

NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL – DECEMBER 2004

The Board of Directors of HDFC Bank Limited approved the Bank's accounts for the quarter and nine months ended December 31, 2004 at its meeting on Saturday, January 8, 2005. The accounts have been subjected to a "Limited Review" by the Bank's auditors.

FINANCIAL RESULTS:

For the quarter ended December 31, 2004, the Bank earned total income of Rs.979.6 crores as against Rs.782.5 crores in the corresponding quarter ended December 31, 2003. Net revenues (net interest income plus other income) were Rs.640.5 crores for the quarter ended December 31, 2004, an increase of 33.9% over Rs.478.5 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased from Rs 661.4 crores in the quarter ended December 31, 2003 to Rs.779.0 crores in the quarter ended December 31, 2004. Net interest income (interest earned less interest expended) for the quarter ended December 31, 2004 increased by Rs.82.6 crores to Rs.440.0 crores, driven by average asset growth of 28.6% and a core net interest margin of 3.7%.

Other income for the quarter ended December 31, 2004 was Rs.200.5 crores, consisting primarily of fees & commissions of Rs.150.3 crores, foreign exchange & derivatives revenues of Rs.43.9 crores, and profit on sale and revaluation of investments of Rs.4.9 crores as against Rs.81.3 crores, Rs.25.6 crores and Rs.11.6 crores respectively for the quarter ended December 31, 2003. Operating expenses for the quarter at Rs.278.6 crores, were 43.5% of net revenues. Provisions and contingencies for the quarter were Rs.113.1 crores an increase of 36.1% over the corresponding quarter ended December 31, 2003, and primarily comprised general & specific loan loss provisions of Rs.45.0 crores and amortization of premia (for investments in the Held to Maturity category) of Rs.60.2 crores. Profit before tax at Rs 248.8 crores, registered a growth of 35.8% over the corresponding December 2003 quarter. After providing Rs.77.9 crores for taxation, the Bank earned a Net Profit of Rs.170.9 crores, a 31.1% increase over the quarter ended December 31, 2003.

As on December 31, 2004, total deposits were Rs.37,429 crores, an increase of 26.4% over Rs.29,606 crores as of December 31, 2003. The Bank leveraged its expanded branch network and enhanced customer acquisition to build its Savings Account deposits to Rs.10,876 crores, an increase of 56.1% over December 31, 2003. The Bank's core customer assets (including advances, corporate debentures, CPs, etc.) increased from Rs.17,027 crores as of December 31, 2003 to Rs.24,277 crores as of December 31, 2004, a growth of 42.6%. Gross retail loans grew 80.2% on a year-on-year basis to Rs.11,078

crores and now form 46.2% of gross advances as against 39.4% of gross advances as at December 31, 2003.

For the nine months ended December 31, 2004, the Bank earned total income of Rs.2,658 crores as against Rs.2,223 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the nine months ended December 2004 were Rs.1,696 crores, up 28.8% over Rs.1,317 crores for the nine months ended December 31, 2003. Net Profit for nine months ended December 31, 2004 was Rs.463.2 crores, up 30.6%, over the corresponding nine months ended December 31, 2003.

BUSINESS UPDATE:

During the current financial year so far, the branch network was expanded to 425 outlets in 195 cities from 275 outlets in 147 cities in December 2003. As of December 2004, the number of debit cards issued by the bank touched 2.7 million while credit cards issued crossed the 1 million mark.

Portfolio quality as of December 31, 2004 remained healthy with net non-performing assets at 0.2% of customer assets and 0.3% of advances. General loan loss provisions were about 0.7% of standard advances as against the regulatory requirement of 0.25%. Capital Adequacy Ratio (CAR) was 9.4%, after factoring the increased risk weights on consumer credit and investments in Mortgage Backed Securities pursuant to the new regulatory directives. Tier I CAR was at 6.9%.

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 "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.