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NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL TO JUNE 2010

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) accounts for the quarter ended June 30, 2010 at its meeting held in Mumbai on Monday, July 19, 2010. The accounts have been subjected to a limited review by the Bank's statutory auditors.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended June 30, 2010

For the quarter ended June 30, 2010, the Bank's total income was Rs. 5,360.0 crores as against Rs. 5,136.8 crores for the quarter ended June 30, 2009. Net revenues (net interest income plus other income) were Rs. 3,341.0 crores for the quarter ended June 30, 2010, an increase of 15.2% over Rs. 2,899.2 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 Rs. 4,093.1 crores in the quarter ended June 30, 2009 to Rs. 4,420.2 crores in the quarter ended June 30, 2010. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2010 grew by 29.4% to Rs. 2,401.1 crores, driven by average asset growth of 23.2% and a net interest margin (NIM) of 4.3% as against a core NIM of 4.2% for the quarter ended June 30, 2009.

Other income (non-interest revenue) for the quarter ended June 30, 2010 was at Rs. 939.9 crores, primarily contributed by fees and commissions of Rs. 745.7 crores (up 14.9% over Rs. 649.3 crores in the quarter ended June 30, 2009) and foreign exchange/derivative revenues of Rs. 171.8 crores (up 24.7% over Rs. 137.8 crores in the quarter ended June 30, 2009). Profit on revaluation/sale of investments for the quarter ended June 30, 2010 was significantly lower at Rs. 21.5 crores as against Rs. 256.0 crores for the quarter ended June 30, 2009. Operating expenses for the quarter ended June 30, 2010 were up 15.3% to Rs. 1,592.3 crores and were stable at 47.7% of net revenues. On account of the improvement in asset quality, provisions and contingences reduced from Rs. 658.8 crores for the quarter ended June 30, 2009 to Rs. 555.0 crores (including loan loss provisions of Rs. 365.1 crores) for the quarter ended June 30, 2010. Profit before tax for the quarter ended June 30, 2010 increased by 38.8% over the corresponding quarter ended June 30, 2009 to Rs. 1,193.7 crores. After providing Rs. 382.0 crores for taxation, the Bank earned a Net Profit of Rs. 811.7 crores, an increase of 33.9% over the corresponding quarter ended June 30, 2009.

Balance Sheet: As of June 30, 2010

The Bank's total balance sheet size increased by 25.3% to touch Rs. 233,253 crores as of June 30, 2010. Total deposits were Rs. 183,033 crores, up by 25.6% over June 30, 2009. With Savings account deposits at Rs. 53,869 crores and Current account deposits at Rs. 36,169 crores as of June 30, 2010, CASA deposits registered a growth of 37% over June 30, 2009. The CASA mix was therefore at 49.2% of total deposits as at June 30, 2010. Gross advances grew by 40.2% over June 30, 2009 to Rs. 147,620 crores. Of this, around 10% increase in advances was due to short-term, one-off movements in wholesale loans. Retail loans grew by 24.4% over June 30, 2009 to Rs. 76,068 crores and constituted 51.5% of gross advances.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as at June 30, 2010 (computed as per Basel 2 guidelines) remained strong at 16.3%, as against 15.4% as of June 30, 2009 and against the regulatory minimum of 9%. Tier-I CAR was 12.4% as of June 30, 2010 as against 10.6% as of June 30, 2009.

BUSINESS UPDATE:

As of June 30, 2010, the Bank's distribution network was 1,725 branches and 4,393 ATMs in 780 cities as against 1,416 branches and 3,382 ATMs in 550 cities as of June 30, 2009.

Portfolio quality as of June 30, 2010 remained healthy with gross non-performing assets (NPAs) at 1.2% of gross advances and net non-performing assets at 0.3% of net advances (as against 2.1% gross NPA and 0.6% net NPA ratios as of June 30, 2009). The Bank's provisioning policies for specific loan loss provisions remained higher than regulatory requirements. The NPA provision coverage ratio (excluding write-offs) was at 77% as of June 30, 2010 as compared to 70% as of June 30, 2009. Total restructured assets, including applications received for loan restructuring were 0.3% of the bank's gross advances as of June 30, 2010. Of this amounts categorized as standard assets were 0.2% of the bank's gross advances.

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

Certain statements are included in this release which contain words or phrases such as "will," "aim," "will likely result," "believe," "expect," "will continue," "anticipate," "estimate," "intend," "plan," "contemplate," "seek to," "future," "objective," "goal," "project," "should," "will pursue" and similar expressions or variations of these expressions that are "forward-looking statements." Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for various banking services, future levels of our nonperforming loans, our growth and expansion, the adequacy of our allowance for credit and investment losses, technological changes, volatility in investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to pay dividends, the impact of changes in banking regulation and other regulatory changes in India and other jurisdictions on us, our ability to roll over our short-term funding sources and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions, instability or uncertainty in India and the other countries which have an impact on our business activities or investments, caused by any factor including terrorists attacks in India or elsewhere, anti-terrorist or other attacks by any country, military armament or social unrest in any part of India; the monetary and interest rate policies of the government of India; natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; the performance of the financial markets in India and globally; changes in Indian and foreign laws and regulations, including tax, accounting and banking regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations.