

NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER & HALF-YEAR ENDED SEPTEMBER 30, 2007

The Board of Directors of HDFC Bank Limited approved the bank's accounts for the quarter and half-year ended September 30, 2007 at its meeting held on Friday, October 12, 2007. The accounts have been subjected to limited review by the bank's statutory auditors.

FINANCIAL RESULTS

Quarter ended September 30, 2007

The total income of the bank for the quarter ended September 30, 2007 grew by 44.0% over the corresponding quarter ended September 30, 2006 to Rs.2,845.1 crores. Net revenues (net interest income plus other income) for the quarter ended September 30, 2007 were Rs.1,645.1 crores, an increase of 38.7% over Rs.1,185.7 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs and amortization of premia on investments held in the Held to Maturity (HTM) category) increased from Rs.1,578.0 crores for the quarter ended September 30, 2006 to Rs.2,362.8 crores for the quarter ended September 30, 2007. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2007 increased by Rs.374.7 crores to Rs.1,162.7 crores, up by 47.6%. This was driven by an average asset growth of 39.4% and a core net interest margin (NIM) of 4.0% as against 3.8% for the quarter ended September 30, 2006 (NIMs adjusted for the HTM premia amortization).

Other income (non-interest revenue) for the quarter ended September 30, 2007 was Rs.482.4 crores, as against Rs.397.7 crores for the corresponding quarter of the previous year. Its principal component was fees and commissions contributing Rs.391.9 crores for the quarter ended September 30, 2007, a growth of 24.8% over the corresponding quarter of the previous year. The other two components of other income were foreign exchange/derivatives revenues of Rs.38.7 crores and profit on sale/revaluation of investments of Rs.46.2 crores for the quarter ended September 30, 2007 as against Rs.58.2 crores and Rs.20.6 crores respectively, for the quarter ended September 30, 2006. Operating (non-interest) expenses for the quarter increased by Rs.239.3 crores to Rs.818.4 crores and were 49.7 % of net

revenues. Provisions and contingencies for the quarter were Rs.289.4 crores (against Rs.248.1 crores for the corresponding quarter ended September 30, 2006), principally comprising of specific and general loan loss provisions of Rs.273.2 crores. After providing Rs.168.8 crores for taxation, the bank earned a Net Profit of Rs.368.5 crores, an increase of 40.1% over the quarter ended September 30, 2006.

Total balance sheet size increased by 44.1% from Rs.84,363 crores as of September 30, 2006 to Rs.1,21,545 crores as of September 30, 2007. Total deposits were Rs.91,069 crores, an increase of 43.5% from September 30, 2006. With savings account deposits of Rs.22,373 crores and current account deposits at Rs.25,456 crores, the CASA mix was healthy at 52.5% of total deposits as at September 30, 2007. Deposits as of September 30, 2007, included around Rs.3000 crores of collections held in current accounts as a banker to various initial public offerings. The Bank's total customer assets (including advances, corporate debentures, investments in securitised paper, etc) increased to Rs.65,812 crores as of September 30, 2007, from Rs.49,326 crores as of September 30, 2006, a growth of 33.4%. Retail loans grew 37.1% on a year-on-year basis to Rs.34,568 crores, and now form 55.1% of gross advances.

Half-Year ended September 30, 2007:

For the half-year ended September 30, 2007, the Bank earned total income of Rs.5,486.8 crores as against Rs.3,771.0 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the six months ended September 30, 2007 were Rs.3,203.1 crores, up by 39.6% over Rs.2,294.2 crores for the six months ended September 30, 2006. Net Profit for the half-year ended September 30, 2007 was Rs.689.7 crores, up by 37.3%, over the corresponding six months ended September 30, 2006.

BUSINESS UPDATE:

The bank's business momentum remained healthy in both its retail and wholesale customer franchises. The distribution network was well spread with 754 branch outlets and 1800 ATMs in 327 cities. Portfolio quality as of September 30, 2007 remained healthy with net non-performing assets at 0.4% of total customer assets.

During the quarter ended September 30, 2007, the Bank made a public offering in July 2007 of 6,594,504 American Depositary Shares (ADS), each ADS representing three equity shares, at a price of \$ 92.10 per ADS. The net proceeds of the ADS issue were Rs. 2,393.9 crores. As a result, Capital Adequacy Ratio

(CAR) as of September 30, 2007 was 14.9% against the regulatory minimum of 9%. Tier I CAR was at 11.3%.

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, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to pay dividends, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, our ability to roll over our short-term funding sources 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 release 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..