

NEWS RELEASE

HDFC BANK LTD. – FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER ENDED JUNE 2003

The Board of Directors of HDFC Bank Limited approved the Bank's accounts for the quarter ended June 30, 2003 at its meeting on Monday, July 14, 2003. The accounts have been subjected to limited review by the bank's statutory auditors in line with regulatory guidelines.

FINANCIAL RESULTS:

For the quarter ended June 30, 2003, the Bank has posted a strong performance with total income of Rs.717.2 crores as against Rs.560.5 crores in the corresponding quarter ended June 30, 2002. Net revenues (net interest income plus other income) for the quarter ended June 30, 2003 were Rs.417.8 crores, up 54.9 % over Rs.269.8 crores for the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2003 increased by Rs.96.6 crores to Rs.285.0 crores, driven by average asset growth of 29.7% and an improvement in the net interest margin which crossed 3.5% for the quarter.

Other income for the quarter ended June 30, 2003 was Rs.132.7 crores (Rs.81.3 crores in the corresponding quarter ended June 2002), consisting principally of fees & commissions of Rs.65.0 crores, profit on sale of investments of Rs.38.6 crores and foreign exchange & derivatives revenues of Rs.28.8 crores. Operating expenses for the quarter increased by Rs. 73.4 crores to Rs.193.5 crores, driven primarily by higher marketing & distribution expenses related to the retail asset and credit cards businesses and a continued increase in infrastructural investments to support future growth. Provisions and contingencies for the quarter were Rs.66.5 crores, comprising primarily general & specific loan loss provisions of Rs.50.1 crores and mark-to-market provisions & amortization of premia (for investments in the Held to Maturity category) of Rs.12.3 crores. Profit Before Tax was Rs.157.8 crores for the quarter ended June 30, 2003, up 37.2 % over the corresponding quarter in 2002. After providing Rs.50.5 crores for taxation (Rs.32.6 crores for the corresponding quarter of the previous year), the Bank earned a Net Profit of Rs.107.3 crores, a 30.2 % increase over the first quarter of the previous year.

Balance sheet growth was also healthy, driven primarily by retail growth in both the deposit and loan franchises. As on June 30, 2003, total deposits were Rs.23340 crores, an increase of 32.6 % over Rs.17602 crores as of June 30, 2002. The Bank continued to successfully leverage its expanded branch network and enhanced customer acquisition to build Savings Account deposits which touched Rs.5237 crores, an increase of 55.9 % over June 30, 2002. The Bank's core customer assets (including advances, corporate

debentures, CPs, etc.) increased from Rs. 9865 crores as of June 30, 2002 to Rs. 14113 crores as of June 30, 2003, a growth 43.1 %. Retail loans grew 132.9 % on a year-on-year basis to Rs. 3790 crores and now form 30.8 % of gross advances as against 21.7 % of gross advances as at June 30, 2002.

BUSINESS UPDATE:

During the current financial year so far, the Bank's growth in each of its major business franchises has remained healthy. Total number of retail accounts increased by over 30% from 2.5 million in June 30, 2002 to 3.3 million as of June 30, 2003. As of June 30, 2003, the branch network comprised of 241 branches in 129 locations as against 187 branches in 89 locations in June 2002. Portfolio quality remained among the best in the Indian banking industry with Net NPAs at less than 0.3% of customer assets.

The total Capital Adequacy Ratio (CAR) was 11.79% against the regulatory minimum of 9%.

- 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 "continue to", "remains", "should", "will", 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 investment income, our exposure to market risks as well as other risks detailed in the reports filed with the U S 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.