

NEWS RELEASE

HDFC BANK LIMITED

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2009

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) accounts for the quarter and nine months ended December 31, 2009 at their meeting held in Mumbai on Friday, January 15, 2010. The accounts have been subjected to limited review by the Bank's statutory auditors.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended December 31, 2009

For the quarter ended December 31, 2009, the bank posted net revenues of Rs.3,076.9 crores as against Rs.2,918.6 crores for the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended December 31, 2009 increased by 12.4% to Rs.2,223.9 crores, driven by asset growth and a core net interest margin (NIM) of over 4.3% for the quarter ended December 31, 2009, as against a NIM of 4.2% for the corresponding quarter ended December 31, 2008 and for the preceding quarter ended September 30, 2009.

Other income for the quarter ended December 31, 2009 was Rs.853.0 crores, accounting for 27.7% of net revenues. Fees and commission at Rs.723.7 crores, was the main contributor to other income and increased by 12.4% over the corresponding quarter of the previous year and by 4.5% over the preceding quarter ended September 30, 2009. Foreign exchange/derivative revenues for the quarter ended December 31, 2009 were Rs.154.3 crores as against Rs.62.8 crores for the corresponding quarter ended December 31, 2008 and against Rs. 151.0 crores for the quarter ended September 30, 2009. With an increase in bond yields, there was a loss of Rs.26.5 crores on revaluation/sale of investments for the quarter ended December 31, 2009, as against a profit of Rs.232.1 crores for the quarter ended December 31, 2008 and a profit of Rs.162.9 crores for the quarter ended September 30, 2009. Operating expenses for the quarter ended December 31, 2009 at Rs. 1,453.2 crores, were 47.2% of net revenues as against 50.0% in the corresponding quarter of the previous

year. Provisions and contingencies for the quarter were Rs.447.7 crores (against Rs.531.8 crores for the corresponding quarter ended December 31, 2008), comprising primarily of loan loss provisions of Rs.437.9 crores against Rs.465.4 crores for the quarter ended December 31, 2008. After providing Rs.357.5 crores for taxation, the Bank earned a Net Profit of Rs.818.5 crores, an increase of 31.6% over the quarter ended December 31, 2008.

Balance Sheet: As of December 31, 2009

As of December 31, 2009, the Bank's total balance sheet size touched Rs. 204,553 crores with total deposits at Rs.154,789 crores. Savings account deposits at Rs.46,696 crores as of December 31, 2009, registered a growth of 41.2% over December 31, 2008 while current account deposits at Rs.33,276 crores as of December 31, 2009, increased by 37.2% over December 31, 2008. The core CASA deposits were approximately 49% of total deposits as at December 31, 2009, as against 40% as on December 31, 2008. The Bank's total gross advances increased from Rs.100,127 crores as of December 31, 2008 to Rs.121,051 crores as of December 31, 2009, a growth of 21%.

Nine months ended December 31, 2009

For the nine months ended December 31, 2009, the Bank's operating profit increased by 31.2% to Rs.4,735.4 crores over the corresponding period of the previous year. Net Profit for the nine months ended December 31, 2009 was Rs.2,112.1 crores, up by 30.9% over the corresponding nine months ended December 31, 2008.

CAPITAL ADEQUACY:

The Bank's total Capital Adequacy Ratio (CAR) as at December 31, 2009 stood at 18.3 % as against the regulatory minimum of 9.0%. Tier-I CAR was 13.8%. The Bank allotted 2,62,00,220 shares to Housing Development Finance Corporation Limited (HDFC) on November 30, 2009, on their exercising the warrants issued to them in June 2008. As a result, equity share capital increased by Rs.26.2 crores and reserves (share premium) by Rs.3,982.8 crores.



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BUSINESS UPDATE:

During the quarter ended December 31, 2009, the Bank added 219 branches to its distribution network. As of December 31, 2009, therefore, the bank had a network of 1,725 branches and 3,898 ATMs in 771 cities, as against 1,412 branches and 3,177 ATMs in 527 cities as of December 31, 2008.

Gross non-performing assets as of December 31, 2009 were at 1.6% of gross advances against 1.9% as of December 31, 2008 and as against 1.8% as of September 30, 2009. Net non-performing assets to net advances as of December 31, 2009 were 0.45%. The Bank's provisioning policies for specific loan loss provisions remained higher than regulatory requirements. The NPA coverage ratio based on specific provisions was at 72% as on December 31, 2009. Total restructured assets, including applications received for loan restructuring which were yet to be approved or implemented were 0.4% of the Bank's gross advances as of December 31, 2009. Of these, the amount 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 non-performing 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.