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NEWS RELEASE

HDFC Bank Ltd.
HDFC Bank House,
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Mumbai - 400 013.

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE

QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter and nine months ended December 31, 2016 at their meeting held in Mumbai on Tuesday, January 24, 2017. The accounts have been subjected to a 'Limited Review' by the statutory auditors of the Bank.

FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended December 31, 2016

The Bank's total income for the quarter ended December 31, 2016 was ₹ 20,748.3 crore, up from ₹ 18,283.3 crore for the quarter ended December 31, 2015. Net revenues (net interest income plus other income) increased by 15.2% to ₹ 11,451.8 crore for the quarter ended December 31, 2016 as against ₹ 9,940.7 crore for the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended December 31, 2016 grew by 17.6% to ₹ 8,309.1 crore, from ₹ 7,068.5 crore for the quarter ended December 31, 2015, driven by average assets growth of 18.6% and a net interest margin for the quarter of 4.1%.

Other income (non-interest revenue) at ₹ 3,142.7 crore was 27.4% of the net revenues for the quarter ended December 31, 2016 and grew by 9.4% over ₹ 2,872.2 crore in the corresponding quarter ended December 31, 2015. The four components of other income for the quarter ended December 31, 2016 were fees & commissions of ₹ 2,206.8 crore (₹ 2,004.8 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 297.2 crore (₹ 277.4 crore for the corresponding quarter of the previous year), gain on revaluation / sale of investments of ₹ 398.6 crore (₹ 327.9 crore in the corresponding quarter of the previous year) and miscellaneous income including recoveries of ₹ 240.0 crore (₹ 262.1 crore for the corresponding quarter of the previous year).

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Operating expenses for the quarter ended December 31, 2016 were ₹ 4,842.5 crore, an increase of 15.2% over ₹ 4,204.8 crore during the corresponding quarter of the previous year. The core cost-to-income ratio for the quarter was 43.8% as against 43.7% for the corresponding quarter ended December 31, 2015.

Provisions and contingencies for the quarter ended December 31, 2016 were ₹ 715.8 crore (consisting of specific loan loss provisions ₹ 694.4 crore, general provisions ₹ 9.3 crore, and other provisions ₹ 12.1 crore) as against ₹ 653.9 crore (consisting of specific loan loss provisions ₹ 601.5 crore, general provisions ₹ 49.9 crore and other provisions ₹ 2.5 crore) for the corresponding quarter ended December 31, 2015. Profit before tax was up 16.0% to ₹ 5893.5 crore. After providing ₹ 2,028.1 crore for taxation, the Bank earned a net profit of ₹ 3,865.3 crore, an increase of 15.1% over the quarter ended December 31, 2015.

Balance Sheet: As of December 31, 2016

Total balance sheet size as of December 31, 2016 was ₹ 828,020 crore as against ₹ 699,797 crore as of December 31, 2015. Total deposits as of December 31, 2016 were ₹ 634,705 crore, an increase of 21.1% over December 31, 2015. This was after considering maturities of about US$ 3 billion of Foreign Currency Non-Resident (FCNR) deposits raised (and swapped into rupees with RBI at a concessional rate) during the quarter ended December 31, 2013. CASA deposit growth saw a spurt largely attributable to the demonetisation exercise, with current account deposits growing by 36.7% over the previous year to reach ₹ 101,239 crore and savings account deposits growing by 37.8% over the previous year to reach ₹ 186,634 crore. Time deposits were at ₹ 346,832 crore, an increase of 10.3% over the previous year resulting in CASA proportion of 45% as on December 31, 2016.

Total advances as of December 31, 2016 were ₹ 495,043 crore after considering repayments of about US$ 2 billion of overseas loans linked to FCNR deposits. The Bank's domestic loan portfolio of ₹ 477,415 crore grew at 17.5% on a year on year basis. As per the Bank's internal business classification, the domestic retail loans and wholesale loans grew by 17.8% and 16.8% respectively. As per regulatory (Basel 2) segment classification the growth rates were 21.5% for domestic retail loans and 13.0% for wholesale loans. The domestic loan mix as per Basel 2 classification between retail:wholesale was 55:45.

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Nine Months ended December 31, 2016

For the nine months ended December 31, 2016, the Bank earned a total income of ₹ 60,041.8 crore as against ₹ 52,110.6 crore in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the nine months ended December 31, 2016 were ₹ 32,934.4 crore, as against ₹ 28,024.0 crore for the nine months ended December 31, 2015, an increase of 17.5%. Net profit for the nine months ended December 31, 2016 was ₹ 10,559.6 crore, up by 18.4% over the corresponding nine months ended December 31, 2015.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines, was at 15.9% as at December 31, 2016 (15.9% as at December 31, 2015) as against a regulatory requirement of 9%. Tier-I CAR was at 13.8% as on December 31, 2016 compared to 13.2% as at December 31, 2015.

NETWORK

As of December 31, 2016, the Bank's distribution network was at 4,555 branches and 12,087 ATMs across 2,597 cities / towns as against 4,281 branches and 11,843 ATMs across 2,505 cities / towns as of December 31, 2015. Of the total branches, 52% are in semi-urban and rural areas. Number of employees increased from 84,619 as of December 31, 2015 to 90,421 as of December 31, 2016.

ASSET QUALITY

Gross non-performing assets (NPAs) were at 1.05% of gross advances as on December 31, 2016, as against 1.02% as on September 30, 2016 and 0.97% as on December 31, 2015. Net non-performing assets were at 0.3% of net advances as on December 31, 2016.

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Note:

₹ = Indian Rupees

1 crore = 10 million

All figures and ratios are in accordance with Indian GAAP.

BOM: 500180

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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 on us in India and other jurisdictions, 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 document include, but are not limited to: general economic and political conditions, instability or uncertainty in India and the other countries which have an impact on our business activities or investments caused by any factor, including terrorist attacks in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region or between India and China, military armament or social unrest in any part of India; the monetary and interest rate policies of the government of India, natural calamities, 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.

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