

April 21, 2023

BSE Limited

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

The National Stock Exchange of India Limited

The Listing Department
Exchange Plaza
Bandra Kurla Complex,
Mumbai 400 051
Symbol - HDFCBANK

Dear Sirs / Madam,

Sub: Composite scheme of amalgamation (“Scheme”) for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of Housing Development Finance Corporation Limited (“HDFC Limited”) with and into HDFC Limited; and (ii) HDFC Limited with and into HDFC Bank Limited (“Proposed Amalgamation”).

This is in connection with our letter dated April 4, 2022, informing about the decision taken by the Board of Directors of HDFC Bank Limited (“**HDFC Bank**” / “**the Bank**”) approving the Scheme under Sections 230 to 232 of the Companies Act, 2013 (“**Companies Act**”), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules and regulations framed thereunder, subject to receipt of various statutory and regulatory approvals.

The Bank in this regard had made certain requests with the Reserve Bank of India (“**RBI**”). In relation to some of these, the RBI vide its letter dated April 20, 2023, has provided certain forbearances/ clarifications. For some of the other requests, the response of the RBI is expected in due course.

The key/material aspects of the said letter are as below:

- 1. Priority Sector Lending (“PSL”)** – Adjusted Net Bank Credit may be calculated considering one-third of the outstanding loans of HDFC Limited as on the Effective Date of the Amalgamation (“**Effective Date**”) for the first year. The remaining two-thirds of the portfolio of HDFC Limited shall be considered over a period of next two years equally.
- 2. Investments** – Investments including subsidiaries and associates of HDFC Limited are allowed to continue as investments of HDFC Bank. The RBI has permitted HDFC Bank or HDFC Limited to increase the shareholding to more than 50% in HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited prior to the Effective Date.

Further, the RBI has permitted HDFC Bank to continue holding HDFC Limited’s stake in (a) HDFC Education and Development Services Private Limited, engaged in operating three education schools, for a period of two years from the Effective Date; (b) HDFC Credila Financial Services Limited, subject to the shareholding being brought down to 10% within two years from the Effective Date and not onboarding new customers.

3. **CRR, SLR, LCR and certain regulatory requirements** – HDFC Bank shall continue to comply with extant requirements of CRR, SLR and LCR from the Effective Date without exceptions.
4. **Interest rate benchmarks** – One time mapping of all borrowers of HDFC Limited would need to be done by HDFC Bank for benchmark and spreads. All retail, MSME and other floating rate loans sanctioned by HDFC Limited would be linked to appropriate benchmark within six months from the Effective Date.
5. **Loan Against Shares** – Basis the list submitted by HDFC Limited, RBI has permitted loan against shares for promoter contribution / in excess of Rs. 20 lacs to the individuals, to continue for its existing duration / maturity.
6. **Income Recognition and Asset Classification** – Subsequent to the Effective Date, asset classification of accounts in the books of HDFC Bank will be as per the norms applicable to banks.

The Bank may engage with the RBI for certain clarifications in respect of the said letter dated April 20, 2023. The Bank will also approach the RBI with the crystallised amounts of the liabilities as of the Effective Date.

We request you to bring the above to the notice of all concerned.

Thank you.

Yours faithfully,

For **HDFC Bank Limited**

Santosh Haldankar
Company Secretary