

Q2FY24 Earnings Presentation



October 16, 2023

Executive summary

- Merger consummated effective 1st July 2023
- Key performance metrics for Q2 Sep'23:
 - ✓ Advances grew ₹ 1.1 tr in the quarter resulting in sequential growth of 4.9%
 - ✓ Deposits grew ₹ 1.1 tr in the quarter resulting in sequential growth of 5.3%
 - ✓ Stable asset quality leading to benign credit costs
 - ✓ Delivered RoA of 2.0% and RoE of 16.2% in the current quarter
 - ✓ Consolidated EPS of Rs. 22.2 for the quarter and BVPS of Rs. 552.5
 - ✓ Capital adequacy ratio at 19.5% positioned for continued growth
- Investments in progress – building reach & distribution; broadening customer base and enabling technology

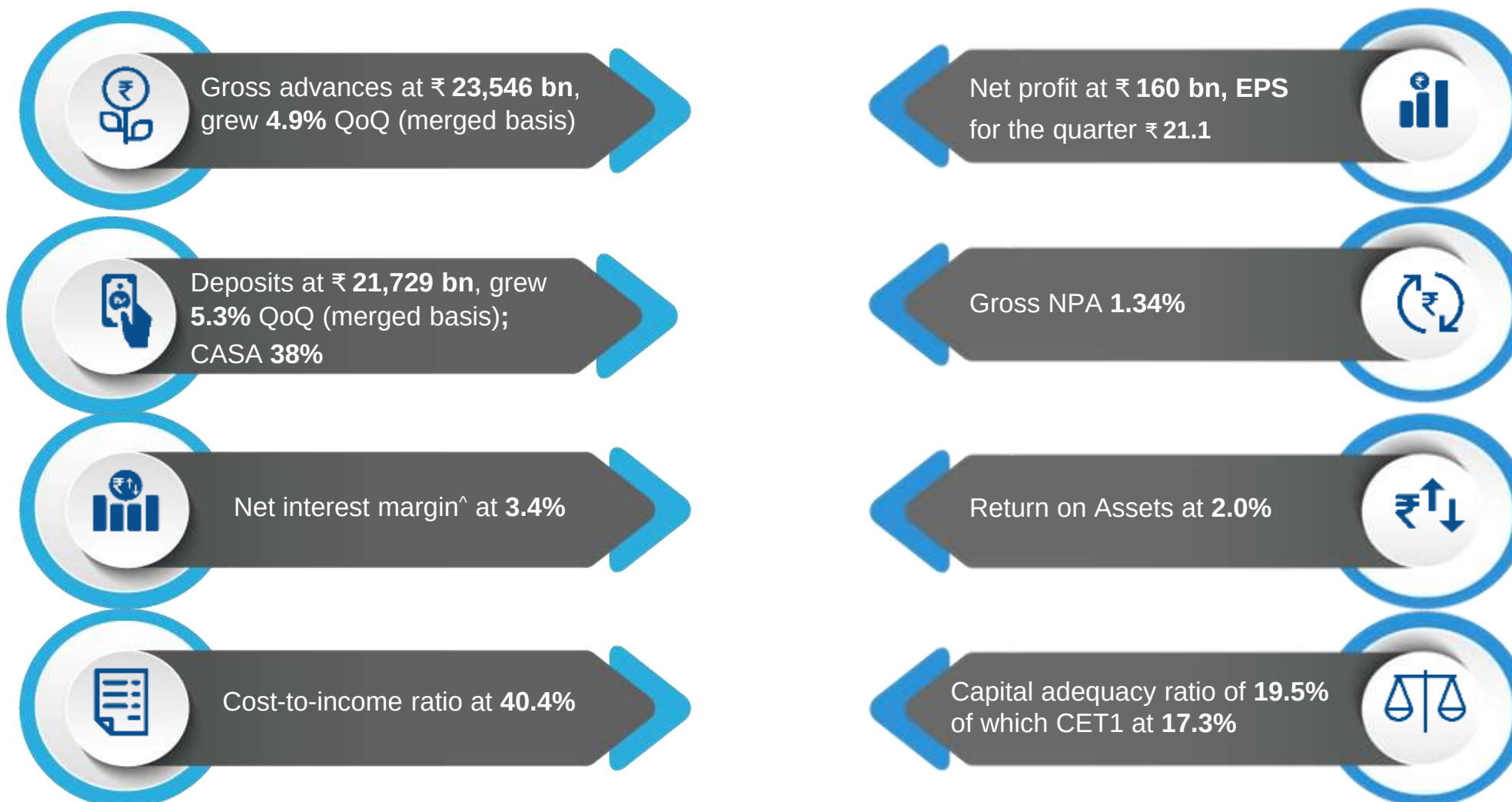
Merger Consummated

- The completion of merger with HDFC Limited brings into the Bank's fold long tenor mortgage portfolio, which further enhances our ability to provide a comprehensive array of in-house products & services
 - ✓ Employees of eHDFC have been successfully onboarded into appropriate roles in the Bank
 - ✓ IT systems have been integrated seamlessly; customers have a unified view of their complete relationship with HDFC Bank
 - ✓ Branches of eHDFC are operational under the HDFC Bank banner
 - ✓ We are working to derive synergistic benefits along with subsidiaries and expect business momentum to gather further pace from hereon
 - ✓ In the merger quarter, business momentum has continued to gain pace with record logins; disbursements set a new record – ₹48k crores during the quarter
 - ✓ Digital orchestration for bundled offerings is progressing for launch in the coming quarter

Consolidated Income Statement

P&L ₹ bn	Q1FY24	Q2FY24	QoQ
Net revenue	350.6	663.2	89.1%
Operating expenses	151.8	420.4	177.0%
PPOP	198.8	242.8	22.1%
Provisions	32.9	33.1	0.6%
Profit before tax	165.9	209.7	26.3%
Consolidated profit	123.7	168.1	35.9%
Consolidated EPS	22.2	22.2	
Consolidated BVPS	542.7	552.5	

Key Financial Parameters for Q2FY24

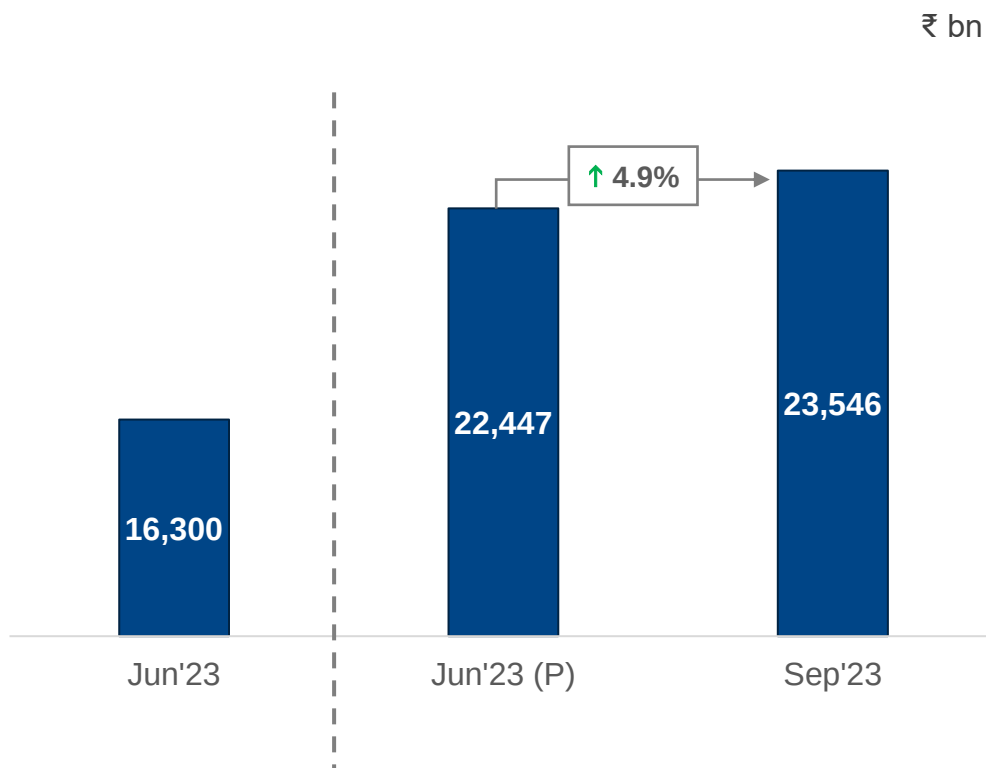


Income Statement

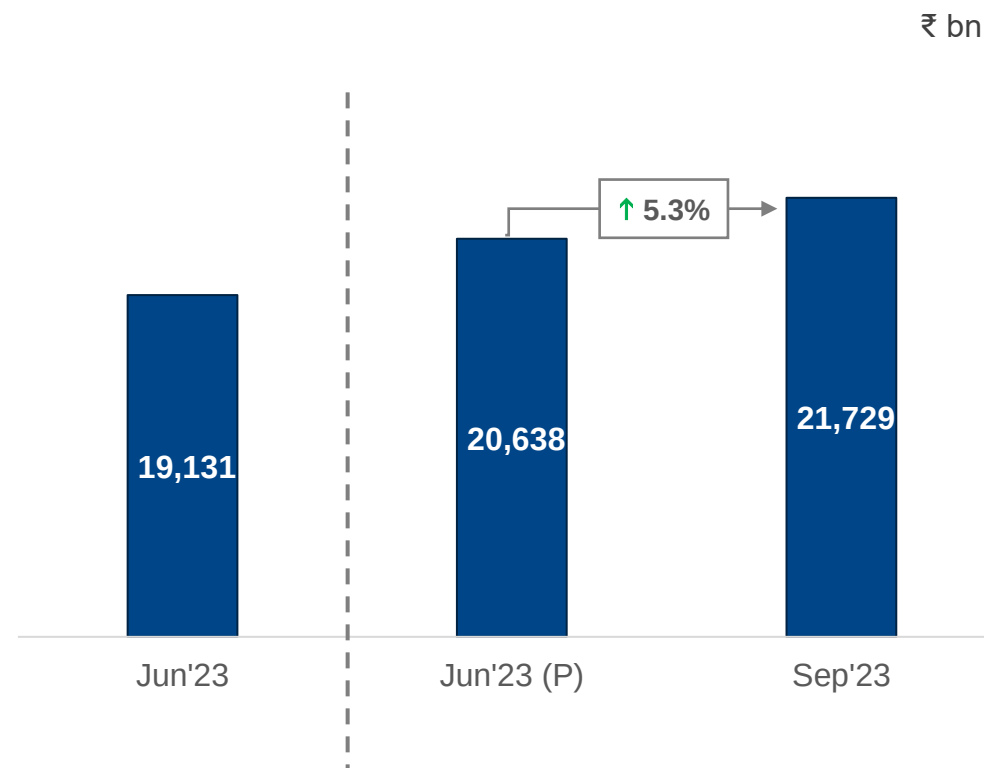
P&L (₹ bn)	Q1FY24	Q2FY24	QoQ
Net interest income	236.0	273.9	16.0%
Non-interest income	92.3	107.1	16.0%
Net revenue	328.3	380.9	16.0%
Operating expenses	140.6	154.0	9.5%
PPOP	187.7	226.9	20.9%
Provisions	28.6	29.0	1.5%
Profit before tax	159.1	197.9	24.4%
Profit after tax	119.5	159.8	33.7%
EPS	21.4	21.1	
BVPS	525.4	534.2	

Growth in advances and deposits

Gross advances



Deposits



*(P) indicates balances on merged basis

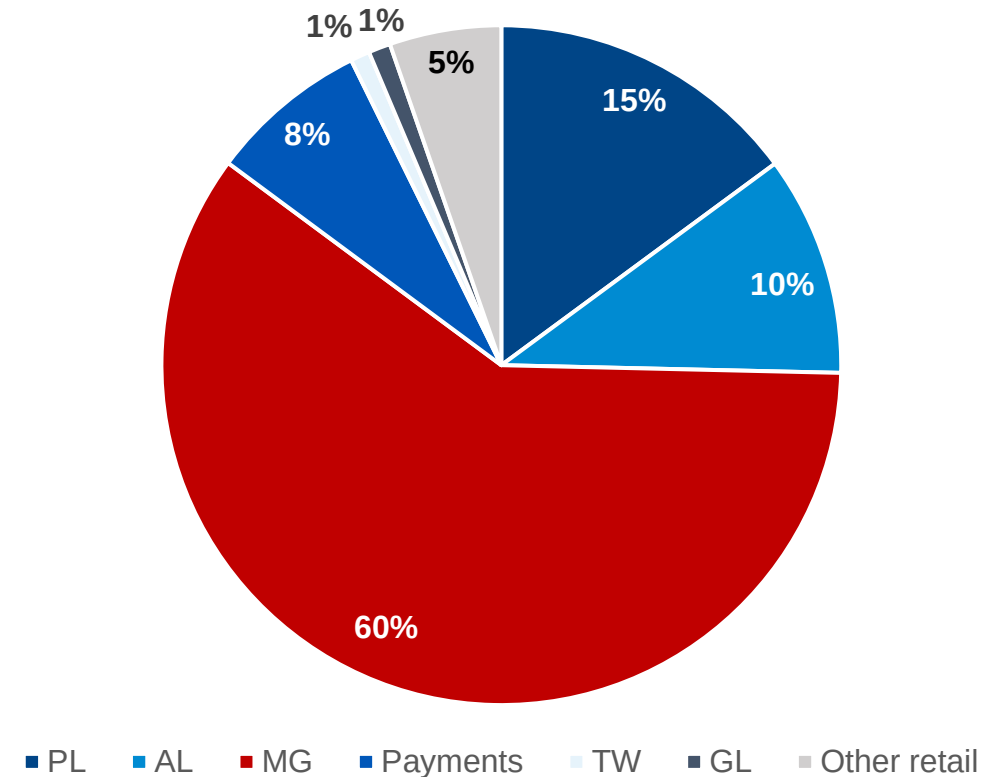
Sustained growth across segments

Growth across all segments

Loans (₹ bn)	Jun'23	Jun'23 (P)	Sep'23	QoQ (P)
Retail Mortgages	1,873	6,928	7,171	3.5%
Retail Non-Mortgages	4,705	4,705	4,824	2.5%
Retail	6,578	11,633	11,995	3.1%
CRB	6,428	6,428	7,052	9.7%
Other wholesale	4,046	4,046	4,281	5.8%
Subtotal	17,053	22,107	23,328	5.5%
eHDFCL Non-Individual	-	1,093	1,028	(6.0%)
Advances gross of IBPC	17,053	23,200	24,356	5.0%
IBPC/BRDS	(753)	(753)	(810)	7.5%
Gross Advances	16,300	22,447	23,546	4.9%
<i>Retail : Wholesale Mix*</i>	<i>47% : 53%</i>		<i>55%:45%</i>	

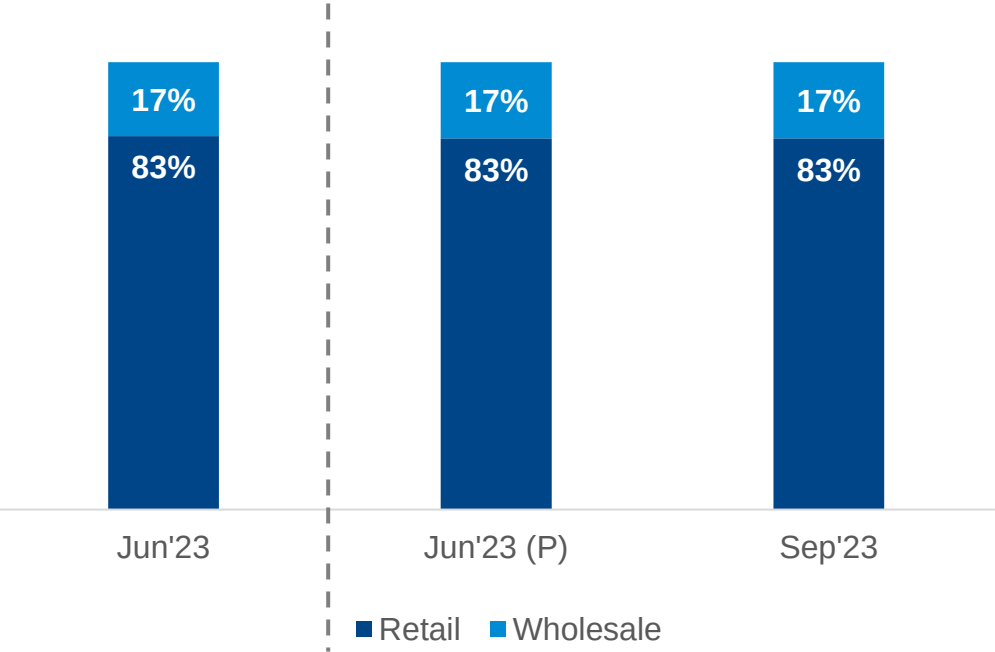
Diversified retail loan book

Sep'23

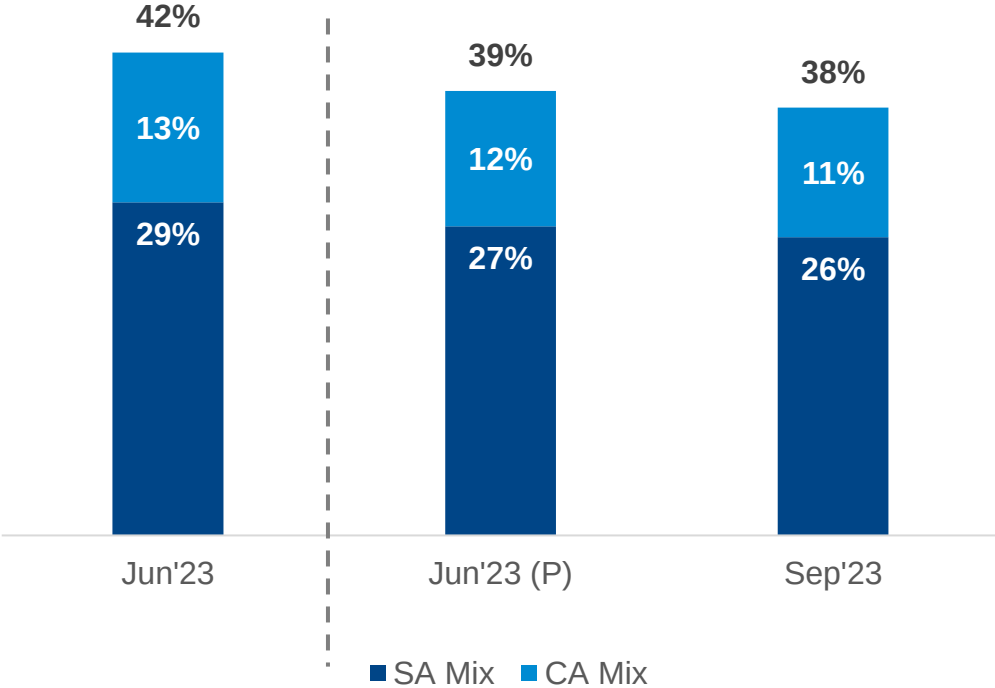


Stable and granular deposits

Granular deposits



Proportion of CASA deposits

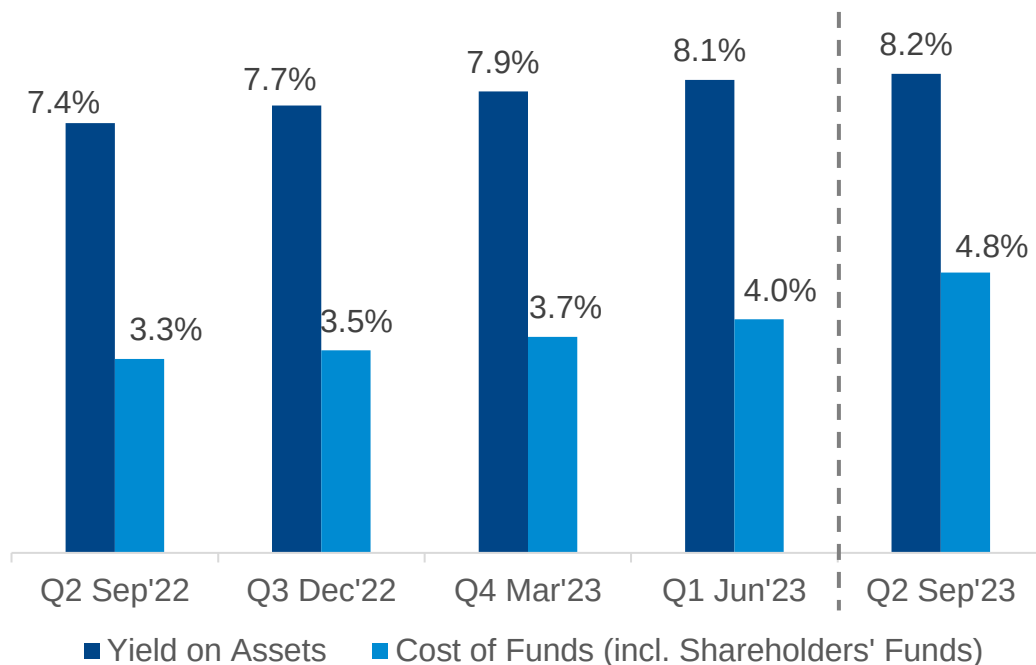


Retail anchoring deposit growth

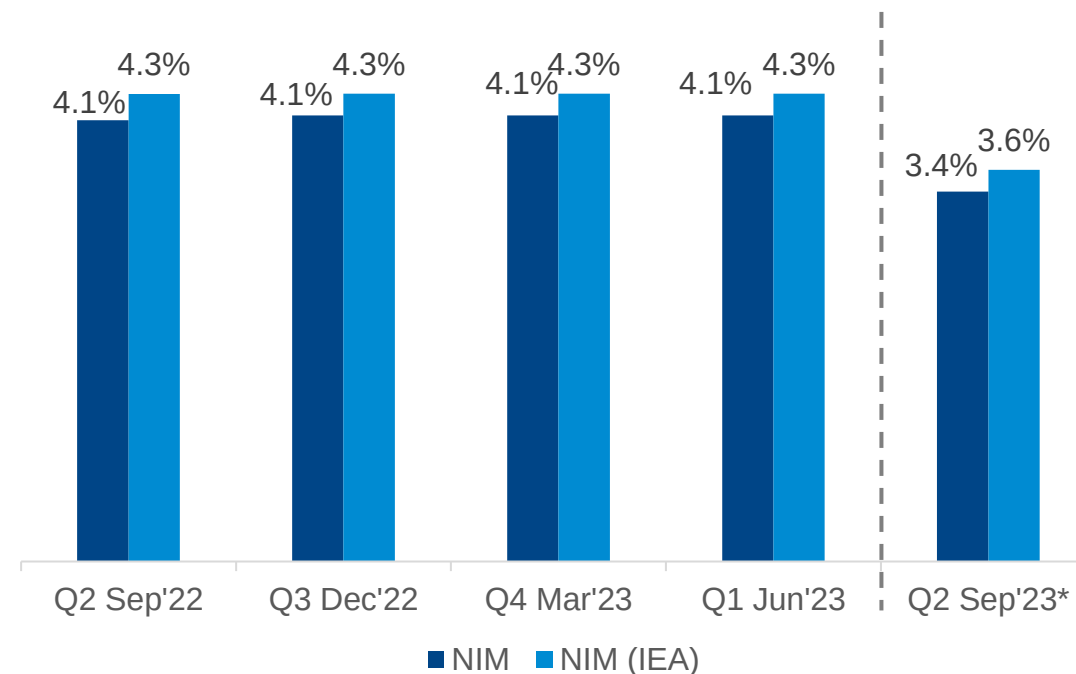
**(P) indicates ratios on merged basis*

Stable NIM aided by low cost of funds

Yield and Cost of Funds



Stable Net Interest Margin (NIM)

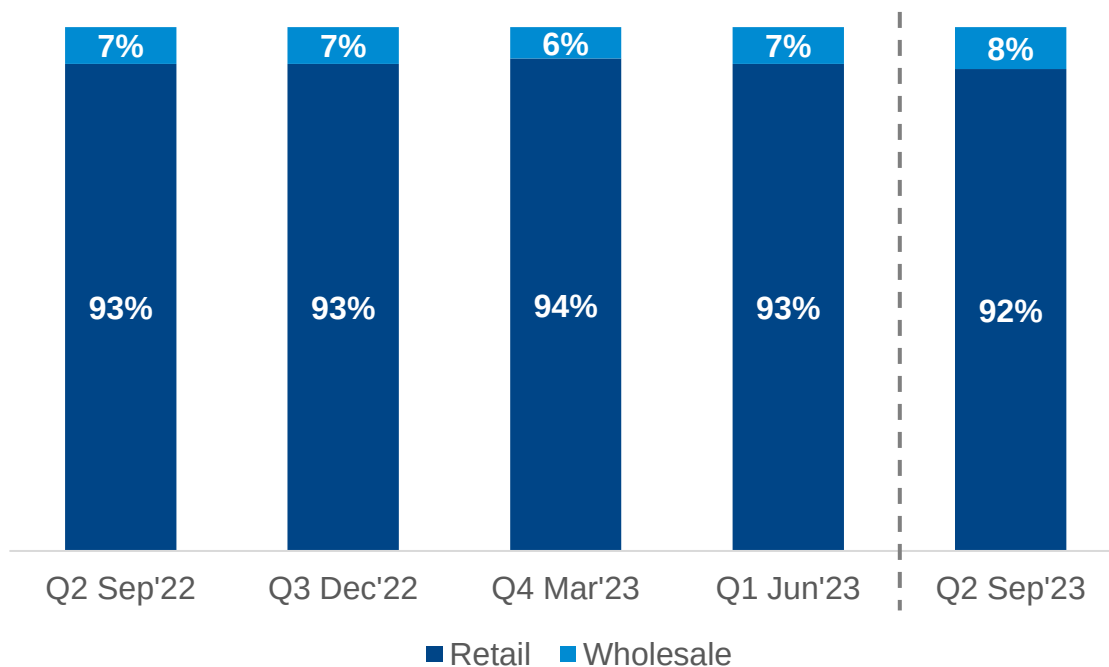


IEA: Interest Earning Assets

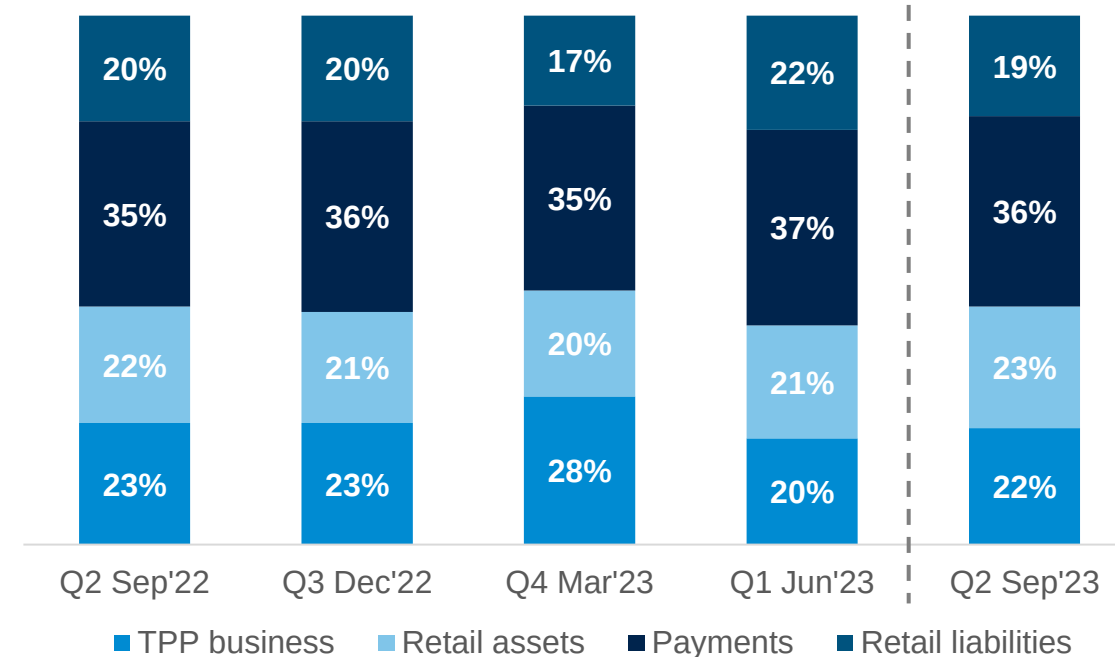
**Core NIM for the quarter was 3.65% on total assets and 3.85% on interest earning assets. After absorbing debt funded cost for additional liquidity and merger management, the reported NIM for the quarter is 3.4% on total assets and 3.6% on interest earning assets*

Granular and well diversified fee income

Fee Income Mix



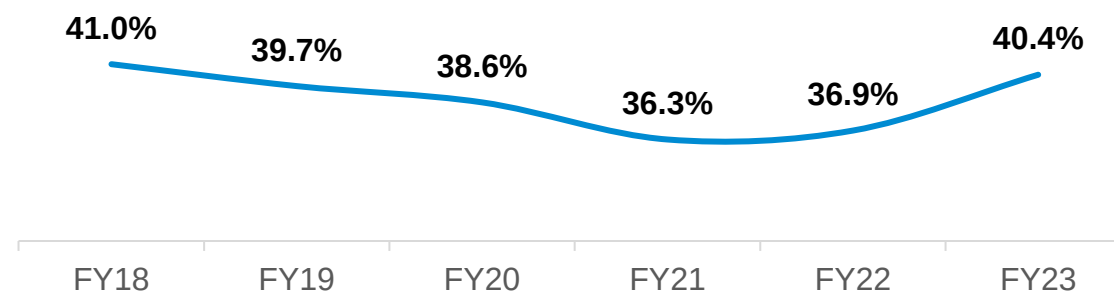
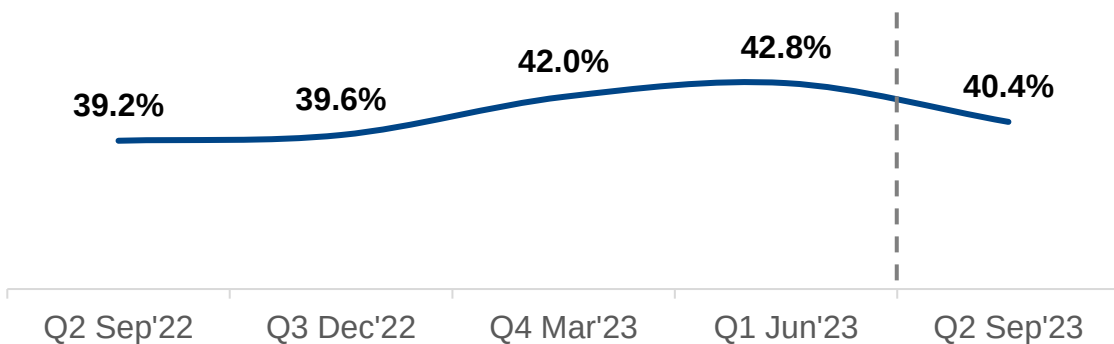
Retail Fee Income Mix



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

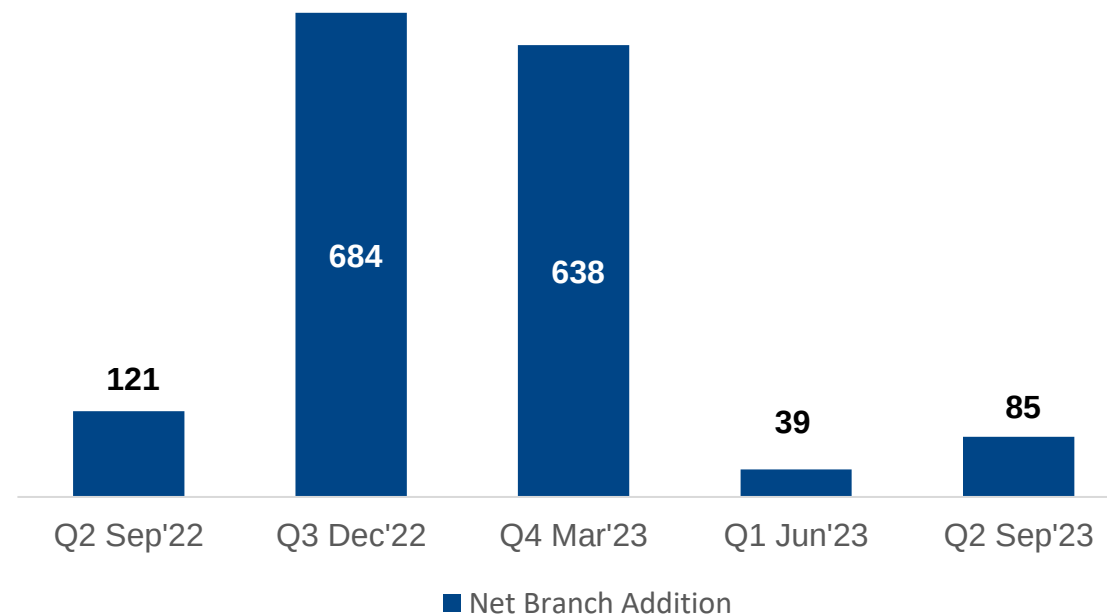
Efficiency in growth

Cost to Income Ratio



Operating efficiency allows investments

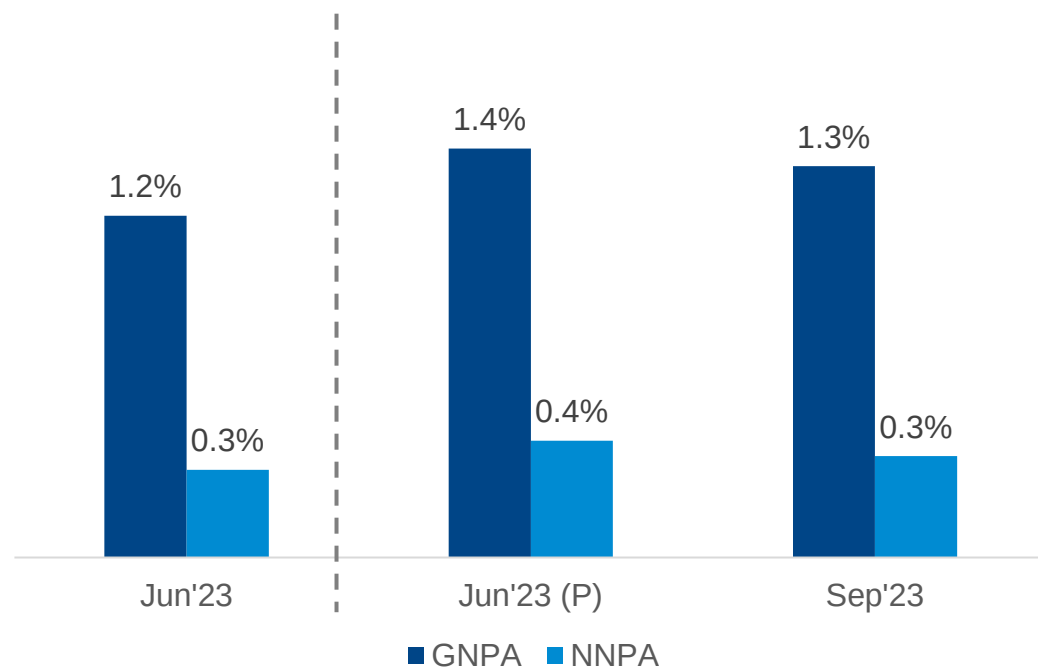
New branches – investing for future



Benign credit enables fast tracking investments

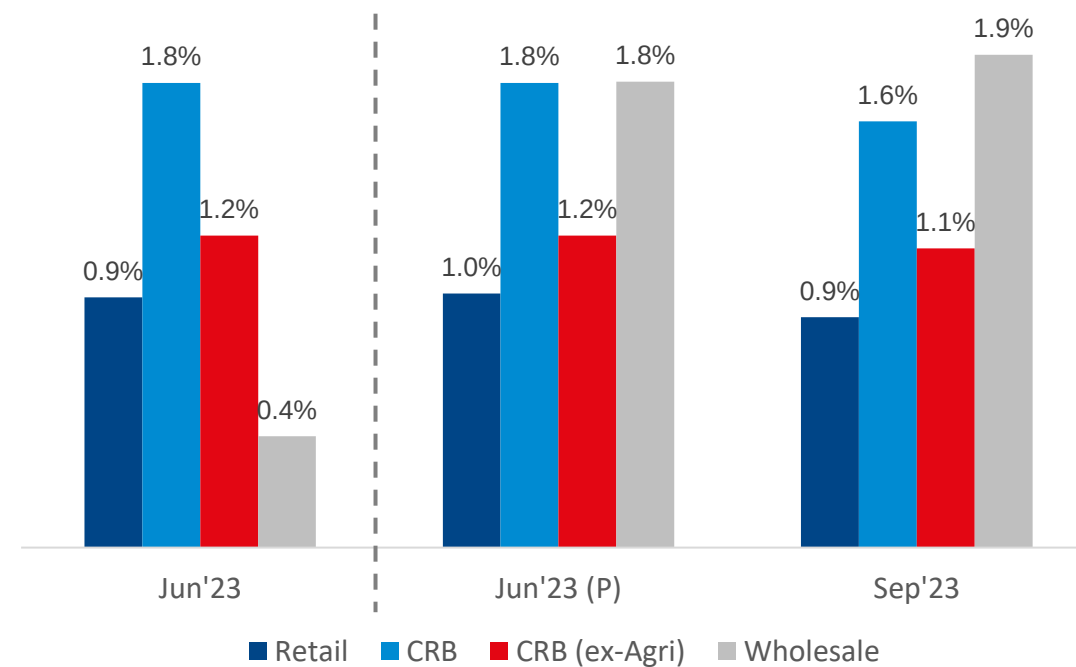
Resilient asset quality

Gross NPA and Net NPA



Stable asset quality; high provision coverage

GNPA by Segment

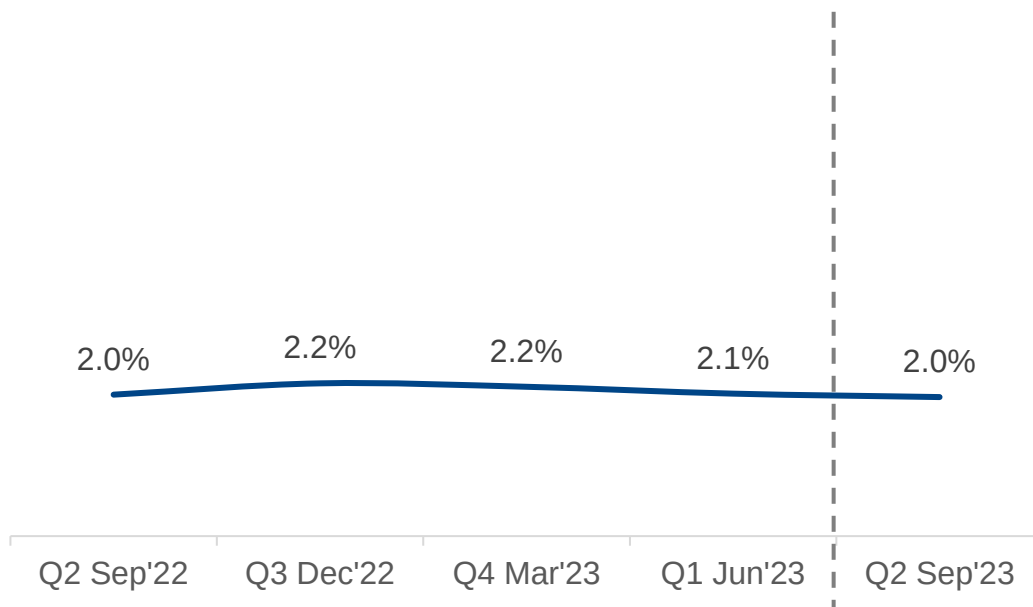


Healthy asset quality across segments

The non-individual loan book of eHDFC has been reckoned under wholesale loans. Certain non-individual accounts of eHDFC which have been restructured and are current have been classified as NPA as per extant regulations. These account for 0.2% in the total GNPA ratio and 1.0% in the wholesale GNPA ratio as of 30th Sep'23.

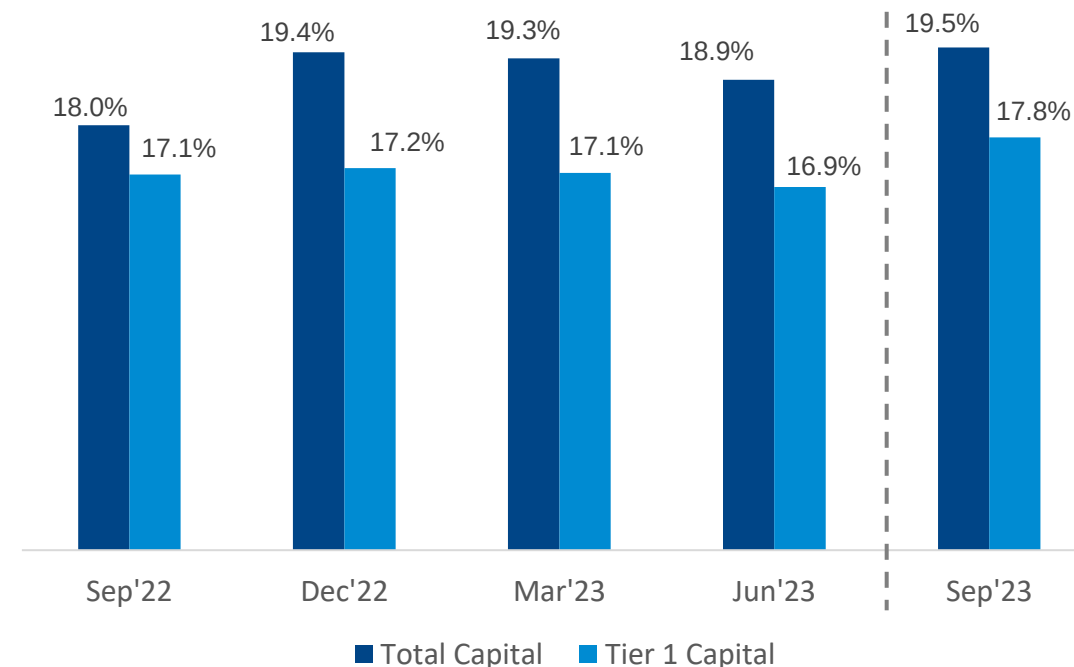
Strong returns and healthy capital ratios

Return on Assets



Consistent RoA

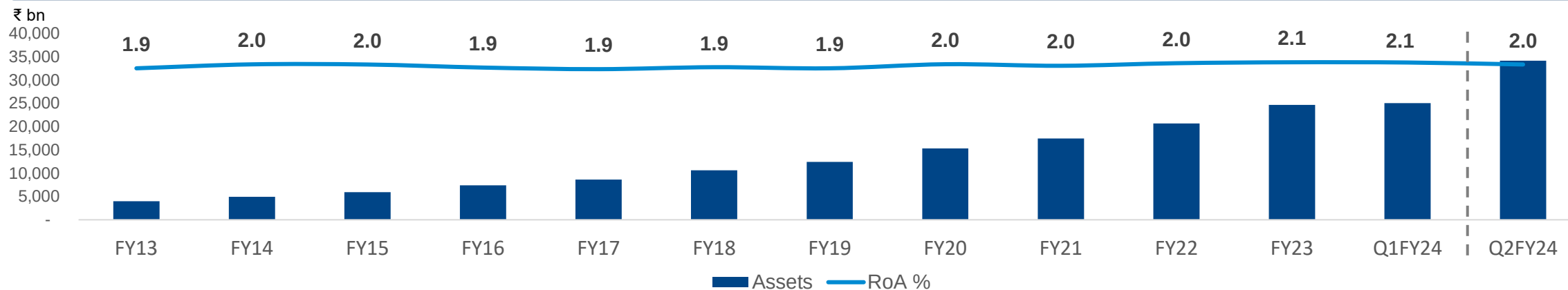
Capital adequacy



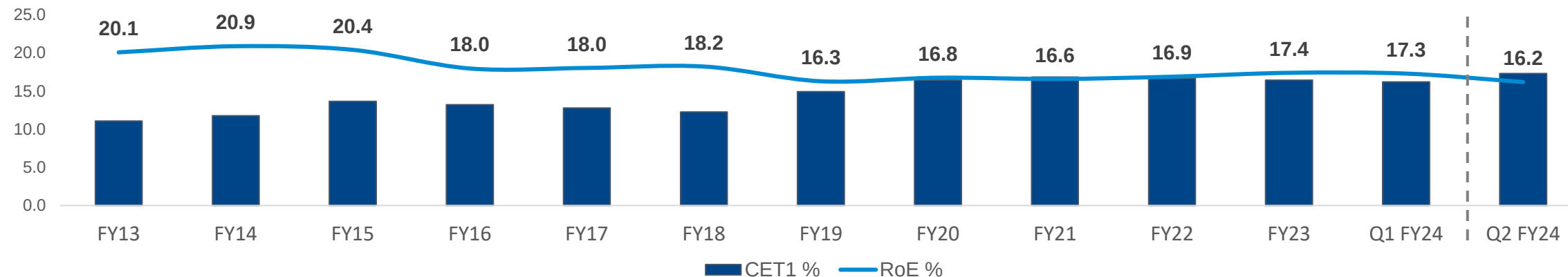
Healthy capital ratios

Balance sheet and capital productivity

Consistent growth in assets and RoA

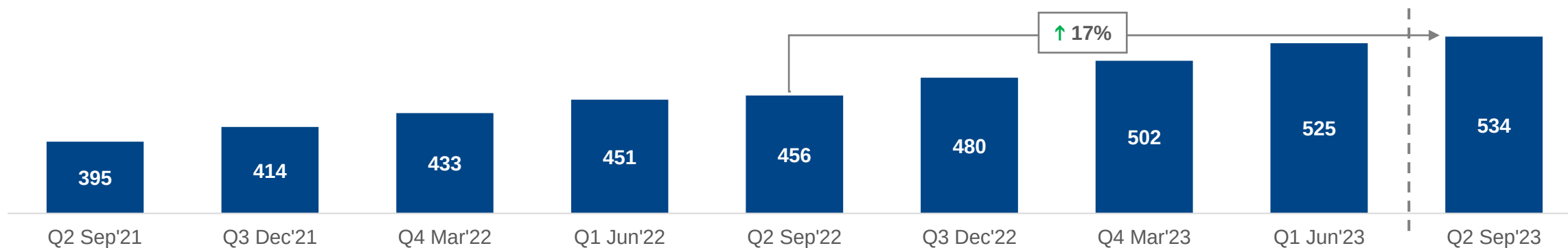


Capital positioned for growth with consistent RoE

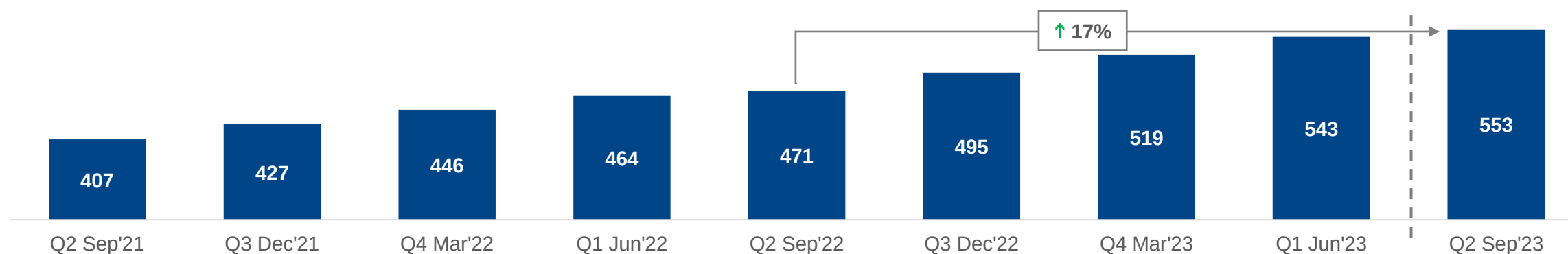


Consistent performance

Standalone book value per share



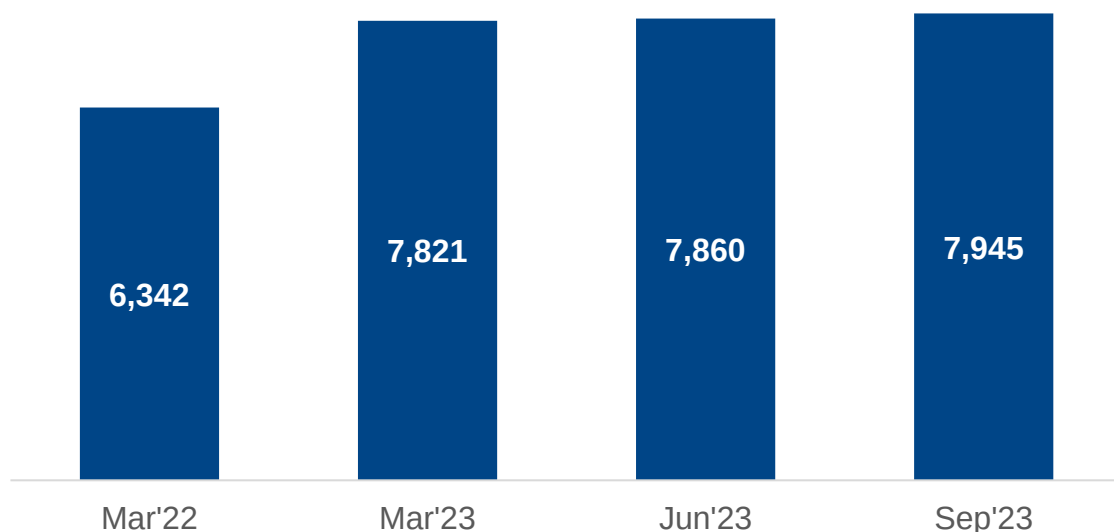
Consolidated book value per share



Branch expansion and customer relationships driving growth

Branch network

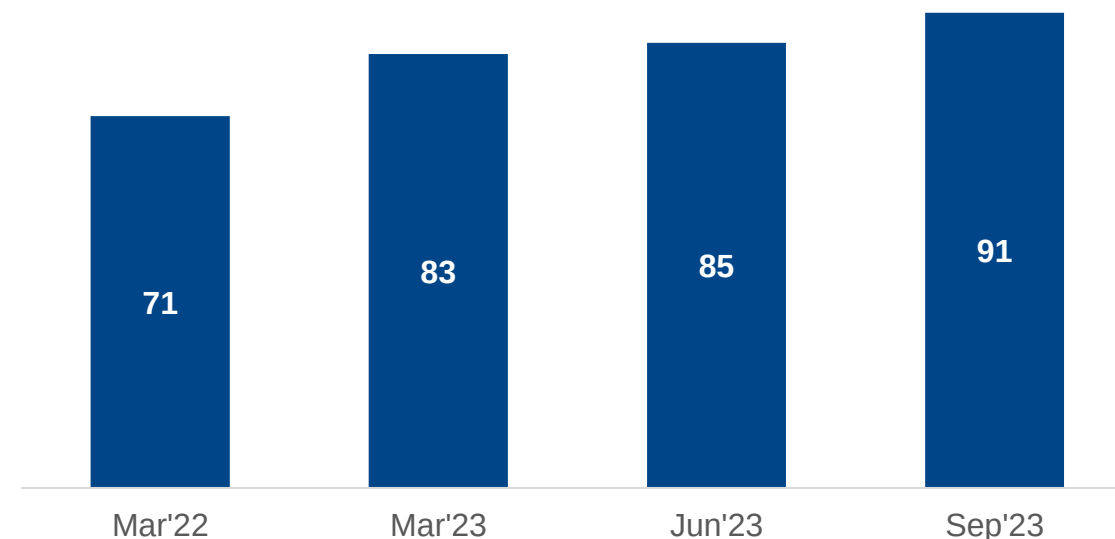
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Distribution strength enables customer engagement

Customer base

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Large customer base with potential to engage and deepen relationships

Subsidiaries – Q2FY24 update – HDB Financial Services

HDB Financial Services

- 94.8% stake held by the Bank as of September 30, 2023
- 13.6 million customers serviced through a network of 1,602 branches across 1,119 cities/towns
- Healthy momentum in disbursements across all three business segments with growth of 43% YoY
- Q2FY24 performance highlights
 - Loan book: ₹ 779 bn up by 23% YoY and 6% sequentially
 - Stage 3 assets 2.38% down from 4.88% in prior year
 - Net interest margin of 7.8%; Net profit ₹ 6.0 bn up by 28% YoY with EPS ₹ 7.6
 - RoA 3.2%; Book value per share ₹ 158.2
 - RoE 19.7%; Capital adequacy ratio 19.4%

Subsidiaries – Q2FY24 update – HDFC Life Insurance

HDFC Life

- 50.4% stake held by the Bank as of September 30, 2023
- 2.7 lac individual policies sold
- 16.8 mn lives insured
- Individual Weighted Received premium market share of 15.7% for H1FY24
- Q2FY24 performance highlights
 - Premium Income: ₹ 149 bn up by 12% YoY and AUM ₹ 2.6 trn up by 18% YoY
 - New Business Premium ₹ 71 bn up by 11% YoY; value of new business ₹ 8 bn up by 4% YoY
 - PAT ₹ 3.8 bn up by 15% YoY
 - Solvency Ratio 194% at September 30, 2023

Subsidiaries – Q2FY24 update – HDFC AMC

HDFC AMC

- 52.5% stake held by the Bank as of September 30, 2023
- Quarterly average AUM ₹ 5.2 trillion; 11.2% market share
- 58% of quarterly average AUM is equity oriented
- 7.9 million unique investors; 20% penetration in the Mutual Fund industry
- Q2FY24 performance highlights
 - Total income: ₹ 7.7 bn
 - Net profit: ₹ 4.4 bn
 - EPS ₹ 20.5

Subsidiaries – Q2FY24 update – HDFC ERGO General Insurance

HDFC ERGO

- 50.5% stake held by the Bank as of September 30, 2023
- Gross direct premium market share of 6.1% overall and 9.5% private sector
- Retail mix in business: 55%
- Distribution network of 239 branches, 460 digital offices and 190k agents
- Q2FY24 performance highlights
 - No. of policies issued: 2.7 mn up by 14% YoY
 - Gross written premium: ₹ 53.5 bn up by 8% YoY
 - Net profit : ₹ 2.4 bn up by 33% YoY
 - Solvency Ratio 191% at September 30, 2023

Subsidiaries – Q2FY24 update – HDFC Securities

HDFC Securities

- 95.5% stake held by the Bank as of September 30, 2023
- 4.7 million customers serviced through a network of 203 branches across 145 cities
- Around 94% of the active clients utilized the services offered through company's digital platforms.
- Q2FY24 performance highlights
 - Net revenue: ₹ 6.0 bn up by 29% YoY
 - Net profit : ₹ 2.1 bn up by 12% YoY
 - EPS ₹ 135
 - Book value per share ₹ 1,198

ESG at HDFC Bank

Environmental

- Target to be carbon neutral by FY32
- Commitment to have all new branches certified as green
- Board approved ESG Risk Management Policy focusing on enhanced environmental and social due diligence
- Financed 6,110 MW of renewable energy capacity as at March 31, 2023
- Focus on increasing the green portfolio

Social

- Leading responsibly
 - Taking banking to the unbanked;
 - Supporting businesses;
 - Enabling smart banking;
 - Empowering communities
- CSR initiatives cumulatively impacted over 99.3 million beneficiaries
- People and work culture:
 - Nurture, Care & Collaborate
- 2-tiered governance structure for Diversity, Equity & Inclusion – at the corporate & regional level

Governance

- Commitment to principles of independence, accountability, responsibility, transparency and fair & timely disclosures
- Diversified and skilled board
- 27% women representation on the board
- CSR & ESG Committee of Directors oversee the ESG strategy along with the ESG Apex Council
- Highest governance score of 1 by ISS, 2023

Ratings



As of September 2023



Top constituent of Nifty 100 ESG index



DJSI score at 58 (89 percentile)



CDP rating for 2022 is C

THANK YOU