

NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER & HALF-YEAR ENDED SEPTEMBER 30, 2006

The Board of Directors of HDFC Bank Limited approved the Bank's accounts for the quarter and half-year ended September 30, 2006 at its meeting held on Tuesday, October 17, 2006. The accounts have been subjected to "Limited Review" by the Bank's statutory auditors.

FINANCIAL RESULTS

Quarter ended September 30, 2006

For the quarter ended September 30, 2006, the Bank earned total income of Rs.2,033.4 crores as against Rs.1,283.1 crores in the corresponding quarter ended September 30, 2005. Net revenues (net interest income plus other income) for the quarter ended September 30, 2006 were Rs.1,243.3 crores, an increase of 42.5% over Rs.872.3 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased from Rs.1,022.9 crores for the quarter ended September 30, 2005, to Rs.1,635.7 crores for the quarter ended September 30, 2006. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2006 increased by Rs.233.5 crores to Rs.845.6 crores, up by 38.1%. This was driven by an average asset growth of 40% and a stable core net interest margin at just about 4%.

Other income (non-interest revenue) for the quarter ended September 30, 2006 was Rs.397.7 crores, an increase of 52.9% over Rs.260.2 crores for the corresponding quarter of the previous year. Its principal component was fees and commissions contributing Rs.314.1 crores for the quarter ended September 30, 2006, a growth of 44.2% over the corresponding quarter of the previous year. The other two components of other income were foreign exchange/derivatives revenues of Rs.58.2 crores and profit on sale/revaluation of investments of Rs.20.6 crores (net of loss on sale of debt mutual funds) as against Rs.28.4 crores and Rs.11.9 crores respectively, for the quarter ended September 30, 2005. Operating (non-interest) expenses for the quarter increased by Rs.177.5 crores to Rs.579.1 crores and were 46.6 % of net revenues and 28.5% of the total income for the quarter ended September 30, 2006. Provisions and contingencies for the quarter

were Rs.305.7 crores (against Rs.180.6 crores for the corresponding quarter ended September 30, 2005), principally comprising of specific provision for non performing assets and general provision for standard assets of Rs.220.7 crores and amortization of premia (for investments in the Held to Maturity category) of Rs.57.6 crores. After providing Rs.95.5 crores for taxation, the Bank earned a Net Profit of Rs.262.9 crores, an increase of 31.7% over the quarter ended September 30, 2005.

Total balance sheet size increased by 39.7% from Rs.60,388 crores as of September 30, 2005 to Rs.84,363 crores as of September 30, 2006. Total deposits were Rs.63,447 crores, an increase of 39.6% from September 30, 2005. With savings account deposits of Rs.18,241 crores and current account deposits at Rs.14,851 crores, the CASA mix was healthy at around 52% of total deposit as at September 30, 2006. The Bank's total customer assets (including advances, corporate debentures, investments in securitised paper, etc) increased to Rs.49,326 crores as of September 30, 2006, from Rs.36,764 crores as of September 30, 2005, a growth 34.2%. Retail loans grew 44.4% on a year-on-year basis to Rs.25,211 crores, and now form 56.0% of gross advances.

Half-Year ended September 30, 2005:

For the half-year ended September 30, 2006, the Bank earned total income of Rs.3,888.5 crores as against Rs.2,440.7 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the six months ended September 30, 2006 were Rs.2,411.7 crores, up by 45.3% over Rs.1,659.5 crores for the six months ended September 30, 2005. Net Profit for the half-year ended September 30, 2006 was Rs.502.2 crores, up by 31.1%, over the corresponding six months ended September 30, 2005.

BUSINESS UPDATE:

Despite the higher interest rate environment and the branch network remaining unchanged, the Bank's business momentum remained healthy in both its retail and wholesale customer franchises. This has been enabled by the bank's strong positioning as a "top 3" player in most products that the bank participates in, increased sales staffing, productivity gains, as well as higher penetration and cross sell to the Bank's customer base.

Portfolio quality as of September 30, 2006 remained healthy with net non-performing assets at 0.4% of total customer assets. Capital Adequacy Ratio (CAR)

was 12.1% against the regulatory minimum of 9%. Tier I CAR was at 8.2%. During the quarter ended September 30, 2006, the Bank has raised Rs. 241 crores of subordinated debt qualifying as Lower Tier II capital, Rs. 300 crores of Upper Tier II capital and Rs. 200 crores of perpetual debt qualifying as Hybrid Tier I capital.

Note:

- (i) Rs. = Indian Rupees
- (ii) 1 crore = 10 million
- (iii) All figures and ratios are in accordance with Indian GAAP except where specifically mentioned.

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.