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

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2018

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter and half year ended September 30, 2018, at their meeting held in Mumbai on Saturday, October 20, 2018. The accounts have been subjected to an audit by the statutory auditors of the Bank.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended September 30, 2018

The Bank's total income for the quarter ended September 30, 2018 at ₹ 28,215.2 crore grew by 21.2% from ₹ 23,276.2 crore for the quarter ended September 30, 2017. Net revenues (net interest income plus other income) increased by 18.1% to ₹ 15,779.0 crore for the quarter ended September 30, 2018 from ₹ 13,358.0 crore in the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2018 grew by 20.6% to ₹ 11,763.4 crore, from ₹ 9,752.1 crore for the quarter ended September 30, 2017, driven by average asset growth of 22.9% and a net interest margin for the quarter of 4.3%.

Other income (non-interest revenue) for the quarter ended September 30, 2018 was ₹ 4,015.6 crore. Fees and commission income at ₹ 3,295.6 crore for the quarter ended September 30, 2018 constituted 82.1% of other income and grew by 26.1% over ₹ 2,614.0 crore in the corresponding quarter ended September 30, 2017. The other three components of other income for the quarter ended September 30, 2018 were foreign exchange & derivatives revenue of ₹ 419.8 crore (₹ 384.0 crore for the corresponding quarter of the previous year), loss on revaluation / sale of investments of ₹ 32.8 crore (gain of ₹ 355.9 crore for the corresponding quarter of the previous year) and miscellaneous income, including recoveries, of ₹ 333.0 crore (₹ 252.0 crore for the corresponding quarter of the previous year).

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Operating expenses for the quarter ended September 30, 2018 were ₹ 6,299.1 crore, an increase of 13.7% over ₹ 5,540.1 crore during the corresponding quarter of the previous year. The cost-to-income ratio for the quarter was at 39.9% as against 41.5% for the corresponding quarter ended September 30, 2017.

Provisions and contingencies for the quarter ended September 30, 2018 were ₹ 1,820.0 crore (consisting of specific loan loss provisions ₹ 1,572.5 crore and general provisions and other provisions ₹ 247.5 crore) as against ₹ 1,476.2 crore (consisting of specific loan loss provisions ₹ 1,078.8 crore and general and other provisions ₹ 397.4 crore) for the quarter ended September 30, 2017.

Profit before tax (PBT) for the quarter ended September 30, 2018 was up 20.8% to ₹ 7,660.0 crore.

After providing ₹ 2,654.3 crore for taxation, the Bank earned a net profit of ₹ 5,005.7 crore, an increase of 20.6% over the quarter ended September 30, 2017.

Balance Sheet: As of September 30, 2018

Total balance sheet size as of September 30, 2018 was ₹ 11,69,898 crore as against ₹9,33,637 crore as of September 30, 2017.

Total deposits as of September 30, 2018 were ₹ 8,33,364 crore, an increase of 20.9% over September 30, 2017. CASA deposits grew at 18.3% with savings account deposits growing by 18.7% over the previous year to reach ₹ 2,34,568 crore and current account deposits growing by 17.7% over the previous year to reach ₹ 1,15,131 crore. Time deposits were at ₹ 4,83,665 crore, an increase of 22.8% over the previous year, resulting in CASA deposits comprising 42.0% of total deposits as of September 30, 2018. The focus on deposits has helped in maintenance of a healthy liquidity coverage ratio at 118%, much above the regulatory requirement.

Total advances as of September 30, 2018 were ₹ 7,50,838 crore. Domestic advances grew by 24.2% over September 30, 2017. As per regulatory [Basel 2] segment classification, domestic retail loans grew by 23.8% and domestic wholesale loans grew by 24.7% (as per internal business classification, the growth was 23.3% and 26.2% respectively). The domestic loan mix as per Basel 2 classification between retail:wholesale was 55:45. Overseas advances constituted 3% of total advances.

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Half Year ended September 30, 2018

For the half year ended September 30, 2018, the Bank earned a total income of ₹ 54,582.2 crore as against ₹ 45,461.6 crore in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the six months ended September 30, 2018 were ₹ 30,410.6 crore, as against ₹ 26,245.4 crore for the six months ended September 30, 2017. Net profit for the half year ended September 30, 2018 was ₹ 9,607.2 crore, up by 19.4% over the corresponding half year ended September 30, 2017.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 17.1% as on September 30, 2018 (15.1% as on September 30, 2017) as against a regulatory requirement of 11.025% which includes Capital Conservation Buffer of 1.875%, and an additional requirement of 0.15% on account of the Bank being identified as a Domestic Systemically Important Bank (D-SIB).

Tier 1 CAR was at 15.6% as of September 30, 2018 compared to 13.3% as of September 30, 2017. Common Equity Tier 1 Capital ratio was at 14.7% as of September 30, 2018. Risk-weighted Assets were at ₹ 8,86,489 crore (as against ₹ 7,38,465 crore as at September 30, 2017).

On July 17, 2018, the Bank made a preferential allotment of 3,90,96,817 equity shares to Housing Development Finance Corporation Limited at an issue price of ₹ 2,174.09 per equity share aggregating to ₹ 8,500 crore. On August 2, 2018, the Bank concluded a Qualified Institutions Placement (QIP) of 1,28,47,222 equity shares at a price of ₹ 2,160 per equity share aggregating to ₹ 2,775 crore and an American Depository Receipt (ADR) offering of 1,75,00,000 ADRs (representing 5,25,00,000 equity shares) at a price of USD 104 per ADR, aggregating to USD 1,820 million. Consequent to the above issuances, total equity (including share premium) increased by ₹ 23,590 crore, net of share issue expenses.

<u>NETWORK</u>

As of September 30, 2018, the Bank's distribution network was at 4,825 banking outlets and 13,018 ATMs across 2,718 cities / towns as against 4,729 banking outlets and 12,259 ATMs across 2,669 cities / towns as of September 30, 2017. Of the total

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banking outlets, 53% are in semi-urban and rural areas. Number of employees were at 94,907 as of September 30, 2018 (as against 86,457 as of September 30, 2017).

ASSET QUALITY

Gross non-performing assets were at 1.33% of gross advances as on September 30, 2018, as against 1.33% as on June 30, 2018 and 1.26% as on September 30, 2017. Coverage ratio as on September 30, 2018 was 70%. Net non-performing assets were at 0.4% of net advances as on September 30, 2018. The Bank held floating provisions of ₹ 1,451 crore as on September 30, 2018. Total provisions (comprising specific provisions, general provisions and floating provisions) were 117% of the gross non-performing loans as on September 30, 2018.

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

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 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 terrorist attacks in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region or between India and China, 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.

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