

Q1FY24 Earnings Presentation



July 17, 2023

Executive summary

- Delivering consistent, strong and sustainable performance
 - ✓ Standalone RoA of 2.1% and RoE of 17.3% for Q1 Jun'23 (annualised)
 - ✓ Consolidated EPS of Rs. 22.2 and book value per share of Rs. 542.7
- Continuing buoyant macroeconomic conditions provide tailwind for growth
- Investments in progress – building reach & distribution; broadening customer base and enabling technology
- Momentum in core growth of loans and deposits continues
- Merger successfully executed 1st July 2023 – fifteen months from announcement

HDFC Bank at a glance



Prominence

#1

Private sector bank in India*

US\$ 150+ bn

Market capitalization
(post merger)

180K+

Employees

#1

Most Valuable Indian Banking
Brand[#]



Market share

~11%

Advances[^]

~10%

Deposits

47%

POS and e-Com^{^^}

29%

Credit cards
spends^{^^}



Reach

85 mn

Customer base

7.8K+

Banking branches

23k+

Banking outlets

> 4.5 mn

Merchant acceptance points



Social impact

₹8 bn

CSR spend^{^^}

> ₹500 bn

Contribution to exchequer^{^^}

52%

Branches in semi-urban and rural

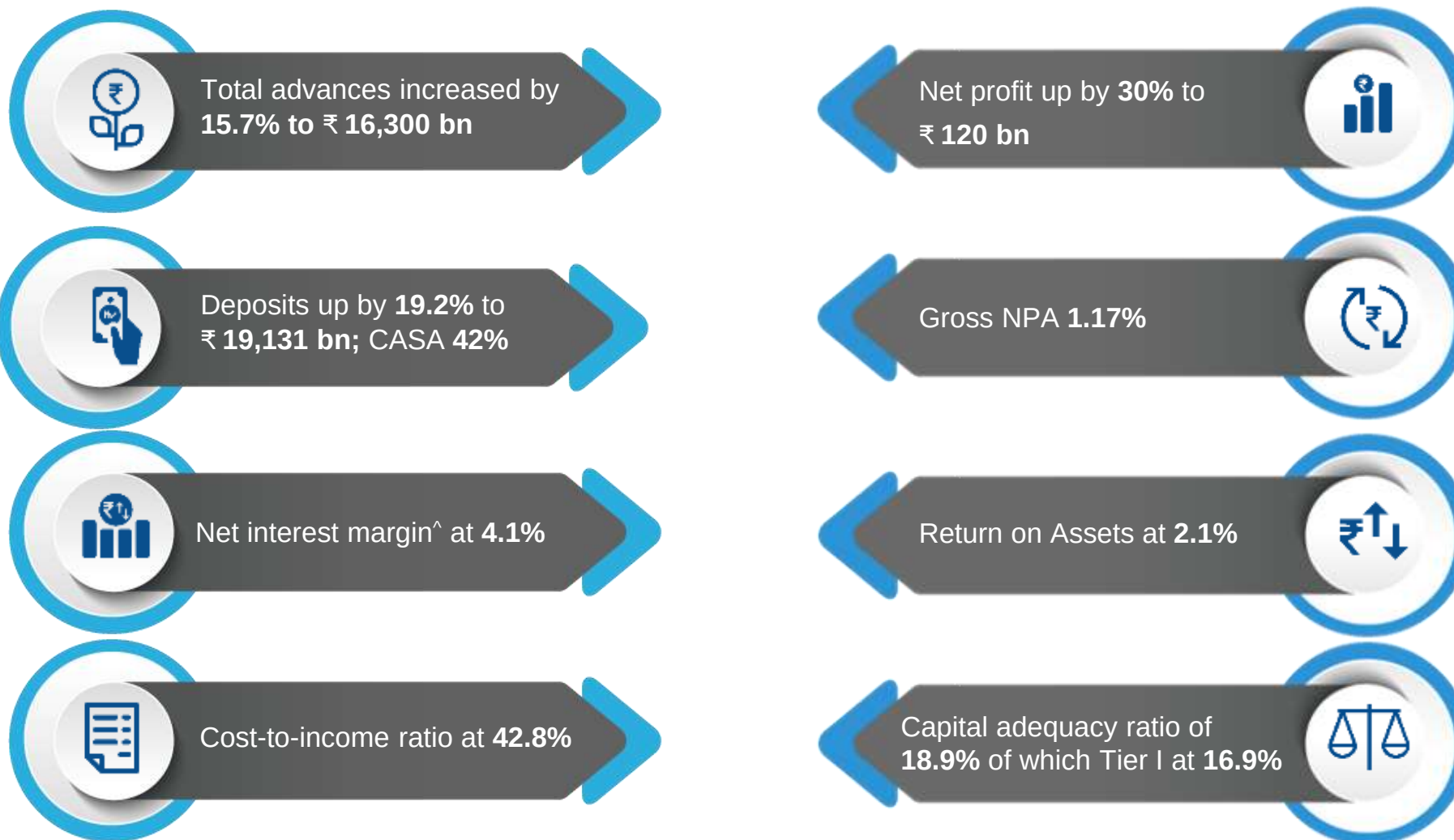
15K +

CSC - BCs

Consolidated Income Statement

P&L ₹ bn	Q1FY23	Q1FY24	YoY
Net interest income	209.2	252.1	21%
Non-interest income	69.3	98.5	42%
Net revenue	278.5	350.6	26%
Operating expenses	113.6	151.8	34%
PPOP	164.9	198.8	21%
Provisions	36.7	32.9	(10%)
Profit before tax	128.2	165.9	29%
Consolidated profit	95.8	123.7	29%

Key Financial Parameters for Q1FY24



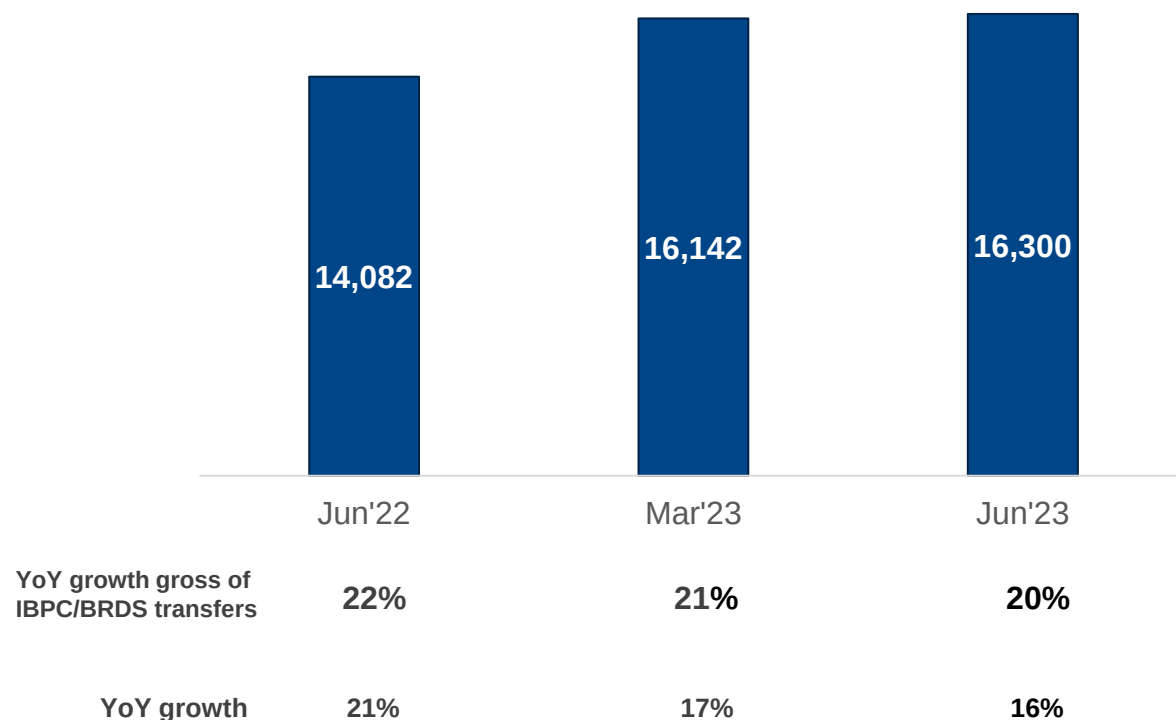
Income Statement

P&L (₹ bn)	Q1FY23	Q1FY24	YoY
Net interest income	194.8	236.0	21%
Non-interest income	63.9	92.3	45%
Net revenue	258.7	328.3	27%
Operating expenses	105.0	140.6	34%
PPOP	153.7	187.7	22%
Provisions	31.9	28.6	(10%)
Profit before tax	121.8	159.1	31%
Profit after tax	92.0	119.5	30%

Growth in advances and deposits

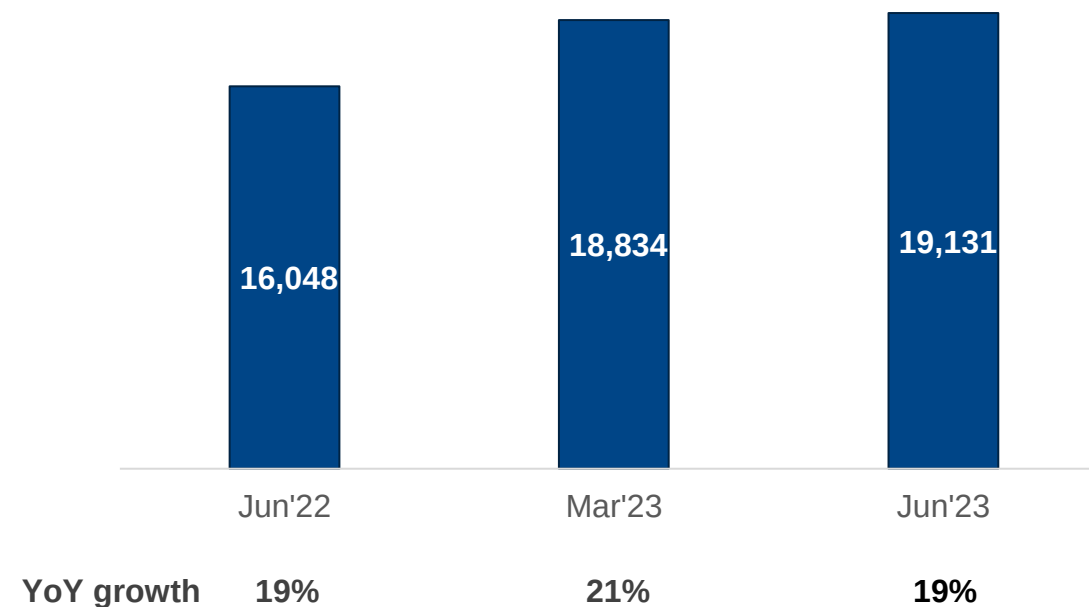
Total advances*

₹ bn



Deposits

₹ bn



*Net of transfers through inter-bank participation certificates and bills rediscounted

Sustained growth across segments

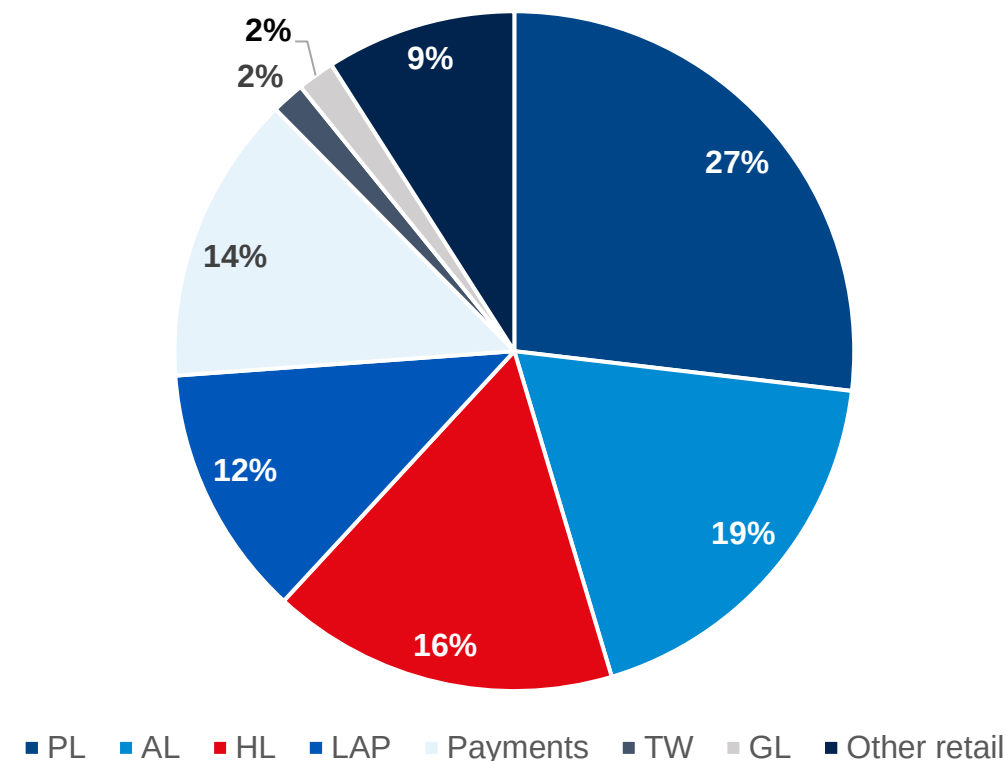
Growth across all segments

Loans (₹ bn)	Jun'22	Mar'23	Jun'23	Q1 FY'23 YoY	Q1 FY'24 YoY
Retail	5,579	6,346	6,578	22%	18%
CRB	4,981	6,292	6,428	29%	29%
Wholesale	3,639	4,097	4,046	16%	11%
Subtotal	14,199	16,734	17,053	22%	20%
IBPC/BRDS	(117)	(592)	(753)		
Total	14,082	16,142	16,300	21%	16%
<i>Retail Mix*</i>	<i>44%</i>	<i>47%</i>	<i>47%</i>		
<i>Wholesale Mix*</i>	<i>56%</i>	<i>53%</i>	<i>53%</i>		

*As per Basel classification

Diversified retail loan book

Jun'23

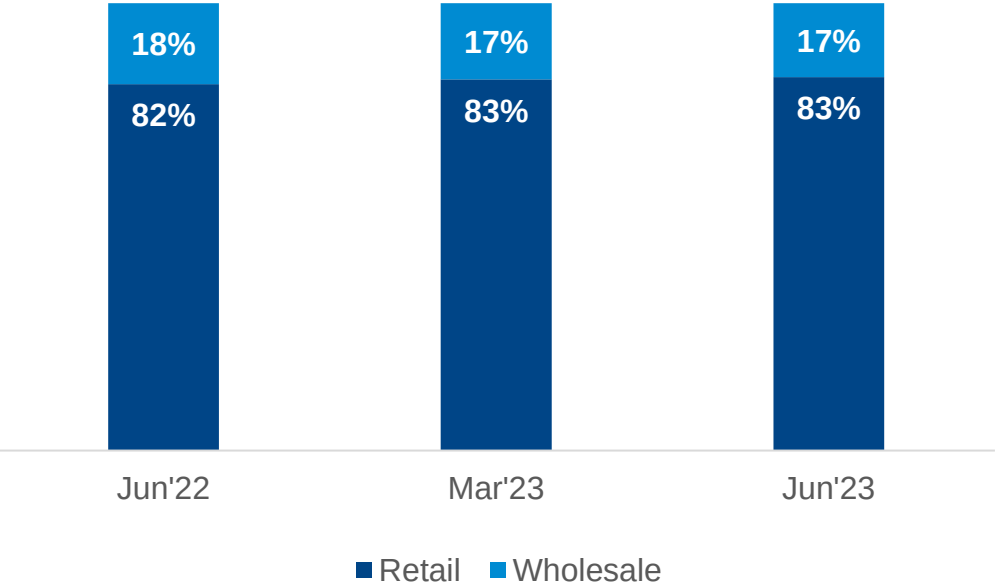


PL – Personal loans; AL – Auto loans; HL – Home loans; LAP – Loans against property; Payments – Cards & Consumer Durable loans; TW – Two wheeler loans; GL – Gold loan

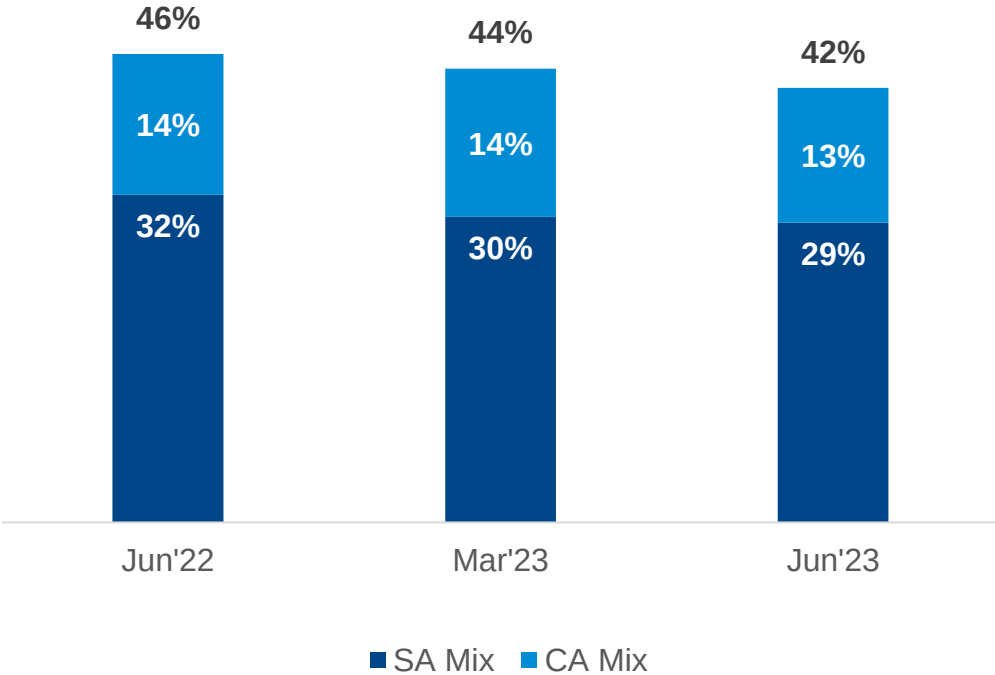
Certain figures will not add-up due to rounding

Stable and granular deposits

Granular deposits



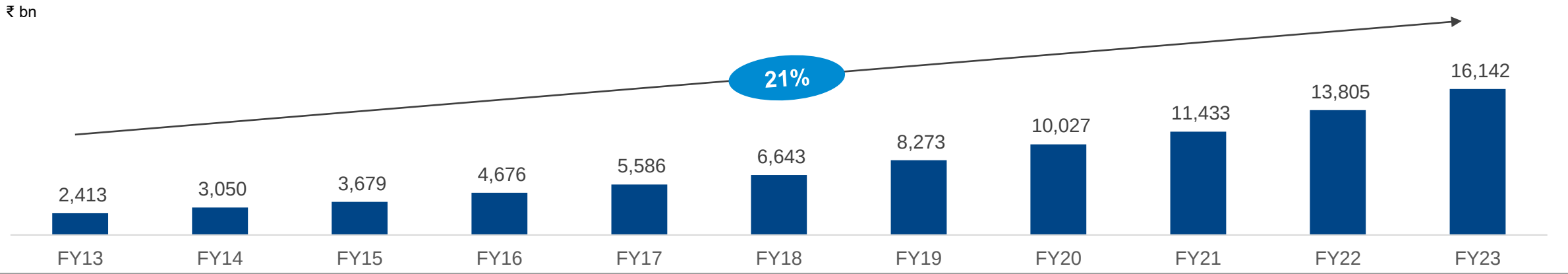
Proportion of CASA deposits



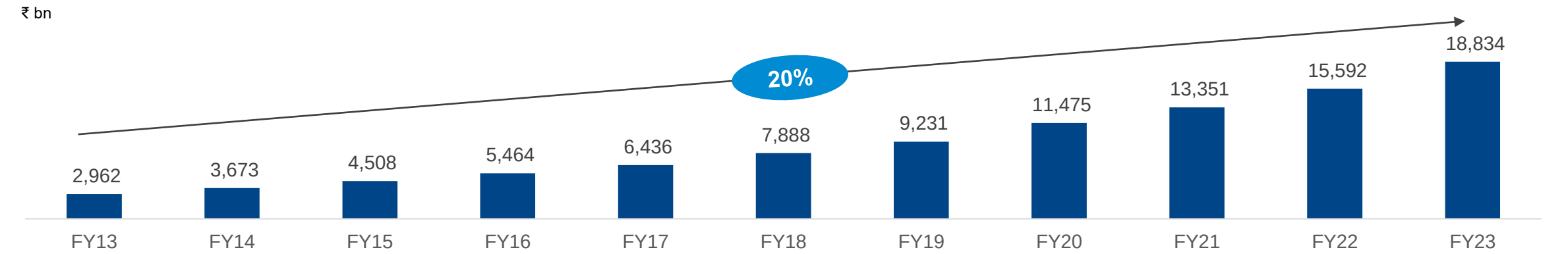
Retail anchoring deposit growth

Long term consistent growth

Advances



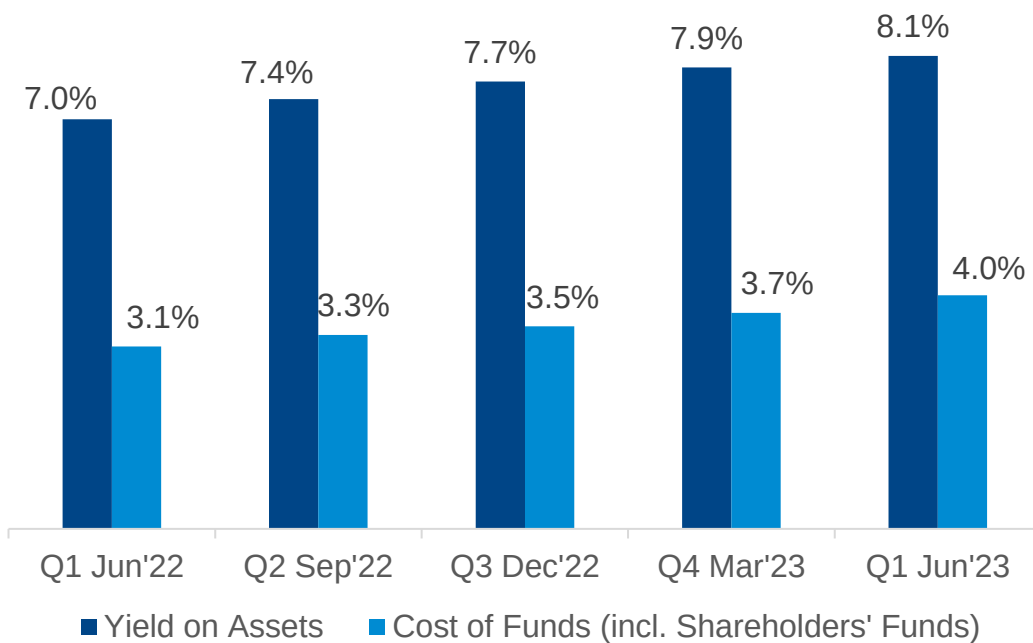
Deposits



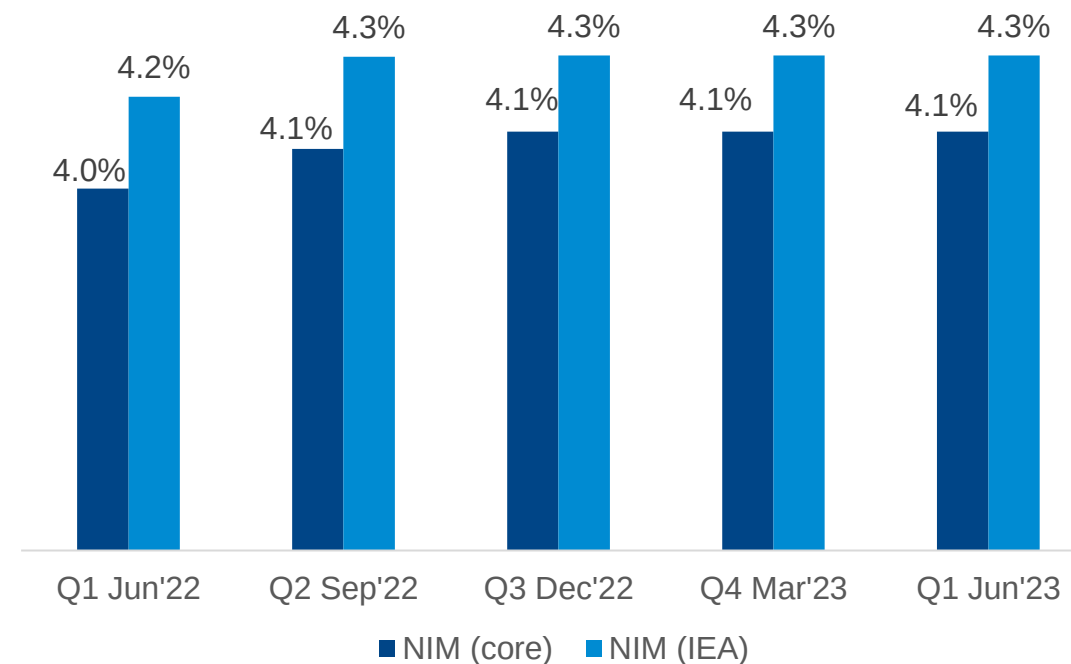
Certain figures will not add-up due to rounding

Stable NIM aided by low cost of funds

Yield and Cost of Funds



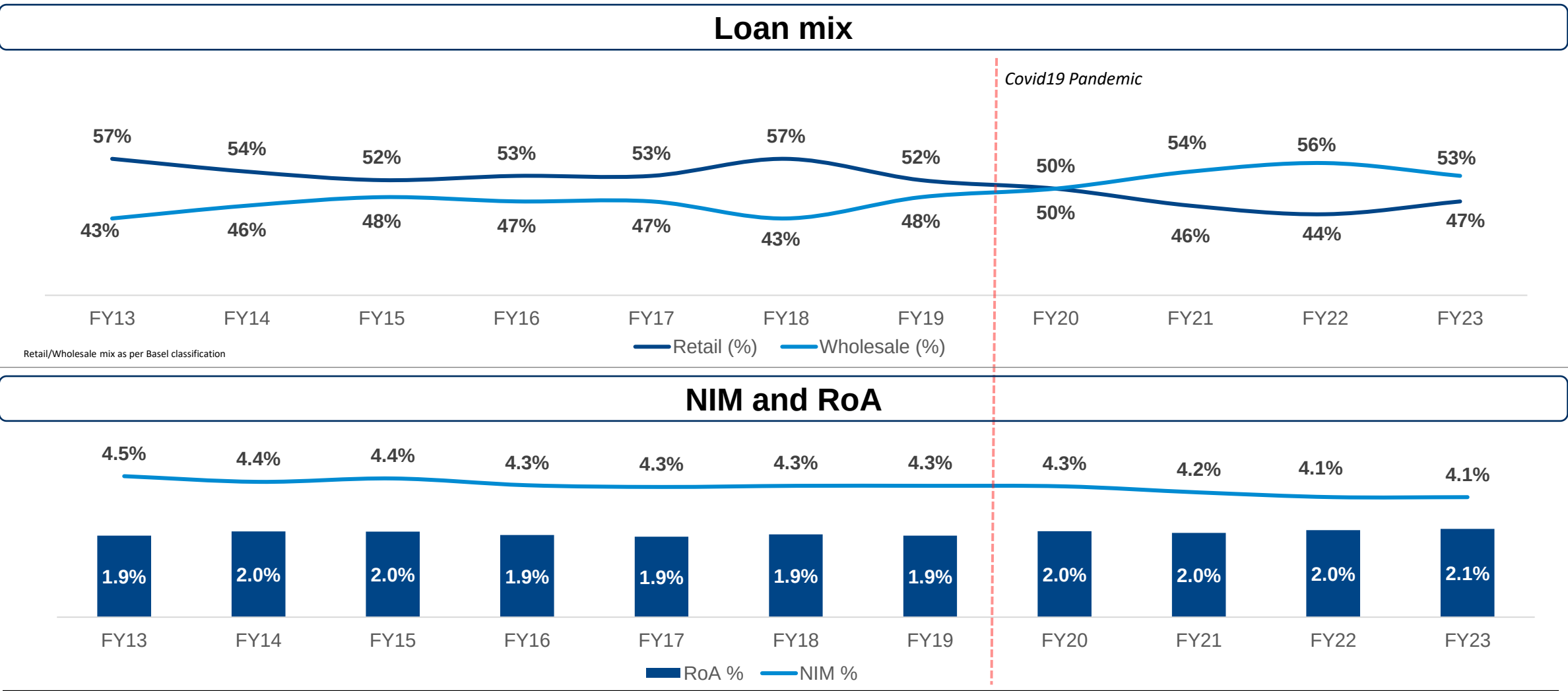
Stable Core Net Interest Margin (NIM)



IEA: Interest Earning Assets

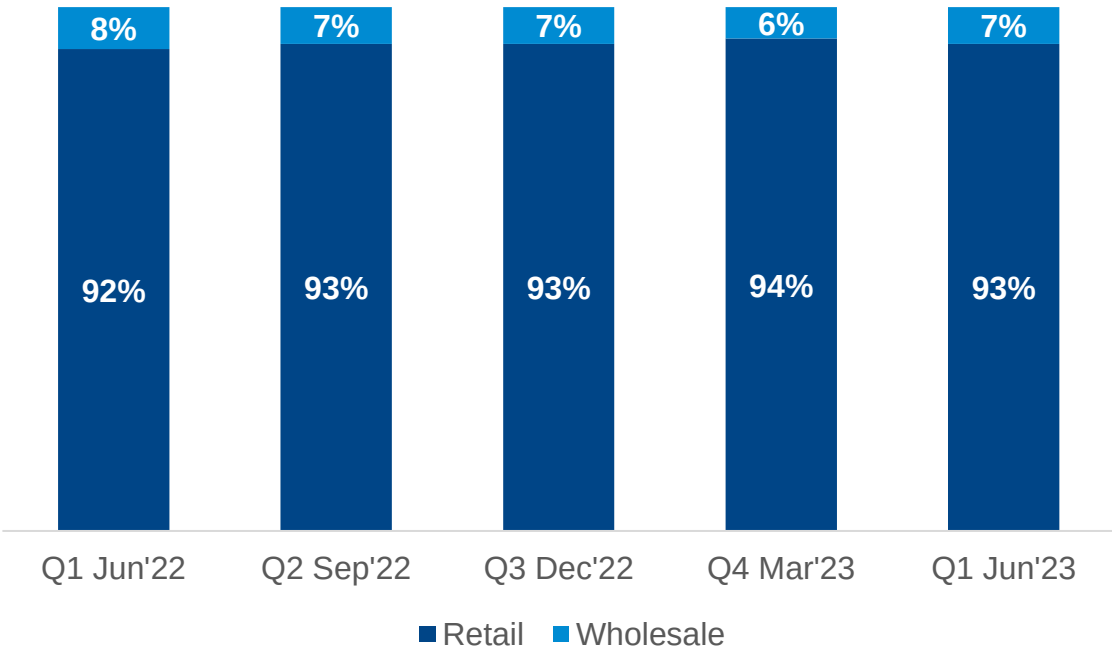
Amongst the lowest cost of funds in the industry driven by high quality deposits

RoA remains consistent over long term

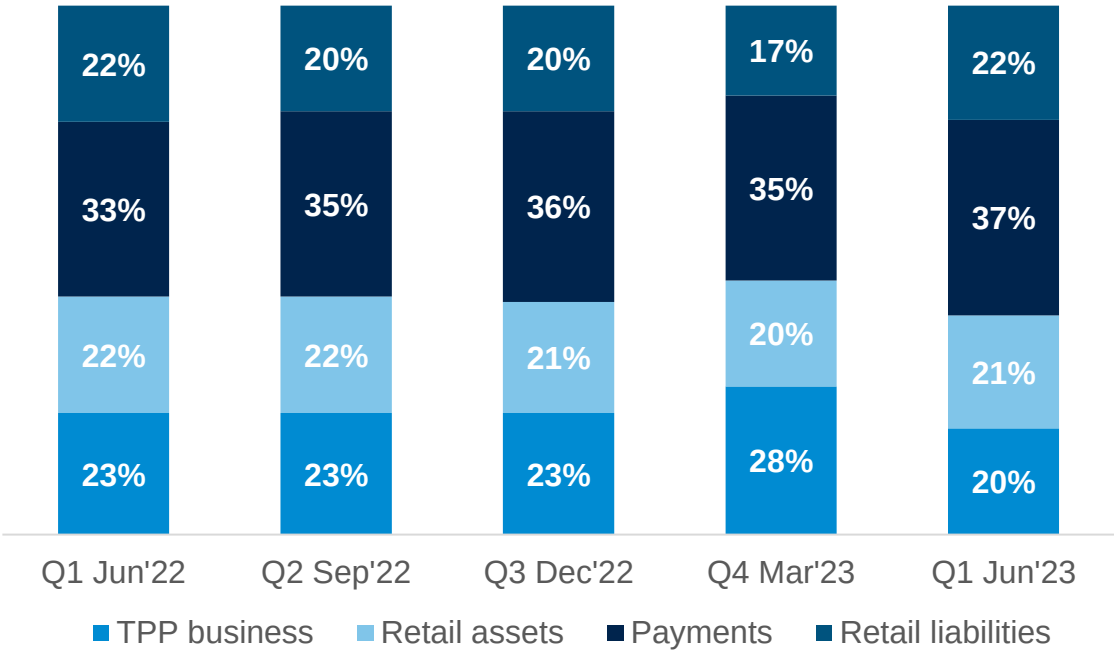


Granular and well diversified fee income

Fee Income Mix



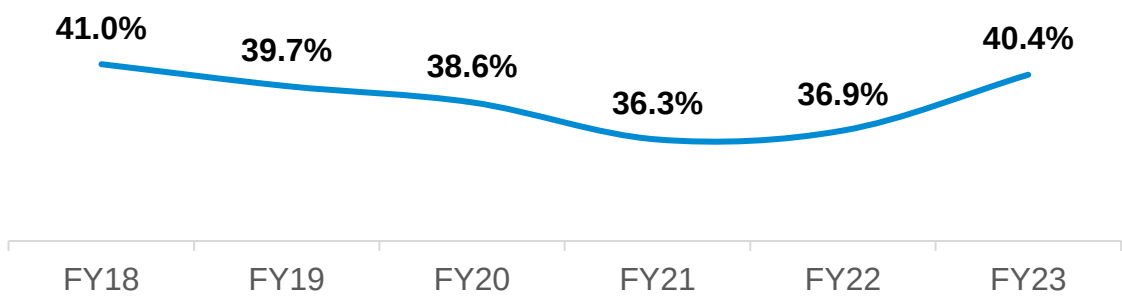
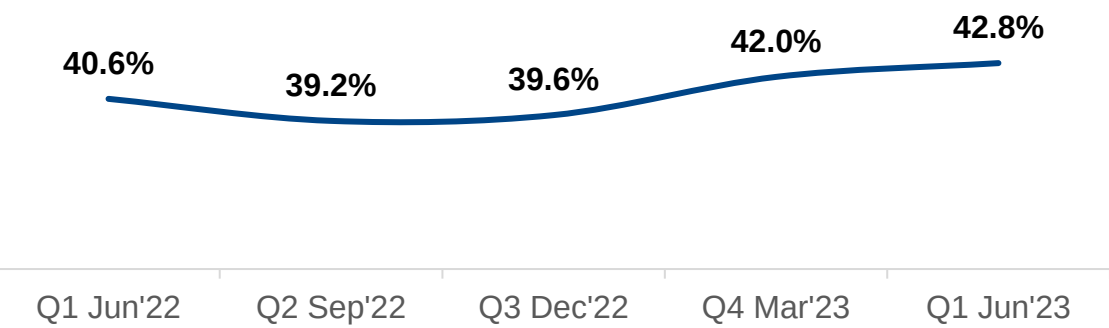
Retail Fee Income Mix



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

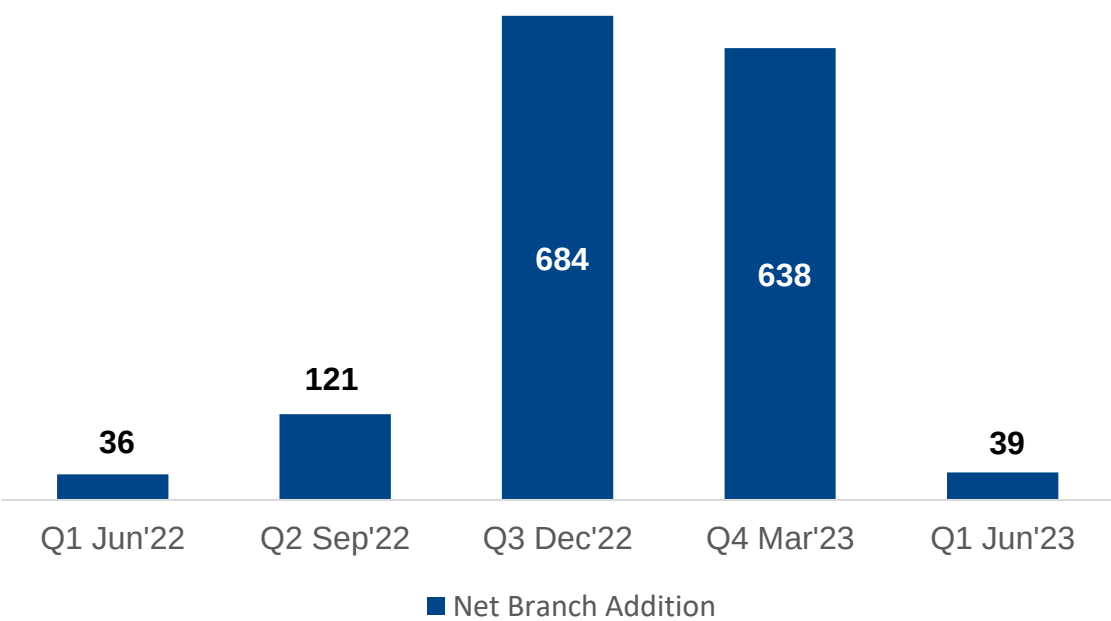
Efficiency in growth

Cost to Income Ratio



Operating efficiency allows investments

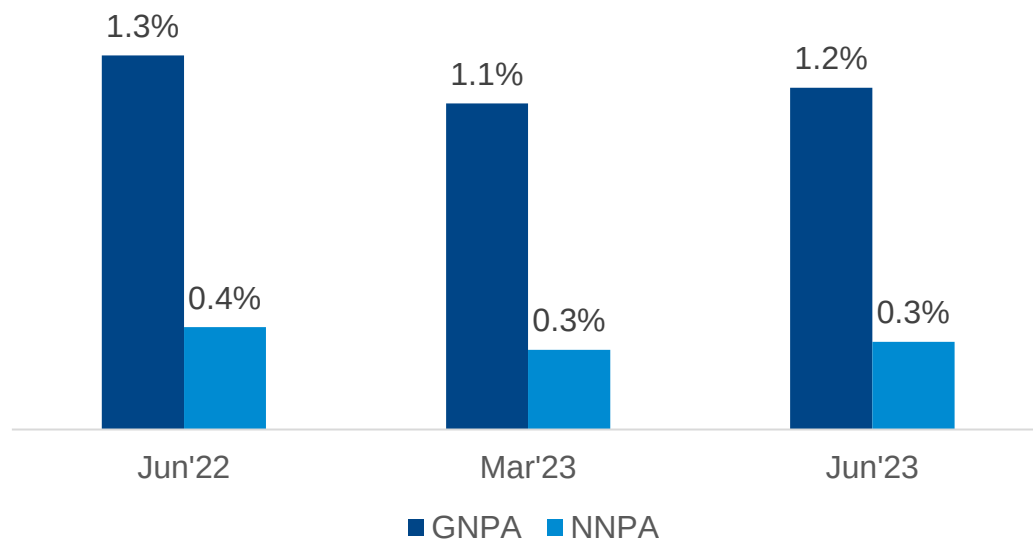
New branches – investing for future



Benign credit enables fast tracking investments

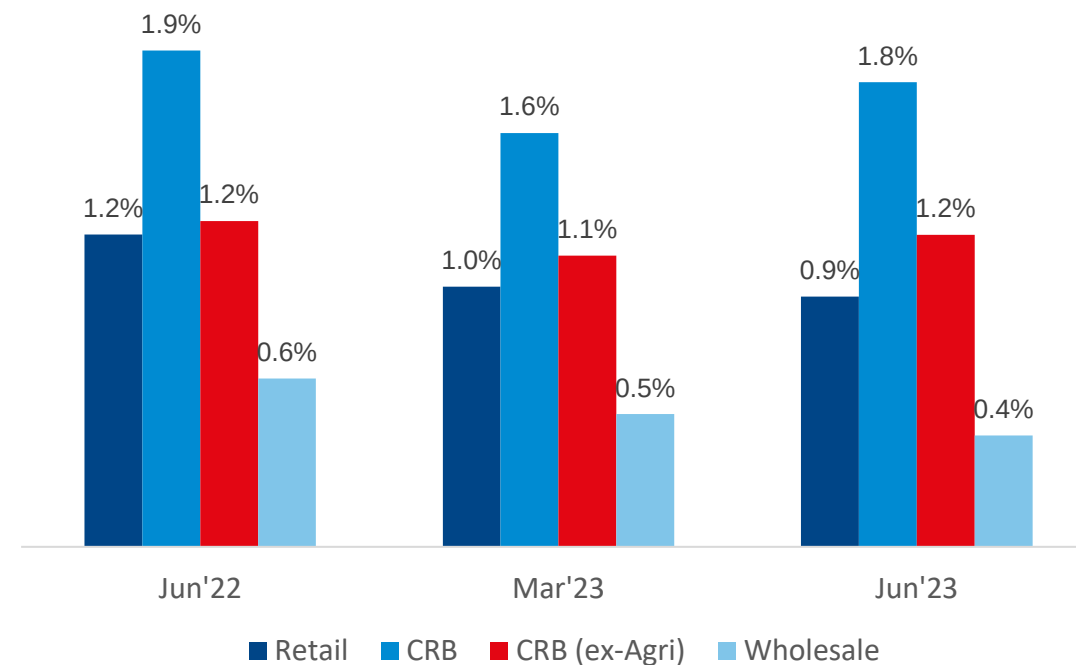
Resilient asset quality

Gross NPA and Net NPA



Stable asset quality; high provision coverage

GNPA by Segment

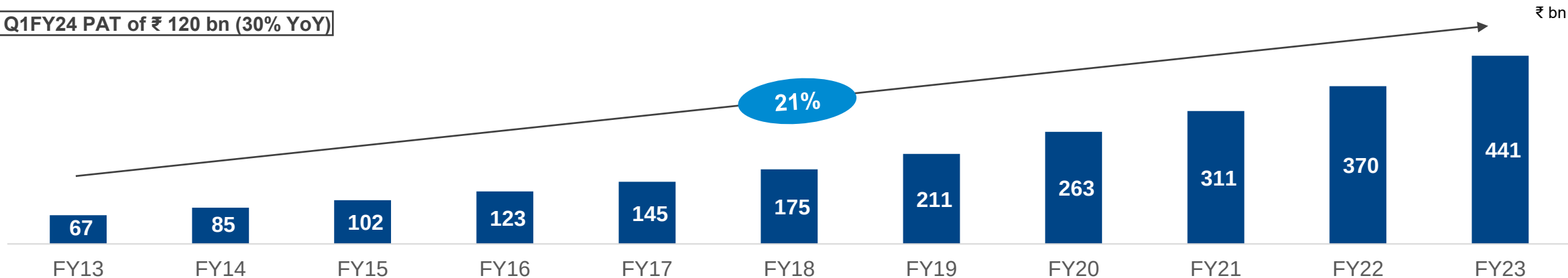


Healthy asset quality across segments

Consistent performance across cycles

Profit after tax

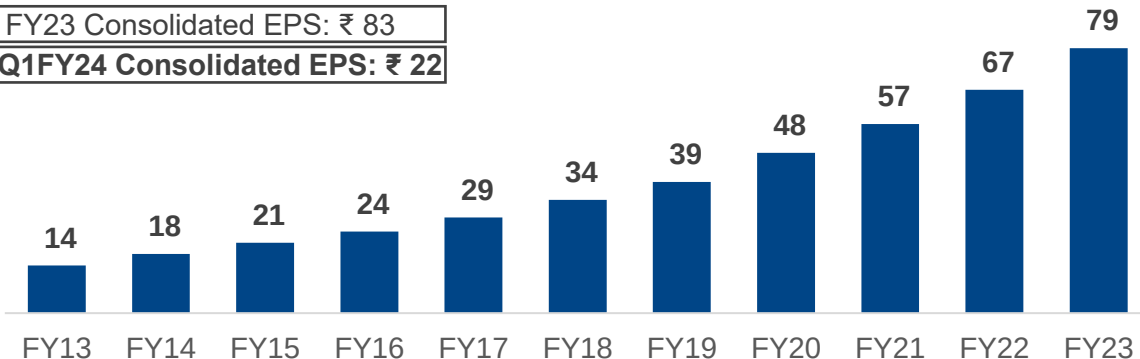
Q1FY24 PAT of ₹ 120 bn (30% YoY)



Earnings per share

FY23 Consolidated EPS: ₹ 83

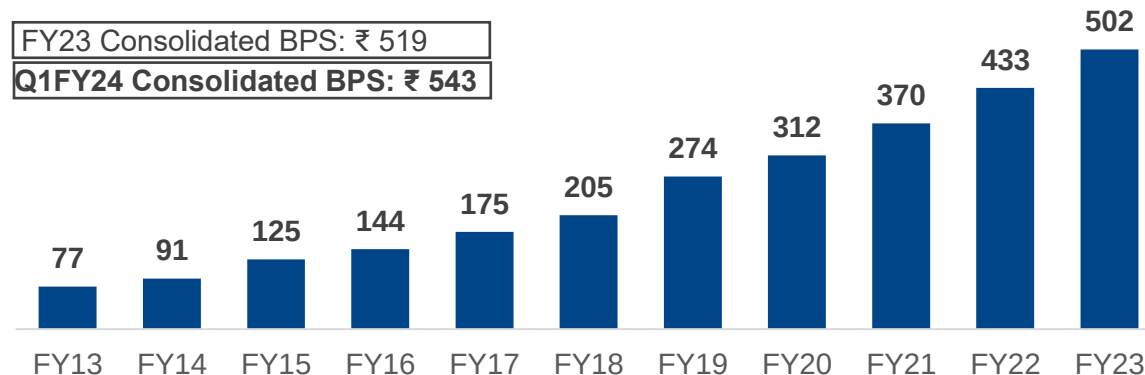
Q1FY24 Consolidated EPS: ₹ 22



Book value per share

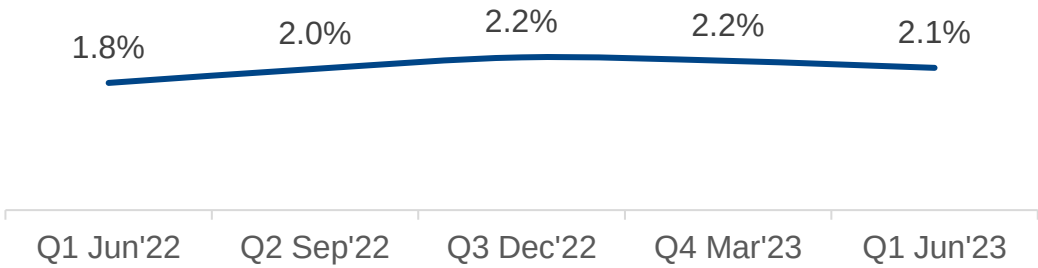
FY23 Consolidated BPS: ₹ 519

Q1FY24 Consolidated BPS: ₹ 543



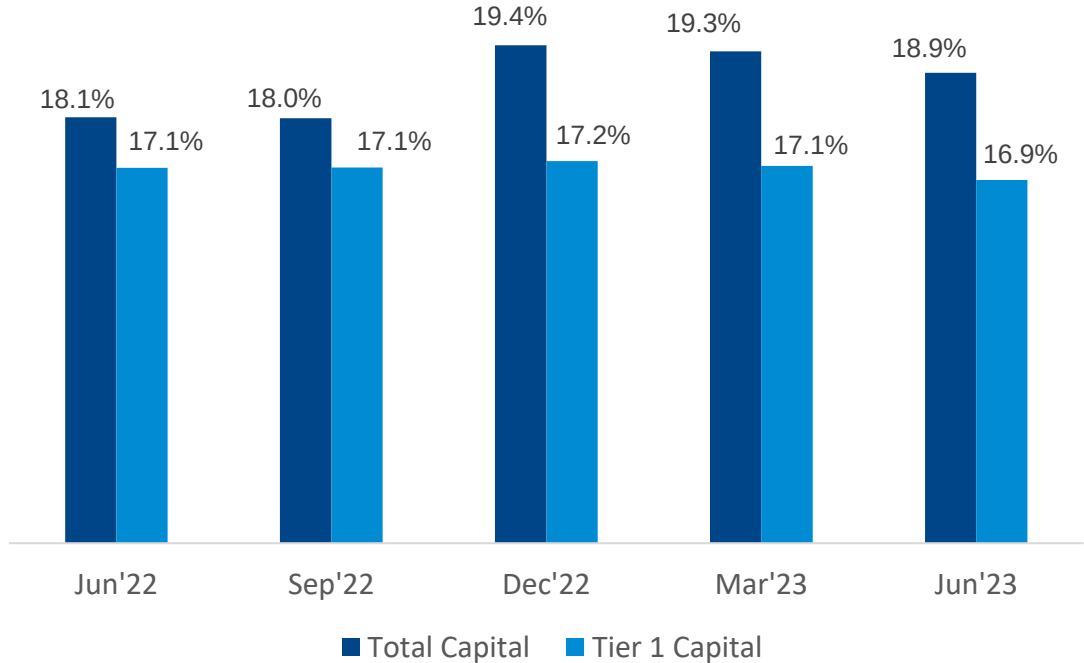
Strong returns and healthy capital ratios

Return on Assets



Consistent RoA

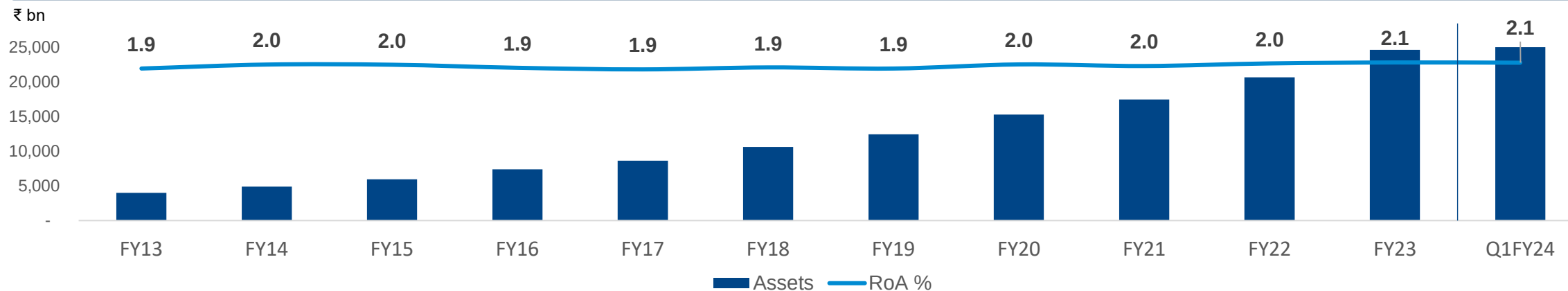
Capital adequacy



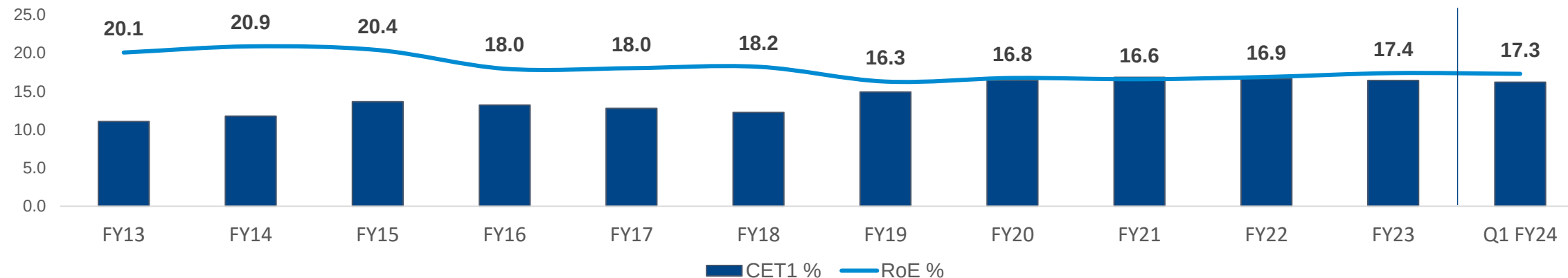
Healthy capital ratios

Balance sheet and capital productivity

Consistent growth in assets and RoA



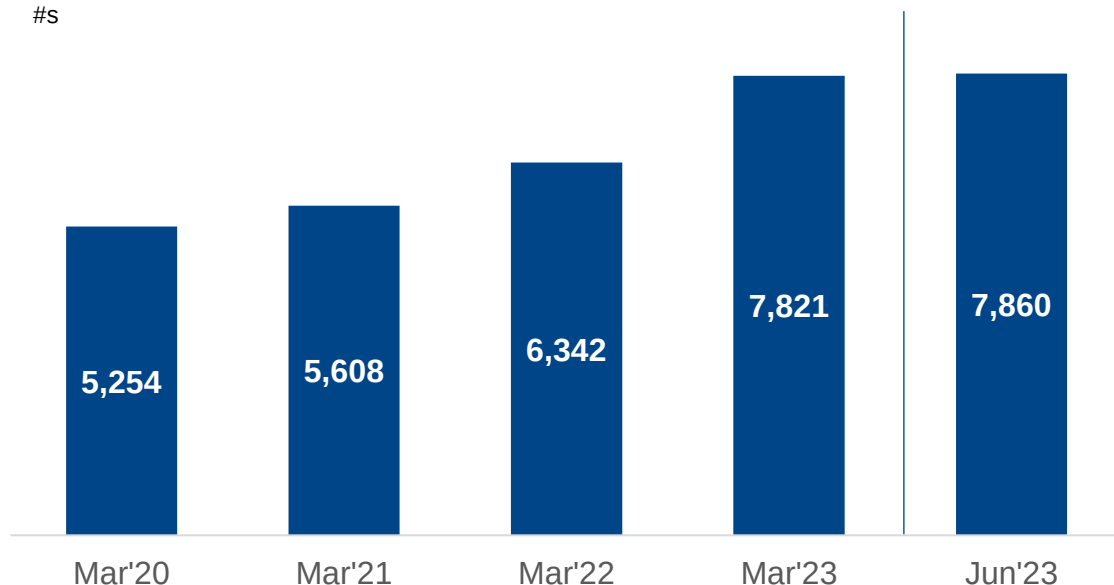
Capital positioned for growth with consistent RoE



Branch expansion and customer relationships driving growth

Branch network

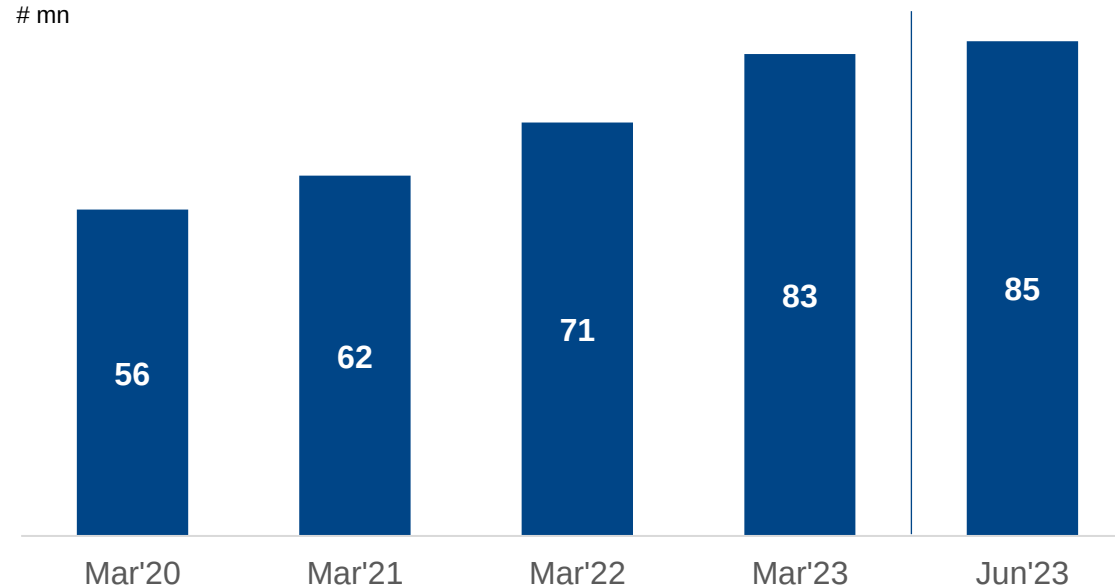
#s



Distribution strength enables customer engagement

Customer base

mn



Large customer base with potential to engage and deepen relationships

Subsidiaries – Q1FY24 Update

HDB Financial Services Limited

- 12.8 million customers serviced through a network of 1,581 branches across 1,101 cities/towns
- Healthy momentum in disbursements across all three business segments with growth of 42% YoY
- Q1FY24 – Loan book: ₹ 736 bn up by 19% YoY and 5% sequentially; Secured Loans: 72%; Stage 3 Assets: 2.48%
 - Net interest margin: 8.3%; Net profit ₹ 5.7 bn up by 28% YoY; RoA 3.2%
 - Capital adequacy ratio (CAR) 19.8% ; EPS ₹ 7.2 ; Book value per share ₹ 150.6 ; RoE 19.4%

HDFC Securities Limited

- 4.6 million customers serviced through a network of 207 branches across 147 cities
- Around 93% of the active clients utilized the services offered through company's digital platforms.
- Q1FY23 – Net revenue: ₹ 5.0 bn; Net profit : ₹ 1.9 bn
 - EPS ₹ 119 ; RoE 41.3%

ESG at HDFC Bank

ESG Vision

Best In class on ESG Standards

Approach

To make ESG a way of life

Focus Areas

- Sustainable banking
- Carbon neutrality
- Employee diversity

Key Targets

- Become carbon neutral by FY32
- 25% women employees by FY25
- 2.5 mn trees by FY25

Governance

- ESG Policy framework approved by the Board
- ESG governed by CSR & ESG committee of the Board and driven by management committees and cross functional working groups
- ESG performance disclosed in the Integrated Annual Report

Key highlights

- 829 branches certified as 'green'
- All upcoming branches to conform to green building standards
- Recycling and waste segregation and at large offices
- HRDP spans across 7,400+ villages in 23 states covering > 1mn families
- Financed 6,110 MW renewable energy capacity in FY23
- Awarded ESG India Leadership Award 2022
- IGBC Award for highest number of green branches

Ratings



As of August 2022



Top constituent of Nifty 100 ESG index



DJSI score at 58 (88 percentile)



CDP rating for 2022 is C

Proforma merged financials (estimated[^])

Proforma merged standalone financials (estimated[^])

Proforma merged loans (estimated)

Loans (₹ bn)	Jun'22	Mar'23	Jun'23	YoY
Retail	5,579	6,346	6,578	18%
CRB	4,981	6,292	6,428	29%
Wholesale	3,640	4,097	4,046	11%
Subtotal (HDFCB pre-merger)	14,199	16,734	17,053	20%
HDFC's individual loans	4,427	4,945	5,054	14%
Subtotal (core)	18,626	21,679	22,107	19%
HDFC's non-individual loans	1,343	1,215	1,097	(18%)
Subtotal	19,969	22,894	23,204	16%
IBPC/BRDS	(117)	(592)	(753)	
Proforma merged gross advances	19,852	22,302	22,451	13%

Core loan growth 19%
Mortgage mix in loan book 35%

Proforma merged deposits (estimated)

Deposits (₹ bn)	Jun'22	Mar'23	Jun'23	YoY
HDFCB deposits (pre-merger)	16,048	18,834	19,131	19%
HDFC's retail deposits*	1,021	1,112	1,124	10%
Subtotal	17,069	19,946	20,255	19%
HDFC's non-retail deposits	691	415	397	-43%
Proforma merged deposits	17,761	20,361	20,651	16%

CASA ratio 39%
Retail mix in deposits 83%

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.

THANK YOU