

NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL – JUNE 2006

The Board of Directors of HDFC Bank Limited approved the bank's accounts for the quarter ended June 30, 2006 at its meeting on Friday, July 14, 2006. The accounts have been subjected to limited review by the bank's statutory auditors.

FINANCIAL RESULTS:

Profit & Loss Account

For the quarter ended June 30, 2006, the bank has earned total income of Rs.1,855.1 crores as against Rs.1,157.7 crores in the corresponding quarter ended June 30, 2005. Net revenues (net interest income plus other income) were Rs.1,168.4 crores for the quarter ended June 30, 2006, an increase of 48.4% over Rs.787.2 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) increased from Rs.894.1 crores in the corresponding quarter ended June 30, 2005 to Rs.1,504.3 crores. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2006 increased by 56.1% to Rs.817.6 crores, driven by average asset growth of 52.5 % and a stable net interest margin of 4%.

Other income (non-interest revenue) for the quarter ended June 30, 2006 was Rs.350.8 crores, consisting principally of fees & commissions of Rs.290.6 crores, foreign exchange & derivatives revenues of Rs.55.8 crores, and profit/(loss) on sale / revaluation of investments of Rs.(2.3) crores as against Rs.215.2 crores, Rs.23.8 crores and Rs.23.4 crores respectively, for the quarter ended June 30, 2005. Operating expenses for the quarter were Rs.552.7 crores against Rs.358.0 crores in the corresponding quarter of the previous year. Provisions and contingencies for the quarter were Rs.376.4 crores, primarily comprising specific & general loan loss provisions of Rs.185.4 crores and amortization of premia (for investments in the Held to Maturity category) of Rs.59.9 crores. After providing Rs.112.5 crores for taxation, the Bank earned a Net Profit of Rs.239.3 crores, a 30.4% increase over the quarter ended June 30, 2005.

Balance Sheet

Total balance sheet size as of June 30, 2006 was Rs.79,697 crores, an increase of 47.6% over June 30, 2005. Total deposits were Rs.60,630 crores, an increase of 58.1% over Rs.38,354 crores as of June 30, 2005. Savings Account deposits were at Rs.17,244 crores and Current Account deposits were at Rs.14,674 crores as of June 30, 2006 as against Rs.12,925 crores and Rs.10,320 crores respectively, as of

June 30, 2005. The Bank's total customer assets (including advances, corporate debentures, investments in securitized paper, etc) increased from Rs. 32,665 crores as of June 30, 2005 to Rs.45,764 crores as of June 30, 2006, a growth of 40.1%. Retail loans at Rs.23,121 crores are now 55.9% of gross advances as against 50.5% of gross advances as at June 30, 2005.

BUSINESS UPDATE:

The bank's branch network is at 535 outlets in 228 cities against 495 outlets in 217 cities in June 2005. As of June 2006, the number of debit cards issued by the bank crossed the 4 million, while credit cards issued touched the 2.5 million mark.

Portfolio quality as of June 30, 2006 remained healthy with net non-performing assets at 0.4% of advances as of June 30, 2006. During the quarter ended June 2006, the bank raised Rs.300 crores as Upper Tier II capital and Rs.169 crores as Lower Tier II Capital, both in the form of subordinated bonds. The Bank's Capital Adequacy Ratio (CAR) was at 11.7% as of June 30, 2006, of which Tier I CAR was 8.3%.

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.