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NEWS RELEASE
HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL TO JUNE 2011

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) accounts for the quarter ended June 30, 2011 at its meeting held in Mumbai on Tuesday, July 19, 2011. The accounts have been subjected to a limited review by the Bank's statutory auditors.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended June 30, 2011

For the quarter ended June 30, 2011, the Bank's total income was ₹ 7,098.0 crore, an increase of 31.2% over ₹ 5,410.6 crore for the quarter ended June 30, 2010. Net revenues (net interest income plus other income) were ₹ 3,968.0 crore for the quarter ended June 30, 2011, as compared to ₹ 3,391.6 crore for the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2011 grew by 18.6% to ₹ 2,848.0 crore, in line with the growth in average assets and a Net Interest Margin of 4.2% for the quarter ended June 30, 2011.

Other income (non-interest revenue) for the quarter ended June 30, 2011 was at ₹ 1,120.0 crore, primarily contributed by fees and commissions of ₹ 922.7 crore (up 15.9% over ₹ 796.3 crore in the quarter ended June 30, 2010) and foreign exchange/derivative revenues of ₹ 230.1 crore (up 33.9% over ₹ 171.8 crore in the quarter ended June 30, 2010). Given the increase in bond yields the Bank incurred a loss on revaluation/sale of investments of ₹ 41.3 crore for the quarter ended June 30, 2011 as compared to a gain of ₹ 21.5 crore for the quarter ended June 30, 2010. Operating expenses for the quarter ended June 30, 2010 were up 17.8% to ₹ 1,934.6 crore. The core cost to income ratio for the quarter was, therefore, at 48.3% as compared to 48.7% at the end of June 2010. On account of the improvement in asset quality, provisions and contingences reduced from ₹ 555.0 crore for the quarter ended June 30, 2010 to ₹ 443.7 crore for the quarter ended June 30, 2011. Profit before tax for the quarter ended June 30, 2011 increased by 33.2% over the corresponding quarter ended June 30, 2010 to ₹ 1,589.7 crore. After providing ₹ 504.7 crore for taxation, the Bank earned a Net Profit of ₹ 1,085.0 crore, an increase of 33.7% over the corresponding quarter ended June 30, 2010.

Balance Sheet: As of June 30, 2011

The Bank's total balance sheet size increased by 22.6% to touch ₹ 285,942 crore as of June 30, 2011. Gross advances touched ₹ 176,964 crore – a year on year growth of 29.1% adjusted for short-term one off wholesale loans outstanding as of June 30, 2010, and a quarter on quarter increase of 9.7% over March 31, 2011. Retail loans grew by 28.6% over June 30, 2010 to ₹ 83,863 crore. Total deposits increased by ₹ 28,118 crore to ₹ 211,151 crore. During the quarter the Bank also raised ₹ 3,650 crores of Tier II capital by issuing Lower Tier II bonds. With Savings account deposits at ₹ 64,785 crore and Current account deposits at ₹ 38,811 crore, the CASA mix as of June 30, 2011 was 49.1%.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as at June 30, 2011 (computed as per Basel 2 guidelines) was at 16.9%, as against the regulatory minimum of 9%. Tier-I CAR was 11.4% as of June 30, 2011.

NETWORK:

During the quarter ended June 30, 2011 the Bank opened 125 new branches. This takes the total network of the Bank to 2,111 branches and 5,998 ATMs in 1,111 cities, as against 1,725 branches and 4,393 ATMs in 780 cities as of June 30, 2010.

ASSET QUALITY:

Portfolio quality as of June 30, 2011 remained healthy with gross non-performing assets (NPAs) at 1.04% of gross advances and net non-performing assets at 0.18% of net advances (as against 1.21% gross NPA and 0.28% net NPA ratios as of June 30, 2010). The Bank's provisioning policies for specific loan loss provisions remained higher than the minimum regulatory requirements. The NPA provision coverage ratio (excluding write-offs, technical or otherwise) was at 83% as of June 30, 2011. Total restructured assets, were 0.4% of the bank's gross advances as of June 30, 2011. Of this, amounts categorized as standard assets were 0.2% of the bank's gross advances.

SUBDIVISION (SPLIT) OF THE BANK'S EQUITY SHARES

The shareholders of the Bank, at its Annual General Meeting held on July 06, 2011 approved the sub-division (split) of one equity share of the Bank having a nominal value of ₹ 10 each into five equity shares of nominal value ₹ 2 each. The record date for the same was July 16, 2011.

Note:
₹ = 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.