NEWS RELEASE

HDFC Bank Ltd.
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER ENDED JUNE 30, 2018

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter ended June 30, 2018, at their meeting held in Mumbai on Saturday, July 21, 2018. 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, 2018

The Bank's total income for the quarter ended June 30, 2018 at ₹ 26,367.0 crore grew by 18.8% from ₹ 22,185.4 crore for the quarter ended June 30, 2017. Net revenues (net interest income plus other income) increased to ₹ 14,631.6 crore for the quarter ended June 30, 2018 from ₹ 12,887.4 crore in the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2018 grew by 15.4% to ₹ 10,813.6 crore, from ₹ 9,370.7 crore for the quarter ended June 30, 2017, driven by asset growth and a net interest margin for the quarter of 4.2%.

Other income (non-interest revenue) for the quarter ended June 30, 2018 was ₹ 3,818.1 crore. Fees and commission income at ₹ 3,171.0 crore for the quarter ended June 30, 2018 constituted 83.1% of other income and grew by 23.0% over ₹ 2,578.1 crore in the corresponding quarter ended June 30, 2017. The other three components of other income for the quarter ended June 30, 2018 were foreign exchange & derivatives revenue of ₹ 499.6 crore (₹ 296.8 crore for the corresponding quarter of the previous year), loss on revaluation / sale of investments of ₹ 283.2 crore (gain of ₹ 331.4 crore for the corresponding quarter of the previous year) and miscellaneous income, including recoveries and dividend, of ₹ 430.7 crore (₹ 310.3 crore for the corresponding quarter of the previous year). The Reserve Bank of India in its circular dated June 15, 2018 granted banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT categories for the quarter ended June 30, 2018 equally over four quarters. The Bank has chosen not to avail of this option and has recognised the entire mark to market loss of ₹ 391.0 crore in the current quarter ended June 30, 2018. The loss was primarily attributable to the corporate bond portfolio, which has a modified duration of 1.6.

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Operating expenses for the quarter ended June 30, 2018 were ₹ 5,983.9 crore, an increase of 11.5% over ₹ 5,367.5 crore during the corresponding quarter of the previous year. The core cost-to-income ratio for the quarter was at 40.1% as against 42.7% for the corresponding quarter ended June 30, 2017.

Provisions and contingencies for the quarter ended June 30, 2018 were ₹ 1,629.4 crore as against ₹ 1,558.8 crore for the quarter ended June 30, 2017. The key components therein for the quarter ended June 30, 2018 were specific loan loss provisions of ₹ 1432.2 crore (as against ₹ 1,343.2 crore for the corresponding quarter of the previous year) and general provisions of ₹183.2 crore (as against ₹ 206.3 crore for the corresponding quarter of the previous year).

Profit before tax (PBT) for the quarter ended June 30, 2018 was up from ₹ 5,961.2 crore to ₹ 7,018.4 crore. Excluding profit and loss on revaluation / sale of investments, PBT growth would be 29.7% over the corresponding quarter of the previous year.

After providing ₹ 2,416.9 crore for taxation, the Bank earned a net profit of ₹ 4,601.4 crore, an increase of 18.2% over the quarter ended June 30, 2017.

Balance Sheet: As of June 30, 2018

Total balance sheet size as of June 30, 2018 was ₹ 1,080,409 crore as against ₹895,653 crore as of June 30, 2017.

Total deposits as of June 30, 2018 were ₹ 805,785 crore, an increase of 20.0% over June 30, 2017. As of June 30, 2018 current account deposits were at ₹ 109,297 crore and savings account deposits at ₹ 226,656 crore grew by 17.4% over June 30, 2017. Time deposits were at ₹ 469,832 crore, an increase of 24.9% over the previous year, resulting in CASA deposits comprising 41.7% of total deposits as of June 30, 2018.

Total advances as of June 30, 2018 were ₹ 708,649 crore, an increase of 22.0% over June 30, 2017. This loan growth was contributed by both segments of the Bank's loan portfolio with the domestic loan mix between retail:wholesale at 55:45. As per regulatory [Basel 2] segment classification, retail loans grew by 21.6% and wholesale loans grew by 22.7%.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 14.6% as on June 30, 2018 (15.6% as on June 30, 2017) as against a regulatory requirement

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of 11.025% which includes Capital Conservation Buffer of 1.875% and an additional requirement of 0.15% on account of the Bank being identified as a Domestic Systemically Important Bank (D-SIB).

Tier 1 CAR was at 13.1% as of June 30, 2018 compared to 13.6% as of June 30, 2017. Common Equity Tier 1 Capital ratio was at 12.1% as of June 30, 2018. Risk-weighted Assets were at ₹ 844,894 crore (as against ₹ 690,370 crore as at June 30, 2017).

The Board of Directors of the Bank, at their meeting held on December 20, 2017 had approved the raising of funds aggregating up to ₹ 24,000 crore, of which an amount up to a maximum of ₹ 8,500 crore was approved to be through the issuance of equity shares of face value of ₹ 2/- each pursuant to a preferential issue to Housing Development Finance Corporation Limited and the balance was approved to be through the issuance of equity shares/ convertible securities/ depository receipts pursuant to a Qualified Institutions Placement (QIP)/ American Depository Receipts (ADR)/ Global Depository Receipt (GDR) program. The said raising of funds was approved by the shareholders of the Bank at its Extra Ordinary General meeting held on January 19, 2018. The Bank has received all relevant approvals in this regard. On July 17, 2018, the Bank allotted 39,096,817 equity shares to Housing Development Finance Corporation Limited at the issue price of ₹ 2,174.09 per equity share (including share premium of ₹ 2,172.09 per equity share), aggregating to ₹ 8,500 crore.

NETWORK

As of June 30, 2018, the Bank's distribution network was at 4,804 banking outlets and 12,808 ATMs across 2,700 cities / towns as against 4,727 banking outlets and 12,220 ATMs across 2,666 cities / towns as of June 30, 2017. Of the total banking outlets, 53% are in semi-urban and rural areas. Number of employees were at 89,550 as of June 30, 2018 (as against 83,757 as of June 30, 2017).

ASSET QUALITY

Gross non-performing assets were at 1.33% of gross advances as on June 30, 2018, as against 1.30% as on March 31, 2018 and 1.24% as on June 30, 2017. Coverage ratio as on June 30, 2018 was 70%. Net non-performing assets were at 0.4% of net advances as on June 30, 2018. The Bank held floating provisions of ₹ 1,451 crore as on June 30, 2018. Total provisions (comprising specific provisions, general provisions and floating provisions) were 118% of the gross non-performing loans as on June 30, 2018.

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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 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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