

Operator: Good morning, ladies and gentlemen. Thank you for standing by and welcome to today's HDFC Bank Ltd. earnings conference call. We have with us the management team of the bank. I would like to hand the conference over to you, sir. Thank you.

Keki Mistry: Thank you. Let me tell you that the board is completely cohesive, the board is completely united and the management team, most importantly, is also completely united. There has been an extreme amount of confidence provided to the respective independent committees, whether the Audit Committee or the Risk Policy Committee, which are the fulcrum in terms of governance and controls. And of course, we have the Nomination and Remuneration Committee. These are all manned by independent directors with strong vintage, credibility, experience, and stature, and some of them are on this call.

They are very comfortable with the functioning of these committees, who in turn oversee the operations in every aspect, whether it is risk management, compliance management, or audit management. Any organization, whether small or big, will have issues, but these are all addressed at every point in time and whatever is pending would have a clear timeline. These are the things that go on in a very normal and calm manner.

Operator: Thank you. Next question comes from the line of Prashant with BlackRock. Please go ahead.

Prashant – BlackRock: Hi and greetings to the management team. So far, whatever I have heard on this call does not make me any wiser than I was an hour ago. You do not likely see the Chairman in India resigning and stating that they did not want to know what was going on. It is basically a very sketching remark. People could resign because of personal reasons, but when you bet on the state of India today, this is something different. Would you open up and build some confidence with your investors? What exactly was it? He was the Chairman of the bank; it was not like he was an employee who resigned saying something and you leave it at nothing. Thank you.

Keki Mistry: I can only say that at the board levels, there has never been any kind of discussion on any matter which is contentious in terms of governance. If there have been any minor issues here and there, these issues have been tackled appropriately. What caused that letter to be sent today is something which really, to my mind, defies logic. But if any of my board members or colleagues would like to step in and say something, please do. I am not aware of any issue other than that.

Prashant – BlackRock: Sorry to interject here. If it is too early and you guys have no idea why it was happening, how can you say there is nothing behind it?

Keki Mistry: Because the bank has a very strong risk management process and a very strong audit process. The bank is a systemically important bank and therefore gets supervised continuously by the RBI on a regular basis. The board carries out various kinds of audits for different functions and there has never been anything from a governance standpoint, to my mind, which has come to the attention of the board.

Operator: Does anyone have anything to add here?

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Keki Mistry: I think Keki has added everything that encompasses our thoughts and feelings on the stage. If any other board member would like to speak up, please do so.

Harsh Kumar Bhanwala: I am Harsh Kumar Bhanwala. I head the GNRC, and I can assure you we hold the highest standards for our conduct and we believe strongly in sound governance. The outgoing Chairman was a member of the committee. In all the discussions that happened within the committee, the resolution was unanimous. There was no difference of opinion by anyone. The bank and the management have taken due cognizance of whatever various committees have said, in line with the principles of regulation and governance. This has met the expectations of employees as well as independent directors on the policy.

Prashant – BlackRock: Thank you. You were in the board meeting. Let me ask you this: the Chairman tendered his resignation saying there is something he is not happy with, and you guys just accepted it without asking him the reason? Whether it is small or big, regional or serious, what is it?

Management: I was there in the meeting, and all the members were there while Keki Mistry joined over a phone call. All of us had asked him what the reasons were behind this. He said, "I personally have no issues. It could be my value systems, which are different," but he did not say anything regarding regulatory excesses of the bank. It was all sound, and he agreed with us.

Keki Mistry: In fact, we had repeatedly asked him to tell us why he was bringing about this line. He did not give us anything. We had to accept it, but he said there was nothing specific. That was a bit baffling.

Operator: Thank you. Next question comes from the line of Prashant with Abu Dhabi Investment Authority. Please go ahead.

Prashant – Abu Dhabi Investment Authority: Hello, am I audible?

Operator: Yes, please go ahead.

Prashant – Abu Dhabi Investment Authority: Hi. Keki and Sashidhar, it is quite strange that we are getting these kinds of letters from the Chairman of the largest private bank in India. If someone has to insinuate toward something, there should be an explanation in the letter. Otherwise, this is sketching. Rather than sending regards, the bank should investigate, because banking is a business of reputation. You cannot let someone malign the reputation like this. That is all from my side.

Keki Mistry: Thank you. Obviously, the board will meet soon and we will take a call on what to do. As I mentioned to you, many of the board members met the regulator, the RBI. The RBI is fully in the picture and in the loop. The fact that they are comfortable with what is going on in the bank is reflected in the fact that, within a short period of time, they approved my appointment for 3 months just to stabilize things.

Management: We appreciate that and our best wishes are with you. We agree it is a banking business fully governed by a good board, and members of the RBI are involved. Best wishes, and we hope the bank comes out as clean as we know it is.

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Keki Mistry: I am extremely confident the bank will come out very clean. We truly have the highest standards of governance. I believe very strongly in governance personally and I would never remain on the board if I had the slightest doubt about it.

Operator: Thank you. Next question comes from the line of Ankur Mishra with ET Now. Please go ahead.

Ankur Mishra: Hello, am I audible?

Operator: Yes, please go ahead.

Ankur Mishra: I just wanted to make sense of the comments regarding the HDFC Bank Ltd. Chairman's resignation. You said the board is not aware of the reasons Atanu Chakraborty would have had. That is a fair point, but it is also a reputation loss when someone mentions ethics issues in a letter and specifies a time period of 2 months. Will the board, in its capacity, seek an answer from Atanu Chakraborty? Secondly, what are the learnings so far from this incident?

Keki Mistry: I will try to answer that quickly. In my mind, there could be a relationship issue between him and the management that may have manifested over time. But leaving that aside, let us talk about governance. The bank has the strongest form of governance possible in a financial institution. We have very strong ethics. Regarding seeking an explanation from Mr. Chakraborty, the board will meet very soon and take a call on how to take it forward. As my colleagues mentioned, he was asked what the issues were and what lapses in governance he indicated. As you heard, he did not say anything specific.

Operator: Mr. Mishra, are you done with your question?

Ankur Mishra: Yes, one more thing. When you mention the appointment of the new Chairman, how soon will that process start? Thank you.

Keki Mistry: These are premature questions. The board will meet, take various regulators into confidence, and then take a call on the new Chairman. There are still 3 months to go, and I will remain the interim Chairman during that time.

Operator: Thank you. Next question comes from the line of Seshadri Sen with Emkay Global Financial Services. Please go ahead.

Seshadri Sen: Thank you for the opportunity. Two questions. One was regarding the timelines for the replacement. I want to clarify that you will have to appoint a new independent director in place of Mr. Chakraborty. How long will that take and what is the process for the appointment of the new Chairman and the new independent director?

Keki Mistry: It is too premature to talk about this in detail. This resignation happened yesterday. There is a full 3-month period during which the board will meet and take a call on who should be the full-time non-executive Chairman or if an independent director will become Chairman in the future. There is plenty of time, and the board will meet and take a call in consultation with the regulators, specifically the RBI and SEBI.

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Seshadri Sen: Thank you. Second, I seek your reassurance that operational performance remains strong. There has been conversation in previous calls about stepping up growth; I want reassurance that this will not impact operational performance or the plan to "step on the gas" in terms of growth in the coming quarters.

Keki Mistry: Seshadri, Sashidhar will answer that, but let me reassure you that what happened yesterday has nothing whatsoever to do with the operational profitability of the bank. None of that changes, and the bank will commit to doing whatever it has said it would do. Sashidhar, would you like to step in?

Sashidhar Jagdishan: Thank you, Keki. Seshadri, this is an unfortunate event, but we are in an economy that is very strong and resilient amidst turmoil. We should be very proud of our positioning in the economy. The bank has had a wonderful merger. Any merger takes time, but the fruits will start to play out. As we have committed, we are very well positioned to move ahead.

We have a strong board with professionals who have been the eyes and ears for governance, risk management, compliance, and audit controls. Over-sight is very strong. We have strong balance sheet management, which is one of our fortes. Our technology is going to provide surprises over the next couple of years. The best of the bank is yet to come. The camaraderie and cohesiveness this board and management share will be very positive for the institution. Thank you.

Keki Mistry: Thank you. I am sure the bank will bounce back very strongly.

Operator: Thank you. Next question comes from the line of Shiva Natarajan with Principal Asset Management. Please go ahead.

Shiva Natarajan: Thank you. It seems puzzling that the outgoing Chairman has resigned in this manner.

Operator: Next question comes from the line of Gopika from Reuters. Please go ahead.

Gopika - Reuters: Hi, good morning. Thanks for taking my question. You mentioned that Kaizad Bharucha does not have specific eligibility and responsibility issues, but I believe he is not on the call?

Sashidhar Jagdishan: Kaizad had to go for a routine health check-up today, which was pre-organized. The members did not want that to be changed. Otherwise, he would have been on the call, and he will likely be on calls from tomorrow onwards.

Gopika - Reuters: Could you describe what more responsibilities he would be given?

Sashidhar Jagdishan: As we move forward, we will re-examine our organization structure with the consent and advice of the board. We will announce it at the appropriate time.

Gopika - Reuters: Can you tell us what that could be or if we can expect it before March 31?

Sashidhar Jagdishan: No, not at this juncture without the approval of the board. In a large organization, there will always be some organizational restructuring that happens from time to time, but I have nothing specific in mind right now.

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Gopika – Reuters: There have been several tweets by anonymous handles regarding various senior members of the bank and alleged cases of debt against them. Have these issues been discussed at the board level?

Keki Mistry: These are looked at consistently and continuously by the Nomination and Remuneration Committee. Mr. Bhanwala, who is the Chairman of that committee, is on the call and I request him to speak. Every issue brought to our attention has been discussed in detail and appropriate action has been taken in every single instance.

Harsh Kumar Bhanwala: Thank you, Keki. Having been the Chairman of NABARD previously, I have found that this bank has a very well-laid-out process for handling complaints, including anonymous ones. All complaints or references in social media that impact the bank are examined and brought before the Audit Committee. The Audit Committee deliberates on them and sends them to the whistleblower mechanism or other existing mechanisms. They examine these in detail and the inquiry is put back to the Audit Committee.

As a member there, we examine it thoroughly. Based on the findings, the matter is forwarded for accountability fixation. There is an advisory committee within the bank headed by Kaizad Bharucha, with another whole-time member and the Ethics Officer. After that process, if charges or culpability emerge, we take due note. We will not hesitate to take action if something adverse is found against individuals, and we have done that in the past.

Gopika – Reuters: Does this indicate an extended tenure for members who have been with the bank for so long? Are you looking at shorter tenures during the reorganization?

Keki Mistry: I would request Sashidhar to answer that as it is a management prerogative. We then take into consideration the recommendations of the management at the exact time.

Sashidhar Jagdishan: These are premature questions. If there are such proposals, we will take them to the Nomination and Remuneration Committee. We collectively will agree on structures that benefit the organization. We do not have anything specific in mind at this juncture, but we will have intense and cohesive engagement between the management and the board. This has always been the fulcrum, and even more so now given recent events. We assure you it is going to be a partnership. Thank you.

Operator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the CFO, Mr. Srinivasan Vaidyanathan, for closing comments.

Srinivasan Vaidyanathan: Thank you very much. Sashidhar, any closing comments from your side?

Sashidhar Jagdishan: I would like to thank all of you for joining at short notice, as well as the board members who joined. We all have to move on. We have Keki Mistry as the part-time interim Chairman. The management shares great camaraderie and cohesiveness with him and the board. We believe this will be extremely positive for the bank.

The economy is in a sweet spot. The bank is well-positioned and on its intended trajectory. You will see the kind of growth we had pre-merger coming back. We have a strong board that serves as the pillar of governance. I am proud of the members who provide constructive suggestions and take

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dispassionate decisions. We work on pillars of trust and value systems. Technology will be a differentiator over the next year or 2, and the best of the bank is now starting. Thank you for your support.

Keki Mistry: Thank you, Sashidhar. I will make one closing comment. I joined HDFC in 1981, and since then we started life insurance, general insurance, the bank, and asset management. The one fundamental belief we have all had over the years is good governance. Please believe me, we have the strongest form of governance in the bank. There is nothing wrong from an ethical perspective. In the coming months and years, the performance of the bank will reflect that. Thank you all for joining.

Operator: On behalf of HDFC Bank Ltd., that concludes this conference. Thank you for joining us. You may now disconnect.

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