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## NEWS RELEASE

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

### **HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND HALF-YEAR ENDED SEPTEMBER 30, 2009**

**Mumbai, October 14, 2009:** The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) accounts for the quarter and half-year ended September 30, 2009 at their meeting held in Mumbai on Wednesday, October 14, 2009. The accounts have been subjected to a limited review by the Bank's statutory auditors.

#### **FINANCIAL RESULTS:**

##### **Profit & Loss Account: Quarter ended September 30, 2009**

For the quarter ended September 30, 2009, net revenues (net interest income plus other income) were Rs.2,963.2 crores, a growth of 18.1% over Rs.2,509.6 crores for the corresponding quarter ended September 30, 2008. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2009 was Rs.1,955.8 crores, with net interest margin (NIM) at 4.2%, as against 4.1% in the preceding quarter ended June 30, 2009.

Non-interest revenues (other income) registered strong growth of 56.6%, from Rs.643.1 crores for the quarter ended September 30, 2008 to Rs.1,007.4 crores for the quarter ended September 30, 2009. The largest component of the non interest revenues was fees and commissions of Rs.692.4 crores, up 17.9% over the corresponding quarter ended September 30, 2008. The other two components were foreign exchange revenues of Rs.151.0 crores and profit/(loss) on revaluation/sale of investments (primarily bond gains) of Rs.162.9 crores, as against Rs.67.5 crores and Rs.(15.6) crores respectively, for the corresponding quarter ended September 30, 2008. Profit on revaluation/sale of investments for the quarter ended September 30, 2009, was 36.4% lower than the preceding quarter ended June 30, 2009 and was 5.5% of net revenues in the current quarter as against 8.8% of net revenues in the quarter ended June 30, 2009. Continued improvements in productivity were evidenced in operating expenses remaining stable at Rs.1,370.2 crores and a consequent improvement in the core cost-to-income ratio from around 55% for the quarter ended September 30, 2008 to just under 50%. Provisions and contingencies (comprising primarily loan loss provisions) for the quarter ended September 30, 2009 were Rs.594.1 crores as against Rs.658.8 crores in the quarter ended June 30, 2009. After providing Rs.311.4 crores for taxation, the Bank earned a Net Profit of Rs.687.5 crores, an increase of 30.2% over the corresponding quarter ended September 30, 2008.

##### **Balance Sheet: As of September 30, 2009**

The Bank's total balance sheet size touched Rs.193,941 crores as of September 30, 2009. Total deposits were Rs.149,805 crores, up from Rs.133,781 crores as of September 30, 2008. With Current account deposits at Rs.32,170 crores and Savings account deposits at Rs.43,249 crores, total CASA deposits registered a growth of 28% over September 30, 2008 and 15% over June 30, 2009. The core CASA deposits increased to over 47% of total deposits during the quarter ended September 30, 2009 as against 44% as at September 30, 2008 and 45% as at June 30, 2009. Gross advances as at September 30, 2009 were Rs.115,104 crores, an increase of Rs.9,816 crores during the quarter. In the first half of the current financial year, the Bank's gross advances have grown by 14.8% (from April 1, 2009 till September 30, 2009) as against a growth of 3.7% for the banking system as a whole. Retail loans at Rs.62,652 crores were 54.4% of gross advances.

##### **Half- Year ended September 30, 2009**

For the half-year ended September 30, 2009, the Bank earned total income of Rs.10,136.0 crores as against Rs.8,849.5 crores in the corresponding period of the previous year. Net revenues (net interest



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income plus other income) for the six months ended September 30, 2009 were Rs.5,862.4 crores, as against Rs.4,826.5 crores for the six months ended September 30, 2008. Net Profit for the half-year ended September 30, 2009 was Rs.1,293.6 crores, up by 30.4% over the corresponding six months ended September 30, 2008.

### Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as at September 30, 2009 (computed as per Basel 2 guidelines) remained strong at 15.7%, as against the regulatory minimum of 9%. Tier-I CAR was 10.9% as of September 30, 2009.

### BUSINESS UPDATE:

As of September 30, 2009, the Bank's distribution network had grown to 1,506 branches and 3,573 ATMs in 635 cities, as against 1,412 branches and 2,890 ATMs in 528 cities as of September 30, 2008. Portfolio quality as of September 30, 2009 remained healthy, with gross nonperforming assets (NPAs) at 1.8% of gross advances and net NPAs at 0.5% of net advances. This is an improvement from the position as of June 30, 2009 where the gross NPAs were 2.1% of gross advances and net NPAs were 0.6% of net advances. The Bank's provisioning for specific loan loss provisions for NPAs remained higher than regulatory requirements. The NPA coverage ratio based on specific provisions was at 70% as of September 30, 2009 as compared to 65% as of September 30, 2008. The total NPA coverage ratio based on total provisions (specific and general) continued to remain over 100%. Total restructured assets, including applications received for loan restructuring which were yet to be approved or implemented were 0.56% of the Bank's gross advances as of September 30, 2009. Of this amounts, categorized as standard assets were 0.25% of the Bank's gross advances.

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, 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 regulation and other regulatory changes in India and other jurisdictions on us, 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 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 terrorists attacks in India or elsewhere, anti-terrorist or other attacks by any country, 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*



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*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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