NEWS RELEASE

HDFC BANK LIMITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2006

The Board of Directors of HDFC Bank Limited approved the annual audited (Indian GAAP) accounts for the year ended March 31, 2006 at their meeting held in Mumbai on Monday, April 17, 2006.

Financial Results:

Profit & Loss Account : Quarter ended March 31, 2006

For the quarter ended March 31, 2006, the Bank earned total income of Rs. 1,682.7 crores as against Rs. 1,087.3 crores in the corresponding quarter ended March 31, 2005. Net revenues (net interest income plus other income) were Rs. 1,043.6 crores for the quarter ended March 31, 2006, an increase of 42.2% over Rs. 733.6 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased from Rs 867.2 crores in the quarter ended March 31, 2005 to Rs. 1,378.5 crores in the quarter ended March 31, 2006. Net interest income (interest earned less interest expended) for the quarter ended March 31, 2006 increased by 44.0% to Rs. 739.4 crores, driven by average asset growth of 47.6% and a net interest margin of just over 4%.

Other income for the quarter ended March 31, 2006 was up by 38.2% to Rs. 304.2 crores, consisting primarily of fees & commissions of Rs. 336.7 crores, foreign exchange & derivatives revenues of Rs. 46.3 crores, and profit/(loss) on sale & revaluation of investments of Rs. (86.8) crores as against Rs. 176.8 crores, Rs 25.5 crores and Rs. 20.5 crores respectively for the quarter ended March 31, 2005. Losses on sale & revaluation of investments during the quarter were primarily on non-SLR investments, due to the sharp increase in short term yields in the debt market in March 2006. Operating expenses for the quarter at Rs. 482.3 crores, were 46.2% of net revenues. Provisions and contingencies for the quarter were Rs. 181.6 crores (against Rs. 107.1 crores for the corresponding quarter ended March 31, 2005), and primarily comprised general & specific loan loss provisions of Rs. 110.3 crores and amortisation of premia (for investments in the Held to Maturity category) of Rs. 71.7 crores as against Rs. 55.1 crores and Rs. 59.6 crores respectively for the corresponding quarter ended March 31, 2005. After providing Rs. 116.4

crores for taxation, the Bank earned a Net Profit of Rs. 263.2 crores, a 30.1% increase over the quarter ended March 31, 2005.

Profit & Loss Account : Year ended March 31, 2006

For the year ended March 31, 2006, the Bank earned total income of Rs. 5,599.3 crores as against Rs. 3,744.8 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the year ended March 31, 2006 were Rs. 3,669.8 crores, up 51.1% over Rs. 2,429.3 crores for the year ended March 31, 2005. Net Profit for year ended March 31, 2006 was Rs. 870.8 crores, up 30.8%, over the corresponding year ended March 31, 2005.

Balance Sheet: As of March 31, 2006

During 2005-06, the Bank's total balance sheet size increased by 42.9% to Rs. 73,506.4 crores. Total Deposits increased by 53.5% from Rs. 36,354.3 crores (as of March 31, 2005) to Rs. 55,796.8 crores (as of March 31, 2006). Savings account deposits at Rs. 16,185.8 crores and current account deposits at Rs. 14,752.5 crores, together accounted for approximately 55.4% of total deposits as of March 31, 2006. During 2005-06, gross advances grew by 48.1% to Rs. 38,412.6 crores. This was driven by a growth of 79.7% in retail advances to Rs. 21,231.1 crores, and an increase of 21.7% in wholesale advances to Rs. 17,181.5 crores. One of the reasons for the high growth rate in retail loans was that the quantum of retail loans securitised (sold) during the year was less than half of the Rs.4,800 crores sold during the previous year. The bank's core customer assets (advances plus credit substitutes like commercial paper, corporate bonds etc.) increased by 44.9% to Rs. 38,992.4 crores in March 2006. In addition, the bank held Rs. 4,457.1 crores of investments in mortgage backed and asset backed securities where the underlying assets were primarily home loan and commercial vehicle/car loans receivables. Total customer assets (including securitisation investments) were therefore Rs. 43,449.5 crores as of March 31, 2006.

Dividend:

The Board of Directors recommended an enhanced dividend of 55% for the year ended March 31, 2006, as against 45% for the previous year (which included a special one-time dividend of 5% on the occasion of the Bank completing 10 years of operations). This would be subject to approval by the shareholders at the next annual general meeting.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as at March 31, 2006 stood at 11.4% as against the regulatory minimum of 9.0%. Tier-I CAR was 8.6%.

During 2005-06, the Bank raised Rs 1,202 crores of Tier-II capital in the form of unsecured, subordinated bonds.

Business Update:

The bank's total customer base increased from 68.1 lacs in March 2005 to 96.0 lacs in March 2006. The distribution network was expanded with the number of branches (including extension counters) increasing from 467 (in 211 cities) to 535 (in 228 cities) and the number of ATMs from 1,147 to 1,323 . The bank's focus on semi-urban and underbanked markets continued, with about 54% of the bank's branches now outside the top 9 cities. The bank also extends more than half its retail loans in these non-metro markets. During the year ended March 31, 2006, the bank consolidated its position as one of the leading players in various retail loan products and as a leading distributor of third party products like mutual funds and insurance.

During FY 2005-06 the bank achieved healthy growth in its agriculture financing, micro-finance and SME financing activities. With products including the Kisan Gold Card, rural supply chain initiatives and commodity finance covering the entire agriculture financing cycle, the bank's agriculture lending increased by over 60% during the year. The bank now has four business groups catering to various small and medium (SME) customers – extending a wide range of banking services including cash management services, foreign exchange products and electronic banking. During the year, the bank's corporate banking, financial institutions and treasury businesses also continued to expand in terms of number of customer relationships, product penetration and revenues.

Portfolio quality as of March 31, 2006 remained healthy with gross non-performing assets at 1.2% and net non-performing assets at 0.4% of customer assets. The Bank's provisioning policies in both specific and general loan loss provisions were higher than regulatory requirements.

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.