

HDFC Bank Limited**FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER ENDED JUNE 30, 2017**

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter ended June 30, 2017, at their meeting held in Mumbai on Monday, July 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 June 30, 2017**

The Bank's total income for the quarter ended June 30, 2017 was ₹ 22,185.4 crore, up from ₹ 19,322.6 crore for the quarter ended June 30, 2016. Net revenues (net interest income plus other income) increased by 21.7% to ₹ 12,887.4 crore for the quarter ended June 30, 2017 from ₹ 10,588.1 crore in the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2017 grew by 20.4% to ₹ 9,370.7 crore, from ₹ 7,781.4 crore for the quarter ended June 30, 2016, driven by average loan growth of 20.7% and a core net interest margin for the quarter of 4.4%.

Other income (non-interest revenue) at ₹ 3,516.7 crore was 27.3% of the net revenues for the quarter ended June 30, 2017 and grew by 25.3% over ₹ 2,806.6 crore in the corresponding quarter ended June 30, 2016. The four components of other income for the quarter ended June 30, 2017 were fees & commissions of ₹ 2,578.1 crore (₹ 1,977.9 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 296.8 crore (₹ 314.5 crore for the corresponding quarter of the previous year), gain on revaluation / sale of investments of ₹ 331.4 crore (₹ 276.9 crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries and dividend, of ₹ 310.3 crore (₹ 237.4 crore for the corresponding quarter of the previous year).

Operating expenses for the quarter ended June 30, 2017 were ₹ 5,367.5 crore, an increase of 12.6% over ₹ 4,768.9 crore during the corresponding quarter of the previous year. The core cost-to-income ratio for the quarter was at 42.7% as against 46.2% for the corresponding quarter ended June 30, 2016.

Provisions and contingencies for the quarter ended June 30, 2017 were ₹ 1,558.8 crore (consisting of specific loan loss provisions ₹ 1,343.2 crore, general provisions ₹ 206.3 crore and other provisions ₹ 9.3 crore) as against ₹ 866.7 crore (consisting of specific loan loss provisions ₹ 832.3 crore, general provisions of ₹ 1.1 crore and other provisions ₹ 33.3 crore) for the corresponding quarter ended June 30, 2016. General provisions include additional provisions of ₹ 121.1 crore for standard advances to stressed sectors. Profit before tax was up 20.4% to ₹ 5,961.2 crore. After providing ₹ 2,067.3 crore for taxation, the Bank earned a net profit of ₹ 3,893.8 crore, an increase of 20.2% over the quarter ended June 30, 2016.

Balance Sheet: As of June 30, 2017

Total balance sheet size as of June 30, 2017 was ₹ 895,653 crore as against ₹ 755,631 crore as of June 30, 2016.

Total deposits as of June 30, 2017 were ₹ 671,376 crore, an increase of 17.0% over June 30, 2016. CASA deposits saw healthy growth with savings account deposits growing by 26.5% over the previous year to reach ₹ 193,105 crore and current account deposits growing by 34.1% over the previous year to reach ₹ 102,030 crore. Time deposits were at ₹ 376,241 crore, an increase of 9.1% over the previous year, resulting in CASA deposits comprising 44.0% of total deposits as on June 30, 2017.

Advances as of June 30, 2017 were ₹ 580,976 crore, an increase of 23.4% over June 30, 2016. As per regulatory [Basel 2] segment classification, retail loans grew by 21.9% and wholesale loans grew by 25.5% (as per internal business classification, the growth was 19.2% and 33.8% respectively). The loan mix between retail:wholesale was 54:46.

Capital Adequacy:

During the quarter ended June 30, 2017, the Bank raised Additional Tier 1 Capital Bonds of ₹ 8,000 crore and Tier 2 Bonds of ₹ 2,000 crore. The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 15.6% as on June 30, 2017 (15.5% as on June 30, 2016) as against a regulatory requirement of 10.25% including Capital Conservation Buffer of 1.25%. Tier-I CAR was at 13.6% as of June 30, 2017 compared to 13.3% as on June 30, 2016. Risk-weighted Assets were ₹ 690,370 crore (₹ 551,676 crore as on June 30, 2016).



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NETWORK

As of June 30, 2017, the Bank's distribution network was at 4,727 branches and 12,220 ATMs across 2,666 cities / towns as against 4,541 branches and 12,013 ATMs across 2,593 cities / towns as of June 30, 2016. Of the total branches, 52% are in semi-urban and rural areas.

ASSET QUALITY

Gross non-performing assets were at 1.24% of gross advances as on June 30, 2017, as against 1.05% as on March 31, 2017, and 1.04% as on June 30, 2016. During the quarter ended June 30, 2017, of the total increase in gross NPAs, 60% pertained to the agricultural segment. Recoveries from agricultural advances were impacted during the quarter by borrower expectations of farm loan waivers arising out of policy announcements in certain states. These loan waiver policies are in the process of being finalised and implemented. As a prudent measure, the Bank has enhanced specific provision coverage for its non-performing agricultural advances. Net non-performing assets were at 0.4% of net advances as on June 30, 2017.

Note:

₹ = Indian Rupees

1 crore = 10 million

All figures and ratios are in accordance with Indian GAAP.

BSE: 500180

NSE: HDFCBANK

NYSE: HDB

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



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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.

For more information please log on to: www.hdfcbank.com

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