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NEWS RELEASE

HDFC Bank Ltd.
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.
CIN: L65920MH1994PLC080618

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER ENDED JUNE 30, 2021

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter ended June 30, 2021, at its meeting held in Mumbai on Saturday, July 17, 2021. The accounts have been subjected to a 'Limited Review' by the statutory auditors of the Bank.

STANDALONE FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended June 30, 2021

The Bank's net revenues (net interest income plus other income) increased by 18.0% to ₹ 23,297.5 crore for the quarter ended June 30, 2021 from ₹ 19,740.7 crore for the quarter ended June 30, 2020. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2021 grew to ₹ 17,009.0 crore from ₹ 15,665.4 crore for the quarter ended June 30, 2020, driven by advances growth of 14.4%, and a core net interest margin of 4.1%. The Bank's continued focus on deposits helped in the maintenance of a healthy liquidity coverage ratio at 126%, well above the regulatory requirement.

During the quarter, the country was hit by a "second wave" of COVID-19, with a significant surge in cases following the discovery of mutant coronavirus strains. While there was an improvement towards the end, business activities remained curtailed for almost two thirds of the quarter. These disruptions led to a decrease in retail loan originations, sale of third party products, card spends and efficiency in collection efforts. The lower business volumes, coupled with higher slippages, resulted in lower revenues, as well as an enhanced level of provisioning.

Other income (non-interest revenue) at ₹ 6,288.5 crore was 27.0% of net revenues for the quarter ended June 30, 2021 and grew by 54.3% over ₹ 4,075.3 crore in the corresponding quarter of the previous year. The four components of other income for the quarter ended June 30, 2021 were fees & commissions of ₹ 3,885.4 crore (₹ 2,230.7 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 1,198.7 crore (₹ 436.6 crore in the corresponding quarter of the previous year), gain on sale / revaluation of investments of ₹ 601.0 crore (₹ 1,086.7



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crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries and dividend, of ₹ 603.5 crore (₹ 321.3 crore in the corresponding quarter of the previous year).

Operating expenses for the quarter ended June 30, 2021 were ₹ 8,160.4 crore, an increase of 18.1% over ₹ 6,911.5 crore during the corresponding quarter of the previous year. The cost-to-income ratio for the quarter was at 35.0%.

Pre-provision Operating Profit (PPOP) at ₹ 15,137.0 crore grew by 18.0% over the corresponding quarter of the previous year.

Provisions and contingencies for the quarter ended June 30, 2021 were ₹ 4,830.8 crore (consisting of specific loan loss provisions of ₹ 4,219.7 crore and general and other provisions of ₹ 611.1 crore) as against ₹ 3,891.5 crore (consisting of specific loan loss provisions of ₹ 2,739.8 crore and general and other provisions of ₹ 1,151.7 crore) for the quarter ended June 30, 2020. Total provisions for the current quarter included contingent provisions of approximately ₹ 600 crore.

As mentioned earlier, the “second wave” of COVID-19 disrupted business activities for close to two thirds of the quarter, leading to a decrease in the efficiency in collection efforts, and a higher level of provisions. The total credit cost ratio was thus at 1.67%, as compared to 1.64% for the quarter ending March 31, 2021 and 1.54% for the quarter ending June 30, 2020.

Profit before tax (PBT) for the quarter ended June 30, 2021 at ₹ 10,306.2 crore grew by 15.3% over corresponding quarter of the previous year. After providing ₹ 2,576.6 crore for taxation, the Bank earned a net profit of ₹ 7,729.6 crore, an increase of 16.1% over the quarter ended June 30, 2020.

Balance Sheet: As of June 30, 2021

Total balance sheet size as of June 30, 2021 was ₹ 1,753,941 crore as against ₹ 1,545,103 crore as of June 30, 2020, a growth of 13.5%.

Total deposits as of June 30, 2021 were ₹ 1,345,829 crore, an increase of 13.2% over June 30, 2020. CASA deposits grew by 28.1% with savings account deposits at ₹ 426,132 crore and current account deposits at ₹ 185,669 crore. Time deposits were at ₹ 734,029 crore, an increase of 3.1% over the corresponding quarter of the previous



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year, resulting in CASA deposits comprising 45.5% of total deposits as of June 30, 2021.

Total advances as of June 30, 2021 were ₹ 1,147,652 crore, an increase of 14.4% over June 30, 2020. As per the Bank's internal business classification, retail loans grew by 9.3%, commercial and rural banking loans grew by 25.1% and other wholesale loans grew by 10.2%. Overseas advances constituted 3% of total advances.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 19.1% as on June 30, 2021 (18.9% as on June 30, 2020) as against a regulatory requirement of 11.075% which includes Capital Conservation Buffer of 1.875%, and an additional requirement of 0.20% on account of the Bank being identified as a Domestic Systemically Important Bank (D-SIB). Tier 1 CAR was at 17.9% as of June 30, 2021 compared to 17.5% as of June 30, 2020. Common Equity Tier 1 Capital ratio was at 17.2% as of June 30, 2021. Risk-weighted Assets were at ₹ 1,153,559 crore (as against ₹ 1,010,774 crore as at June 30, 2020).

NETWORK

As of June 30, 2021, the Bank's distribution network was at 5,653 branches and 16,291 ATMs / Cash Deposit & Withdrawal Machines (CDMs) across 2,917 cities / towns as against 5,326 branches and 14,996 ATMs / CDMs across 2,825 cities / towns as of June 30, 2020. 50% of our branches are in semi-urban and rural areas. In addition, we have 15,912 business correspondents, which are primarily manned by Common Service Centres (CSC) as against 6,546 business correspondents as of June 30, 2020. Number of employees were at 123,473 as of June 30, 2021 (as against 115,822 as of June 30, 2020).

ASSET QUALITY

Gross non-performing assets were at 1.47% of gross advances as on June 30, 2021, (1.3% excluding NPAs in the agricultural segment) as against 1.32% as on March 31, 2021 (1.2% excluding NPAs in the agricultural segment) and 1.36% as on June 30, 2020 (1.2% excluding NPAs in the agricultural segment). Net non-performing assets were at 0.48% of net advances as on June 30, 2021.



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The Bank held floating provisions of ₹ 1,451 crore and contingent provisions of ₹ 6,596 crore as on June 30, 2021. Total provisions (comprising specific, floating, contingent and general provisions) were 146% of the gross non-performing loans as on June 30, 2021.

SUBSIDIARIES

The Bank's subsidiary companies prepare their financial results in accordance with the notified Indian Accounting Standards ('Ind-AS'). The Bank for the purposes of its statutory compliance prepares and presents its financial results under Indian GAAP. Hence the Bank's subsidiary companies, for the purposes of the consolidated financial results of the Bank, prepare 'fit-for-consolidation information' based on the recognition and measurement principles as per Indian GAAP. The financial numbers of the Bank's subsidiary companies mentioned herein below are in accordance with Indian GAAP.

HDFC Securities Limited (HSL) is amongst the leading retail broking firms in India. As on June 30, 2021, the Bank held 96.3% stake in HSL.

For the quarter ended June 30, 2021, HSL's total income grew by 67.3% to ₹ 457.8 crore, as against ₹ 273.7 crore for the quarter ended June 30, 2020. Profit after tax for the quarter grew by 94.9% to ₹ 260.6 crore, as against ₹ 133.7 crore for the quarter ended June 30, 2020.

As on June 30, 2021, HSL had 215 branches across 147 cities / towns in the country.

HDB Financial Services Limited (HDBFSL) is a non-deposit taking non-banking finance company ('NBFC') offering wide range of loans and asset finance products to individuals, emerging businesses and micro enterprises. As on June 30, 2021, the Bank held 95.1% stake in HDBFSL.

As mentioned before, with the country being hit by a "second wave" of COVID-19, business activities remained curtailed for almost two thirds of the quarter. These disruptions led to a decrease in loan originations as well as efficiency in collection efforts. This has resulted in muted business volumes, revenues, as well as a higher provisioning.



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The total loan book was ₹ 57,390 crore as on June 30, 2021 as against ₹ 56,613 crore as on June 30, 2020. Liquidity coverage ratio was healthy at 242%, well above the regulatory requirement.

For the quarter ended June 30, 2021, HDBFSL's net income was at ₹ 1,655.8 crore as against ₹ 1,609.7 crore for the quarter ended June 30, 2020. Pre-provision Operating Profit (PPOP) was ₹ 643.6 crore as against ₹ 759.9 crore for the quarter ended June 30, 2020.

Provisions and contingencies for the quarter were at ₹ 472.4 crore as against ₹ 453.5 crore for the quarter ended June 30, 2020. Profit after tax for the quarter ended June 30, 2021 was ₹ 130.6 crore compared to ₹ 232.7 crore for the quarter ended June 30, 2020.

As on June 30, 2021, Gross NPA based on the approach used for NBFCs was 7.75% as against 2.86% on June 30, 2020 and 3.89% as on March 31, 2021.

Total CAR was at 19.8% with Tier-I CAR at 14.9%. As on June 30, 2021, HDBFSL had 1,321 branches across 957 cities / towns.

CONSOLIDATED FINANCIAL RESULTS

The consolidated net profit for the quarter ended June 30, 2021 was ₹ 7,922 crore, up 14.4%, over the quarter ended June 30, 2020. Consolidated advances grew by 13.7% from ₹ 1,053,683 crore as on June 30, 2020 to ₹ 1,197,876 crore as on June 30, 2021.

Note:

₹ = Indian Rupees

1 crore = 10 million

All figures and ratios are in accordance with Indian GAAP unless otherwise specified.

BSE: 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.

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

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