HDFC BANK

Creating

Ecosystem for Competitive Advantage

Agenda

#	Item
1	**Retail Lending: Industry First E2E Digital Offering**
2	**Background: Evolution in Banking Environment…. Over last 5 -10 years**
3	**4-Pronged Approach**
4	**Connecting the dots to create differentiation**
5	**What we created…changed the Landscape**
6	**Key developments redefining the Indian Financial Sector**
7	**Changing The Way Consumers take Car Loans**
8	**Home Loan: leveraging on Mutual Strengths**
9	**Creating Home Loan Momentum**

Home Loan Digital Solution

XPRESS Personal Loan … Complete End to End Personal Loan for NTB Open Market Customers

HDFC BANK XPRESS CAR LOAN … Express Car Loans

DIGITAL LAMF … the Digital Loans against Mutual Funds ….

DIGITAL LAS … the Digital Loans Against Share ….

10 seconds Post the success of our 10 Second Personal Loans….

How did we go about it…

Credit Bureaus were at **development stage**

Credit Risk in bank was **Cutting Edge**

No one in the Industry had a grip on **REAL DIGITAL**

Internet was there however **search engines** were developing

Consultants were trying to connect dots on digital without much success

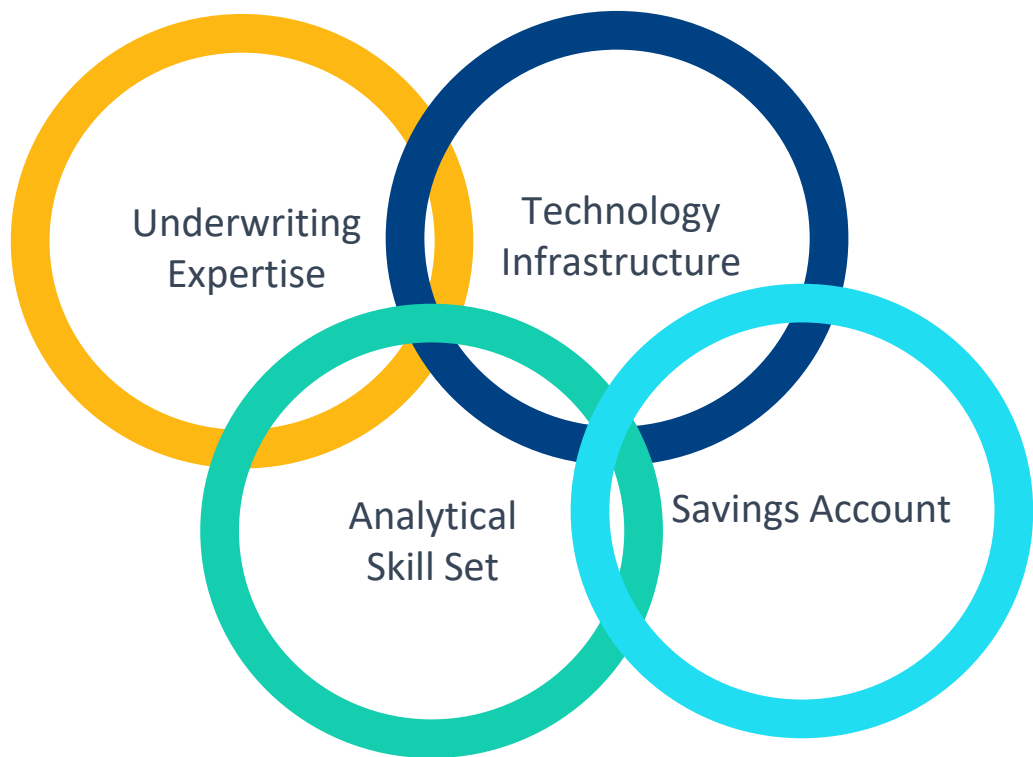Analytics were at **Nascent Stage**

Credit Underwriting, Analytics & Technology were working INDEPENDENTLY to large extent

What worked for Us

These 3 along with Savings account offers big opportunity to GROW through E2E Digital Solutions

Underwriting Expertise

Technology Infrastructure

Analytical Skill Set

Savings Account

Technology Infrastructure

Algorithm Based Solutions

Automated Business Rule Engine for Credit approvals

Analytical Skillset

Inhouse Credit decisioning models like P27

Forecasting Models on Credit Losses

Underwriting Expertise

Best in Class Credit Quality

Rich Experience of Economic Cycles

Savings Account

Customer engagement due to multiple contact points

Cross sell opportunity

Process was Re-engineered

TECHNOLOGY

- **Entire Process E2E with Few Clicks**

  Acts as Enabler to create End to End Digital Solutions
  e.g. 10 Sec Unsecured Loans, Loan against shares, Loan Against
  Mutual Funds, Xpress Car Loans etc.

- **Turn Around Time**

  Improvement in TAT which results into Customer Satisfaction &
  Improves Employee Productivity

- **Credit Buying Analytics**

  Analyses Transaction Pattern of Customers to offer Product Suite
  pertinent to him/her

- **Lability Franchise + Creating Visibility to the customer**

  Liability customers approaches bank through various channels thus
  enable us to communicate efficiently and effectively.

What we created...changed the Landscape

Loan Against Shares
E2E - ~80% | Physical- ~20%

Unsecured Loans
E2E - ~35% | Partial Digital - ~61% | Physical- 4%

Two-Wheeler Loans
E2E - ~26% | Partial Digital – ~72% | Physical- ~2%

Auto Loans
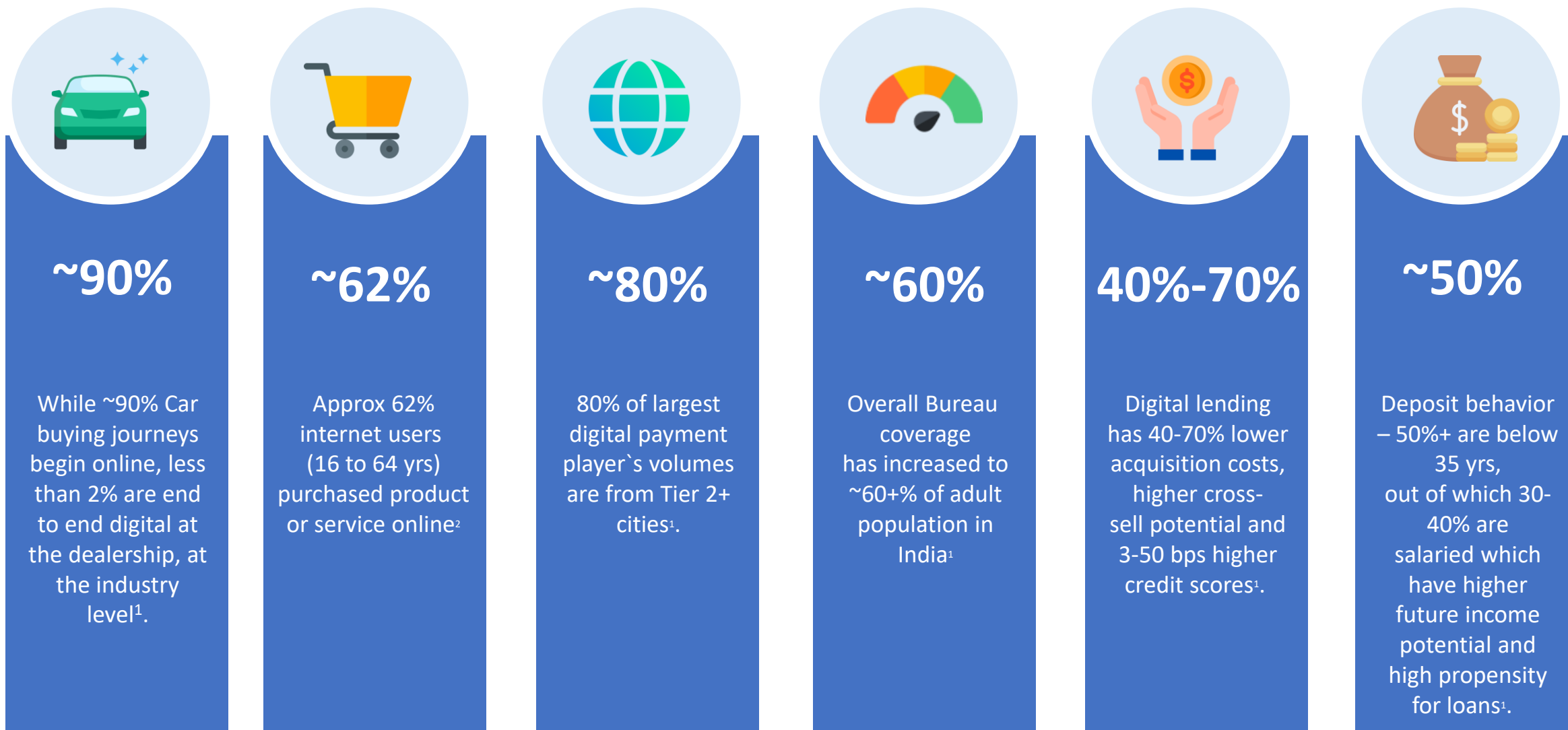E2E- ~24% | Partial Digital ~26% | Physical- ~50%

- Retail Asset Portfolio has witnessed double digits growth (CAGR from FY 18-19 to FY 22-23) whereas increase in manpower stays at single digit.

- Growth rate in semi urban and rural areas is nearly 2 times (in value terms) as compared to metro & urban areas (FY18-19 to FY 22-23).

* E2E – End to End Digital
Data for Q1FY24(units)

Key developments redefining the Indian Financial Sector

~90%

While ~90% Car buying journeys begin online, less than 2% are end to end digital at the dealership, at the industry level[1].

~62%

Approx 62% internet users (16 to 64 yrs) purchased product or service online[2]

~80%

80% of largest digital payment player`s volumes are from Tier 2+ cities[1].

~60%

Overall Bureau coverage has increased to ~60+% of adult population in India[1]

40%-70%

Digital lending has 40-70% lower acquisition costs, higher cross-sell potential and 3-50 bps higher credit scores[1].

~50%

Deposit behavior – 50%+ are below 35 yrs, out of which 30-40% are salaried which have higher future income potential and high propensity for loans[1].

Source: *1. Mckinsey, 2. GWI (Q3 2022)*

Changing The Way Consumers take Car Loans

Purpose

- **Targeting New to Bank Open Market Customers**

- **End to End Digital**

XPRESS CAR LOAN

87,000+ Happy Customers
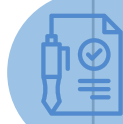
₹ 8,200 Cr + Disbursed

What's New

Zero paper; zero touch processing in **30 mins**

Video KYC in **5 mins**

Bank statement through account aggregator in **2 mins**

In principle approval in **5 mins**; and same day disbursal

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Home Loan: leveraging on Mutual Strengths

Retained organisational strength of HDFC Ltd and added strength of HDFC Bank
Retention of model in which customer visits branch to sign Loan Agreement & take disbursement.

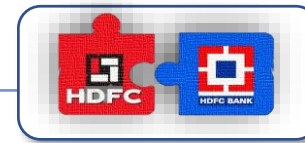| **Building on Builder Relationship Strength** | Rich customer database of Salary + Self Employed | • Quick Sanctions, **Faster TAT** (Huge customer liability base)
• Enhanced Corporate Relationship |
Robust Process & Policies	Corporate Salary Customers	• Pre-Approved Databases • Corporate Salary with customized offerings – a **NEW segment**
Large Customer Base – -65% of HDFC's customers are not banking with HDFC Bank	Multiple Product Offering	• Becoming Primary Banker through Power of Bundling **(DIGITALLY)** • Positive ROA by cross selling through Digital solutions on Housing Portfolio Customers
Best-in-class legal & technical due-diligence	Expertise in Risk Based Analytics + Algorithm Base Underwriting Digital Journey Orchestration Power of Bundling	• Creating a digital housing product • Incremental Loans to have savings account thus **improving quality of portfolio**

Creating Home Loan momentum

Key Foundations of HDFC Bank

&

Continue to build on these Foundations

◆ Two Notches higher momentum post merger.

    ✓ Higher Sales turnover

    ✓ Better Road through Digital Penetration

◆ Capitalising on Enhanced network in Tier 2 and Tier 3+ through Physical as well as Digital model.

◆ Staying notch ahead on Digital versus Industry with zero dilution of risk.

◆ Balanced growth, Right Portfolio Quality & Sensible Pricing are the 3 fundamental cornerstones of our strategy plus agility to reach out to our customers.

◆ Creating ecosystems for competitive advantage

Thank You

Technology Agenda

1 Systemically important Bank for India

2 Technology investments driving growth
- Scale & Experience

3 Building a bank with technology edge
- Infrastructure & Security
- Applications, APIs and Analytics

4 Leveraging Digital Public Infrastructure

5 Lighthouse programs

6 Getting ready for the next 100M

Systemically important Bank for India

What happens in a month

60M+ customers engage thru' digital channels

- **20M+** customers serviced/onboarded digitally
- **40M+** customers execute **1B+** transactions

hdfcbank.com

- **40M** visitors; **100M+** visits
- Amongst the **top 10** bank websites in the world

Transaction Enabler

17%
RTGS Transactions

13%
NEFT Transactions

11%
UPI Transactions

45%+
Merchant acquiring

28%
CBDT collections

45%
Settlement account of brokerages

55%
payments & collections for MF

40+
Fintech partnerships

partner with HDFC Bank for better customer experience

HDFC BANK

delivering financial services at consumer-tech scale

Google Pay	**150M**
Paytm	**65M**
zomato	**32M**
Spotify	**55M**
amazon	**60M**
Flipkart	**60M**

Sources:
1. Google Pay: Hindustan Times
2. Zomato: Economic Times
3. Spotify: Billboard
4. Amazon & Flipkart: Business Standard

Technology investments driving growth

- Our focus on tech transformation is reflected through our focussed tech investment strategy
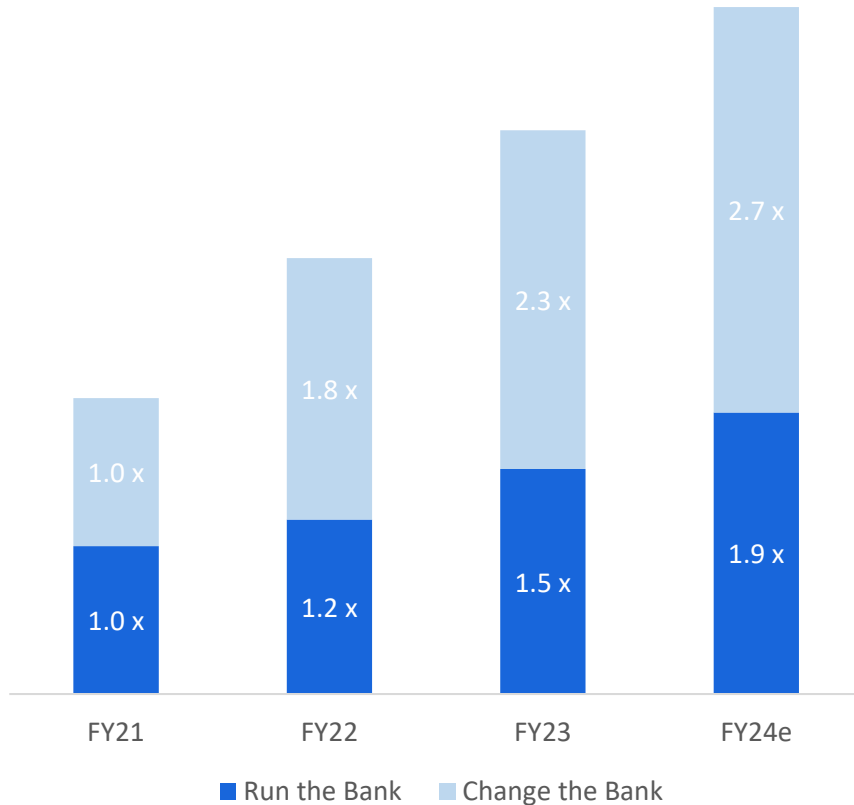- A paradigm shift from modernization to innovation underpins our transformation ethos

26%
CAGR growth in Tech Investments for the period FY19 to FY23

8.2%
Tech Investments as a factor of Operating Expense in FY23 Increased from 6% in FY19

DIGITISATION OF JOURNEYS

56% FY 21	74% FY 23

Acquisitions

90% FY 21	95% FY 23

Transactions

70% FY 21	76% FY 23

Servicing

1,700+ Q1: FY 21	3,100+ Q1: FY 24

Tech employee strength

CHANGE THE BANK

Strategic Competencies & Innovation **41%**	Digital Properties Co-creation **31%**	Compliance & Security **14%**	Deeper Distribution **14%**

RUN THE BANK

Maintenance **51%**	Infrastructure **28%**	Professional Services **21%**

Run the Bank   Change the Bank

Building a Bank with Technology edge

|	**Vision**	**Status**
Core Modernization	Always ON Perform@ Scale	5000 TPS on UPI
Middleware Orchestration	Banking as a Service	30+ onboarding journeys enabled; 600K units per month
Customer Intuitive application	Unassisted adoption	Payzapp 2.0 3X performance
AI & ML Driven Adoption	Powering Human decisions for better outcome	Pre-approved offers; equivalent to existing base
Digitized Branches; Points of presence	Digital Experience Centre for Customer Engagement	7800+ branches; 15000 BC points; 4 DBUs

Four Pillars

API
1400+ APIs; enabling cloud native apps; 600K onboarding per month
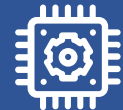
Cloud
Pioneered; Google, AWS & Azure; critical workloads; highest adoption

Data
Data Lake in Azure, Largest in India

Security
Amongst Top 5 Banks in the world [BitSight Rating]; Zero Trust Security

Leveraging Digital Public Infrastructure

Indian Fintech revenues to grow 35% annually to reach ~$190B in 2030
Source: BCG analysis

Aadhaar, DigiLocker
Simplifying KYC; transactions
Embedded into digital journeys 4M users monthly
AEPS transactions 25M monthly

Lending Stack
Underwriting
MooScore for lending to dairy farmers
60 cr+ of cattle loans disbursed

Credit on UPI
Enabling sachet credit
Payzapp: First bank app to enable at GFF
Rupay credit cards on UPI: 50%+ market share

Fintech Nation
Digital Public Infrastructure unlocking access to 'Bharat'

Voice Enablement
Driving adoption
Enabled UPI transaction on voice at GFF

Account Aggregator
Data share with consent
Integrated with lending journeys
100K user per month

Lite App
improving low network experience
First Bank to enable UPI Lite

Our Lighthouse programs

Pay

PAYZAPP 2.0
3M users; 3X better engagement vs past; one of the 3 payment apps to enable CreditOnUPI @GFF

SmartHub VYAPAR
1.5M merchants; Amongst top 5 merchant app in India by transaction; enabling banking services

Digital Currency
1.5M merchants; 15% of CBDC merchant share

Invest

HDFC SKY
Creating the new Investment experience

SmartWEalth
A mobile-first, analytics-based portfolio management platform

Customer Engagement

HDFC BANK ONE
30M engagements & interactions monthly touching 15M customers

Corporate Digital Banking
200K enterprises; 50M transactions per month

BizXpress
Digital platform for SME customers offering end-to-end banking

Borrow

Dairy Cattle Loan
MooScore lending; Rs 60+Cr worth of cattle loan sanctioned

XPRESS CAR LOAN
Largest car loan digital platform in India; 13000+ car loans disburse monthly

Distribution

Smart Saathi
Digital distribution powering 150K agent locations; 30%+ Y-o-Y growth

XPRESSWAY
Driving people productivity 2X

Engineering

Streams
Benchmarked to handle 5,000 Transactions/sec; Getting ready for the next 100M
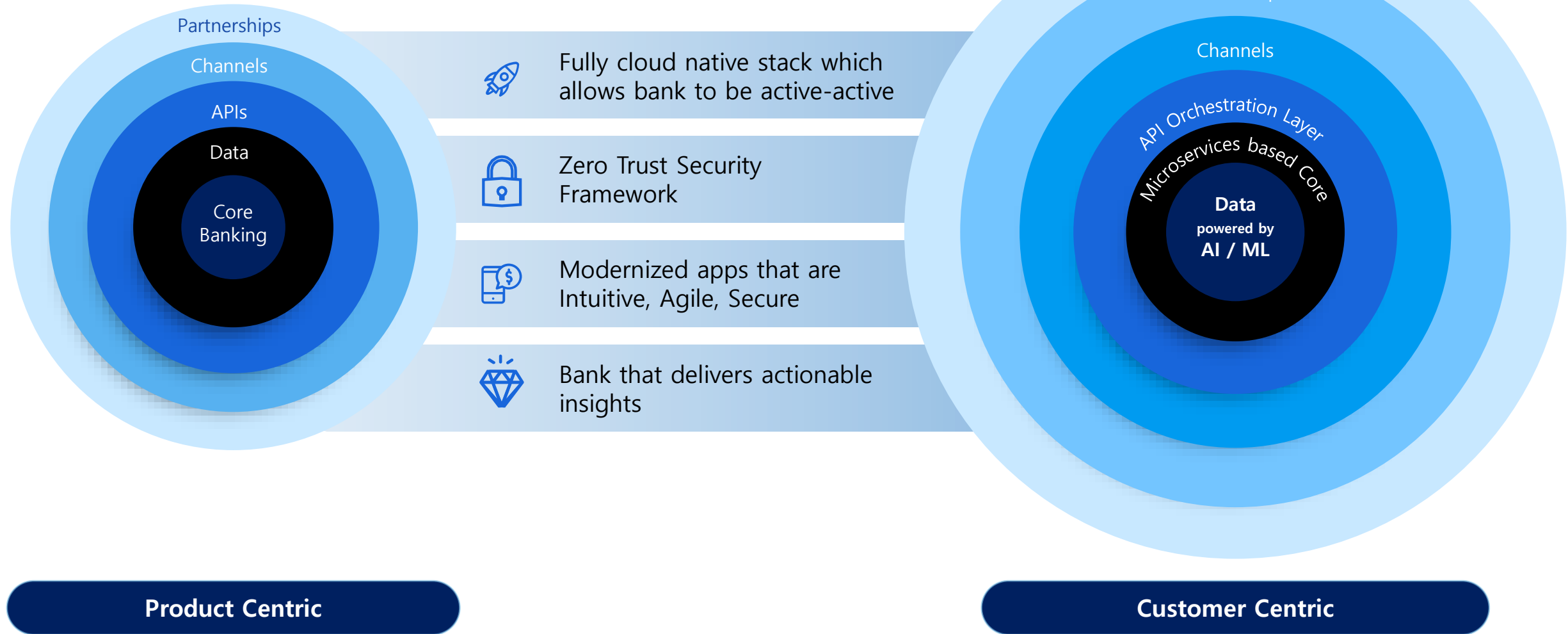
API Orchestration
1400+ APIs into experience APIs to enable Banking as a Service

TradeFlow
Integrated cloud native trade platform processing ~7000 trades per day

Getting Ready for Next 100M

Banking as a Service (BaaS)

Product Centric (left diagram)

- Partnerships
- Channels
- APIs
- Data
- Core Banking

Customer Centric (right diagram)

- Partnerships
- Channels
- API Orchestration Layer
- Microservices based Core
- **Data powered by AI / ML**

Center points

- Fully cloud native stack which allows bank to be active-active
- Zero Trust Security Framework
- Modernized apps that are Intuitive, Agile, Secure
- Bank that delivers actionable insights

Product Centric

Customer Centric