

## ***NEWS RELEASE***

### ***HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL – DECEMBER 2003***

The Board of Directors of HDFC Bank Limited approved the Bank's accounts for the quarter and nine months ended December 31, 2003 at its meeting on Friday, January 9, 2004. The accounts have been subjected to a "Limited Review" by the Bank's auditors.

#### **FINANCIAL RESULTS:**

For the quarter ended December 31, 2003, the Bank has posted a strong performance with total income of Rs.779.4 crores as against Rs.640.8 crores in the corresponding quarter ended December 31, 2002. Net revenues (net interest income plus other income) were Rs.475.4 crores for the quarter ended December 31, 2003, an increase of 39.5% over Rs.340.8 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased by 31.4% over the corresponding quarter ended December 31, 2002, to Rs.658.3 crores. Net interest income (interest earned less interest expended) for the quarter ended December 31, 2003 increased by Rs.153.4 crores to Rs.354.3 crores, driven by average asset growth of 36.2 % and an improvement in core net interest margin which crossed 3.7%.

Other income for the quarter ended December 31, 2003 was Rs.121.1 crores, consisting primarily of fees & commissions of Rs.81.3 crores, foreign exchange & derivatives revenues of Rs.28.2 crores, and profit on sale of investments of Rs.11.6 crores as against Rs.66.7 crores, Rs.25.1 crores and Rs.47.1 crores respectively for the quarter ended December 31, 2002. Operating expenses for the quarter increased by Rs.56.5 crores to Rs.209.12 crores and were 44.0% of net revenues and 26.8% of total income. Provisions and contingencies for the quarter were Rs.83.1 crores, principally comprising general & specific loan loss provisions of Rs.47.4 crores and amortization of premia (for investments in the Held to Maturity category) of Rs.26.5 crores. After providing Rs.52.8 crores for taxation, the Bank earned a Net Profit of Rs.130.4 crores, a 31.8% increase over the quarter ended December 31, 2002.

Balance sheet parameters also witnessed healthy growth across both the retail and corporate segments. As on December 31, 2003, total deposits were Rs.29,606 crores, an increase of 38.9% over Rs.21,317 crores as of December 31, 2002. The Bank continued to successfully leverage its expanded branch network and enhanced customer acquisition to build Savings Account deposits of Rs.6,968 crores, an increase of 67.4% over December 31, 2002. The Bank's core customer assets (including advances, corporate debentures, CPs, etc) increased from Rs.11,308 crores as of December 31, 2002

to Rs.17,027 crores as of December 31, 2003, a growth 50.6 %. Gross retail loans grew 113% on a year-on-year basis to Rs.5,334 crores and now form 34.2 % of gross advances as against 27.1% of gross advances as at December 31, 2002.

For the nine months ended December 31, 2003, the Bank earned total income of Rs.2,212.6 crores as against Rs.1,802.5 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the nine months ended December 2003 were Rs.1,306.8 crores, up 41.8% over Rs.921.4 crores for the nine months ended December 31, 2002. Net Profit for nine months ended December 31, 2003 was Rs.354.8 crores, up 30.9%, over the corresponding nine months ended December 31, 2002.

#### **BUSINESS UPDATE:**

During the current financial year so far, each of the bank's major business franchises continued to perform well. The branch network was expanded to 275 outlets in 147 cities from 214 outlets in 111 cities in December 2002. As of December 2003; the number of debit cards issued by the bank touched 2 million while credit cards issued crossed 425,000. The bank consolidated its position as the leading bank depository participant (DP) with just over half a million investor depository accounts.

Portfolio quality as of December 31, 2003 remained healthy with net non-performing assets (on a "90 day overdue" basis) at 0.3% of customer assets and 0.4% of advances. General loan loss provisions were about 1% of standard advances as against the regulatory requirement of 0.25%. Capital Adequacy Ratio (CAR) was 10.7% against the regulatory minimum of 9%. Tier I CAR was at 9.0%.

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", 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 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.*