

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter and half year ended September 30, 2020, at their meeting held in Mumbai on Saturday, October 17, 2020. The accounts have been subjected to an audit by the statutory auditors of the Bank.

STANDALONE FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended September 30, 2020

The Bank's net revenues (net interest income plus other income) grew to ₹ 21,868.8 crore for the quarter ended September 30, 2020 from ₹ 19,103.8 for the quarter ended September 30, 2019. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2020 grew by 16.7% to ₹ 15,776.4 crore from ₹ 13,515.0 crore for the quarter ended September 30, 2019, driven by asset growth of 21.5%, and a core net interest margin for the quarter of 4.1%. The Bank's continued focus on deposits helped in the maintenance of a healthy liquidity coverage ratio at 153%, well above the regulatory requirement.

Other income (non-interest revenue) at ₹ 6,092.5 crore was 27.9% of the net revenues for the quarter ended September 30, 2020 as against ₹ 5,588.7 crore in the corresponding quarter ended September 30, 2019. The four components of other income for the quarter ended September 30, 2020 were fees & commissions of ₹ 3,940.3 crore (₹ 4,054.5 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 560.4 crore (₹ 551.7 crore for the corresponding quarter of the previous year), gain on sale / revaluation of investments of ₹ 1,016.2 crore (gain of ₹ 480.7 crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries, of ₹ 575.6 crore (₹ 502.0 crore for the corresponding quarter of the previous year).

While the previous quarter largely bore the brunt of the COVID-19 pandemic, some of the softness continued into the current quarter leading to lower retail loan origination, use of debit and credit cards by customers, efficiency in collection efforts and waivers of

certain fees. As a result, fees/other income were lower by approximately ₹ 800 crore. However, the loan and card momentum has improved over the previous quarter, thereby reducing the gap to less than half.

Operating expenses for the quarter ended September 30, 2020 were ₹ 8,055.1 crore, an increase of 8.8% over ₹ 7,405.7 crore during the corresponding quarter of the previous year. The cost-to-income ratio for the quarter was at 36.8% as against 38.8% for the corresponding quarter ended September 30, 2019. Growth in operating expenses was relatively moderate, as a result of lower loan origination and sales volumes.

Pre-provision Operating Profit (PPOP) at ₹ 13,813.8 crore grew by 18.1% over the corresponding quarter of the previous year.

Provisions and contingencies for the quarter ended September 30, 2020 were ₹ 3,703.5 crore (consisting of specific loan loss provisions of ₹ 1,240.6 crore and general and other provisions of ₹ 2,462.9 crore) as against ₹ 2,700.7 crore (consisting of specific loan loss provisions of ₹ 2,041.3 crore and general and other provisions of ₹ 659.3 crore) for the quarter ended September 30, 2019. Total provisions for the current quarter includes contingent provisions of approximately ₹ 2,300 crore for proforma NPA as described in the asset quality section below as well as additional contingent provisions to make the balance sheet more resilient.

The reported Specific Credit Cost ratio was 0.47%. This Core Credit Cost ratio on a proforma basis (refer Asset Quality section) was 0.91%, as compared to 1.08% in the quarter ending June 30, 2020 and 0.90% in the quarter ending September 30, 2019.

Profit before tax (PBT) for the quarter ended September 30, 2020 was at ₹ 10,110.3 crore. After providing ₹ 2,597.2 crore for taxation, the Bank earned a net profit of ₹ 7,513.1 crore, an increase of 18.4% over the quarter ended September 30, 2019.

Balance Sheet: As of September 30, 2020

Total balance sheet size as of September 30, 2020 was ₹ 1,609,428 crore as against ₹ 1,325,072 crore as of September 30, 2019, a growth of 21.5%.

Total deposits as of September 30, 2020 were ₹ 1,229,310 crore, an increase of 20.3% over September 30, 2019. CASA deposits grew by 27.5% with savings account

deposits at ₹ 348,432 crore and current account deposits at ₹ 163,019 crore. Time deposits were at ₹ 717,859 crore, an increase of 15.7% over the previous year, resulting in CASA deposits comprising 41.6% of total deposits as of September 30, 2020. As mentioned above, the Bank's continued focus on deposits helped in the maintenance of a healthy liquidity coverage ratio at 153%, well above the regulatory requirement.

Total advances as of September 30, 2020 were ₹ 1,038,335 crore, an increase of 15.8% over September 30, 2019. Domestic advances grew by 15.4% over September 30, 2019. As per regulatory [Basel 2] segment classification, domestic retail loans grew by 5.3% and domestic wholesale loans grew by 26.5%. The domestic loan mix as per Basel 2 classification between retail:wholesale was 48:52. Overseas advances constituted 3% of total advances.

Half Year ended September 30, 2020

For the half year ended September 30, 2020, the Bank earned a total income of ₹ 70,522.7 crore as against ₹ 66,116.8 crore in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the half year ended September 30, 2020 were ₹ 41,609.6 crore, as against ₹ 37,368.3 crore for the half year ended September 30, 2019. Net profit for the half year ended September 30, 2020 was ₹ 14,171.7 crore, up by 19.0% over the corresponding half year ended September 30, 2019.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 19.1% as on September 30, 2020 (17.5% as on September 30, 2019) as against a regulatory requirement of 11.075% which includes Capital Conservation Buffer of 1.875%, and an additional requirement of 0.20% on account of the Bank being identified as a Domestic Systemically Important Bank (D-SIB). Tier 1 CAR was at 17.7% as of September 30, 2020 compared to 16.2% as of September 30, 2019. Common Equity Tier 1 Capital ratio was at 17.0% as of September 30, 2020. Risk-weighted Assets were at ₹ 1,037,483 crore (as against ₹ 963,321 crore as at September 30, 2019).

NETWORK

As of September 30, 2020, the Bank's distribution network was at 5,430 branches and 15,292 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 2,848 cities / towns as against 5,133 branches and 13,952 ATMs / CDMs across 2,768 cities / towns as of September 30, 2019. 50% of our branches are in semi-urban and rural areas. In addition, we have 12,141 business correspondents, of which 99% are manned by Common Service Centres (CSC) as against 181 business correspondents as of September 30, 2019. Number of employees were at 117,082 as of September 30, 2020 (as against 111,208 as of September 30, 2019).

ASSET QUALITY

The Gross and Net non-performing assets were at 1.08% of gross advances and 0.17% of net advances as on September 30, 2020 respectively.

The Honourable Supreme Court of India, in a public interest litigation (Gajendra Sharma Vs Union of India & Anr), vide an interim order dated September 03, 2020, directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as such until further orders. Pursuant to the said interim order, accounts that would have otherwise been classified as NPA have not been and will not be, classified as NPA till such time that the Honourable Supreme Court rules finally on the matter.

However, if the Bank had classified borrower accounts as NPA after August 31, 2020 and also adopted an early recognition of NPA using its analytical models (proforma approach), the proforma Gross NPA ratio would have been 1.37% as on September 30, 2020, as against 1.36% as on June 30, 2020 and 1.38% as on September 30, 2019. The Bank's proforma Net NPA ratio would have been 0.35%. Pending disposal of the case, the Bank, as a matter of prudence, has made a contingent provision in respect of these accounts.

The Bank also continues to hold provisions as on September 30, 2020 against the potential impact of COVID-19 based on the information available at this point in time and the same are in excess of the RBI prescribed norms.

The Bank held floating provisions of ₹ 1,451 crore and contingent provisions of ₹ 6,304 crore as on September 30, 2020. Total provisions (comprising specific, floating,

contingent and general provisions) were 195% of the reported Gross NPAs or 154% of proforma Gross NPAs as on September 30, 2020.

SUBSIDIARIES

The Bank's subsidiary companies prepare their financial results in accordance with the notified Indian Accounting Standards ('Ind-AS'). The Bank for the purposes of its statutory compliance prepares and presents its financial results under Indian GAAP. Hence the Bank's subsidiary companies, for the purposes of the consolidated financial results of the Bank, prepare 'fit-for-consolidation information' based on the recognition and measurement principles as per Indian GAAP. The financial numbers of the Bank's subsidiary companies mentioned herein below are in accordance with Indian GAAP.

HDFC Securities Limited (HSL) is amongst the leading retail broking firms in India. As on September 30, 2020, the Bank held 96.5% stake in HSL.

For the quarter ended September 30, 2020, HSL's total income was ₹ 341.4 crore as against ₹ 189.3 crore for the quarter ended September 30, 2019. Profit after tax for the quarter was ₹ 167.1 crore, as against ₹ 91.0 crore for the quarter ended September 30, 2019.

As on September 30, 2020, HSL had 235 branches across 161 cities / towns in the country.

HDB Financial Services Limited (HDBFSL) is a non-deposit taking non-banking finance company ('NBFC') offering wide range of loans and asset finance products to individuals, emerging businesses and micro enterprises. As on September 30, 2020, the Bank held 95.3% stake in HDBFSL.

The total loan book grew by 2.3% to ₹ 57,014 crore as on September 30, 2020 as against ₹ 55,759 crore as of September 30, 2019. During the quarter HDBFSL increased its liquidity buffers, with Liquidity Coverage Ratio now at a healthy 214%, well above the regulatory requirement.

For the quarter ended September 30, 2020, HDBFSL's net interest income was at ₹ 924.2 crore as against ₹ 971.1 crore in the previous quarter. Profit after tax for the quarter ended September 30, 2020 was ₹ 29.9 crore compared to ₹ 213.0 crore in the previous quarter.

As on September 30, 2020, Gross and Net NPA were 4.3% of gross advances and 3.1% of net advances respectively.

Total CAR was at 19.6% with Tier-I CAR at 14.6%. As on September 30, 2020, HDBFSL had 1,342 branches across 986 cities / towns.

CONSOLIDATED FINANCIAL RESULTS

The consolidated net profit for the quarter ended September 30, 2020 was ₹ 7,703 crore, up 16.0%, over the quarter ended September 30, 2019. Consolidated advances grew by 14.9% from ₹ 947,440 crore as on September 30, 2019 to ₹ 1,088,948 crore as on September 30, 2020.

The consolidated net profit for the half year ended September 30, 2020 was ₹ 14,630 crore, up 18.8%, over the half year ended September 30, 2019.

Note:

₹ = Indian Rupees

1 crore = 10 million

All figures and ratios are in accordance with Indian GAAP unless otherwise specified.

BSE: 500180

NSE: HDFCBANK

NYSE: HDB

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 regulations and other regulatory changes on us in India and other jurisdictions, 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



NEWS RELEASE

HDFC Bank Ltd.
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.
CIN: L65920MH1994PLC080618

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For more information please log on to: www.hdfcbank.com

For media queries please contact:

Neeraj Jha

Head, Corporate Communication

HDFC Bank Ltd., Mumbai.

Tel: 91 - 22 - 6652 1308 (D) / 6652 1000 (B)

Fax: 91 - 22 - 2490 3168

Mobile: +91 93236 20828

neeraj.jha@hdfcbank.com

For investor queries please contact:

Ajit Shetty

HDFC Bank Ltd., Mumbai.

Tel: 91 - 22 - 6652 1054 (D) / 6652 1000 (B)

ajit.shetty@hdfcbank.com