

NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2008

The Board of Directors of HDFC Bank Limited approved the bank's (Indian GAAP) accounts for the quarter and half year ended September 30, 2008 at their meeting held in Mumbai on Thursday, October 16, 2008. The accounts have been subjected to limited review by the bank's statutory auditors.

The merger of Centurion Bank of Punjab Ltd (CBoP) with HDFC Bank Limited became effective on May 23, 2008 as per the order of Reserve Bank of India (RBI) with April 1, 2008 as the appointed date. The results for the period ended September 2008 are therefore for the merged entity, whilst the results for the period ended September 2007 are on a standalone basis for HDFC Bank. The results are therefore not comparable.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended September 30, 2008

The Bank earned total income of Rs. 4,634.3 crores for the quarter ended September 30, 2008, a growth of 62.9% over the corresponding quarter ended September 30, 2007. Net revenues (net interest income plus other income) were Rs.2,509.6 crores for the quarter ended September 30, 2008, an increase of 52.6% over Rs.1,645.1 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.2,362.8 crores in the quarter ended September 30, 2007 to Rs.3,991.2 crores in the quarter ended September 30, 2008, up by 68.9%. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2008 increased by 60.5% to Rs.1,866.5 crores, driven by average asset growth of 52.5% and a net interest margin (NIM) of around 4.2% as against 4.0% for the quarter ended September 30, 2007.

Other income (non-interest revenue) for the quarter ended September 30, 2008 was Rs.643.1 crores as against Rs.482.4 crores for the quarter ended September 30, 2007. Fees and commission was the main contributor to other income for the quarter and increased by 49.9% to Rs.587.3 crores. The other two major components of other income were foreign exchange/derivatives revenues of Rs. 67.5 crores (corresponding quarter ended September 30, 2007 Rs. 38.7 crores) and (loss) on revaluation/sale of investments of Rs. (15.6) crores, as against profit of Rs.46.2 crores for the quarter ended September 30, 2007. Operating expenses for the quarter ended September 30, 2008 were at 29.9% of total income and 55.3% of net revenues. Provisions and contingencies for the quarter were Rs.346 crores (against Rs.289.4 crores for the corresponding quarter ended September 30, 2007), comprising primarily of specific and general loan loss provisions of Rs.337.3 crores against Rs. 273.2 crores for the quarter ended September 30, 2007. After providing Rs.248.8 crores for taxation, the Bank earned a Net Profit of Rs.528 crores, an increase of 43.3% over the quarter ended September 30, 2007.

Balance Sheet: As of September 30, 2008

The Bank's total balance sheet size increased by 41.3% from Rs.121,545 crores as of September 30, 2007 to Rs.171,765 crores as of September 30, 2008. Total deposits were Rs.133,781 crores, an increase of 46.9% from September 30, 2007. Savings account deposits grew by 46.6% to Rs.32,794 crores as of September 30, 2008. With current account deposits at Rs.26,123 crores, the CASA mix for the merged entity was around 44.0% of total deposits as at September 30, 2008 despite large increases in time deposits during the quarter. The Bank's total customer assets (including advances, corporate debentures, etc.) increased to Rs.107,820 crores as against 65,812 crores as of September 30, 2007. Retail loans at Rs 58,400 crores form 54.7% of gross advances.

Half- Year ended September 30, 2008

For the half-year ended September 30, 2008, the Bank earned total income of Rs.8,849.5 crores as against Rs.5,486.8 crores in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the six months ended September 30, 2008 were Rs.4,826.5 crores, up by 50.7% over Rs.3,203.1 crores for the six months ended September 30, 2007. Net Profit for the half-year ended September 30, 2008 was Rs.992.3 crores, up by 43.9% over the corresponding six months ended September 30, 2007.

OTHER UPDATE:

The Bank's total Capital Adequacy Ratio (CAR) as at September 30, 2008 stood at 11.4% as against the regulatory minimum of 9.0%. Tier-I CAR was 8.8%.

As of September 30, 2008, the Bank had a significantly larger distribution network with 1,412 branches and 2,890 ATMs in 528 cities, as against 754 branches and 1,800 ATMs in 327 cities as of September 30, 2007.

Portfolio quality as of September 30, 2008 remained healthy with gross non-performing assets at 1.57% of gross advances and net non-performing assets at 0.57% of net advances. The Bank's provisioning policies for specific loan loss provisions remained higher than regulatory requirements.

Note:

Rs. = Indian Rupees

1 crore = 10 million

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.