NEWS RELEASE

HDFC BANK LIMITED - FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2010

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) accounts for the quarter and nine months ended December 31, 2010 at its meeting held in Mumbai on Thursday, January 27, 2011. The accounts have been subject to a "Limited Review" by the Statutory Auditors of the Bank.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended December 31, 2010

The Bank's total income for the quarter ended December 31, 2010 was ₹ 6,357.8 crores as against ₹ 4,933.9 crores for the quarter ended December 31, 2009. Net revenues (net interest income plus other income) were ₹ 3,904.5 crores for the quarter ended December 31, 2010, an increase of 25.0% over ₹ 3,123.0 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs and amortization of premia on investments held in the Held to Maturity (HTM) category) increased from ₹ 4,034.8 crores in the quarter ended December 31, 2009 to ₹ 5,230.0 crores in the quarter ended December 31, 2010. Net interest income (interest earned less interest expended) for the quarter ended December 31, 2010 grew by 24.9% to ₹ 2,776.7 crores, driven by asset growth and a net interest margin (NIM) of 4.2% for the quarter ended December 31, 2010 which remained stable on a sequential basis.

Other income (non-interest revenue) for the quarter ended December 31, 2010 was at ₹ 1,127.8 crores, primarily contributed by fees and commissions of ₹ 942.8 crores, up 22.5% over ₹ 769.7 crores during the quarter ended December 31, 2009. The other two components of other income were foreign exchange & derivative revenues of ₹ 216.8 crores (₹ 154.3 crores for the corresponding quarter ended December 31, 2009) and a loss on sale / revaluation of investments of ₹ 30.7 crores (loss of ₹ 26.5 crores for the corresponding quarter of the previous year).

Operating expenses, for the quarter ended December 31, 2010 were up 22.2% to ₹ 1,831.8 crores. The core cost to income ratio was at 46.5% as against 47.6% for the quarter ended December 31, 2009. Provisions and contingences increased by 4.1% from ₹ 447.7 crores (including loan loss provisions of ₹ 437.9 crores) for the quarter ended December 31, 2009 to ₹ 465.9 crores (including loan loss provisions of ₹ 292.9 crores) for the quarter ended December 31, 2010. Profit before tax for the quarter ended December 31, 2010 increased by 36.6% over the corresponding quarter ended December 31, 2009 to ₹ 1,606.8 crores. After providing ₹ 519.0 crores for taxes, the Bank earned a Net Profit of ₹ 1,087.8 crores, an increase of 32.9% over the corresponding quarter ended December 31, 2009.

Balance Sheet: As of December 31, 2010

The Bank's total balance sheet size increased by 22.1% to ₹ 249,820 crores as of December 31, 2010. Total deposits were ₹ 192,202 crores, up by 24.2% over December 31, 2009. The CASA mix at 50.5% of total deposits as at December 31, 2010 was primarily driven by a 30.7% growth in savings deposits to ₹ 61,038 crores as at December 31, 2010. Gross advances grew by 32.7% over December 31, 2009 to ₹ 160,619 crores.

Nine Months ended December 31, 2010

For the nine months ended December 31, 2010, the Bank earned total income of ₹ 17,539.1 crores as against ₹ 15,152.0 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the nine months ended December 31, 2010 increased by ₹ 1,715.6 crores to ₹ 10,783.1 crores. Net Profit for the nine months ended December 31, 2010 was ₹ 2,811.7 crores, up by 33.1% over the corresponding nine months ended December 31, 2009.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as at December 31, 2010 (computed as per Basel 2 guidelines) remained strong at 16.3%, against the regulatory minimum of 9%. Tier-I CAR was 12.1% as of December 31, 2010.

DISTRIBUTION NETWORK :

As of December 31, 2010, the Bank's distribution network was 1,780 branches and 5,121 ATMs in 833 cities as against 1,725 branches and 3,898 ATMs in 771 cities as of December 31, 2009.

ASSET QUALITY :

Portfolio quality as of December 31, 2010 remained healthy with gross non-performing assets (NPAs) at 1.1% of gross advances and net non-performing assets at 0.2% of net advances (as against 1.6% gross NPA and 0.5% net NPA ratios as of December 31, 2009). The Bank's provisioning policies for specific loan loss provisions remained higher than regulatory requirements. The NPA provision coverage ratio (excluding write-offs, technical or otherwise) was at 81% as of December 31, 2010 as compared to 72% as of December 31, 2009. Total restructured assets were 0.3% of the bank's gross advances as of December 31, 2010.

Note:
₹ = Indian Rupees
1 crore = 10 million
All figures and ratios are in accordance with Indian GAAP.