

NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL – DECEMBER 2005

The Board of Directors of HDFC Bank Limited approved the Bank's accounts for the quarter and nine months ended December 31, 2005 at its meeting held on Tuesday, January 10, 2006. The accounts have been subjected to a limited review by the Bank's auditors.

FINANCIAL RESULTS:

Quarter ended December 31, 2005

For the quarter ended December 31, 2005, the Bank earned total income of Rs.1,475.9 crores as against Rs.979.6 crores in the corresponding quarter ended December 31, 2004. Net revenues (net interest income plus other income) were Rs.966.7 crores for the quarter ended December 31, 2005, an increase of 50.9% over Rs.640.5 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased from Rs 779.0 crores in the quarter ended December 31, 2004 to Rs.1,179.8 crores in the quarter ended December 31, 2005. Net interest income (interest earned less interest expended) for the quarter ended December 31, 2005 increased by Rs.230.6 crores to Rs.670.6 crores, driven by average asset growth of 45.4% and a net interest margin of just over 3.9% (against 3.7% for the quarter ended December 31, 2004).

Other income for the quarter ended December 31, 2005 was up by 47.7% to Rs.296.1 crores, consisting primarily of fees & commissions of Rs.275.4 crores, foreign exchange & derivatives revenues of Rs.20.1 crores, and profit on sale and revaluation of investments of Rs. (0.6) crores as against Rs.150.3 crores, Rs.43.9 crores and Rs.4.9 crores respectively for the quarter ended December 31, 2004. Operating expenses for the quarter at Rs.449.1 crores, were 46.5% of net revenues. Provisions and contingencies for the quarter were Rs.293.2 crores (against Rs.191.0 crores for the corresponding quarter ended December 31, 2004), and primarily comprised general & specific loan loss provisions of Rs.138.0 crores and amortization of premia (for investments in the Held to Maturity category) of Rs.58.9 crores. After providing Rs.96.1 crores for taxation, the Bank earned a Net Profit of Rs.224.4 crores, a 31.3% increase over the quarter ended December 31, 2004.

Total balance sheet size as of December 31, 2005 was Rs.67,623 crores, a growth of 42.2% over Rs.47,556 crores as of December 31, 2004. As on December 31, 2005, total deposits were Rs.51,195 crores, an increase of 36.8% over Rs.37,429 crores as of December 31, 2004. As of December 31, 2005, Savings Account deposits were at Rs.15,185 crores and Current Account deposits at Rs.12,021 crores, against Rs. 10,876 crores and Rs.10,698 crores respectively, as of December 31, 2004. The Bank's total

customer assets (including advances, corporate debentures, CPs, etc.) increased from Rs.28,386 crores as of December 31, 2004 to Rs.42,538 crores as of December 31, 2005. Gross retail loans grew 75.6% on a year-on-year basis to Rs.20,659 crores and now form 54.3% of gross advances as against 49.1% of gross advances as at December 31, 2004.

Nine months ended December 31, 2005

For the nine months ended December 31, 2005, the Bank earned total income of Rs.3,916.7 crores as against Rs.2,657.6 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the nine months ended December 2005 were Rs.2,626.3 crores, up 54.9% over Rs.1,695.6 crores for the nine months ended December 31, 2004. Net Profit for nine months ended December 31, 2005 was Rs.607.6 crores, up 31.2%, over the corresponding nine months ended December 31, 2004.

BUSINESS UPDATE:

As of December 31, 2005, the Bank's distribution network was at 535 branches and 1326 ATMs in 228 cities from 425 branches and 1069 ATMs in 195 cities as of December 31, 2004. As of December 2005, the number of debit cards issued by the bank touched 3.7 million while credit cards issued crossed the 2 million mark.

Portfolio quality as of December 31, 2005 remained healthy with net non-performing assets at 0.4% of net advances as against 0.3% of net advances as of December 31, 2004. In September 2005, the Bank had filed a shelf registration for raising long-term, unsecured, subordinated bonds qualifying as Tier II capital upto Rs.1000 crores and had got a AAA rating for such bonds. During the quarter ended December 31, 2005, the Bank raised Rs. 414 crores as Tier II capital in the form of such subordinated bonds having a maturity of around 9.5 years and at an interest rate of 7.5% per annum. As a result, the Bank's Capital Adequacy Ratio (CAR) was at 10.3% as of December 31, 2005.

Note: (i) Rs. = Indian Rupees

(ii) 1 crore = 10 million

(iii) All figures and ratios are in accordance with Indian GAAP

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, cash flow projections 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 in India and the other countries which have an impact on our business activities or investments; the monetary and interest rate policies of the government of India; 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.