

HDFC Bank **Chairman's Address | AGM**

Esteemed shareholders, my colleagues on the Board and management of the Bank; I welcome you all to this 27th Annual General Meeting of your Bank.

I hope that all of you are keeping safe and well. We have emerged out of a ferocious second wave of the pandemic in the country. My deepest condolences to those of you who have lost their near and dear ones. One of the lessons we have learnt is that we cannot lower our guard. As India ramps up vaccination, we must remain committed to COVID appropriate behaviour and do our bit as individuals and organisations in our fight against this virus.

The Year that went by

Last year was unprecedented and a challenging one for the entire humanity. Lives have been lost at an unprecedented scale and economies all over the world have been impacted adversely. Government has been trying to save lives and stabilize the economy through measures that cover a very broad spectrum.

Your bank is a key institution for the economy. Over the past few months, since I took over as the Chairman of your Bank, I have acquired insights on how your Bank has rallied around to take care of its customers, employees and the society at large and at the same time ensured smooth and seamless transition of its MD & CEO by handing over the mantle to Mr. Sashi Jagdishan after superannuation of Mr. Aditya Puri. Here, I would like to congratulate the management for their foresight and note the heroic efforts of employees, who kept the operations going, even in the most trying circumstances. Many of them lost their lives. They are our unsung heroes. I join all of you in paying my respects to them.

Even during these difficult circumstances, I am happy to inform you that your bank was able to deliver banking services to customers, support individuals and small businesses affected by the pandemic. Our ability to do so stems from the robust systems, digital architecture and sound fundamentals that have been built and tested over more the past two and a half decades.

Apart from smooth running of the banking operations, some of the noteworthy actions or initiatives include:

- Extending moratorium on repayments
- Facilitating Loan Restructuring
- Supporting Government's ECLGS scheme

During the entire year, the management gave priority to the safety and welfare of the employees and ensured that:

- Systems and processes were put in place for employees to work from home

- Dedicated helplines and medical infrastructure readied to help employees and their families affected by Covid19 &
- Ensured timely bonuses and increments

As a socially responsible organization, your bank stood steadfast, next to those affected in the society. It gives me immense pride to state that your bank always walks the talk when it comes to 'making a difference' by leveraging its CSR program. From contributing to the PM Cares Fund to our commitment to enhance medical infrastructure like setting up Oxygen plants; your bank has always put its best foot forward for the society and the Nation.

The world would be a different place to live & work post Pandemic. The phrase "New Normal" is a cliché; however, worth reiterating. Digital and contactless transactions have unobtrusively occupied our social and economic transactions. I have been working with the Board and the management to understand the challenges and opportunities, and chart a growth path for your bank for the coming decade. I will touch upon them subsequently in my address.

Macro-Economy

Your bank was able to demonstrate robust growth with the lowest NPA in the industry.

- Our net interest income grew by 15.5% while net profit increased by 18.5%.
- Our gross NPAs stood at 1.32% compared with 1.26% a year earlier
- Our balance sheet size increased by 14.1%.

This healthy performance in an extremely challenging environment reflects our strong foundation, on which we aspire to build a stronger future. Despite significant restrictions on mobility and physical proximity, we not only delivered 'essential' banking services to our customers, but also grew our advances by 14%. We also continued to deliver on our sustainable development objectives backed by our employee volunteers and partners.

The economy, as all of you know, has been hit by multiple waves of the pandemic that has induced a general risk-aversion. That has translated into lower discretionary spending by people, at large. This coupled with mobility restrictions has impacted the aggregate demand, which is quite unlike regular boom and bust cycles. However, we observe that Government has continued with economic reforms and picked up the thread in difficult areas such as labour, agriculture and defence. We also observe positive moves in improving corporate governance and tax stability. Support of poor during COVID and a push for infrastructure by implementation of National Infrastructure Pipeline and increased capex augurs well for a sustainable growth. Bold expression of intent in disinvestment in Public sector Banks, Insurance and oil companies has opened up a broader canvas for possible larger investment flow. As, number of active cases come down and vaccination gathers pace, we estimate India's economy to grow at a fair clip in near and medium term.

Technology

HDFC Bank has always been at the forefront in adoption of technology and continues to do so. Yes, your bank has faced technology challenges and it also invited action from the regulator. Your

Bank has taken it in the right spirit. The management has displayed utmost grace and humility and taken these setbacks as a learning to improve and upgrade the system for better service to our customers. I am happy to inform you that the Bank is already on its way to a scale changing technology adoption and transformation agenda. Broadly, it has four pillars:

- Infrastructure Scalability
- Disaster Recovery Resilience
- Information Security Enhancements &
- Monitoring Mechanism

In the coming time, the Enterprise Technology Factory and Digital Factory that have been put in place will act as the core backbone to both 'Run and Build the Bank'.

The Road Ahead

Your bank is always 'future ready'. Your Bank has a robust process to continually scan the environment for opportunities and challenges and has ability to put in place plans to capitalise on the opportunities and meet the challenges.

A 'future ready' bank means that our growth engines of Corporate Banking, MSME, Agricultural and Rural, Government and Institutions Banking, Private Banking, Retail Assets and Payments will be powered by robust technology and digital platforms. These growth engines will account for the bulk of our future investments and can be broadly classified as Business Verticals and Delivery Channels. Even as the Bank continues its focus on corporate and Government business to drive growth, the Bank has created a new business segment of commercial (MSME) and rural banking to capture the next wave of growth. This will not only reinforce your Bank's top position in the MSME segment but also strengthen efforts to serve customers in both India and Bharat and even consumer segments like the tech savvy and Millennial, going forward. The delivery channels will be complemented with digital marketing, even as your bank leverages the branch channel and virtual relationship channel.

The Banks' focus in the time to come will be more granular and consist the following:

- Customer centricity driven by product range and customer centric initiatives with minimum intervention i.e. zero paper, zero touch!
- Enhanced compliance culture
- Further entrenched and embedded risk management and compliance framework across operations and functions
- Advocating 'Nurture and Care' within the organisation and infusing a culture of mentorship and empathy amongst employees.

Your Bank would continue to lay emphasis on the core values of good corporate governance with a risk conscious culture. Towards this, the Management is further strengthening the core enabling functions of Internal Audit, Credit and Underwriting, Risk Management and Compliance to support the growth ambitions. The Bank will continue to leverage its balance sheet strength with an unwavering focus on asset quality to deliver sustained growth, while making a meaningful difference to the lives that the Bank touches.

The Bank continues to collaborate with the Government in myriad ways to bring the vast unbanked and under-banked population into the economic mainstream. I take this opportunity to reaffirm your bank's commitment towards Nation building, particularly in rural India, working with the Government and other related stakeholders.

Your Bank continues to make a difference to the lives of people through its social initiatives I am happy to state that your bank has so far touched the lives of more than 8.5 crore Indians under its CSR initiative named Parivartan. Parivartan means positive change and your bank believes it can only happen if the initiatives bring a long-term sustainable change. One that will benefit not just the current generation, but future generations as well.

Your Bank realizes the importance of environment protection and that it is a vital aspect within the ESG framework. The Bank has taken cognizance of ESG in its business plans and has put in place a broad strategy, which will be fine-tuned as we move ahead.

Our customers make HDFC Bank. We humbly apologise for the times when we have not been able to live up to customers' expectations. As we move forward, I reiterate the Bank's primary goal of serving the customer, with utmost humility, care and efficiency. Keeping their trust is the core value of your Bank. It is the Bank's commitment that in the coming time, our customers' will see the changes as we work with renewed vigour to enhance customer ease and experience.

In the times ahead, your Bank will continue to play an even more significant role for the betterment of Indian economy and its people. I, on behalf of the board and management would like to thank our customers, investors and all stake holders for their continued faith and trust in us

Stay safe.

Thank You.