

## ***NEWS RELEASE***

### ***HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL – JUNE 2005***

The Board of Directors of HDFC Bank Limited approved the bank's accounts for the quarter ended June 30, 2005 at its meeting on Thursday, July 14, 2005. The accounts have been subjected to limited review by the bank's statutory auditors.

#### **FINANCIAL RESULTS:**

##### **Profit & Loss Account**

For the quarter ended June 30, 2005, the bank has earned total income of Rs.1,157.7 crores as against Rs.810.6 crores in the corresponding quarter ended June 30, 2004. Net revenues (net interest income plus other income) were Rs.787.2 crores for the quarter ended June 30, 2005, an increase of 55.3% over Rs.506.8 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased from Rs.702.6 crores in the corresponding quarter ended June 30, 2004 to Rs.894.1 crores. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2005 increased by 31.3% to Rs.523.7 crores, driven by average asset growth of 27.3 % and a marginal improvement in the core net interest margin to just over 3.9%.

Other income (non-interest revenue) for the quarter ended June 30, 2005 was Rs.263.6 crores, consisting principally of fees & commissions of Rs.215.2 crores, foreign exchange & derivatives revenues of Rs.23.8 crores, and profit/(loss) on sale / revaluation of investments of Rs.23.4 crores as against Rs.144.0 crores, Rs.27.9 crores and Rs.(65.2) crores respectively, for the quarter ended June 30, 2004. Operating expenses for the quarter at Rs.358.0 crores, were 45.5% of net revenues and 30.9% of total income. Provisions and contingencies for the quarter were Rs.165.9 crores, primarily comprising general & specific loan loss provisions of Rs.108.6 crores and amortization of premia (for investments in the Held to Maturity category) of Rs.57.0 crores. After providing Rs.79.9 crores for taxation, the Bank earned a Net Profit of Rs.183.5 crores, a 31.1% increase over the quarter ended June 30, 2004.

##### **Balance Sheet**

Total balance sheet size increased by 33.8% to Rs.53,986 crores as of June 30, 2005 over June 30, 2004. Total deposits were Rs.38,354 crores, an increase of 22.1% over Rs.31,406 crores as of June 30, 2004. Savings Account deposits which

remain core to the bank's strategy of building stable, low-cost source of funds and reflect the strength of the retail liability franchise, were at Rs.12,925 crores, an increase of 48.1% over June 30, 2004. Current account deposits as of June 30, 2005 were Rs.10,320 crores, up 31.0% over June 30, 2004. The Bank's total customer assets (including advances, corporate debentures, securitised paper, etc) increased from Rs.23,394 crores as of June 30, 2004 to Rs.32,665 crores as of June 30, 2005, a growth 39.6%. Retail loans grew 70.8% on a year-on-year basis to Rs.14,761 crores and now form 50.5% of gross advances as against 45.2% of gross advances as at June 30, 2004.

## **BUSINESS UPDATE:**

During the current financial year so far, the branch network has been expanded to 495 outlets in 217 cities from 330 outlets in 169 cities in June 2004. As of June 2005, the number of debit cards issued by the bank crossed 3.1 million while credit cards issued touched the 1.5 million mark.

Portfolio quality as of June 30, 2005 remained healthy with net non-performing assets at 0.2% of customer assets and 0.3% of advances. Capital Adequacy Ratio (CAR) was 11.9% against the regulatory minimum of 9%. Tier I CAR was at 9.5%.

Note: (i) Rs. = Indian Rupees

(ii) 1 crore = 10 million

(iii) All figures and ratios are in accordance with Indian GAAP

*Certain statements in this release which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "continue to", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue", "remains", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowances for investment and credit losses, technological changes, volatility in interest rates and investment income, our exposure to market risks as well as other risks detailed in the reports filed with the United State Securities and Exchange Commission. The bank may, from time to time make additional written and oral forward looking statements, including statements contained in the bank's filings with the Securities and Exchange Commission and our reports to shareholders. The bank does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the bank, to reflect events or circumstances after the date thereof.*