



## ABOUT THE REPORT

The Integrated Annual Report for FY 2023-24 offers a comprehensive overview of HDFC Bank's (referred to as 'We', 'Us', or 'the Bank') journey in fulfilling its purpose, demonstrating how the Bank generates value for stakeholders, including customers, shareholders, investors, regulators, employees, and society. The merger of HDFC Bank and erstwhile HDFC Ltd represents a significant milestone, creating a robust entity positioned to influence India's growth trajectory. This commitment underscores the Bank's value creation narrative and its broader impact. Beyond financial metrics, the report delves into non-financial performance, risks, opportunities, strategic priorities, and sustainability efforts. Additionally, it also provides insights into the governance and risk management framework that underpins the Bank's performance.

### Reporting Principles and Framework

The financial information presented in this report is in line with the requirements of

- The Companies Act, 2013 (including the rules made thereunder)
- The Companies (Accounting Standards) Rules, 2006
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Banking Regulation Act, 1949 and other relevant RBI regulations

The report has been prepared in alignment with the <IR> framework prescribed by the IFRS Foundation and also contains disclosures with reference to GRI Standards 2021, Task Force on Climate related Financial Disclosures (TCFD), Business Responsibility and Sustainability Report (BRSR), BRSR Core and United Nations Sustainable Development Goals (UN SDGs). The Bank is committed to the improvement of data quality, continuous adoption of evolving guidance against reporting standards and learning from industry practices. This endeavor has prompted some necessary restatements to the historical data shared in the report. Significant restatements are highlighted and explained in the notes accompanying the relevant KPIs, providing stakeholders with detailed information about the reasons for and implications of these adjustments.

### Materiality and Scope

This report includes information which is material to all stakeholders of the Bank and provides an overview of its business and related activities. The report discloses matters that substantially impact or affect the Bank's ability to create value and could influence decisions of providers of financial capital. In FY23, we conducted a materiality assessment in accordance with the updated GRI Standards 2021. In FY24, the material matters thus identified were reviewed and refreshed to integrate the concept of double materiality. These reprioritised matters now represent topics which are not only relevant with respect to their financial significance to our business but also in terms of potential impacts on the planet and the society. For GRI topics and relevant disclosures, please refer to the GRI Content Index, provided in the report.

 Read more on [pg. 38](#)

### Reporting Boundary

The non-financial information in this report covers the activities and progress of the Bank on a standalone basis. During the financial year 23-24 erstwhile HDFC Investments Limited ("eHDFC Investments") and erstwhile HDFC Holdings Limited ("eHDFC Holdings"), merged with and into erstwhile Housing Development Finance Corporation Limited ("eHDFC Limited") and thereafter eHDFC Limited merged with and into HDFC Bank Limited, thus the non-financial information of the Bank for the year ended March 31, 2024 includes the information from the operations of eHDFC Limited, eHDFC Investments and eHDFC Holdings for the period from July 01, 2023 to March 31, 2024. The report covers information pertaining to the period from April 1, 2023 to March 31, 2024.

Further, in order to ensure consistency and completeness of the non-financial information, the Bank has adopted certain methodologies/assumptions with respect to scope 1 emissions, which are different than those adopted in the previous financial year and appropriate notes have been given to explain the same under the 'Environment' section.

As a result of the merger and changes as mentioned above, the non-financial information of the Bank for the year ended March 31, 2024 is not comparable with that of the previous financial year.

The last year report was published for the period April 1, 2022 to March 31, 2023. The Integrated Report for FY23 can be accessed [here](#)

### Assurance Statement

Reasonable assurance on BRSR Core KPIs and limited assurance on the Identified Sustainability Information in the BRSR & Integrated Annual Report respectively has been provided by Price Waterhouse LLP, in accordance with the Standard on Sustainability Assurance Engagements 3000 "Assurance Engagements on Sustainability Information" and the Standard on Assurance Engagements 3410 "Assurance Engagements on Greenhouse Gas Statements", both issued by the Sustainability Reporting Standards Board of the ICAI and the International Standard on Assurance Engagement ("ISAE") 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements". The assurance reports attached contains details of the subject matter, criteria, procedures performed, and reasonable assurance opinion and limited assurance conclusion, as applicable.

### Responsibility Statement

The content of this report has been reviewed by the Senior Management of the Bank and is reviewed and approved by the Board of Directors to ensure accuracy, completeness and relevance of the information presented in line with the principles and requirements of the Integrated Reporting <IR> Framework.

### Governance over Integrated Reporting Process

The FY24 Integrated Annual Report reflects a rigorous organisation-wide process, overseen by the Group Executives and the Board, showcasing the organisation's integrated thinking. Led by the Group CFO, the report draws from extensive discussions across multiple functions, board minutes & discussions and aligns with the Integrated Reporting Framework. Following multiple drafts and reviews, the final approval process, conducted by the CFO and Senior Management, ensures accuracy before presentation to the Board of Directors.

## Our Integrated Reporting Process



## Our Capitals

F

### Financial Capital

We maintain robust financial practices, ensuring steady returns for our shareholders. Our financial resources encompass various sources such as customer deposits, shareholder equity, retained earnings, and external borrowings, among others.

[+ Read more on pg. 26](#)

I

### Intellectual Capital

Committed to delivering seamless customer experiences, we harness technology to enhance operational efficiency and gain competitive advantage. Additionally, our deep expertise, strong systems, processes, and the esteemed reputation of the Group forms the foundation of our intellectual capital.

[+ Read more on pg. 126](#)

M

### Manufactured Capital

Our manufactured capital encompasses our extensive pan-India network of banking outlets, corporate offices, ATMs, and other touchpoints that facilitate engagement with our stakeholders. It also includes our IT infrastructure and security measures, as well as infrastructure development through CSR projects.

[+ Read more on pg. 14](#)

H

### Human Capital

Our people are our most valuable assets. Through a culture of collaboration, innovation, and inclusivity, we prioritise their holistic development and well-being. This focus enables us to deliver exceptional service to our customers, ensuring that our people remain at the forefront of our pursuit of excellence and sustainability.

[+ Read more on pg. 138](#)

SR

### Social and Relationship Capital

Establishing and nurturing trust-based relationships with our stakeholders is crucial for our ongoing success. We recognise our significant role as a group in contributing responsibly to the economy and nation-building. Our comprehensive approach to fostering and sustaining long-term relationships with customers, trade partners, merchants, and the community embodies our social and relationship capital.

[+ Read more on pg. 158](#)

N

### Natural Capital

Our natural capital encompasses the resources we utilise to operate our business and provide our products and services. This includes energy and water consumption, waste generation, and the environmental impact of our business activities on climate and ecosystems.

[+ Read more on pg. 96](#)

## Our Stakeholders



Customers



Employees



Community



Investors

Government  
and Regulatory  
Bodies

Suppliers



## HIGHLIGHTS

# Delivering All-round Performance

The merger of HDFC Bank and erstwhile HDFC Limited presents an opportunity to create enhanced value for stakeholders through synergies, operational efficiency improvements and an expanded suite of financial products.

Offering tailored solutions to customers, treating employees fairly, actively supporting communities and adhering to regulations are fundamental to our approach. HDFC Bank's financial strength enables it to fulfill its environment and social responsibility effectively, contributing to a sustainable future in a holistic manner.

## CREATING VALUE FOR OUR STAKEHOLDERS



### Customers

At the core of our business model lies a focus on delivering an enhanced and seamless customer experience. Our clientele includes individuals, corporations, financial institutions, Governments, MSMEs, farmers, wholesalers and traders. We are leveraging our expanded customer base and mortgage product following the merger by providing bespoke financial solutions and services that address their diverse needs.

**8,738**

Total Branches

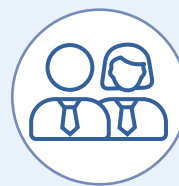
**₹24,84,862 crore**

Total Advances

**9.32 crore**

Total Customers

[+ Read more on pg. 120](#)



### Employees

FY24 was significant as we welcomed employees of erstwhile HDFC Limited post the merger. Our people are the driving force behind our success. We foster an inclusive, merit based work environment that inspires and encourages our employees. We aspire to be the preferred choice for talented professionals. We have been recognised as a Great Place to Work® organisation for three consecutive cycles.

**2,13,527**

Total employees

**66,54,452**

Learning Hours in FY24

**₹420.8 crore**

Learning and Development Expenditure

[+ Read more on pg. 138](#)



### Community

Empowering less privileged communities is a priority for us. Through our CSR initiative, HDFC Bank Parivartan, we seek to drive sustainable and holistic development that can truly make a difference in people's lives. It focuses on the following five pillars:

1. Rural Development
2. Education
3. Skill Development & Livelihood Enhancement
4. Healthcare & Hygiene
5. Financial Literacy and Inclusion

**10.19 crore**  
CSR Beneficiaries

**28 States and 8 UTs**  
where CSR projects have  
been implemented

Read more on [pg. 158](#)



### Investors

Our objective is to provide sustainable returns to our shareholders. We ensure transparency in information shared, to empower shareholders to make informed decisions. The merger combines the significant strengths of both entities, enhancing value through expanded scale, diverse product offerings, and operational efficiencies.

**₹60,812.3 crore**  
Profit After Tax (PAT)

**16.1%**  
Return On Equity (ROE)

**18.8%**  
Capital Adequacy Ratio (CAR)

Read more on [pg. 26](#)



### Government and Regulatory Bodies

We collaborate extensively with the Government for furthering financial inclusion. We also facilitate the delivery of social programmes to the intended beneficiaries. Following the merger of erstwhile HDFC Limited with HDFC Bank, the increased net worth facilitates greater credit flow into the economy thereby contributing to national development as well as employment generation.

**15,182**  
Total No. of Business  
Correspondents (BCs)

# A NEW CHAPTER HAS BEGUN



## | Synergistic Growth

The merger delivers substantial benefits for customers, employees, shareholders and other stakeholders. The long duration of the home loan book and sticky nature of the product enables the Bank to foster stronger customer connect enhancing customer retention and enabling growth across diverse product segments catering to various stages of the customer life-cycle. Additionally leveraging erstwhile HDFC Limited's home loan customer base, HDFC Bank is strategically expanding its cross-selling initiatives, offering a complete bouquet of products across pay, save, invest, borrow, insure, and trade through its advanced digital platforms.





## RE-IMAGINING VALUE CREATION - POWER OF THE GROUP

### Harnessing Collective Strength

HDFC Bank and its subsidiaries are bound together not only through shareholding but also through the 'HDFC Bank brand'. This shared commitment empowers HDFC Bank and its group entities to uphold the esteemed legacy of trust, ensuring customers receive quality service across the board.



#### SERVING YOUR FINANCIAL NEEDS

We exist to assist Indians make better money choices, today and tomorrow

HDB Financial Services

**94.6%**



HDFC Life Insurance

**50.4%**



HDFC ERGO General Insurance

**50.5%**



HDFC Asset Management Company

**52.6%**



HDFC Securities

**95.1%**



HDFC Bank has five key subsidiaries viz., HDB Financial Services Limited (HDBFSL), HDFC Life Insurance Company Limited (HDFC Life), HDFC Asset Management Company Limited (HDFC AMC), HDFC ERGO General Insurance Company Limited (HDFC ERGO) and HDFC Securities Limited

(HSL). By leveraging synergies across the group's ecosystem, we aim to deliver innovative financial solutions that anticipate and meet the evolving needs of this extensive clientele. Our collaborative strategy aims to empower our group in facilitating seamless engagements

across various touchpoints, fortifying connections, nurturing deep customer relationships and facilitating cross sell. This advantage is pivotal in navigating the dynamic financial services landscape. In our efforts we are backed by a consolidated employee base of over 3.49 lakh with diverse skillsets, a combined branch network of over 11,600 and various other physical / digital touchpoints.

**We are committed to fostering progress together by harnessing our collaborative strengths to drive sustainable growth and profitability.**

HDFC Life and HDFC ERGO prepare their financial results in accordance with Indian GAAP and other subsidiaries do so in accordance with the notified Indian Accounting Standards ('Ind-AS').

The details of the subsidiaries including its financial performance and key initiatives for FY24 are given below.



## Key Subsidiaries in Action

### | HDB Financial Services Limited (HDBFSL)



HDB Financial Services Limited (HDBFSL), in which the Bank holds a 94.6 per cent stake, is a non-deposit taking NBFC offering a wide range of loans and asset finance products. It is engaged in the business of lending, fee-based products and BPO services. HDBFSL has a diverse range of product offerings (secured and unsecured) to various customer segments. It has continued to focus on diversifying its products and expanding its distribution while augmenting its digital infrastructure and offerings to effectively deliver credit solutions. The company has a strong network of over 1,680 branches spread across 1,144 cities.

#### FY24 Financials

Profit After Tax rose by 25.59 per cent to ₹2,461 crore as on March 31, 2024, compared to ₹1,959 crore as on March 31, 2023. The Total Loan Book stood at ₹90,218 crore as on March 31, 2024 compared to ₹70,031 crore as on March 31, 2023, a growth of 28.8 per cent. The asset quality remained robust, with Gross Non Performing Asset (GNPA) ratio at 1.90 per cent and Net Non Performing Asset (NNPA) ratio at 0.63 per cent as on March 31, 2024. GNPA stood at 2.73 per cent and NNPA at 0.95 per cent for the year ended March 31, 2023. Capital Adequacy Ratio stood at 19.25 per cent as on March 31, 2024.

#### KEY INITIATIVES IN FY24

##### Customer Service Week:

The company launched an initiative called 'Customer Service Week'. This initiative aims to create awareness among walk-in customers on HDBFSL's various self-service tools that customers can use to manage their loan account or apply for a new loan; the digital payment options available; the grievance mechanism in place and RBI's Ombudsman Scheme. Customer feedback is also taken to gauge the quality of service provided and expected bringing in continual improvement.



# RE-IMAGINING VALUE CREATION - POWER OF THE GROUP

## | HDFC Life Insurance Company Limited (HDFC Life)



HDFC Life Insurance Company Limited (HDFC Life), in which the Bank holds a 50.4 per cent stake, is a listed, leading, long-term life insurance solutions provider in India. Established in 2000, HDFC Life offers a range of individual and group insurance solutions that meet various customer needs such as protection, pension, savings, investment, annuity and health. HDFC Life has more than 80 products (including individual and group products) and Optional Riders in its portfolio catering to a diverse range of customer needs.

### FY24 Financials

In FY24, HDFC Life known for its innovative products and customer-centric approach has secured more than 6.6 crore lives with an overall claim settlement ratio of 99.7 per cent. HDFC Life continued to deliver consistent all-round performance and be ranked amongst the top three private life insurers in the industry. Total new business premium increased to ₹29,631 crore. In addition, HDFC Life maintained its leadership position within the group business in FY24, with a private industry market share of 23.9 per cent. Total premium grew to ₹63,076

crore in FY24 while renewal premium grew to ₹33,445 crore. HDFC Life with 535 branches across India delivered Profit After Tax of ₹1,569 crore in the Financial Year 2023-24.

### KEY INITIATIVES IN FY24

The Financial Year 2023-24 was a landmark year for product launches fuelled by relentless product innovation. The company is committed to delivering products which are relevant and tailored to meet customers' evolving requirements.

## | HDFC Asset Management Company Limited (HDFC AMC)



HDFC Asset Management Company Limited (HDFC AMC), in which the Bank holds a 52.6 per cent stake, is the Investment Manager to HDFC Mutual Fund – one of the largest mutual funds in India – and offers a comprehensive suite of savings and investment products. It caters to the needs of a large and diverse customer base. Incorporated in 1999, it serves a mutual fund customer base of 96 lakh unique investors with a total of 1.66 crore live accounts. The company offers Portfolio Management Services and Alternative Investment Funds to High Net Worth (HNI) individuals, family offices, domestic corporates, trusts, provident funds and domestic and global institutions.

### FY24 Financials

Total Income for the Financial Year 2023-24 recorded a year-on-year growth of 27 per cent to ₹3,162.4 crore. Profit After Tax grew by 37 per cent to ₹1,945.9 crore.

### KEY INITIATIVES IN FY24

1. Continued to strengthen its distribution network by opening 26 new branches during the year
2. Launched 13 New Fund Offers (NFOs) during the year which included 5 sectoral/ thematic funds, 5 Index funds, 2 ETFs and HDFC Charity Fund for Cancer Cure
3. Inaugurated subsidiary's (HDFC AMC International (IFSC) Limited) office in GIFT City
4. Became signatory to the United Nations Principles for Responsible Investment (UNPRI)



## | HDFC ERGO General Insurance Company Limited (HDFC ERGO)



HDFC ERGO General Insurance Company Limited (HDFC ERGO), in which the Bank holds a 50.5 per cent stake, offers a complete range of general insurance products. It offers a comprehensive bouquet of general insurance products - ranging from Motor, Health, Travel, Home, Personal Accident and Cyber Insurance for its Retail Customers to products like Property, Marine and Liability Insurance to its SME & Corporate customers to Crop and Cattle Insurance for Rural Customers.

### FY24 Financials

In FY24, HDFC ERGO registered a 11 per cent growth in premiums, ending the year with a 6.4 per cent market share and a 9.9 per cent market share in the private sector. HDFC ERGO is the fifth largest general insurance company in the country and the third largest in the private sector. Profit After Tax for the year ended March 31, 2024 was ₹437.67 crore as compared to ₹652.66 crore in the previous year, as the company undertook a strengthening of its claim reserves basis recent industry trends.

### KEY INITIATIVES IN FY24

1. In FY24, HDFC ERGO undertook various initiatives focusing on elevating customer experience, improving scalability, resilience and data protection. It introduced 'here' app, a one-of-a-kind ecosystem that helps customers and non-customers of the company to make informed decisions about their everyday needs such as mobility, healthcare, travel, etc. It was launched in May 2023 and has been well received by users with over 5 million downloads.
2. HDFC ERGO recently partnered with Google Cloud to establish a Center of Excellence for Generative AI to offer hyper-personalised customer experience and innovative insurance solutions.

## | HDFC Securities Limited (HSL)



HDFC Securities Limited (HSL), in which the Bank holds a 95.1 per cent stake, is amongst the leading broking firms in India. HSL has been serving a diverse customer base of retail and institutional investors since 2000. It offers over 30 investment vehicles spanning asset classes such as stocks, gold, real estate and debt instruments.

### FY24 Financials

HSL's Total Income under Indian Accounting Standards for the year ended March 31, 2024 was ₹2,660.7 crore as against ₹1,891.6 crore in the previous Financial Year. Net Profit was ₹950.9 crore for the year ended March 31, 2024 as against ₹777.2 crore in the previous financial year. The company has a customer base of 53.82 lakh to whom it offers an exhaustive range of investment and protection products.

### KEY INITIATIVES IN FY24

HSL launched its flat price broking app, HDFC SKY in September 2023. HDFC SKY has a one-price slab of ₹20 for both intraday and delivery across segments, and zero account opening and maintenance charges for the first year.



Major Milestones

1994

- Housing Development Finance Corporation (HDFC) Limited received an in-principle approval from the RBI to set up a private sector bank
- Incorporated in August 1994 as HDFC Bank Limited

1995

- Banking licence received in January 1995
- First corporate office and branch opened
- IPO oversubscribed 55 times
- Listed on BSE and NSE

1997

- Maiden dividend announced

1997-98

- New logo launched

1999

- Launched first international Debit Card in India in association with Visa International
- Began its digital journey by launching online real-time NetBanking
- First ever mega merger in Indian banking industry – Times Bank merged with HDFC Bank

2000

- A Bank with many firsts
  - First Bank to launch Mobile Banking in India
  - Launched first SMS-based Mobile Banking

2001

- Overseas listing
- Listed on New York Stock Exchange (NYSE)
- Became the first private bank authorised to collect Income Tax

2003-04

- First bank in India to offer Credit Card in 100+ cities
- Touched 10 Lakh users

2006

- Two new cards launched exclusively for women on International Women's Day

2008

- Launched first overseas commercial branch in Bahrain
- Merger of Centurion Bank of Punjab with HDFC Bank - One of the largest mergers in the Indian banking industry.

2010

- Launched 40% faster ATMs – first of its kind in Asia

2011

- Growing market leadership
- Expanded customer base to become market leaders in Auto Loans, Personal Loans and Credit Cards

2012

- Launched MobileBanking App in Hindi
- Launched a nationwide sports initiative – Josh Unlimited, for employees

2013

- The Bank's Sustainable Livelihood Initiative (SLI) crosses a milestone - impacting 20 Lakhs household

2014

- Sustainability established as a core value of the Bank
- Created a new Guinness World Record for organising the largest single-day blood donation drive
- Became market leader in issuing Credit Cards in 2013-14 with 55 Lakh+ Cards

2015

- Launched its sonic branding i.e. Musical Logo (MOGO) to be used across multiple touch points
- Launched PayZapp, India's first 1-click mobile-pay solution
- Launched 10-second personal loan disbursement in the retail lending space

Concurrent QIP issue and Follow-on offering

₹9,723 Cr

2016

- ATMs turned to LDMs (Loan Dispensing Machines)
- Launched SmartUp programme for Start-Ups

2017

- Introduced EVA chatbot - India's first AI-based chatbot to provide customer service
- Launched SmartUp Zones for Start-Ups
- Launched EasyEMI on Debit Cards
- Launched an all-in-one DigiPOS machine

2018

- Next-gen MobileBanking App launched
- Signed MoU with CSCs, Govt of India to support financial inclusion in rural areas

2019

- Voted no.1 in India by customers in Forbes World's Best Banks Survey
- BSE inks pact with HDFC Bank to give a boost to Start-Up platform
- 1 Million+ units of blood collected via HDFC Bank Parivartan's Blood Donation Drive over a period of 12 years, primarily from employees
- Opened 5,000<sup>th</sup> branch
- Marked the start of its 25<sup>th</sup> year

2020

- Ranked India's most valuable brand (for the seventh consecutive year) by BrandZ Report
- Launch of HDFC Bank Millennia range of cards
- First ever leadership change (new MD & CEO, Mr. Sashidhar Jagdishan takes over)
- First-of-its-kind product launch: KGC-Shaurya card for armed forces
- Launch of contactless, consent-based customer on-boarding via video KYC facility
- Deploying mobile ATMs during the lockdown

2021

- Embarked on 'Project Future Ready'
- Pledged to become carbon neutral by 2031-32

2022

- HDFC Bank and HDFC Ltd. announce transformational merger
- Launched SmartHub Vyapar - A one-stop merchant solution App for all banking and business solutions

2023

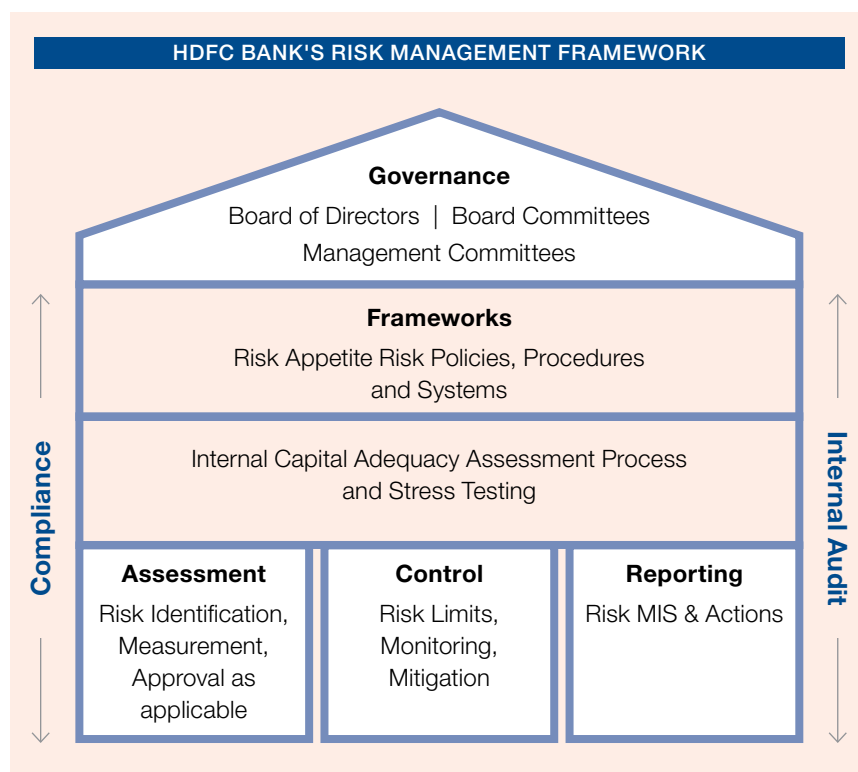
- Launched a revamped PayZapp 2.0 payments app that provides customers with a seamless, intuitive user experience with enhanced security features
- HDFC Bank and HDFC Limited merged with effect from July 1, 2023 creating one of the world's most valued Banks. This strengthens our position as a leading financial services conglomerate and completes its product suite through the addition of home loans.

2024

- RBI approved appointment of Mr. Kaizad Bharucha as Deputy Managing Director and Mr. Bhavesh Zaveri as Executive Director w.e.f. April 19, 2023
- Appointed Mr. V Srinivasa Rangan as Executive Director w.e.f. November 23, 2023
- Launched UPI QR code interoperable with Central Bank Digital Currency (CBDC). Among the first banks in the country to complete the integration process.
- PayZapp 2.0 reached 75 lakh registrations in FY24
- Educated over 2 lakh citizens on safe digital banking practices pan India in FY24

16 HDFC Bank Limited

Integrated Annual Report 2023-24 17



that could significantly affect our business, financial position, or capital adequacy. It helps us systematically analyse and address these risks to ensure the stability and soundness of our operations, protecting our business and capital adequacy from potential threats.

Ensuring informed decision-making, we regularly capture and report risk exposures, initiating appropriate mitigation measures. Additionally, we continuously refine our risk models to adapt to changing circumstances. To ensure independent evaluation, the Bank has an independent Internal Audit Department for assessing the adequacy and effectiveness of all internal controls, risk management practices, governance systems, and processes.

We are intensifying our attention on non-financial risks by amplifying discussions within our Risk Management and Board committees. These discussions encompass compliance, personnel, technology, reputation risks, and others. This involves enhancing our policies, procedures, and risk assessment frameworks to effectively manage these risks, with an ongoing commitment to improvement.

Furthermore, we are leveraging technology to automate our risk management processes, aiming to bring efficiencies, improve accuracy, enhance user control, and maintain thorough audit trails. By embracing technological advancements, we aim to strengthen our risk management capabilities while recognising the inherent risks in technology. Risks emanating from new-age solutions based on AI/ML techniques are comprehensively assessed through the lenses of Data Privacy, Data Security, Data Quality, Model fairness, and efficacy. The Risk Management Group independently validates relevant models across the Bank.

## Risk Governance

At the apex of our risk governance framework lies our Board of Directors, responsible for supervising our risk management initiatives. They've set up the Risk Policy & Monitoring Committee (RPMC) to ensure our risk strategy is effectively implemented. The RPMC guides the development of policies, procedures, and systems, constantly assessing their suitability for our evolving business landscape.

Heading the independent Risk Management Group (RMG) is the Chief Risk Officer (CRO), who maintains regular communication with RPMC members. The RMG is responsible for executing the approved risk strategy, developing policies, procedures, and systems to manage risks effectively.

An executive committee oversees the nature and quantum of risks taken as well as risk management practices across the Group Entities.

## Risk Frameworks and Their Implementation

Given the nature of our business and the regulatory landscape, we are exposed to a spectrum of risks. Among our principal risks are credit, market, liquidity, operational, cybersecurity, and technology risks. Moreover, our operations encompass compliance and reputation risks and ESG-related risks. To manage these, we've instituted an overarching risk appetite framework. We have implemented specific policies, limits, and triggers tailored to each risk category to operationalise our risk appetite for individual risk types. Furthermore, we've undertaken thorough measures to ensure proper measurement and management of risks inherent in the activities integrated through the merger within our framework. Our structured management framework, the Internal Capital Adequacy Assessment Process (ICAAP), is designed to identify, assess, and manage all risks



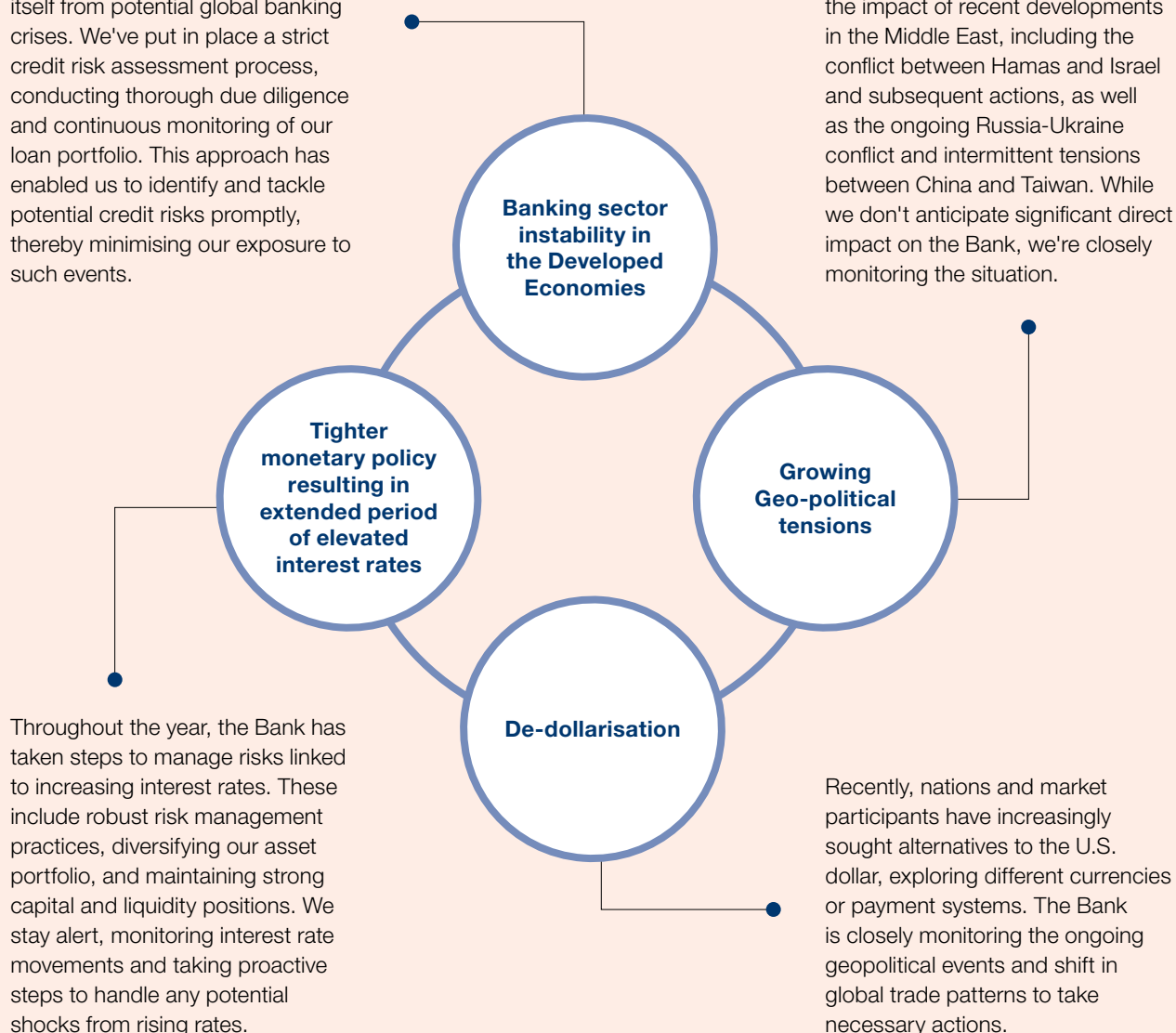
## RISK MANAGEMENT

### KEY RISK MANAGEMENT INITIATIVES

Acknowledging the significance of stress testing in risk management, the Bank conducts stress tests beyond standard scenarios. We focus on topical themes influenced by geopolitical, macroeconomic, and sectoral trends to pinpoint specific areas of our portfolio. This approach serves as an early warning system, prompting potential actions. Various stress tests have been conducted to evaluate their impact on our portfolio and identify affected borrowers. Furthermore, we implement various measures to mitigate global risks, as detailed below

In the last year, the Bank has made significant efforts to protect itself from potential global banking crises. We've put in place a strict credit risk assessment process, conducting thorough due diligence and continuous monitoring of our loan portfolio. This approach has enabled us to identify and tackle potential credit risks promptly, thereby minimising our exposure to such events.

As part of our risk management strategy, we've broadly assessed the impact of recent developments in the Middle East, including the conflict between Hamas and Israel and subsequent actions, as well as the ongoing Russia-Ukraine conflict and intermittent tensions between China and Taiwan. While we don't anticipate significant direct impact on the Bank, we're closely monitoring the situation.





## Managing Key Risks

### Credit Risk

Capitals Impacted: F I SR N

The risk which arises from default by borrowers in their terms of contract with the Bank especially failure to make payments or repayments

#### Mitigation

Credit Risk Management formulates policies and procedures to handle credit risk and maintain portfolio quality. It sets risk limits, reviews portfolios regularly, and conducts stress tests. It also oversees the strategy and underwriting functions of the Credit group, led by the Chief Credit Officer.

#### Strategies

Maintaining healthy asset quality with optimal risk-reward considerations.

### Compliance Risk

Capitals Impacted: F

The risk of legal or regulatory sanctions, as a result of failure to comply with applicable laws, regulations and standards

#### Mitigation

Robust Board-approved Compliance policy in place which is reviewed on an annual basis. The Compliance function tracks and reviews compliance with regulatory guidelines, in close coordination with business, support and operations teams. The focus is on identifying and reducing Regulatory risk by instituting a well-defined internal control framework that includes regular feedback on regulatory compliance from product, business and operation teams through self-certifications and monitoring. Besides, compliance testing of products / policies from Regulatory perspective is also undertaken to enhance the compliance culture within the organisation.

#### Strategies

Ensuring businesses work strictly within the contours of regulation.

### Market Risk

Capitals Impacted: F

The risk of potential loss on account of adverse changes in market variables which affect the value of financial instruments that the Bank holds as a part of its statutory reserves or trading activity, such as, market instruments, debt securities, equities, foreign exchange and derivative instruments.

#### Mitigation

Detailed Board-approved policies such as Market Risk, Investment, Foreign Exchange Trading, and Derivatives, combined with strong controls, minimise risks across trading desks and securities. These policies set trading risk limits in line with the Bank's risk tolerance. Also, portfolio-level assessments and risk reduction measures are carried out.

Structured products and exotics are transacted with counterparties possessing adequate risk management capabilities and systems to manage such products. Counterparty exposures are regularly monitored, and a margining framework is established in agreement with counterparts.

#### Strategies

Optimising profitability of marked-to-market products within the constraints of liquidity and market risk appetite of the Bank.



## RISK MANAGEMENT

### Operational Risk

Capitals Impacted: **F** **H**

Operational risk arises from inadequate or failed internal processes, people, and systems or from external events. It includes risk of loss due to legal risk but excludes strategic and reputational risks.

#### Mitigation

The Bank follows a Board-approved Operational Risk Management Policy, detailing how operational risks are governed and managed. It details on a three-line defence system: the business line (including support and operations) is the first line, the Operational Risk Management Department (ORMD) acts as the second line, and Internal Audit serves as the third line. These teams work together to manage, monitor, and reduce operational risks effectively.

#### Strategies

Minimising operational losses through risk mitigation.

### Technology Risk

Capitals Impacted: **F** **SR** **I**

Risks associated with the use, ownership, operation, involvement, influence, vendor related and adoption of IT systems within an enterprise, Business Continuity management and Third-party Risk management.

#### Mitigation

Our Information Technology & Digital Risk framework, along with the policies, procedures, templates, and assessment methods manage Technology Risk, Vendor Risk and Business Continuity. The framework covers the evaluation of new IT solutions, third-party vendors, outsourced IT, related services (Third Party Risk). Additionally, we've created a Business Continuity Management framework and rolled out the Business Continuity Programme across the Enterprise.

#### Strategies

- Ensure alignment of Business and IT Strategies to provide services availability and superior customer experience.
- Making extensive progress on some of the key initiatives that are part of our technology transformation agenda.

### Climate Risk

Capitals Impacted: **F** **M** **H** **SR** **N**

At a broader level, risks from climate change are typically divided into:

- **Physical risks** - Economic losses (physical damage to property and assets) from acute impacts on account of extreme weather events (floods, cyclones, droughts, landslides, etc) attributed to climate change, or long-term chronic impacts on environment such as rise in sea levels, increased global temperature or irreversible precipitation changes.
- **Transition risks** - The possible process of adjustment to a low carbon economy and its possible effects on the value of financial assets and liabilities including the likelihood of formation of stranded assets.

#### Mitigation

We actively support the financing and investment in environmentally friendly technologies and low-carbon infrastructure projects, leveraging our product offerings and financial expertise to assist our customers and clients in transitioning to a sustainable, low-carbon economy.

We are pursuing this through three thematic areas including ESG integration in products, sustainable finance and portfolio emissions. These are discussed in detail in the subsequent chapter on ESG strategy.

#### Strategies

We partnered with an independent, reputable global agency to develop a framework for assessing climate transition risk at a counterparty level.

The Bank has initiated capacity-building programs to acquaint the Board and staff members with key developments in climate risk assessment.

Furthermore, the Bank has launched an internal pilot exercise to estimate financed emissions for its lending portfolio.

## Liquidity Risk

Capitals Impacted: **F** **SR**

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they fall due without incurring unacceptable losses.

### Mitigation

The Asset Liability Management policy of the bank details how liquidity and interest rate risks are managed. We've set up a strong system to watch cash flow mismatches and key ratios, like Basel III ratios, in both normal and stressed situations. Additionally, we have an extensive intraday liquidity risk management framework to track intraday positions throughout the day. Interest rate risk in the banking book is assessed at defined intervals to ensure it remains within our acceptable limits.

### Strategies

- To maintain healthy liquidity as evidenced in Liquidity Coverage Ratio (LCR) / Net Stability Funding Ratio (NSFR) in line with our Balance sheet size to tide over any unforeseen stress scenarios.
- Maintaining competitive cost of funds.
- Transact in derivatives, if required, to maintain the interest rate profile.

## Reputation Risk

Capitals Impacted: **SR**

Any adverse perception about our Bank, held by any of our stakeholders, may negatively impact our ability to attract and retain customers, with the additional risk of exposing us to litigation and regulatory actions.

### Mitigation

We keep in regular contact with our stakeholders using suitable engagement methods to meet their expectations and handle any concerns they raise. The Bank recognises reputation risk as significant in its ICAAP Policy, and we've set up an assessment framework to monitor it.

### Strategies

- Delivering superior customer experience
- Offering a wide range of products and services
- Strengthening grievance handling mechanism



## Cyber and Data Risk

Capitals Impacted:

F

I

Risk of cyber-attacks on our Bank's systems through hacking, phishing, ransomware, and other means, resulting in disruption of our services or theft or leak of sensitive internal data or customer information.

### Mitigation

We assess each cyber threat, including data privacy concerns, based on the framework of Identify, Prevent / Protect, Detect, Respond, and Recover.

To mitigate these risks, we have implemented various controls such as firewalls, anti-malware, anti-advance persistent threat (ATP) systems, data loss prevention (DLP) measures, Domain-based Message Authentication, Reporting and Conformance (DMARC) solution, Red Teaming, intrusion prevention / detection systems, digital rights management, zero-trust architecture approach, and a 24/7 security operation center (SOC).

The initiative and approach to leverage AI and ML as an entire suite to proactively detect and respond to threats is managed through the deployment of next generation security incident event management (SIEM) solution augmented by Artificial Intelligence (AI) and Machine Learning (ML) capabilities along with strong User Entity Behavioral Analysis (UEBA) functionalities and built-in threat modelling.

The bank has a dedicated program for attack surface management (ASM) that includes continuous attack surface discovery and hunting for weaknesses on the discovered assets.

At HDFC Bank, we recognise the significance of privacy in today's digital age and understand the responsibility we bear in handling personal data. For us, privacy is not just a legal obligation; it is a core value that underpins our operations. We remain committed to upholding the highest standards of privacy protection and ensuring that the personal data entrusted to us is handled with care. We are dedicated to protecting the privacy of our customers, employees and stakeholders by implementing robust privacy practices, embracing privacy by design, and complying with applicable privacy laws and regulations.

We have established a comprehensive privacy governance framework that governs our privacy program. This framework includes designated Data Privacy Officer, cross-functional privacy champions, and a clear chain of responsibility for privacy-related matters.

Privacy is a fundamental consideration in the development of our products, services, and systems. We embrace the principles of Privacy by Design to embed privacy safeguards into our processes from the outset. Our teams undergo privacy training to foster a privacy-conscious mindset, and privacy impact assessments are conducted to identify and mitigate any potential risks to individuals' privacy.

Transparency is a key pillar of our privacy commitment. We maintain a comprehensive privacy policy that clearly communicates our data practices, including information on data collection, use, disclosure, retention, and individual rights. We strive to provide easily accessible information about our privacy practices through our website, user interfaces, and other relevant communication channels.

The Bank also complies with ISO 27001:2013, ISO 22301:2019 and PCI DSS standards, demonstrating our commitment to information security and safeguarding customer data.

### Strategies

- Robust governance over information and cyber security framework through various committees viz. IT Strategy, Information Security Committee (ISC), Internal Capital Adequacy Assessment Process (ICAAP), Risk Policy and Monitoring Committee (RPMC) etc.
- Various mitigation measures including state of art antivirus programme, network security management, vulnerability management, cyber security and data privacy measures
- Continuous information security awareness for employees and customers



## Risk of Spill-over from Subsidiaries

Capitals Impacted:

F

SR

Risk arising from subsidiaries refers to potential uncertainties or adverse events that can impact the operations, financial stability, reputation, or strategic objectives of holding company due to subsidiary operations.

### Mitigation

The Board / Risk Management committees of each subsidiary is responsible for managing their respective material risks. The Group Risk Management Committee (GRMC) and Group Risk Council (GRC) has been instituted in our Bank to periodically review the nature / quantum of material risks of the subsidiaries and provide guidance, as deemed fit, on the risk management practices. Stress testing for the group is carried out by integrating the stress tests of the subsidiaries. Similarly, capital adequacy projections are formulated for the group after incorporating the business / capital plans of the subsidiaries.

### Strategies

- Establishing group level oversight to monitor and manage risk across subsidiaries.
- Conducting stress-test of subsidiaries to assess risks.
- Including subsidiary business plans and capital positions in capital adequacy projections.

## Model Risk

Capitals Impacted:

F

SR

I

Risk arising from the use of models, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.

### Mitigation

A well-defined, Board approved Enterprise Model Validation Policy, along with a robust framework including Pre-Deployment Validation, and periodic Monitoring, to capture, manage, and mitigate model risk.

### Strategies

Bank has established an independent Model Validation Unit within the Risk Management Group to manage Model Risk across the Bank.



# CONSOLIDATED BALANCE SHEET

As at March 31, 2024

₹ in crore

	Schedule	As at March 31, 2024	As at March 31, 2023
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	759.69	557.97
Employees stock options outstanding	18 (4)	2,652.72	1,117.20
Reserves and surplus	2	452,982.84	287,762.33
Minority interest	2A	13,383.40	860.26
Deposits	3	2,376,887.28	1,882,663.25
Borrowings	4	730,615.46	256,548.66
Other liabilities and provisions	5	174,832.07	100,922.77
Policyholders' funds		278,080.80	-
<b>Total</b>		<b>4,030,194.26</b>	<b>2,530,432.44</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	178,718.67	117,189.28
Balances with banks and money at call and short notice	7	50,115.84	79,958.53
Investments	8	1,005,681.63	511,581.71
Advances	9	2,565,891.41	1,661,949.29
Fixed assets	10	12,603.76	8,282.56
Other assets	11	217,182.95	151,322.28
Goodwill on Consolidation		-	148.79
<b>Total</b>		<b>4,030,194.26</b>	<b>2,530,432.44</b>
Contingent liabilities	12	2,344,487.73	1,750,953.81
Bills for collection		65,332.87	71,439.54
Significant accounting policies and notes to the Consolidated Financial Statements The schedules referred to above form an integral part of the Consolidated Balance Sheet.	17 & 18		

As per our report of even date

**For M M Nissim & Co LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Sanjay Khemani**  
Partner  
Membership Number: 044577

**For Price Waterhouse LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
301112E/E300264

**Sharad Vasant**  
Partner  
Membership Number: 101119

For and on behalf of the Board

**Atanu Chakraborty**  
Part-time Chairman of the Board

**Kaizad Bharucha**  
Deputy Managing Director

**Sunita Maheshwari**  
Independent Director

**Harsh Kumar Bhanwala**  
Independent Director

**V. S. Rangan**  
Executive Director

**Keki Mistry**  
Non-Executive Director

**Santosh Haldankar**  
Company Secretary

**Sashidhar Jagdishan**  
Managing Director & CEO

**Sandeep Parekh**  
Independent Director

**Lily Vadera**  
Independent Director

**Bhavesb Zaveri**  
Executive Director

**Renu Karnad**  
Non-Executive Director

**Srinivasan Vaidyanathan**  
Chief Financial Officer

Mumbai, April 20, 2024

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2024

₹ in crore

	Schedule	Year ended March 31, 2024	Year ended March 31, 2023
<b>I INCOME</b>			
Interest earned	13	283,649.02	170,754.05
Other income	14	124,345.75	33,912.05
<b>Total</b>		<b>407,994.77</b>	<b>204,666.10</b>
<b>II EXPENDITURE</b>			
Interest expended	15	154,138.55	77,779.94
Operating expenses	16	152,269.34	51,533.69
Provisions and contingencies	18 (9)	36,140.38	29,203.77
<b>Total</b>		<b>342,548.27</b>	<b>158,517.40</b>
<b>III PROFIT</b>			
Consolidated Net Profit for the year before minorities' interest		65,446.50	46,148.70
Less: Minority Interest		1,384.46	151.59
<b>Consolidated Net Profit for the year attributable to the group</b>		<b>64,062.04</b>	<b>45,997.11</b>
Brought forward consolidated profit attributable to the group		120,369.35	99,062.77
Addition on amalgamation	18 (1)	3,570.10	-
<b>Total</b>		<b>188,001.49</b>	<b>145,059.88</b>
<b>IV APPROPRIATIONS</b>			
Transfer to Statutory Reserve		15,684.72	11,445.96
Transfer to General Reserve		6,081.23	4,410.87
Transfer to Special Reserve		3,000.00	500.00
Transfer to Capital Reserve		4,166.41	4.62
Transfer to / (from) Investment Reserve Account (net)		529.42	(294.79)
Transfer to / (from) Investment Fluctuation Reserve		378.00	82.00
Dividend pertaining to previous year paid during the year		8,404.42	8,604.52
Transfer to / (from) Minority Interest (opening adjustment)		(288.28)	(62.65)
Balance carried over to consolidated balance sheet		150,045.57	120,369.35
<b>Total</b>		<b>188,001.49</b>	<b>145,059.88</b>
<b>V EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)</b>	18 (19)	₹	₹
Basic		90.42	82.64
Diluted		90.01	82.27
Significant accounting policies and notes to the Consolidated Financial Statements The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.	17 & 18		

As per our report of even date

## For M M Nissim & Co LLP

Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

## Sanjay Khemani

Partner  
Membership Number: 044577

## For Price Waterhouse LLP

Chartered Accountants  
ICAI Firm Registration Number:  
301112E/E300264

## Sharad Vasant

Partner  
Membership Number: 101119

For and on behalf of the Board

## Atanu Chakraborty

Part-time Chairman of the Board

## Kaizad Bharucha

Deputy Managing Director

## Sunita Maheshwari

Independent Director

## Harsh Kumar Bhanwala

Independent Director

## V. S. Rangan

Executive Director

## Keki Mistry

Non-Executive Director

## Santosh Haldankar

Company Secretary

## Sashidhar Jagdishan

Managing Director & CEO

## Sandeep Parekh

Independent Director

## Lily Vadera

Independent Director

## Bhavesh Zaveri

Executive Director

## Renu Karnad

Non-Executive Director

## Srinivasan Vaidyanathan

Chief Financial Officer

Mumbai, April 20, 2024



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2024

₹ in crore

	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flows from operating activities:</b>		
Consolidated profit before income tax and after minority interest	75,184.14	61,346.80
<b>Adjustments for:</b>		
Depreciation on fixed assets	3,092.08	2,345.47
(Profit) / loss on revaluation of investments	(6,957.14)	545.82
Amortisation of premium on held to maturity investments	966.09	851.20
Profit on sale of fixed assets	(75.36)	(8.05)
Profit on sale of investment in subsidiary	(7,341.42)	-
Provision / charge for non performing assets	12,540.05	13,561.19
Floating provisions	10,900.00	-
Provision for standard assets and contingencies	1,578.23	292.89
Employee stock options / units expense	1,731.73	787.06
	<b>91,618.40</b>	<b>79,722.38</b>
<b>Adjustments for:</b>		
Increase in investments	(88,411.63)	(64,182.03)
Increase in advances	(309,210.70)	(254,569.45)
Increase in deposits	336,964.81	324,660.22
Increase in other assets	(31,197.26)	(58,909.79)
Increase in other liabilities and provisions	6,420.40	10,459.86
Increase in policyholders' funds	35,728.16	-
	<b>41,912.18</b>	<b>37,181.19</b>
Direct taxes paid (net of refunds)	(22,842.84)	(16,367.49)
<b>Net cash flows from operating activities</b>	<b>19,069.34</b>	<b>20,813.70</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(4,286.72)	(3,466.57)
Proceeds from sale of fixed assets	99.82	42.68
Proceeds from sale of investment in subsidiary (net)	9,500.67	-
<b>Net cash flow from / (used) in investing activities</b>	<b>5,313.77</b>	<b>(3,423.89)</b>
<b>Cash flows from financing activities:</b>		
Increase in minority interest	1,201.66	198.96
Proceeds from exercise of convertible equity warrants	3,192.81	-
Proceeds from issue of share capital other than warrants	5,249.73	3,415.83



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2024

₹ in crore

	Year ended March 31, 2024	Year ended March 31, 2023
Proceeds from issue of Tier 1 and Tier 2 capital instruments	2,350.00	23,000.00
Redemption of Tier 1 and Tier 2 capital instruments	(230.00)	(12,077.00)
(Decrease) / Increase in other borrowings	(7,342.84)	18,007.29
Dividend paid during the year	(8,404.42)	(8,604.52)
<b>Net cash flow (used) / from financing activities</b>	<b>(3,983.06)</b>	<b>23,940.56</b>
Effect of fluctuation in foreign currency translation reserve	104.94	431.71
<b>Net increase in cash and cash equivalents</b>	<b>20,504.99</b>	<b>41,762.08</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>197,147.81</b>	<b>155,385.73</b>
<b>Cash and cash equivalents acquired on amalgamation</b>	<b>11,181.71</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>228,834.51</b>	<b>197,147.81</b>

Cash and cash equivalents include Cash and balances with Reserve Bank of India and Balances with banks and money at call and short notice (Refer Schedule 6 and Schedule 7).

As per our report of even date

**For M M Nissim & Co LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
107122W/W100672

**Sanjay Khemani**  
Partner  
Membership Number: 044577

**For Price Waterhouse LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
301112E/E300264

**Sharad Vasant**  
Partner  
Membership Number: 101119

For and on behalf of the Board

**Atanu Chakraborty**  
Part-time Chairman of the Board

**Kaizad Bharucha**  
Deputy Managing Director

**Sunita Maheshwari**  
Independent Director

**Harsh Kumar Bhanwala**  
Independent Director

**V. S. Rangan**  
Executive Director

**Keki Mistry**  
Non-Executive Director

**Santosh Haldankar**  
Company Secretary

**Sashidhar Jagdishan**  
Managing Director & CEO

**Sandeep Parekh**  
Independent Director

**Lily Vadera**  
Independent Director

**Bhavesh Zaveri**  
Executive Director

**Renu Karnad**  
Non-Executive Director

**Srinivasan Vaidyanathan**  
Chief Financial Officer

Mumbai, April 20, 2024