

Transformational Combination of Housing Development Finance Corporation Limited (“HDFC Limited”) with HDFC Bank Limited (“HDFC Bank”)

April 4, 2022

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Transaction overview

Transaction Structure

- HDFC Limited, India's largest housing finance company with a total AUM of INR 5.26 Tn⁽³⁾ and a market cap of INR 4.44 Tn⁽¹⁾ will merge into HDFC Bank, India's largest private sector bank by assets with market cap of c. INR 8.35 Tn⁽¹⁾
- Subsidiary/associates of HDFC Limited will become subsidiary/associates of HDFC Bank

Pro-forma Shareholding

- Shareholders of HDFC Limited as on record date will receive 42 shares of HDFC Bank (FV Re. 1/- each) for 25 shares of HDFC Limited (FV Rs. 2/- each)
- HDFC Limited's shareholding in HDFC Bank will be extinguished as per the scheme of amalgamation ("Scheme") upon the Scheme becoming effective
- Post the above, HDFC Bank will be 100% owned by public shareholders and existing shareholders of HDFC Limited will own 41% of HDFC Bank⁽²⁾

Closing Timeline and Approvals

- Transaction completion is subject to shareholders, creditors and regulatory approvals including from RBI, IRDAI, CCI, SEBI and Stock Exchange
- Closing is expected to be achieved within ~[18] months, subject to completion of regulatory approvals and other customary closing conditions

Full Stack Financial Services Conglomerate, Win Win for All Stakeholders

1

Structural drivers in place for housing sector. Housing demand poised to drive Indian economy

2

Secured and long tenor product will lead to robust asset portfolio mix

3

Ability to cross-sell to a large and growing customer base

4

Leveraging the power of distribution in urban, semi-urban and rural geographies

5

Combination with proven multi decade mortgage underwriting expertise across credit cycles

6

Combined Balance Sheet of INR 17.87 Tn⁽¹⁾ and INR 3.3 Tn Net Worth Enabling Larger Underwriting at Scale

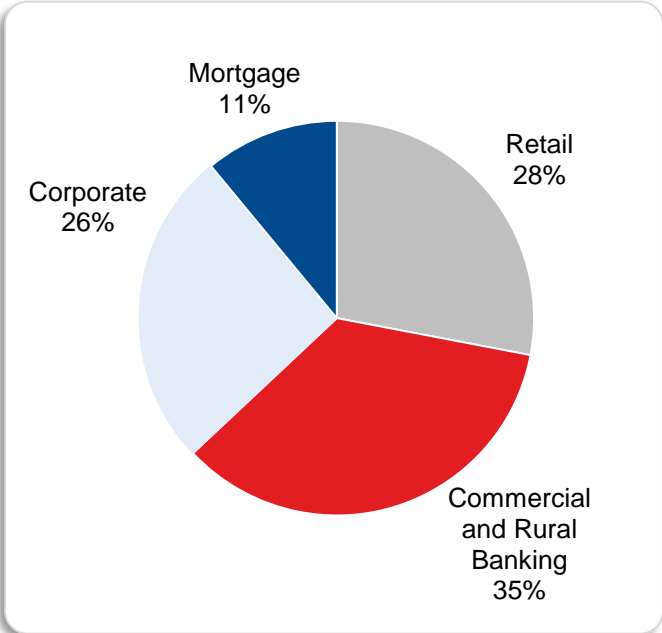
Secured and long tenor product will lead to robust asset portfolio mix

Total Advances (INR Cr.)^(1,2)

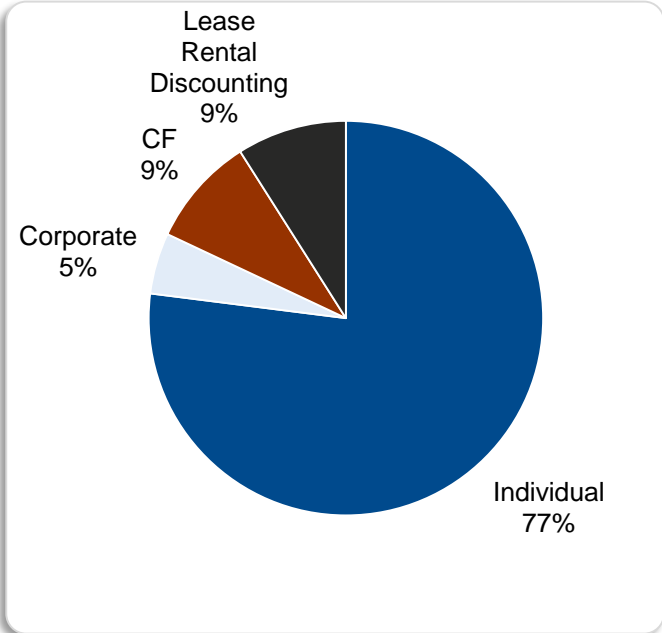
Loan Book Mix (%)⁽¹⁾



12,68,863

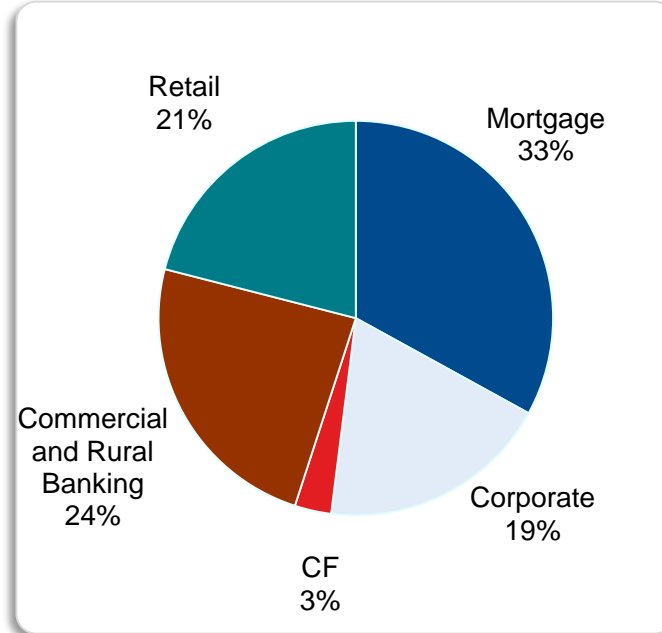


5,25,806



Pro Forma

17,86,669

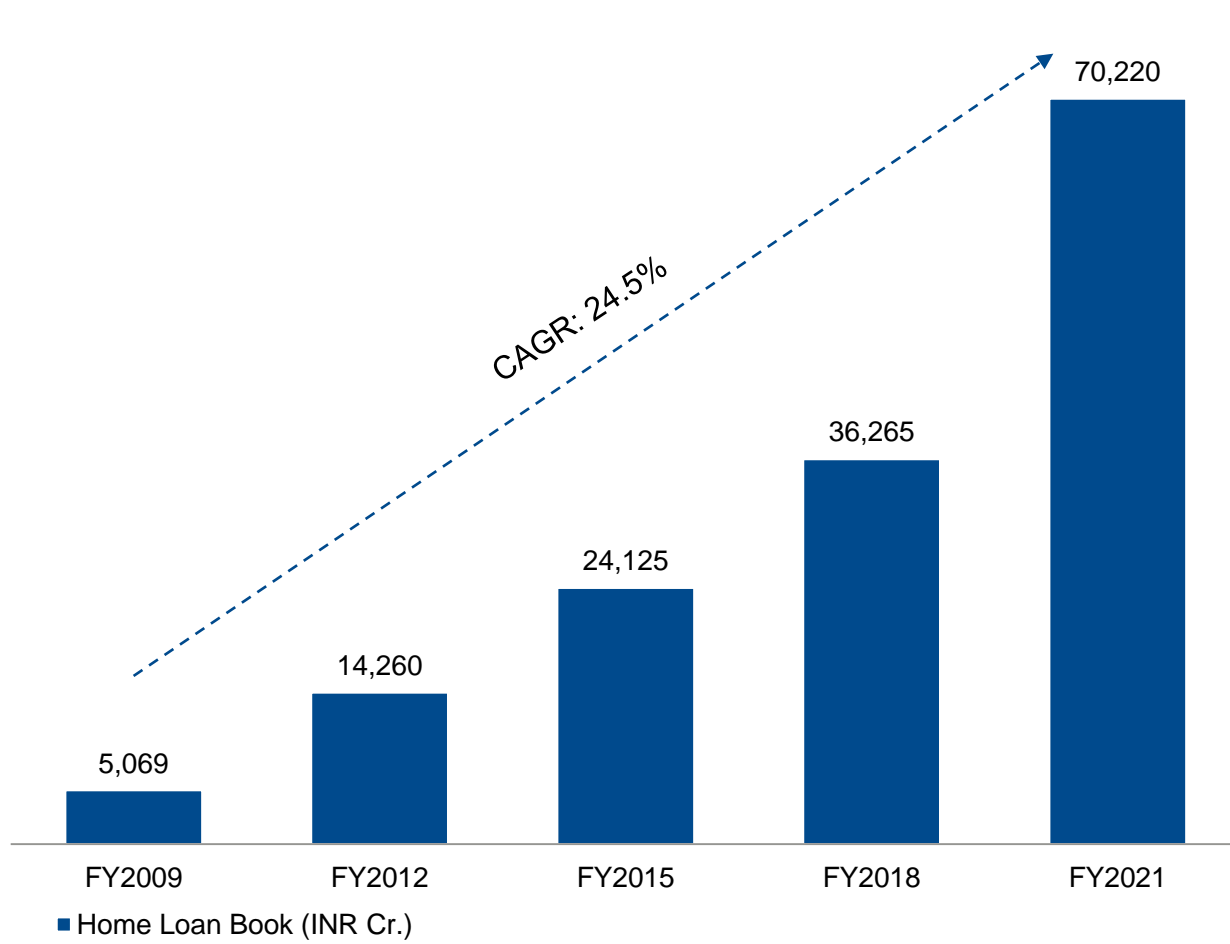


Note:
 1. As of Dec 31st, 2021
 2. Net Advances

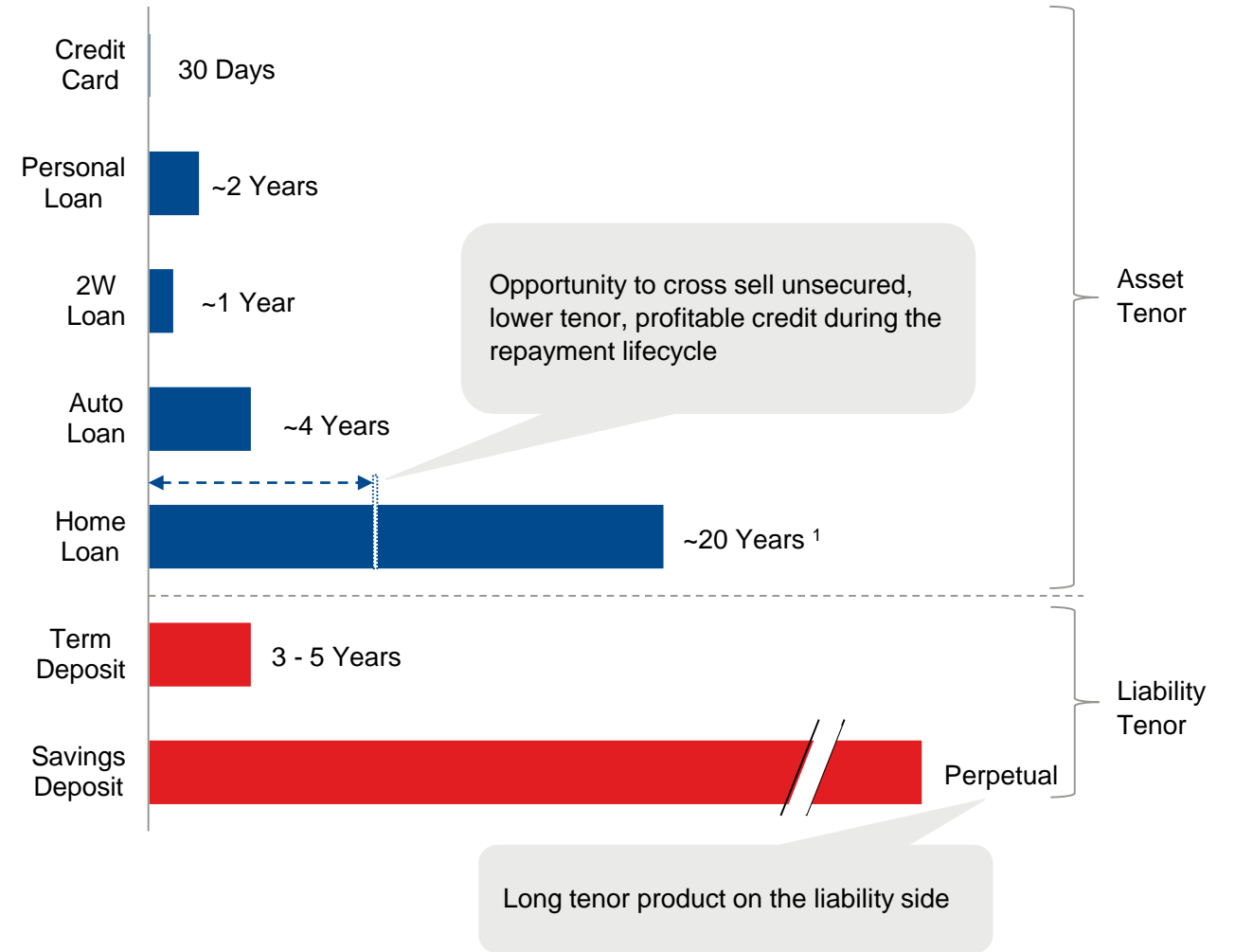


Combination at the Right Time: Mortgages at the Cusp of Growth Enhancing Customer Lifetime Value

Growing Importance of Mortgages for the Bank



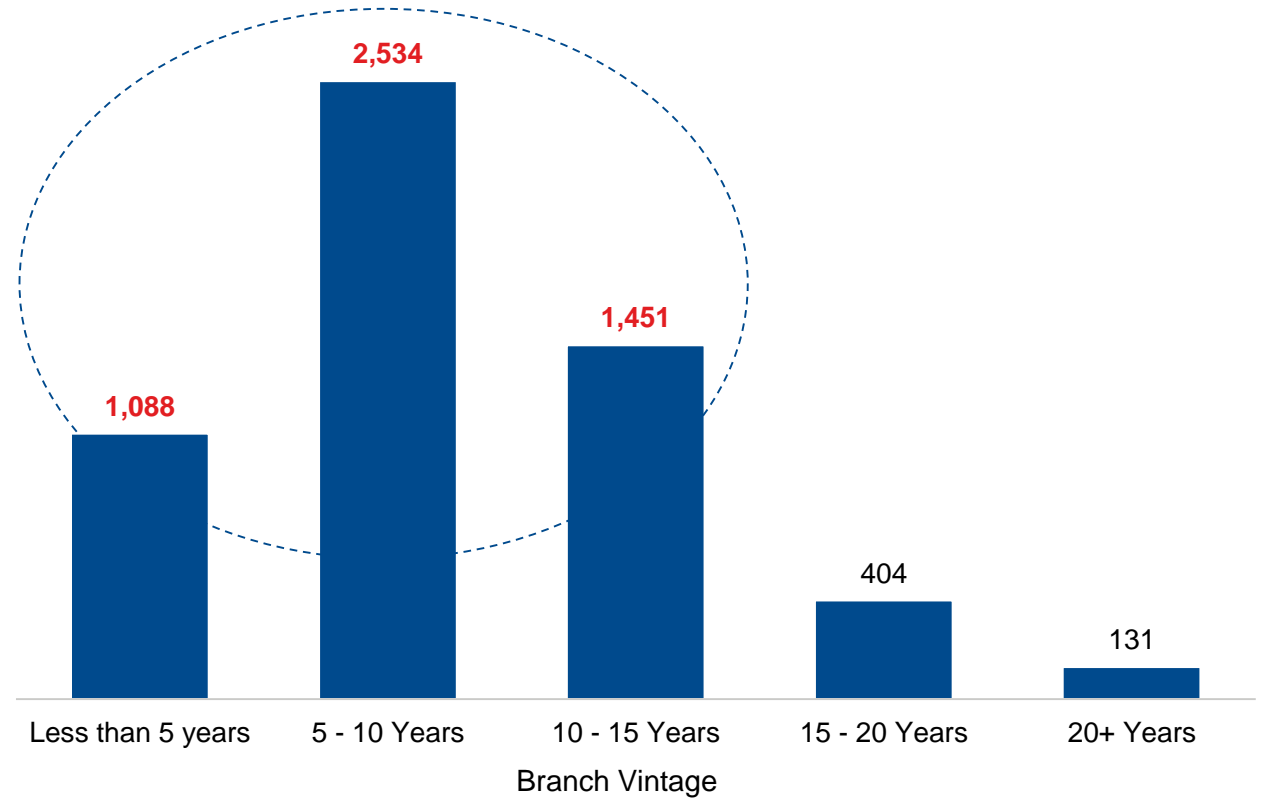
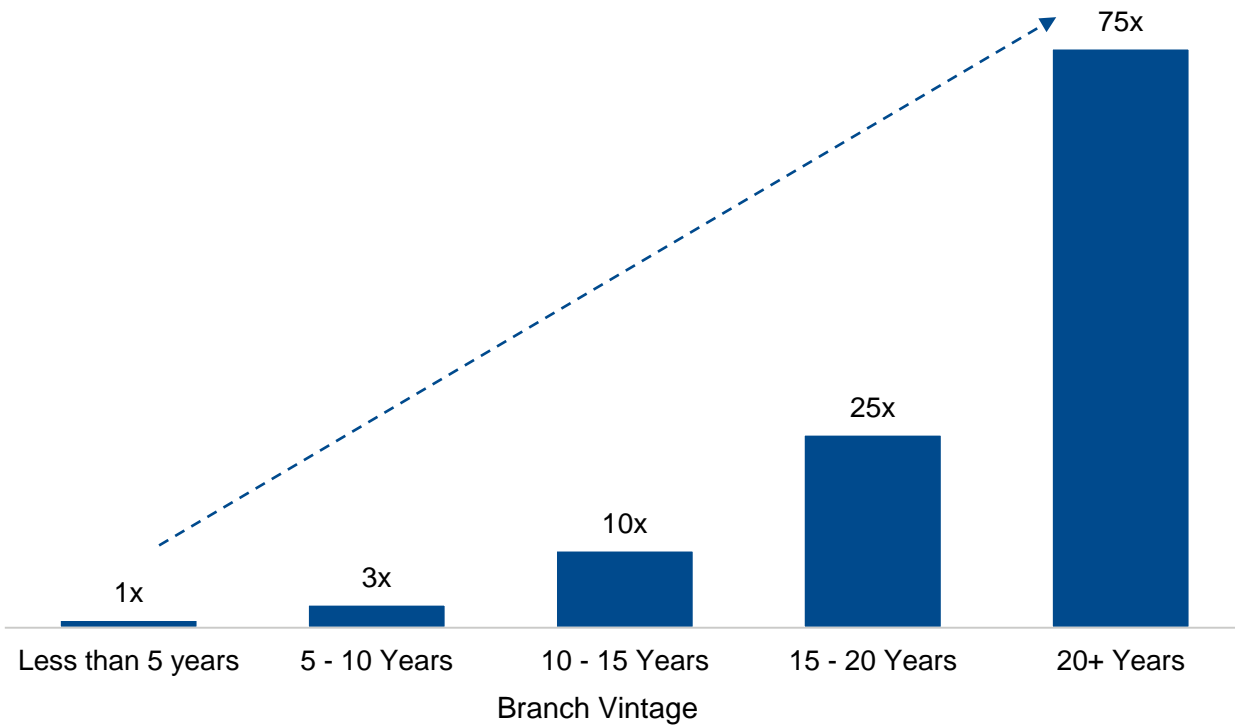
Sticky Product, Generating Greater Customer Lifetime Value



Leveraging the Power of Branch Banking: Well Poised for Sourcing Deposits and Housing Loans

Branch deposits compound with time

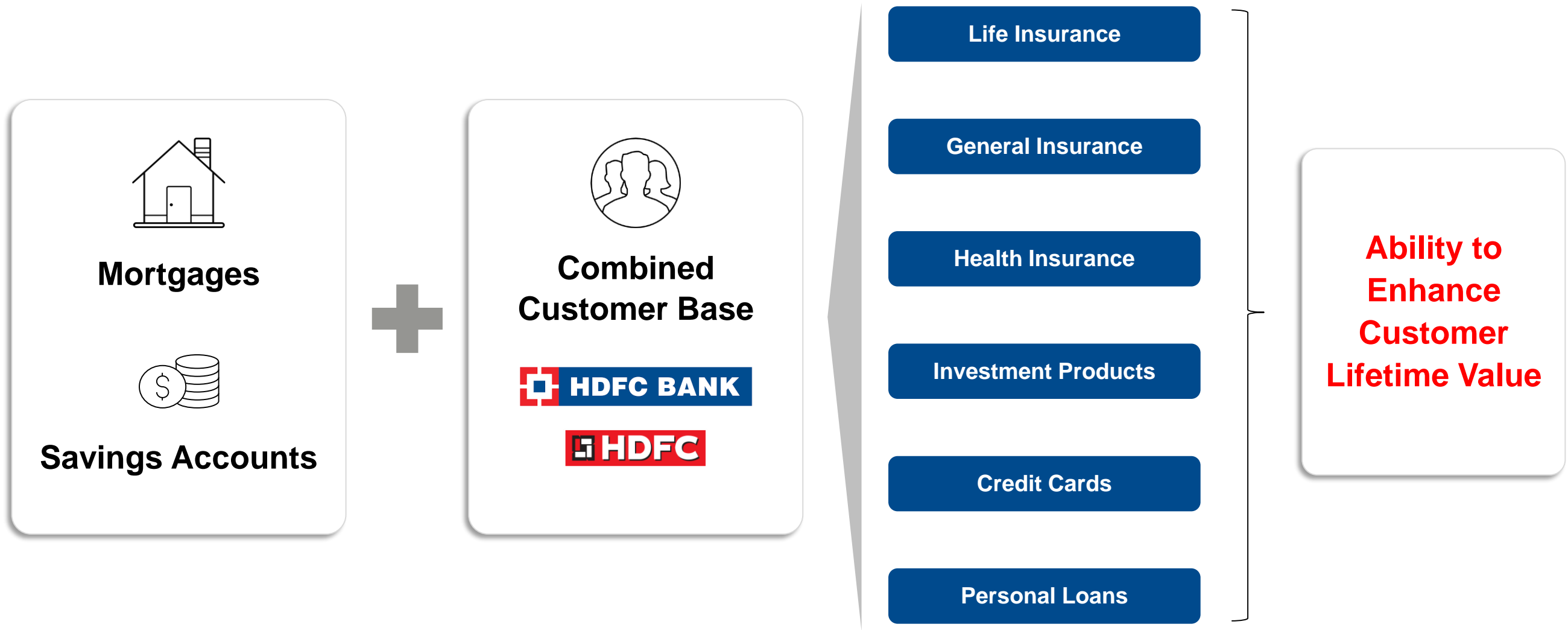
90+% Branches Less than 15 Years Old → At an Inflection Point



Continued Branch expansion to increase reach

50+% of branches in Semi Urban and Rural aiding affordable housing growth

Ability to Better Cross Sell with full suite of financial Products



Combination with Deep Multi-Decade Mortgage Underwriting Expertise Across Cycles



Superior Scale and Distribution

Core Financial Products

Superior Risk Management Framework

Strong Data Analytics & Digital Competencies



#1 Mortgage Player

45 years of Deep Domain Expertise

Best-In-Class Cost of Operations

~3,500 Product Specialists

Enhanced resilience for infrastructure lending

Facilitate larger quantum of credit into the priority sector including agriculture

Enabler for underwriting large ticket loans enhancing wholesale lending

Faster Origination, Improved Operational Efficiency, and Reduced Default Rates



Seam-less Integration

People

Complementary human capital

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

Pro Forma Impact on Key Metrics

| |  |  | Pro Forma | Delta |
|---|--|---|-----------|---------|
| Equity Shares Outstanding (# MM) ⁽¹⁾ | 554 | 181 | 742 | +34% |
| Annualized PAT (INR Cr.) ⁽¹⁾ | 35,875 | 13,388 | 49,263 | +37% |
| Earnings per Share (INR / Share) | c.65 | c.74 | c.67 | +3% |
| Net Worth (INR Cr.) ⁽¹⁾ | 229,640 | 115,400 | 330,768 | +44% |
| Book Value per Share (INR / Share) | 414 | 638 | 446 | +8% |
| Advances (INR Cr.) ⁽¹⁾ | 12,68,863 | 5,25,806 | 17,86,669 | +42% |
| CAR (%) ⁽¹⁾ | 19.5% | 22.4% | 19.8% | +30 bps |

Indicative Timelines and Key Approvals

