HDFC Limited and HDFC Bank Limited Announce a Transformational Merger

Key Highlights:

- Merger of India's largest Housing Finance Company, HDFC Limited with the largest private sector bank in India, HDFC Bank. HDFC, over the last 45 years has developed one of the best product offerings, delivered in a cost effective manner and in an efficient turn-around time, making it a leader in the housing finance business.

- HDFC Bank will enable seamless delivery of home loans and leverage on the large base of over 68 million customers of HDFC Bank and *inter alia* improve the pace of credit growth in the economy.

- The proposed transaction is to create a large balance sheet and net-worth that would allow greater flow of credit into the economy. It will also enable underwriting of larger ticket loans, including infrastructure loans -- an urgent need of the country.

- HDFC Limited is a significant provider of home loans to the Low Income Group (LIG) and Middle Income Group (MIG) segment under the affordable housing initiatives of the Government of India. Access to housing finance for this category would be improved further on account of low cost funds available with HDFC Bank.

- The Bank has a presence in more than 3,000 cities/town through its 6,342 branches, with about 50% of these branches in semi-urban/rural geographies in the country. Leveraging this distribution might, the proposed transaction would broad base the home loan offering, synonymous with the national objective of *Pradhan Mantri Awas Yojana* that intends to provide housing for all.

Mumbai, April 4, 2022: The Board of Directors of HDFC Limited and HDFC Bank Limited ("HDFC Bank") at their respective meetings held today, *inter alia*, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank, and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations ("Proposed Transaction"). The Scheme and the Proposed Transaction is subject to customary closing conditions. The Scheme is subject to the receipt of requisite approvals from the Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), the Competition Commission of India ("CCI"), the National Housing Bank ("NHB"), the Insurance Regulatory and Development Authority of India ("IRDAI"), the Pension Fund Regulatory and Development Authority ("PFRDA"), the National Company Law Tribunal ("NCLT"), BSE Limited, the National Stock Exchange of India Limited and other statutory and regulatory authorities, and the respective shareholders and creditors, under applicable law.

Upon the Scheme becoming effective, the subsidiaries/associates of HDFC Limited will become subsidiaries/associates of HDFC Bank. Shareholders of HDFC Limited as on the record date will receive 42 shares of HDFC Bank (each of face value of Re.1), for 25 shares held in HDFC Limited (each of face value of Rs.2), and the equity share(s) held by HDFC Limited in HDFC Bank will be extinguished as per the Scheme. As a result of this, upon the Scheme becoming effective, HDFC Bank will be 100% owned by public shareholders and existing shareholders of HDFC Limited will own 41% of HDFC Bank.

Strategic Rationale and Benefits

HDFC Ltd is India's premier housing finance company and has unrivalled relationships, scale and deep underwriting expertise in the housing sector, built over multiple decades and across economic cycles.

HDFC Bank, with more than 68 million customers, 6,342 branches and a full suite of credit, liability and distribution offerings is the leading private sector bank with deep relationships, insights and understanding of its customers built over multiple decades.

The combined entity will bring together complementary strengths of the two organizations, enabling a rewarding customer relationship. Post the combination, HDFC Bank's customers will be offered mortgages as a core product in a seamless manner. HDFC Bank will also leverage the long tenor mortgage relationship to offer varied credit and deposit products enabled through better insights through-out the customer life-cycle. This will result in an enhanced value proposition and customer experience for all customers of the combined entity.

The housing loan market is at the cusp of a strong up-cycle, with all-time high favorable industry dynamics and provides a steady secured asset class with very attractive risk adjusted returns. Over the last few years, regulatory developments and reforms including (i) higher regulatory standards for the Non-Banking Financial Companies (NBFCs) narrowing the gap with the Banking regulatory framework (ii) reduction in SLR rates (iii) deepening of affordable housing bond market and (iv) creation and deepening of Priority Sector Lending ("PSL") Certificates market, have created a conducive environment for amalgamation of the two entities, leading to a "win-win" situation for all stakeholders.

The Boards of HDFC Ltd and HDFC Bank believe that the merger will create long-term value for all stakeholders, including customers, employees and shareholders of both entities. The amalgamation of the two entities will provide further impetus to the Government's vision of "Housing for All".

Speaking about the merger, Shri. Deepak Parekh, Chairman HDFC Limited, said, *"This is a merger of equals. We believe that the housing finance business is poised to grow in leaps and bounds due to the implementation of RERA, infrastructure status to the housing sector, government initiatives like affordable housing for all, amongst others. Over the last few years, various regulations for banks and NBFCs have been harmonised, thereby enabling the potential merger. Further, the resulting larger balance sheet would allow underwriting of large ticket infrastructure loans, accelerate the pace of credit growth in the economy, boost affordable housing and increase the quantum of credit to the priority sector, including credit to the agriculture sector."*

Speaking about the merger, Shri. Atanu Chakraborty, Chairman HDFC Bank, said, *"The product and market leadership of HDFC Limited in the housing finance business and the distribution and customer leadership of HDFC Bank enables the combined entity to offer full suite of financial products to Indians at large and the proposed transaction is a big step in realizing the vision of housing for all as envisioned by our government."*

Speaking about the merger, Keki M. Mistry, Vice-Chairman and CEO of HDFC Limited, *said "With the leadership that we have built in housing finance and the deep understanding of the housing market across various economic cycles, this transaction helps in realizing the potential of what HDFC's housing finance business can achieve by leveraging the distribution and customer base of HDFC Bank. It is a step in the right direction, taken at the right time, for value creation for all the stakeholders."*

Speaking about the merger, Sashi Jagdishan, CEO & MD, HDFC Bank said *"The proposed transaction ticks all the right boxes in terms of completion of product offerings, product leadership in home loans as with other retail assets products, distribution strength across the country and a customer base that can be leveraged to cross-sell a complete suite of financial products. It is value accretive for all the* *stakeholders of both the organisations, including shareholders, employees and customers."*

Advisors

Bank of America Merrill Lynch (BoFA) Securities were financial advisors to HDFC Limited solely for the purpose of providing a fairness opinion on the valuation done by the valuer for the proposed Transaction.

Morgan Stanley India Company Private Ltd. were financial advisors to HDFC Bank solely for the purpose of providing a fairness opinion on the valuation done by the valuer for the proposed Transaction.

Credit Suisse, Kotak Securities, Jefferies, Arpwood, Motilal, Axis, JM Financial, IIFL and Ambit, acted as financial advisors to HDFC Limited

J.P. Morgan, Goldman Sachs, Citi, Nomura CLSA, BNP, HSBC, ICICI Securities and Edelweiss acted as financial advisors to HDFC Bank.

AZB & Partners, Argus Partners and Singhi & Co. acted as the legal advisors to HDFC Limited and Wadia Ghandy & Co., Cravath, Swaine & Moore LLP acted as legal advisors to HDFC Bank.

Bansi S. Mehta & Co. and Ms. Drushti Desai (Registered Valuer) were appointed as valuers by HDFC Limited. Deloitte Touche Tohmatsu India LLP and Harsh Chandrakant Ruparelia (Registered Valuer) were appointed as valuers by HDFC Bank.

Dhruva Advisors LLP were the tax advisors to HDFC Limited and HDFC Bank.

For media queries please contact:

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HDFC Ltd. : BSE: 500010 , NSE:

The transaction relates to securities of an Indian company and is proposed to be effected by means of a Scheme of Arrangement under Indian law. A transaction effected by means of a Scheme of Arrangement is not subject to the proxy solicitation or tender offer rules under the U.S. Securities

Exchange Act of 1934 (the “Exchange Act”). The transaction is subject to the disclosure requirements, rules and practices applicable in India to Schemes of Arrangement, which differ from the requirements of the U.S. proxy solicitation and tender offer rules.

The securities proposed to be issued pursuant to this transaction (the “Transaction Securities”) will not be registered with the U.S. Securities and exchange commission (the “SEC”) under the U.S. Securities Act of 1933, as amended, including the rules and regulations of the SEC promulgated thereunder (the “Securities Act”) or the securities law of any state or other jurisdiction, and are being offered and sold in reliance on certain exemptions from registration under the Securities Act. Neither these securities nor any interest or participation therein may be offered, sold assigned, transferred, pledged, encumbered or otherwise disposed of in the United States or to U.S. Persons (within the meaning of Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available.

The Transaction Securities are anticipated to be issued in reliance upon the exemption from registration requirement of the Securities Act provided by Section 3(a)(10) thereof and applicable exemptions under state securities laws. The approval of a court of competent jurisdiction in India provides the basis for the Transaction Securities to be issued without registration under the Securities Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10).