HDFC BANK
We understand your world

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Tel.:022-39760001/0012

August 04, 2022

BSE Limited
Dept of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
Scrip Code: 500180

National Stock Exchange of India Limited
The Listing Department
Exchange Plaza
Bandra Kurla Complex,
Mumbai 400 051
Scrip Symbol: HDFCBANK

Dear Sirs/ Madam,

Sub: Clarification on media news article titled 'For merger, HDFC Bank to raise ₹2.7 trillion' published in the Live Mint on 01st August 2022

We refer to your letter / email dated August 03, 2022 to HDFC Bank Limited ("**Bank**") in relation to the captioned matter. In this regard, please see our clarification as under.

The captioned article *inter alia* mentions that ₹ 2.2-2.3 trillion of HDFC Ltd's borrowings are from various banks, which needs to be paid off on day one of the merger, and that will come from deposits and bonds. Further, the said news article also speculates that the Bank will have to raise an additional ₹ 50,000 crore to fund its SLR and other capital requirements.

In this regard, the Bank clarifies that the said article published is factually incorrect and speculative. There is no such plan approved by the Bank. Further, as per the proposed composite scheme of amalgamation, the liabilities of HDFC Limited will be transferred to the Bank and will be serviced and repaid by the Bank as per the contracted maturity. Therefore, the Bank is not required to pay off any amount of liability of HDFC Limited on day one of the merger (unless coincidently any particular liability happens to mature on the same date), as incorrectly stated/quoted in the news article.

We will nevertheless deal with the specific portions of the captioned article as under:

Extracts from the captioned article	Clarification
HDFC Bank Ltd is likely to raise at least ₹2.2 trillion from public deposits and corporate bonds, and an additional ₹50,000 crore from similar papers to meet capital requirements and other pre-requisites stipulated by the regulator for its merger with India's largest	This is factually incorrect and speculative. There is no such plan approved by the Bank.

mortgage lender and parent Housing Development Finance Corp. Ltd, two people directly familiar with the bank's plan said. *"₹2.2-2.3 trillion of HDFC Ltd's borrowings are from various banks, which needs to be paid off on day one of the merger. This will come from deposits and bonds. Apart from that, at least ₹50,000 crore would also be raised from deposits, which will go towards meeting statutory liquidity ratio (SLR) and capital adequacy requirements (CAR)," said the first person.*	
Indian rules bar banks from having any borrowing on their balance sheet from any other bank, prompting HDFC Bank to raise funds to repay the loans taken by its home financier parent. HDFC Ltd, a non-banking financial company (NBFC), borrowed from other banks to lend to homebuyers. But, after the merger with HDFC Bank, such borrowings cannot remain on the bank's balance sheet. Of around ₹5 trillion borrowings in HDFC Ltd's books, at least ₹2.2 trillion are from various banks. *"This needs to be entirely paid off on the day the merger happens. This ₹2.2-2.3 trillion has to come from long-term public deposits (FDs, term deposits, etc.) and from bonds with tenures of more than three years," said Ashutosh K. Mishra, head of research-institutional equity at Ashika Stock Broking.*	Clarified above. This is factually incorrect and speculative.
In addition, HDFC Bank will have to raise an additional ₹50,000 crore to fund its SLR and other capital requirements, the people said on condition of anonymity. SLR is the minimum percentage of deposits a commercial bank	Clarified above. This is factually incorrect and speculative. There is no such determination or plan approved.

must maintain in the form of liquid cash, gold or other securities. *"₹50,000 crore, too, has to be raised from long-term public deposits and bonds. This is why HDFC Bank has requested a relaxation in SLR and CAR (capital adequacy ratio) calculation. A period of up to three years should be sufficient for the merged entity to raise the total ₹2.7-2.8 trillion for paying off the borrowings existing in HDFC Ltd's books and comply with the SLR requirement," Mishra said.*	

Thanking you.

Yours faithfully,
For **HDFC Bank Limited**

SANTOSH GURUDAS HALDANKAR
Digitally signed by SANTOSH GURUDAS HALDANKAR
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Santosh Haldankar
Sr. Vice President - Legal & Company Secretary