

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER ENDED JUNE 30, 2019

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter ended June 30, 2019, at their meeting held in Mumbai on Saturday, July 20, 2019. 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, 2019

The Bank's total income for the quarter ended June 30, 2019 at ₹ 32,361.8 crore grew by 22.7% from ₹ 26,367.0 crore for the quarter ended June 30, 2018. Net revenues (net interest income plus other income) increased by 24.8% to ₹ 18,264.5 crore for the quarter ended June 30, 2019 from ₹ 14,631.6 crore in the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2019 grew by 22.9% to ₹ 13,294.3 crore, from ₹ 10,813.6 crore for the quarter ended June 30, 2018, driven by asset growth and a core net interest margin for the quarter of 4.3%.

Other income (non-interest revenue) at ₹ 4,970.3 crore was 27.2% of the net revenues for the quarter ended June 30, 2019 and grew by 30.2% over ₹ 3,818.1 crore in the corresponding quarter ended June 30, 2018. The four components of other income for the quarter ended June 30, 2019 were fees & commissions of ₹ 3,551.6 crore (₹ 3,171.0 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 576.7 crore (₹ 499.6 crore for the corresponding quarter of the previous year), gain on revaluation / sale of investments of ₹ 212.0 crore (loss of ₹ 283.2 crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries and dividend, of ₹ 630.0 crore (₹ 430.7 crore for the corresponding quarter of the previous year).

Operating expenses for the quarter ended June 30, 2019 were ₹ 7,117.3 crore, an increase of 18.9% over ₹ 5,983.9 crore during the corresponding quarter of the previous

year. The core cost-to-income ratio for the quarter was at 39.4% as against 40.1% for the corresponding quarter ended June 30, 2018.

Provisions and contingencies for the quarter ended June 30, 2019 were ₹ 2,613.7 crore as against ₹ 1,629.4 crore for the quarter ended June 30, 2018. The key components therein for the quarter ended June 30, 2019 were specific loan loss and contingent provisions of ₹ 2,413.5 crore (as against ₹ 1,432.2 crore for the corresponding quarter of the previous year) and general provisions ₹ 200.2 crore (as against ₹ 183.2 crore for the corresponding quarter of the previous year). General provisions include additional provisions of ₹ 85.9 crore for standard advances to the NBFC / HFC sector. Profit before tax (PBT) for the quarter ended June 30, 2019 was up 21.6% to ₹ 8,533.6 crore. After providing ₹ 2,965.4 crore for taxation, the Bank earned a net profit of ₹ 5,568.2 crore, an increase of 21.0% over the quarter ended June 30, 2018.

Balance Sheet: As of June 30, 2019

Total balance sheet size as of June 30, 2019 was ₹ 1,265,253 crore as against ₹1,080,409 crore as of June 30, 2018.

Total deposits as of June 30, 2019 were ₹ 954,554 crore, an increase of 18.5% over June 30, 2018. CASA deposits grew by 12.8% with savings account deposits at ₹ 253,338 crore and current account deposits at ₹ 125,663 crore. Time deposits were at ₹ 575,553 crore, an increase of 22.5% over the previous year, resulting in CASA deposits comprising 39.7% of total deposits as of June 30, 2019. The Bank's continued focus on deposits helped in the maintenance of a healthy liquidity coverage ratio at 126%, well above the regulatory requirement.

Total advances as of June 30, 2019 were ₹ 829,730 crore, an increase of 17.1% over June 30, 2018. Advances to the vehicle loan segment, where sales volumes have seen some moderation, grew at 8.3% over the previous year. Domestic advances grew by 17.9% over June 30, 2018. As per regulatory [Basel 2] segment classification, domestic retail loans grew by 16.5% and domestic wholesale loans grew by 19.6%. The domestic loan mix as per Basel 2 classification between retail:wholesale was 54:46. Overseas advances constituted 3% of total advances.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 16.9% as on June 30, 2019 (14.6% as on June 30, 2018) 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 15.6% as of June 30, 2019 compared to 13.1% as of June 30, 2018. Common Equity Tier 1 Capital ratio was at 14.8% as of June 30, 2019. Risk-weighted Assets were at ₹ 965,635 crore (as against ₹ 844,894 crore as at June 30, 2018).

DIVIDEND

The Board of Directors has declared a special interim dividend of ₹ 5 per equity share of ₹ 2 to commemorate 25 years of the Bank's operations.

NETWORK

As of June 30, 2019, the Bank's distribution network was at 5,130 banking outlets and 13,395 ATMs across 2,764 cities / towns as against 4,804 banking outlets and 12,808 ATMs across 2,700 cities / towns as of June 30, 2018. Of the total banking outlets, 53% are in semi-urban and rural areas. Number of employees were at 104,154 as of June 30, 2019 (as against 89,550 as of June 30, 2018).

ASSET QUALITY

Gross non-performing assets were at 1.40% of gross advances as on June 30, 2019 (1.17% excluding NPAs in the agricultural segment) as against 1.33% as on June 30, 2018 (1.09% excluding NPAs in the agricultural segment). Net non-performing assets were at 0.4% of net advances as on June 30, 2019. The Bank held floating provisions of ₹ 1,451 crore as on June 30, 2019. Total provisions (comprising specific provisions, general provisions and floating provisions) were 115% of the gross non-performing loans as on June 30, 2019.

SUBSIDIARIES

The financial results of the Bank's subsidiary companies have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS').

HDFC Securities Limited (HSL) is amongst the leading retail broking firms in India. As on June 30, 2019, the Bank held 97.3% stake in HSL.

For the quarter ended June 30, 2019, HSL's total income was ₹ 189.3 crore as against ₹ 193.5 crore for the quarter ended June 30, 2018. Profit after tax before other

comprehensive income for the quarter was ₹ 66.5 crore, as against ₹ 72.6 crore in the previous quarter.

As on June 30, 2019 HSL had 269 branches across 161 cities / towns in the country.

HDB Financial Services Limited (HDBFSL) is a non-deposit taking non-bank finance company ('NBFC') offering wide range of loans and asset finance products to individuals, emerging businesses and micro enterprises. As on June 30, 2019, the Bank held 95.5% stake in HDBFSL.

As on June 30, 2019, HDBFSL's balance sheet size was at ₹ 58,833 crore. The gross loan book grew by 22.7% to ₹ 56,287 crore as on June 30, 2019 (as against ₹ 45,889 crore as of June 30, 2018).

For the quarter ended June 30, 2019, HDBFSL's net interest income grew by 12.9% to ₹ 962.7 crore (as against ₹ 852.4 crore in the previous quarter). Profit after tax before other comprehensive income for the quarter ended June 30, 2019 was ₹ 221.9 crore compared to ₹ 228.0 crore in the previous quarter.

As on June 30, 2019, HDBFSL had 1,381 branches across 996 cities / towns.

Gross impaired loans were at 2.3% of gross loans and net impaired loans were at 1.7% of net loans as on June 30, 2019. Total CAR was at 18.1% with Tier-I CAR at 12.5%.

CONSOLIDATED FINANCIAL RESULTS

The Bank's consolidated financial results include the financial results of its subsidiary companies based on the recognition and measurement principles as per Indian GAAP.

The consolidated net profit for the quarter ended June 30, 2019 was ₹ 5,676 crore, up 18.0%, over the quarter ended June 30, 2018. Consolidated advances grew by 17.2% from ₹ 751,386 crore as on June 30, 2018 to ₹ 880,939 crore as on June 30, 2019.

Note:

₹ = Indian Rupees

1 crore = 10 million

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

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.

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

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