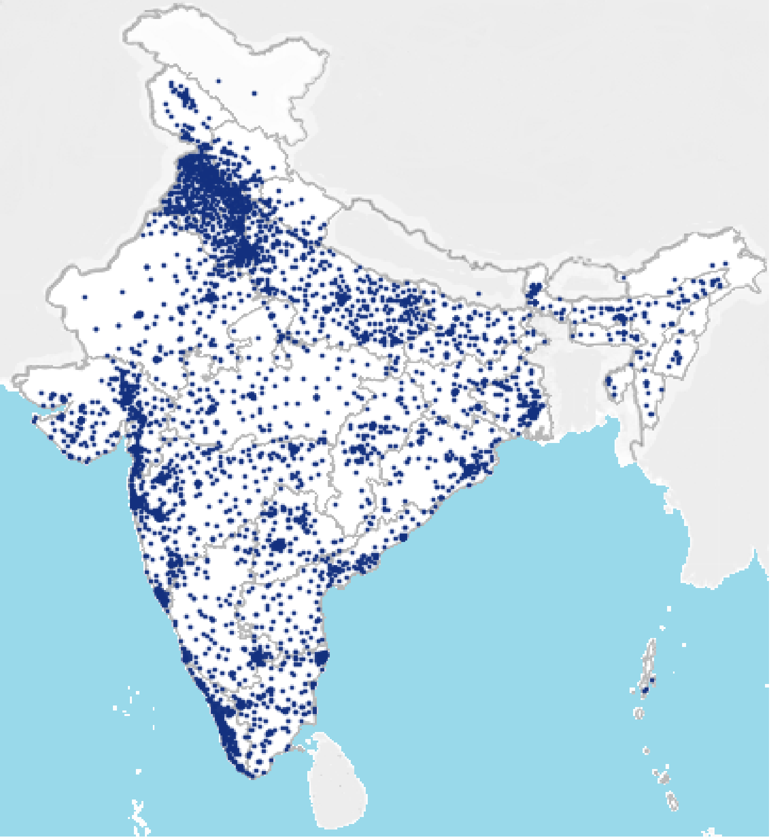
Low cost to income ratio driven by digitisation and efficiency



Investment in people process distribution provides scale

Execution in driving a large distribution network

Strong national footprint (branches)



Reinvesting profits to continuously enhance distribution

Geography	Branches	CSC BCs	Other BCs	Total Banking outlets
Rural	1,147	2,642	204	3,993
Semi-urban	2,036	8,293	88	10,417
Urban	1,312	3,330	3	4,645
Metro	1,847	781	-	2,628
Total	**6,342**	**15,046**	**295**	**21,683**

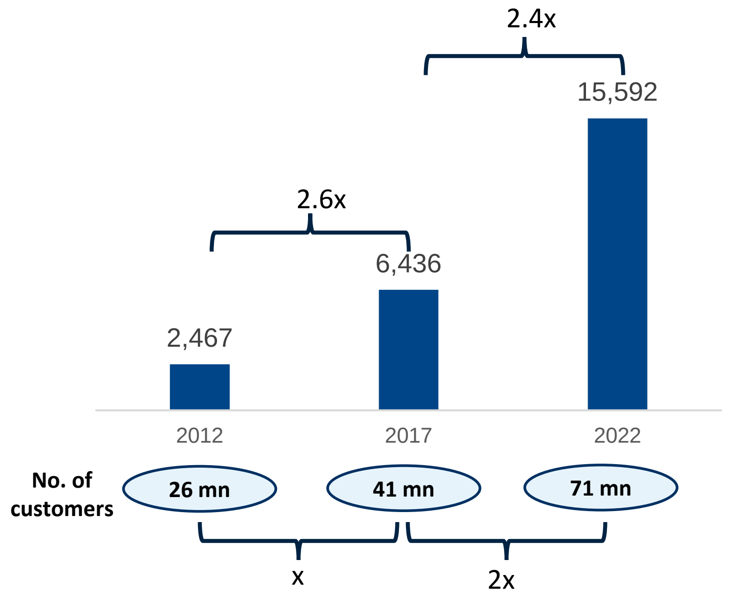
CSC: Customer Service Centres | BCs: Business Correspondents

Providing banking solutions in more than **3,100+** cities/towns with **6,000+** dedicated branches and **15,300+** banking channels

High quality deposit franchise with ability to cross sell

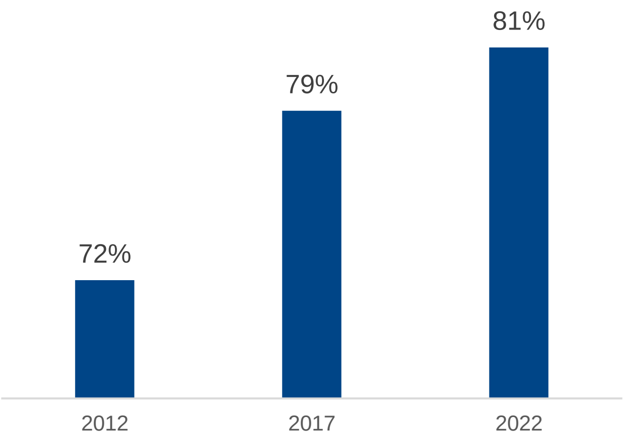
Growth in deposits enabled by growing customer base

Deposits (Rs. Bn)



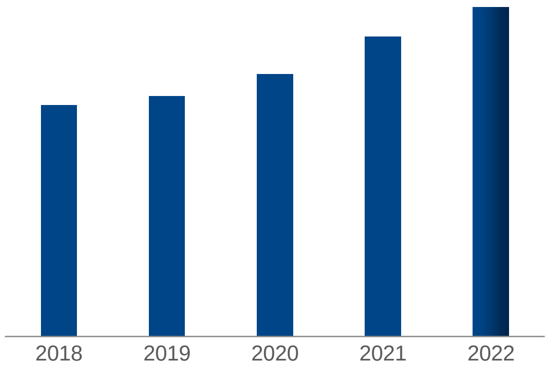
Granular deposits

Retail deposits (%)



Healthy growth in customer transaction balance

Savings balance per customer



9.5% market share in deposits – March 31, 2022

Incremental market share of 17% – 5-years ended March 31, 2022

Source: RBI, HDFC Bank

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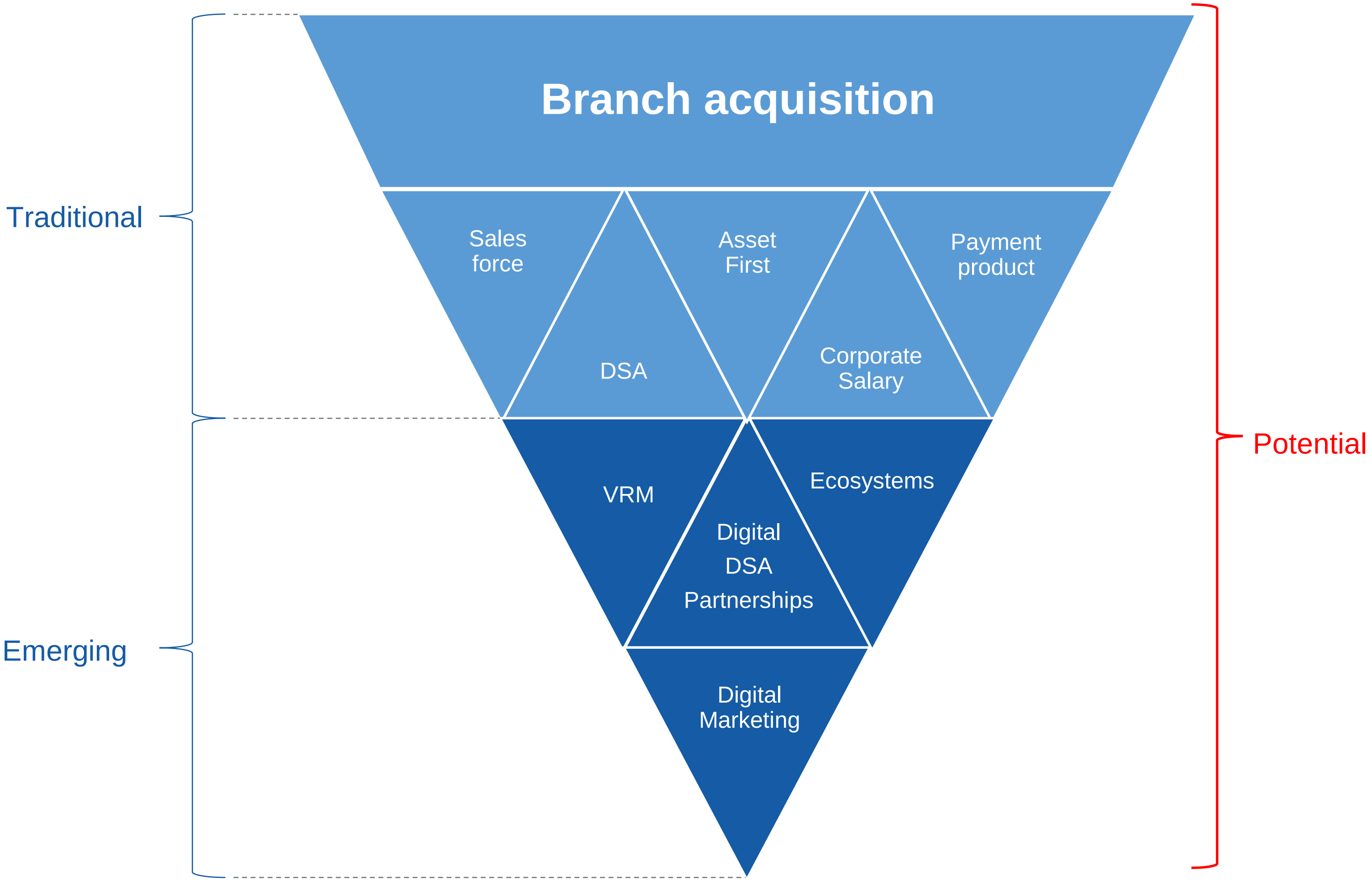
Strong customer acquisition – hybrid model



Customer acquisition

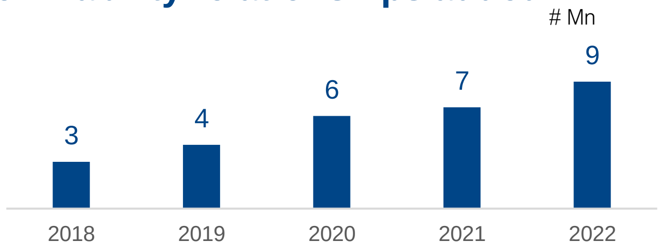
Traditional acquisition channels

- 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

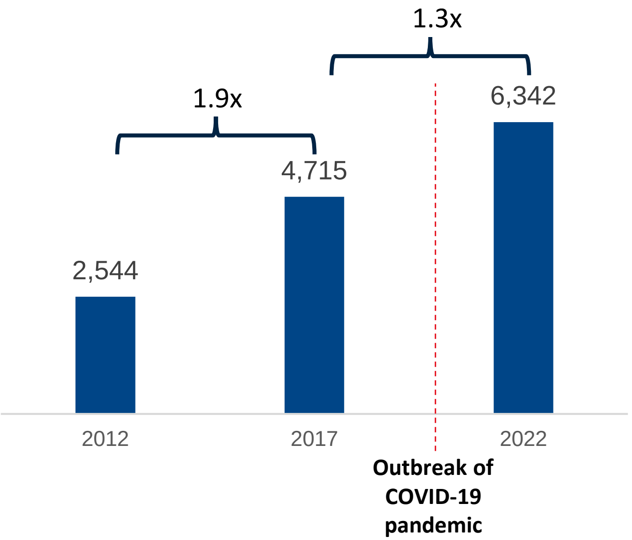
New liability relationships added



Best in class branch productivity

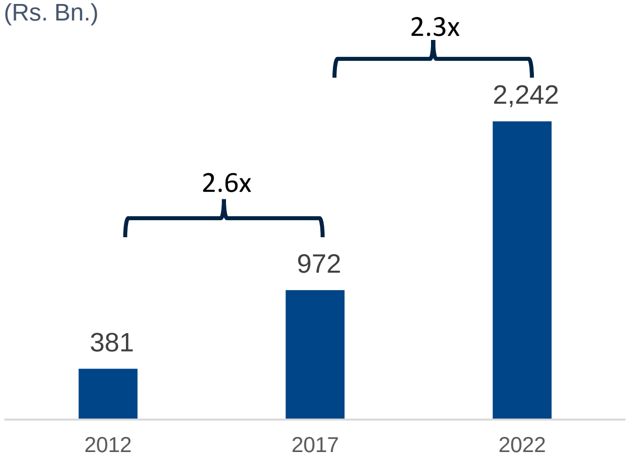
Acceleration in investments: 2.5x branches in the last decade

Branches (#)



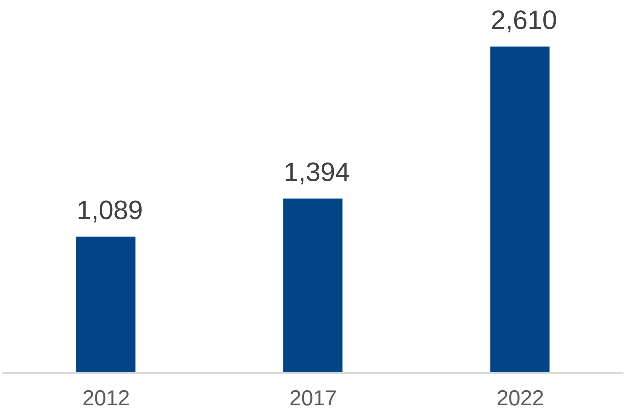
Branch network aids growth of deposits

Incremental deposits per year
(Rs. Bn.)



Improved branch metrics even with accelerated branch addition

Deposit per branch (Rs. Mn.)



50% branches in SURU locations

Retail deposits comprise 81% of total deposits

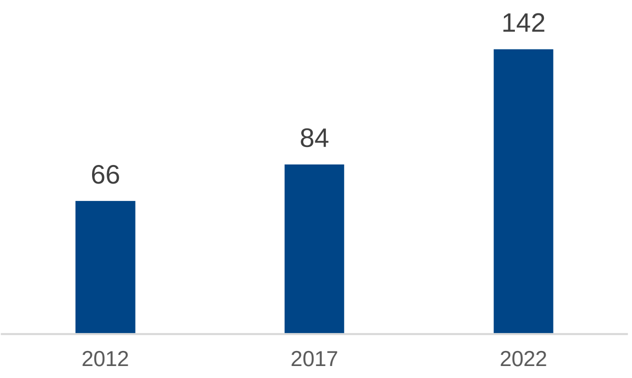
Source: HDFC Bank

SURU: Semi Urban and Rural

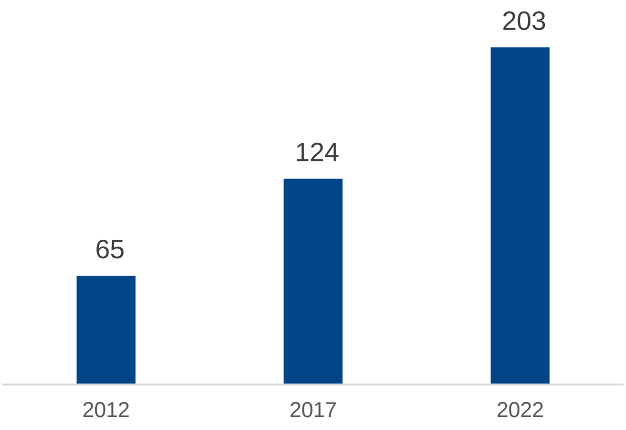
Best in class people productivity

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

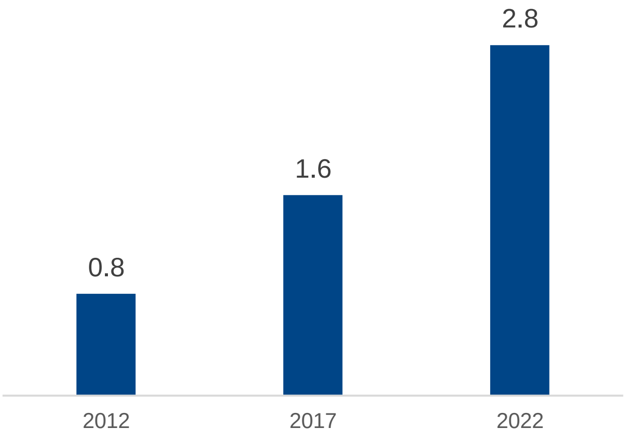
Employees (# in 000's)



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)

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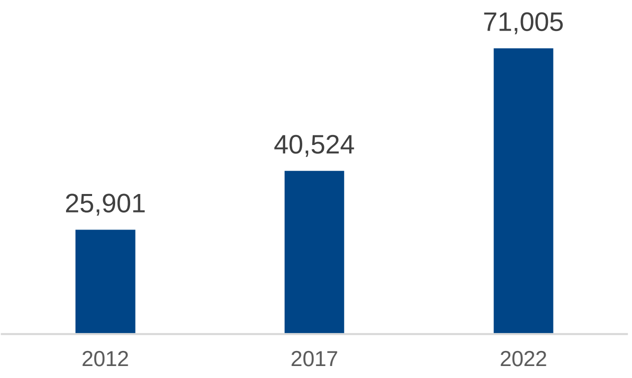
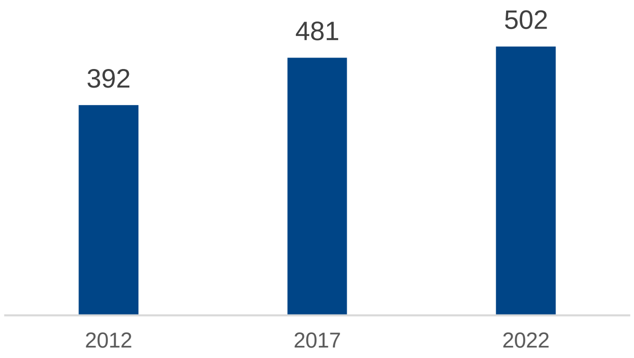
Customer productivity

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

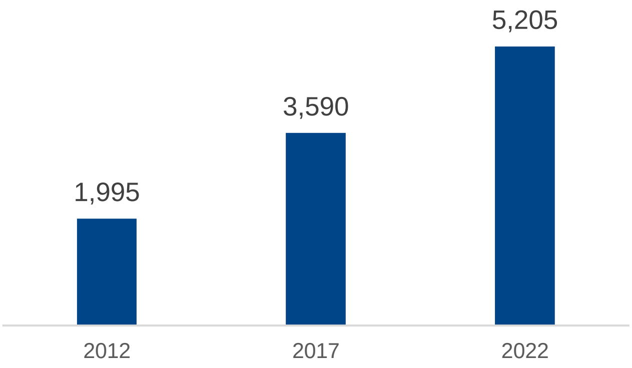
Customer (# in 000's)



Customer per employee (#)



Profit per Customer (Rs.)



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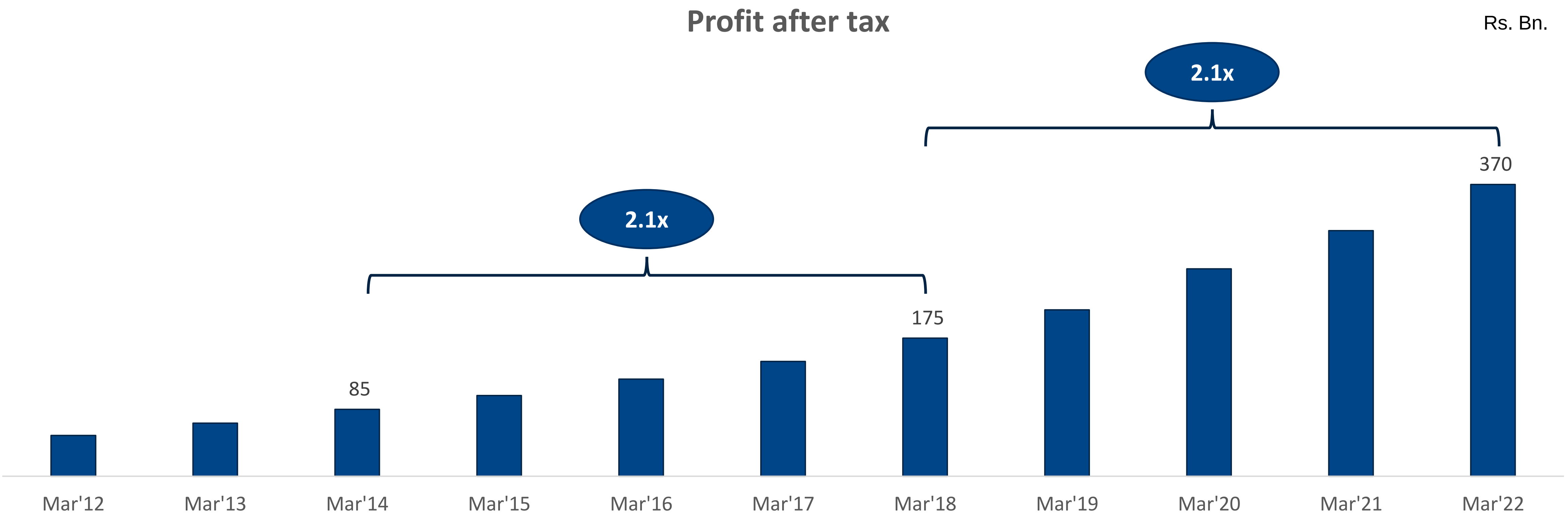
Consistent performance across cycles



5-year CAGR of 20.5%

Constant growth in EPS (Rs. 33.9 in FY’18 to Rs. 66.8 in FY’22)

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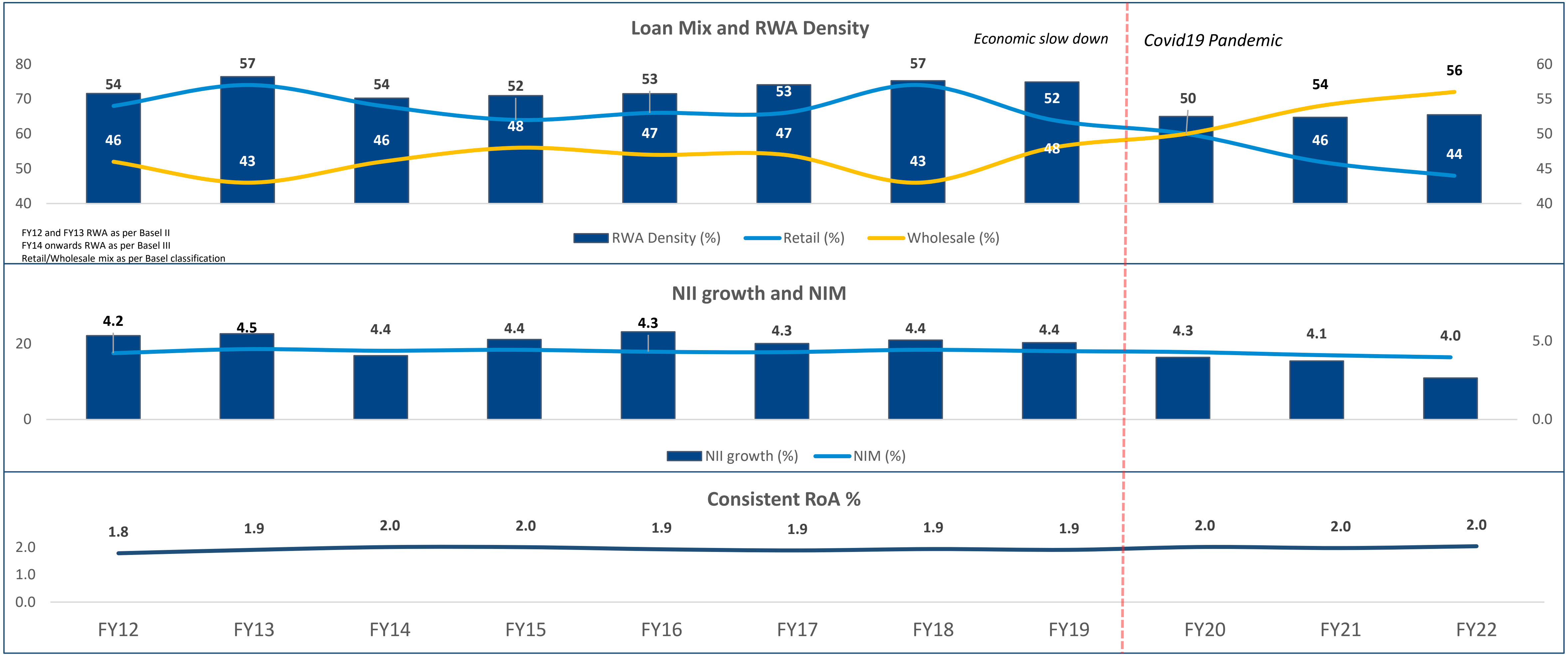
Consistent performance notwithstanding product mix



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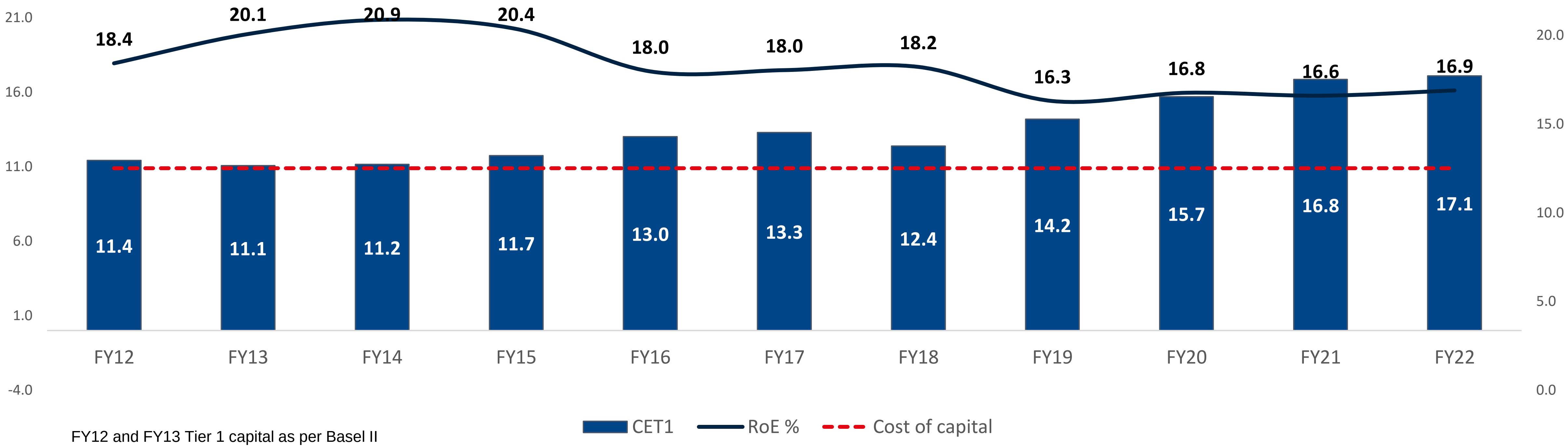
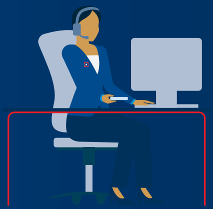
Consistent returns to shareholders over long term



FY12 and FY13 Tier 1 capital as per Basel II
FY14 onwards CET1 capital as per Basel III
Average CET1 for all 4 quarters

Consistent RoE above cost of capital **throughout economic cycles**

3 — Future-proofing 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
- 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 in healthcare such as with Apollo

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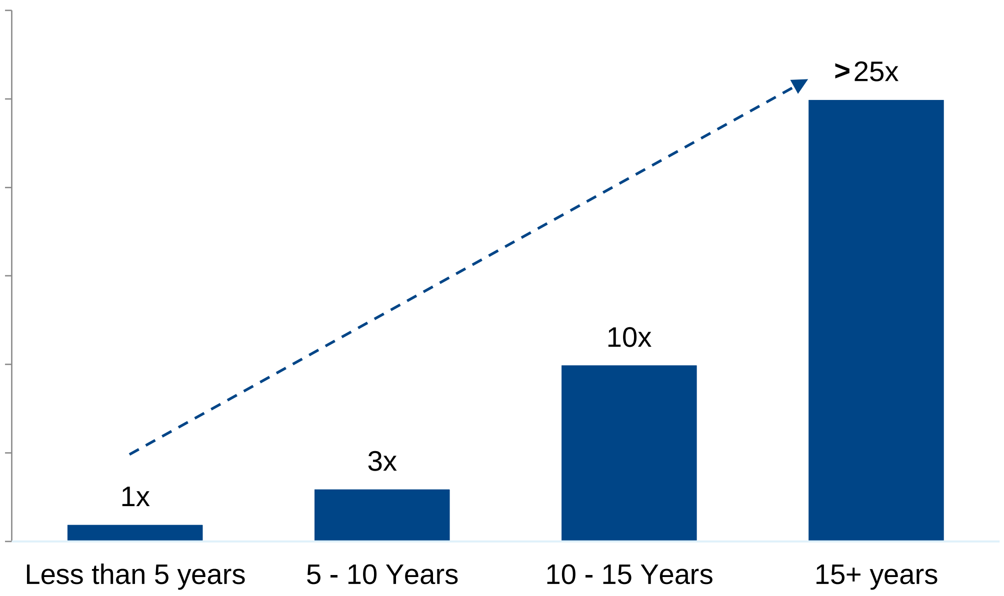
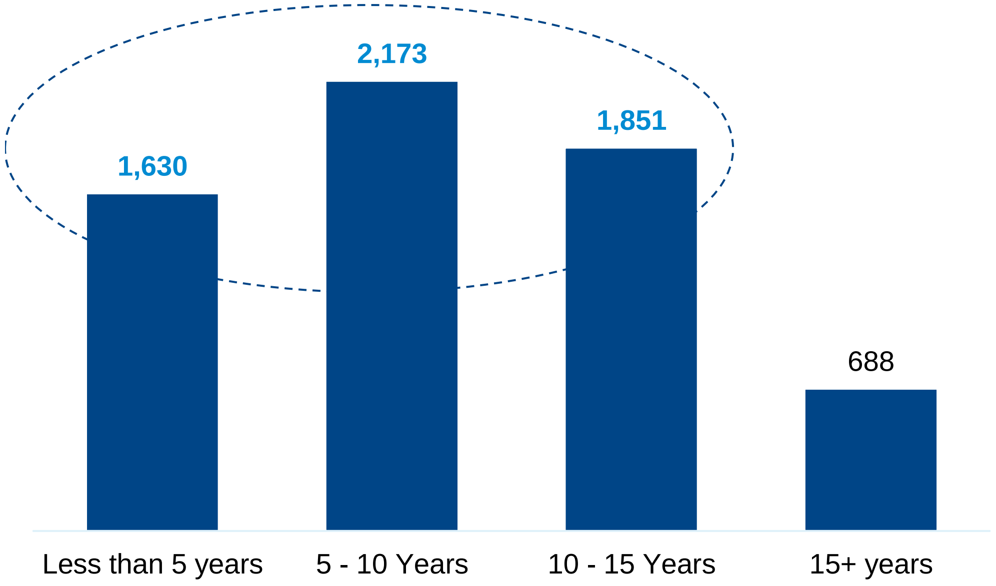
Leveraging the power of branches banking – well poised for sourcing deposits

Branch deposits compound with time



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



Large pre-approved base

Retail Products (PL, AL, TW and CD)

77 mn pre-approved offers[1] available to customers across retail products[2]

Aggregating to over Rs. 32,000 Bn (~ 6x of total retail loans outstanding at 31st Mar'22)

Credit cards

11 mn customers have pre-approved cards offer outstanding with an average limit of Rs. 180K

Pre-approved credit cards offers aggregate Rs. 2,080 Bn (~2.5x of the balance outstanding at 31st Mar'22)

Corporate and commercial

Limits approved yet to be released above Rs. 9,000 bn (~1.5x of such loans outstanding at 31st Mar'22)

Additionally undrawn lines amount of over Rs. 3,200 bn (~0.5x of the balance outstanding at 31st Mar'22)

[1]Total offers may include multiple offer provided to the same customer across multiple products
[2]Retail Products include Personal Loans (PL, Auto Loans (AL), Two-wheeler loans (TW) and Consumer Durable loans (CD)

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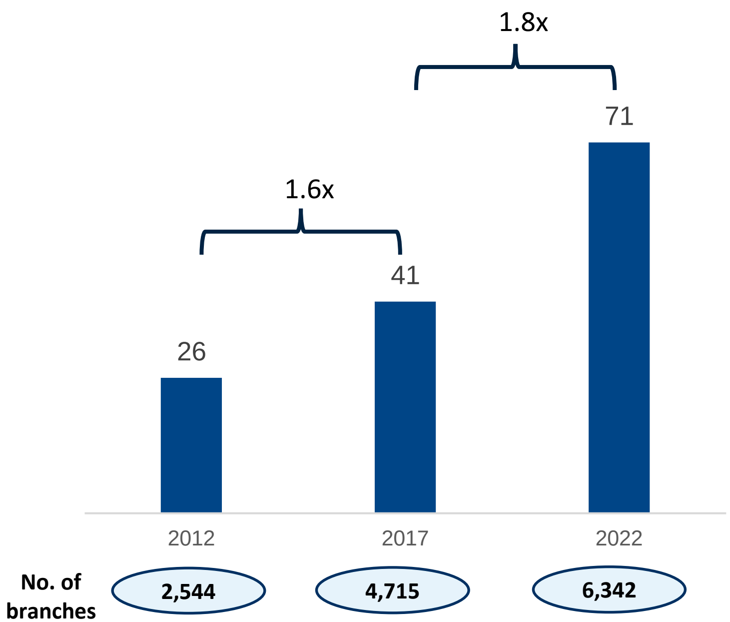
Customer Profile suited for future growth

Customer base – the strength from within

Customers (# Mn)



Acquiring customers with significant future potential

~3x ‘new to bank’ (NTB) customers added in FY22 as compared to 5 years ago

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

Nurturing customers across the years

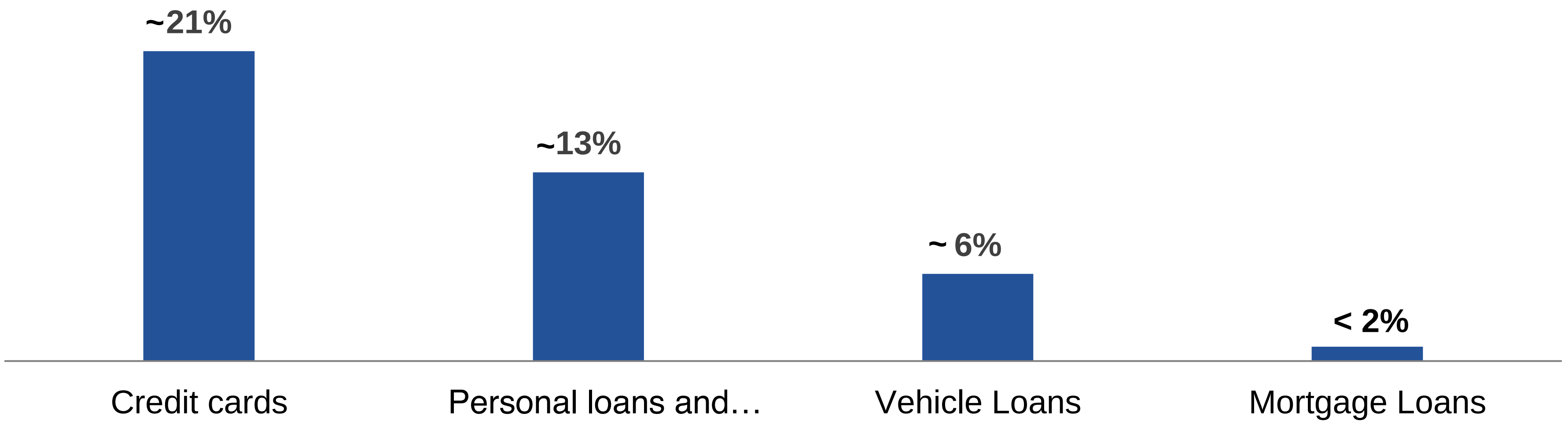
Over 50% customers with >3 year vintage with us

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

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

Penetration into existing base – gives a fillip for growth

Large under penetrated retail base



Our dimensions of value creation

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	Customer acquisition	Delivery of product and services	Relationship management
Channels	• Traditional: Branch, DSA, FOS, Salary • New: VRM, Digital marketing • Emerging: Partnerships	• Mobile banking • Net Banking	• Branch based RMs • VRM
Platforms	• Adobe • Website traffic	• Adobe • Pre approved base • Pre qualified base	• Sprinklr • New Payzapp • Digital Bank
Outcomes (Measurement)	• 9 Mn relationships added in FY22 • Rising productivity lowering cost of acquisition	• 80 Mn visits visits per month on our website • Over 8 Bn mobile banking transactions • Low cost to income	• NBA – 20 mn • 80% STP on retail assets • product penetration
	FinTech are active and ahead in this pillar	**Every player is making inroads in this pillar**	**Profit pool is here and we have the lead**

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How we are driving value creation

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	Customer acquisition	Delivery of product and services	Relationship management
Via Journeys	• **Simplified omni-channel journeys** – e.g. Xpress Loans • Capabilities for **end-end digital customer onboarding**	• > 95% digitally sourced personal loans • > 75% digitally sourced fixed deposits	• CRM with personalized (n=1) narratives; consistent communication across channels
Via Advanced Analytics	• Multiple big-data sources processed across internal and external sources	• ML Pre-approved data base capabilities • Advanced EWS algorithms	• ML Next best action engine • Cloud-native and ML-enabled mar-tech stack

Via Technology modernization

- Enterprise providers across core banking and LOS / LMS & cloud (e.g. Oracle, Nucleus, Microsoft)
- Modernizing core banking via microservices and APIs
- Digital Factory and Enterprise factory for modern engineering and product management execution

Driving towards Ecosystem Banking

Health | Merchant | Home

Sharpening our strategic priorities

10 Pillars of Growth

HDFC BANK

Customer acquisition

- Capturing flows of Government and Institutional (G&I)
- Digital Marketing
- HDFC Bank edge for Corporate Cluster
- Heartland Commercial and Rural

Delivery of product and services

- Retail Assets
- Expanding Wealth Management
- Leadership in the Payments Business

Relationship management

- Technology and Digital
- Re-Imagining the branch channel
- Virtual Relationship Management (VRM)

Customer Service and Experience	Strengthening Compliance	Effective Risk Management	Zero Paper, Zero Touch Operations	Culture	People Learning and Development

HDFC Securities: digitally-led retail equity broking

A market-leading, research-driven retail broking house

20+ Vintage of over two decades

3.8 million customers; >50% Millennials

216 Branches across 147 cities

Among top-3 brokers by revenue and top-10 by active customers

86% digital transactions

>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	FY21	FY22	YoY
Total Customers (million)	2.7	3.8	+41%
Customers Added (million)	0.4	1.2	+196%
Digital Business share	84%	86%	+1 ppt
IPO Applications (million)	4.1	16.6	+405%
Brokerage Income (INR crore)	1,015	1,155	+14%
PAT (INR crore)	703	984	+40%
ROE	52%	63%	+1100 bps
EPS (INR)	447	623	+39%

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

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	FY21	FY22	YoY
AUM (INR crore)	61,561	61,444	
PPOP (INR crore)	3,570	3,813	+7%
PAT (INR crore)	391	1,011	+159%
No. of customers (million)	6.9	9.1	+32%
ROE	4.7%	11.2%	+650 bps
ROA	0.6%	1.6%	+100 bps
EPS (INR)	5	13	+158%
BV (INR)	107	121	+13%

Q4FY22
ROE: 19%
ROA: 2.8%
EPS: INR 22

Key Strengths

- Strong Distribution Model: pan-India, regionally diversified reach
  - ✓ 1,374 branches across 989 cities: 69% of distribution is in Tier-4 centres and beyond; 82% outside of top-20 centres
- Focus on underbanked customers: ~25% disbursals in the last 3 years to new-to-credit customers
- 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 BANK

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

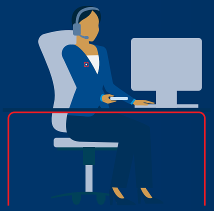
Partnerships opens up new channels to customer relationship

Experiments in innovation lab to expand segments

- continued focus on risk management

Ecosystem banking to strengthen relationship offering

4 HDFC Bank acquiring HDFC Limited



HDFC BANK

Poised to bolster GDP growth

Macro factors are favourable – create opportunities for Housing Finance Industry

- Mortgage penetration in India remains low (11% of GDP) – implies room for growth
- Downcycle since 2012-13 has ended in 2020 as transactions rise
- Improved affordability – reduced home loan rates/EMIs and property prices moderated
- Inventories down 20% from peak coupled with lower time interval to clear inventory
- Developers discipline – RERA in place
- NBFC crisis strengthen developer financing process
- Demonetisation – ensured cashflow transparency
- GST implementation – strengthened cashflow monitoring
- Incentives to developers – helps boost demand for affordable housing
- COVID triggered reverse migration – increase in demand in Tier 2/3 cities

Merger always made business sense

Size and scale of HDFC Bank and HDFC Limited

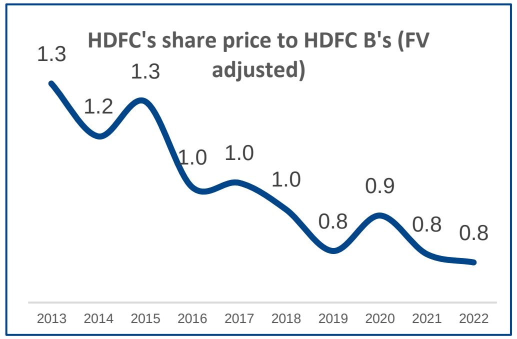
- Hitherto the financials were not in the favor of merger; now it is attractive
- Scale, growth track record and profitability of both organizations has strengthened over last 2 decades

Regulatory and market developments

- Regulatory convergence and market developments over time have improved the risk-reward equation
  - ✓ Reserving requirements have come down from 26% to 22% enabling organic compliance with reserving
  - ✓ Interest rate cycle gives positive spread on reserves
  - ✓ Deepening third party PSL market without the need of grossing-up the balance sheet
  - ✓ Resource mobilisation through long tenor infrastructure and affordable housing bonds that are exempt from reserves and PSL

Pricing convergence

- HDFC's share price to HDFC Bank' share price (adjusted for face value)
  - ✓ 31st Mar'15: 1.3x ; 1st Apr'22: 0.8x
  - ✓ Resultantly, reversion to ROE is quicker within 3-5 years as capital is consumed
  - ✓ EPS, ROA and Book Value is positive to accretive



Enhanced merger attractiveness – strong tailwinds

Regulatory convergence

- Harmonisation of NPA recognition guidelines
  - ✓ NPA recognition at 90 dpd – effective from Mar’18
  - ✓ Daily stamping and ever-NPA – effective Dec’21
- LCR requirement for NBFCs
  - ✓ current requirement @ 50%; 85% by Dec’24 and fully phased-in by Dec’25

Continued regulatory/ governmental focus on housing

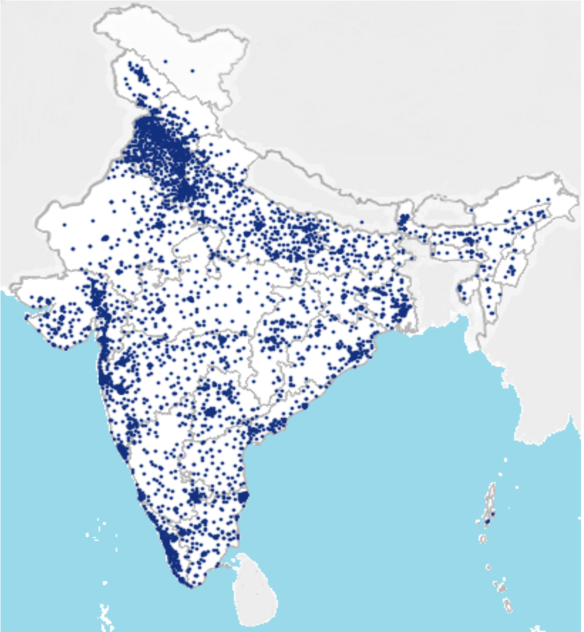
- Pradhan Mantri Awas Yojana – launched in June 2015
- RERA 2016 – framework supporting timely completion of projects and funding compartmentalisation
- Infrastructure status to affordable housing – February 2018
- Upward revision in home loan ticket size for PSL eligibility (35 lac in metro & 25 lac elsewhere) – 2018
- Affordable Rental Housing Complex scheme – 2020
- Budgetary incentives for affordable housing

Enhancing scale and future growth trajectory

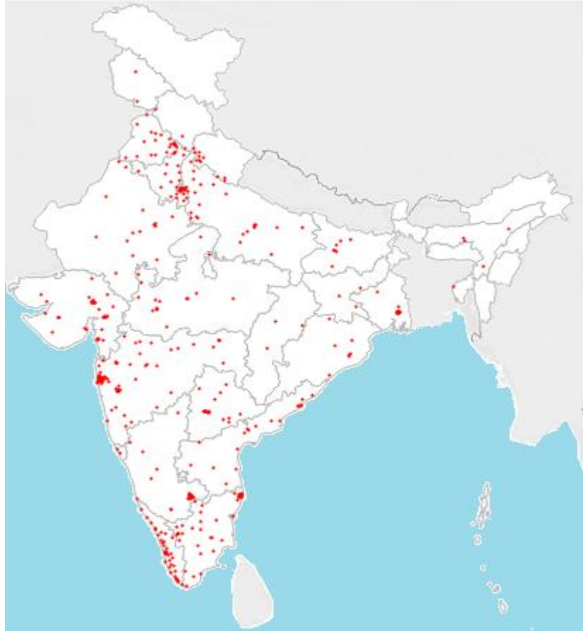
Leveraging distribution strength

- Access to wide and deepening distribution points of presence – All Bank's locations are not currently serviced by HDFC – around a third of Bank's branches are able to actively offer the product
- Enhancing housing product availability in deeper geographies through our 6K+ branches

HDFC Bank's network of 6K+ branches



HDFC's presence in 450+ branches



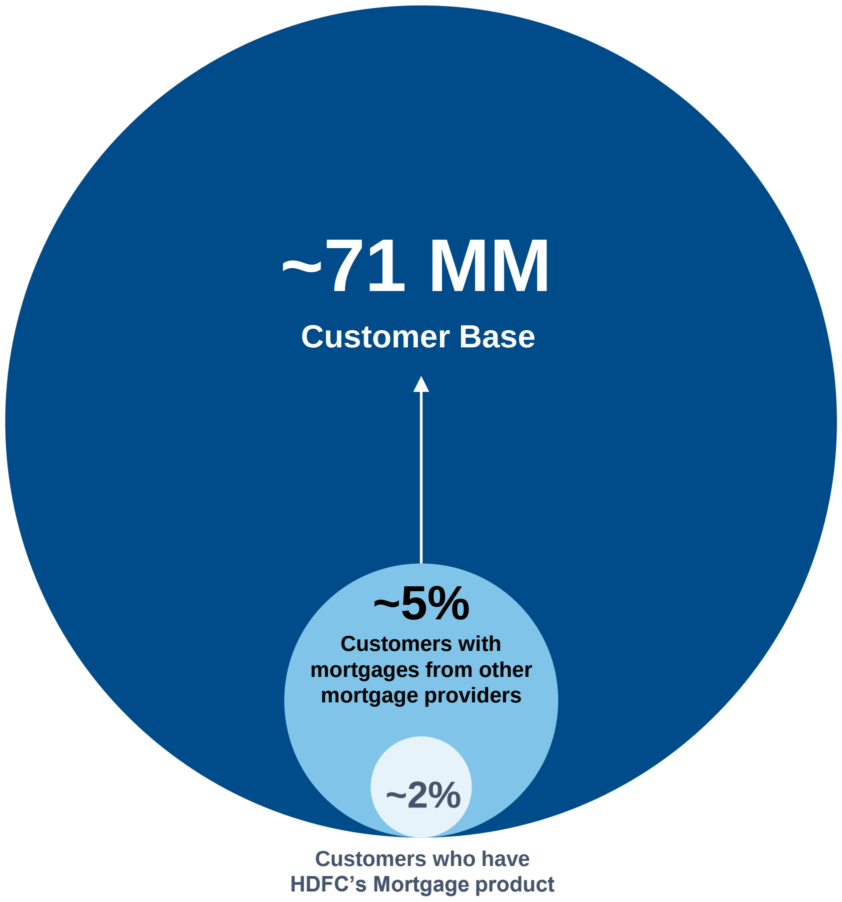
HDFC BANK

Significant Headroom for Mortgage Penetration

Conversion of mortgage from an agency product to an in-house product across all branches → significant opportunity to increase the span of the mortgage product offering

70% of HDFC's customers are not banking with HDFC Bank, presenting yet another addressable opportunity

New customer relationship addition of ~9 – 10 MM per annum



The combined entity will continue to grow and achieve its above industry growth as demonstrated in the past

In our experience, **home loan customers reflect potential of 7x deposit balance** vis-à-vis those not availing home loans

Long tenor mortgage enables enhanced cross sell

Customer lead-in product

- Enhances customer life cycle value as housing is a long tenor product
- Improved access to housing finance to LIG/MIG – Credit Linked Subsidy Schemes
- In our experience, home loan customers mobilise 7x deposits vis-à-vis those not availing home loans

Enhanced cross-sell ability

- Home loan product enhances customer trust – partnering them in their journey from “house” to “home”
  - ✓ ~70% of HDFC’s customers do not bank with HDFC Bank presenting an opportunity
- Complete relationship banking can be offered by the Bank which enhances cross sell potential
  - ✓ ~5% customers of HDFC Bank have availed of mortgages externally
  - ✓ Better visibility of customer enhances risk assessment framework, extends runway for unsecured loans

Expanding the home loan product offering

- Stable book – longer tenor asset completes the Bank’s robust portfolio mix
- Bank’s strong product line incl. unsecured /consumer durable loans – complements mortgage offering
- Combined entity can drive banking product format (e.g. housing with OD format) to meet customer needs

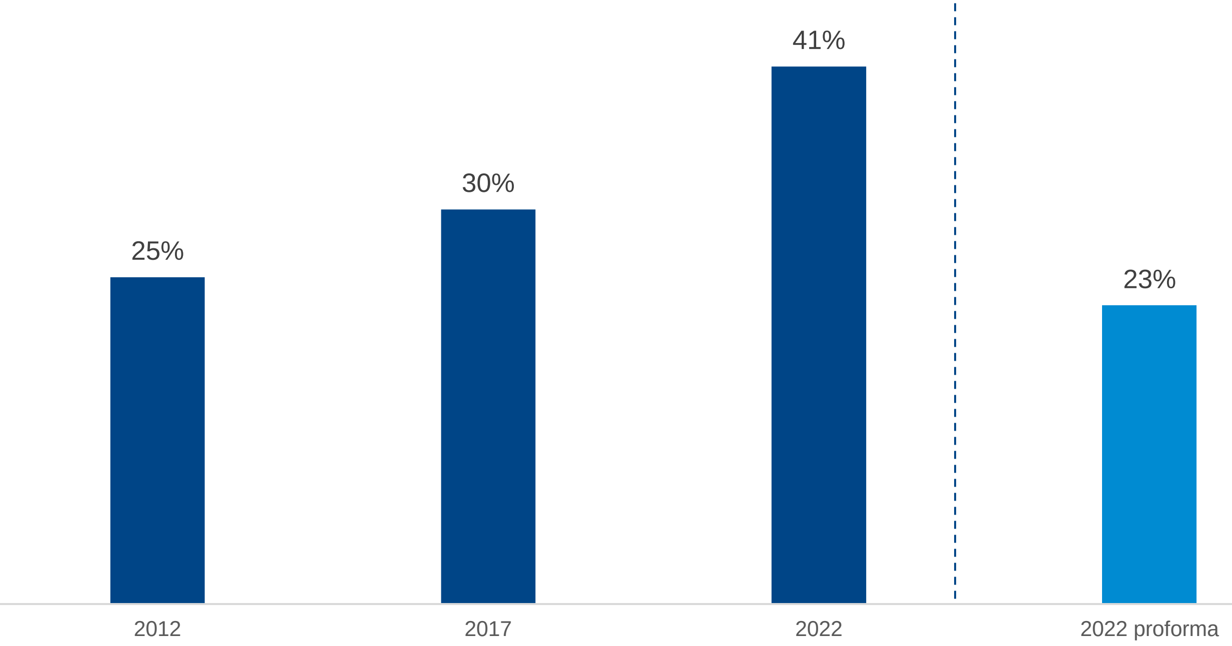
LIG – Low Income Group; MIG – Middle Income Group

HDFC BANK

Mortgage loans impact – creates space for other products

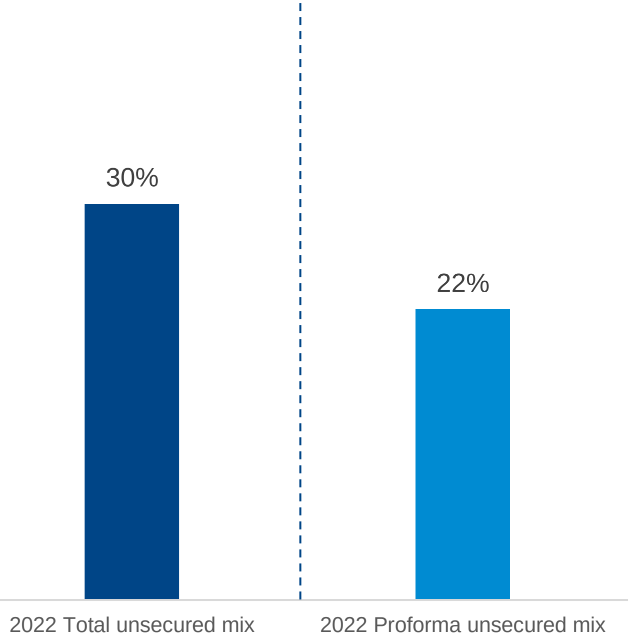
Extends runway for unsecured lending in retail book

Mix of personal loans and payment products (%)



Proforma total unsecured loan book

Mix of unsecured loans in total loan book (%)



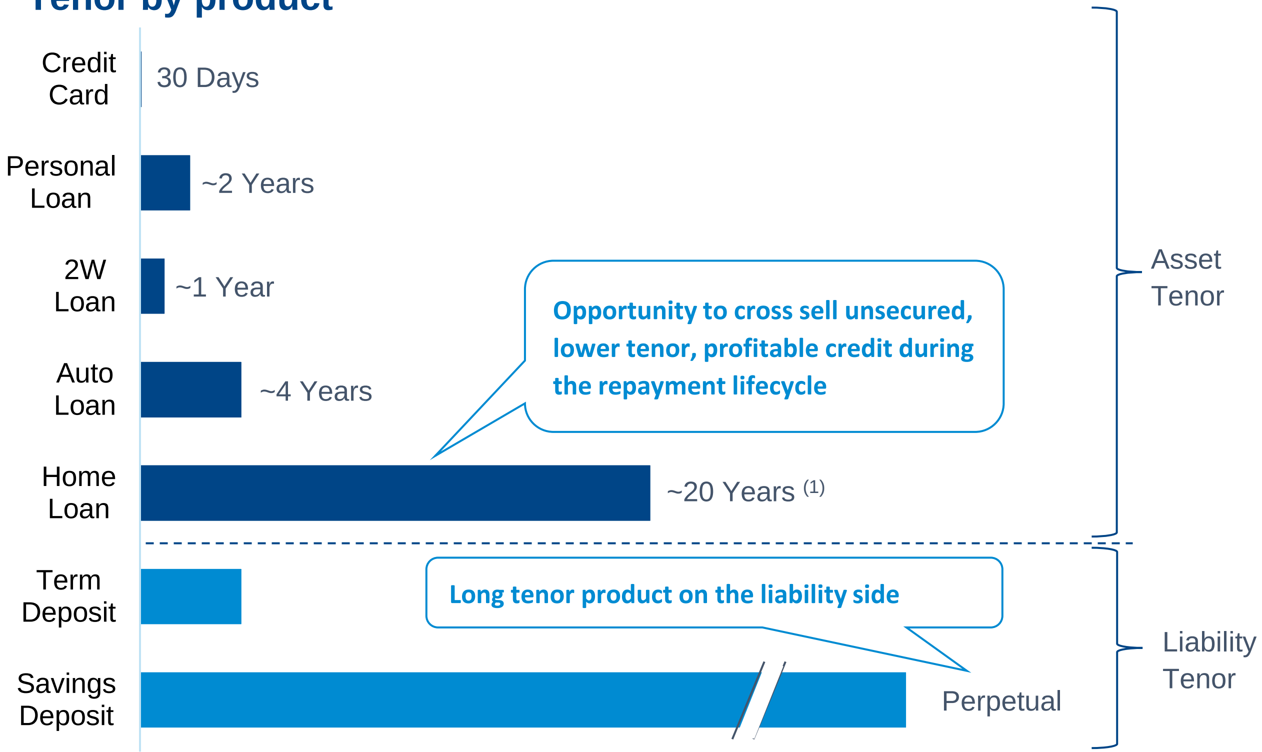
(1) Maximum tenor

HDFC BANK

Balance sheet complementary tenor opportunity

Long tenor mortgage makes the customer sticky
Enables enhanced products cross sell

Tenor by product



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

(1)Maximum tenor

Enhancing scale and future growth trajectory

Balance sheet opportunity

- Access to time tested product processes and expertise of HDFC
- HDFC's large affordable housing book – a PSL enabler for the Bank

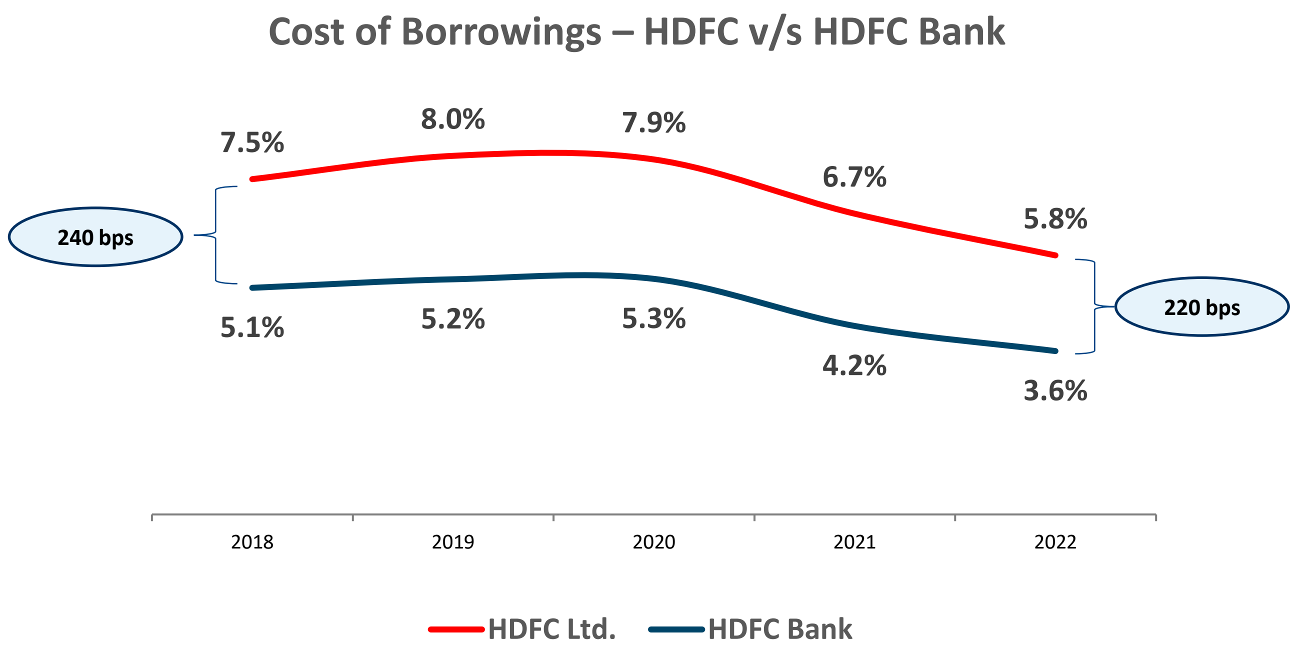
Scaling opportunities enabled from size and reach

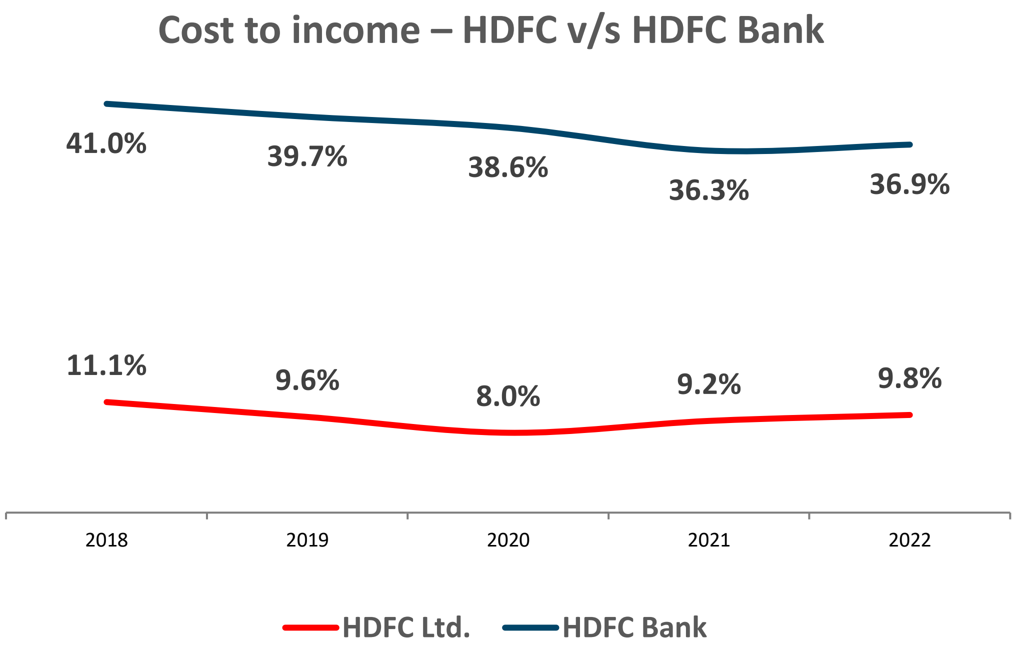
- Enhanced balance sheet size of ~US$ 360 Bn and capital base of ~US$ 45 Bn
  - ✓ Enabler for underwriting larger ticket loans – enhances our wholesale lending might
  - ✓ Enhanced resilience for infrastructure lending – an urgent need of the country
  - ✓ Facilitate larger quantum of credit into the priority sector, including agriculture

Cost of funds and operating cost synergies

Profitability

- Mortgage business in banking model is more profitable aided by low cost of funds
- HDFC Bank's technology driven operating efficiency and execution prowess bolstered by HDFC's low operating costs of mortgage business





HDFC BANK

One Firm – One Culture – One Bank – One Brand

- HDFC Bank has assessed build vs. buy in context of mortgages
- HDFC brings a best-in-class product which is widely accepted by the market; Along with its product and underwriting expertise, it brings along multi-decade experience in the home loan arena along with experience across credit cycles
- HDFC Bank to own the "HDFC" brand; combined entity will offer HDFC branded home loans – a product that has customers' trust
- For the Bank to organically build this portfolio and expertise, it would entail a gradual learning curve in contrast to the currently envisaged 'lift-shift-execute' strategy, that leads to seamless integration given that the Bank is already sourcing the product

People	Complementary human capital; product specialists
Processes	Well-entrenched and aligned processes would reduce lead time typically needed to unlock synergies
Infrastructure	Minimal need towards optimization of any physical infrastructure assets
Adjust to Bank Model	Lead time till transaction completion provides opportunity to normalize for adjustment to banking model
Limited Disruption	Existing arrangement on Mortgages to continue; Ability to further scale up during before effective date

Seamless integration – envisaged to be 'Bolt-On with Low Touch'

CRR and SLR

CRR/SLR Requirements – illustrative	For CRR	For SLR
Total liabilities	475	475
Less: Affordable housing bonds	75	75
Less: Interbank borrowings	125	
NDTL	**275**	**400**
Reserve requirements	4.5%	18%
To be maintained	~13	~72

HDFC Ltd.'s 40-50K liquid assets; and 40-50K from Bank's surplus

Reserves maintenance is neutral to accretive to ROA and ROE

HDFC BANK

PSL

PSL Requirements – illustrative	
Total loans	575
Less: Affordable housing assets backed by bonds	75
ANBC base for PSL requirement	**500**
PSL required to be maintained	~200
PSL available with HDFC Limited	~25
PSL to be generated	175
50% of PSL through affordable housing/ core PSL	~80-90
50% of PSL (agri – SMF/Micro etc.)	~80-90

Lead time until effective date + 12-15 months

- Bank's mortgage loans **~50% PSL eligible**
- **On-balance sheet PSL businesses** typically generate **RoA between 2.5% to 3.0%**
- **Cost of PSLC** purchases range from ~50 bps to ~200 bps**;** this is **~5 to 10 bps in the ROA** unmitigated
- Organic and inorganic mix of PSL is BAU in banking model – continues to be an opportunity

HDFC BANK

Resultant technical positives for shareholders

- **Cancellation of HDFC Limited's holding** in HDFC Bank is day-0 accretive to book value and EPS
  - HDFC Bank's shares eliminated at a price which has a holding company discount
- **Potential value uplift from improving sum-of-the-parts** value on the back of HDFC Bank's reach and distribution strength
  - Price reflects holding company discount on subsidiaries
- **Increase in headroom for foreign institutions**
- **S&P and Moody's have affirmed HDFC Bank's outstanding ratings**, S&P has highlighted that the merger will boost HDFC Bank's market share and diversify its revenues

Major entities coming within the fold upon merger

Company	Main Business	Shareholding (31-Mar-2022)
HDFC Life Insurance Company Limited	Life Insurance	47.81%
HDFC ERGO General Insurance Company Limited	General Insurance (including Health Insurance)	49.98%
HDFC Asset Management Company Limited	Investment Manager to HDFC Mutual Fund	52.60%
HDFC Trustee Company Limited	Trustee to HDFC Mutual Fund	100.00%
HDFC Credila Financial Services Limited	NBFC - Providing Education Loans for higher education	100.00%
HDFC Capital Advisors Limited	Investment Manager to Alternative Investments Funds	100.00%
HDFC Sales Private Limited	Marketing, distribution of HDFC home loans, other financial products	100.00%

HDFC Bank & HDFC Merger – One Brand

High alignment on brand values

- Same family of brands; Consumers perceive them as ONE brand
- Similar name & identity – Trusted, Leaders, Customer Focus, Operational Excellence, Product Leadership

Efficient merger due to similar brands

- HDFC Bank & HDFC merger will not need high level of expenditure due to brand similarity

Union of 2 strong brands - Sum will be greater than total of parts

- Complete suite of offerings for customers
- Lower cost of customer acquisition
- Greater opportunity to cross-sell and increase customer lifetime value

HDFC Bank will **own the 'HDFC' brand** after the merger

HDFC Bank is India's most valuable brand for last 7 consecutive years (BrandZ – A Kantar / Millward Brown property)

HDFC BANK

“When the flower blooms, the bees come uninvited”

- ***Real estate industry poised to bolster GDP growth***
  - ✓ Low mortgage credit penetration
  - ✓ Improved affordability; low inventory
  - ✓ Opportunities for housing finance industry
  - ✓ RERA, GST etc. – paved way for growth
- ***Regulatory convergence enhances merger attractiveness***
  - ✓ Harmonisation of NPA guidelines between NBFCs and banks
  - ✓ LCR requirements being phased-in for NBFCs
  - ✓ Infrastructure status to affordable housing
  - ✓ Continued regulatory and government focus on housing
- ***Merger always made business sense***
  - ✓ Increase in the size, scale and profitability of both entities
  - ✓ Reduced reserve requirements
  - ✓ Favourable interest rate cycle
  - ✓ Well developed PSLC market
  - ✓ Price convergence
- ***Significant opportunities for the Bank***
  - ✓ Leveraging on distribution network
  - ✓ Balance sheet mix opportunity
  - ✓ Enhancing scale – ability to underwrite larger loans
  - ✓ Enhanced cross-sell ability
  - ✓ Long tenor product
  - ✓ Completes product offering
  - ✓ Lower cost of funds
  - ✓ Expected cost efficiencies
  - ✓ 1+1 > 2
- ***Seamless integration – ‘Bolt-On with Low Touch’***
  - ✓ Quick unlocking of synergies
- ***Shareholder value accretive merger***
  - ✓ ‘HDFC’ brand ownership
  - ✓ EPS, ROA and Book Value is positive to accretive
  - ✓ Quick reversion to ROE as capital gets consumed

HDFC BANK

HDFC Bank + HDFC Ltd : Executing a large opportunity

FAVOURABLE MACRO FACTORS – PROVIDE OPPORTUNITIES FOR HOUSING FINANCE INDUSTRY

(1) Low mortgage credit penetration;

(2) Improved affordability;

(3) Low inventories;

(4) Lower time interval to clear inventory

THE MERGER ALWAYS MADE BUSINESS SENSE

Increase in assets^
HDFC B: 3.5x at Rs. 21 Tn
HDFC: 2.5x Rs. 6 Tn

Profitability^
HDFC B: 3.6x Rs. 370 Bn
HDFC: 2.3x Rs. 137 Tn

CRR/SLR
Reserve requirement reduced from^ 26% to 22%
Affordable Housing/Infra bond exemption

Interest Rates
Repo rate @ 4.4% vis-à-vis 7.5%^
Favourable rate cycle

PSL
Well developed PSLC market; Affordable Housing/Infra bond exemption

PRICING CONVERGENCE: Ratio of HDFC's share price to HDFC B's reduced from 1.3x to 0.8x^

SIGNIFICANT OPPORTUNITIES FOR THE BANK

Leveraging our network
6K+ Bank branches
v/s
450+ HDFC's branches
All Bank's locations are not currently serviced by HDFC

Balance sheet opportunity
- 11% current mix of mortgage in our loans
- Affordable housing loans are PSL enabler

Enhancing scale
Underwriting larger ticket loans on the back of heightened resiliency of combined balance sheet and enhanced capital base

Enhanced Cross Sell
- ~70% of HDFC's customers do not bank with us
- ~5% of our customers have home loans externally
- Home loan customers mobilise 7x deposits vis-à-vis others

Lower cost of borrowings
Bank: 3.6% v/s HDFC: 5.8%

Expected cost efficiencies
Bank: 36.9% v/s HDFC: 9.8%

Long Tenor Product
Room for unsecured lending

Completes product offering
OD format product launch possible

SEAMLESS INTEGRATION – 'BOLT-ON with LOW TOUCH'

People
Complementary human Capital; product specialists

Processes
Well-entrenched and aligned; Quick unlocking of synergies

Infrastructure/ IT
Minimal needs for optimisation of physical/IT infra assets

Adjust to Banking Model
Lead time provides opportunity to normalise adjustment

SHAREHOLDER VALUE ACCRETIVE MERGER

Day 0 Book Value and EPS
positive to accretive

'HDFC' Brand
The Bank will own the brand

Potential SOTP value uplift
On the back of Bank's reach

Boost market share
and further diversify revenues

REGULATORY CONVERGENCE ENHANCING MERGER ATTRACTIVENESS

(1) LCR phase-in for NBFCs;

(2) Infrastructure status to affordable housing;

(3) RERA – timely completion of projects;

(4) Harmonisation of NPA guidelines

^Comparisons are between Mar'15 v/s Mar'22

END OF PRESENTATION