NEWS RELEASE

HDFC BANK LTD. - FINANCIAL RESULTS (INDIAN GAAP) FOR THE PERIOD APRIL – JUNE 2007

The Board of Directors of HDFC Bank Limited approved the bank's (Indian GAAP) accounts for the quarter ended June 30, 2007 at its meeting on Tuesday, July 10, 2007. The accounts have been subjected to limited review by the bank's statutory auditors.

FINANCIAL RESULTS:

Profit & Loss Account
The bank earned total income of Rs. 2,641.7 crores for the quarter ended June 30, 2007, as against Rs. 1,795.2 crores in the corresponding quarter ended June 30, 2006. Net revenues (net interest income plus other income) were Rs. 1,558.1 crores for the quarter ended June 30, 2007, an increase of 40.5% over Rs. 1,108.6 crores for the corresponding quarter of the previous year. Interest earned (net of loan origination costs) for the quarter ended June 30, 2007 was Rs.2125.9 crores, an increase of Rs.621.6 crores over the corresponding quarter ended June 30, 2006. Interest expenses grew by Rs.397.0 crores to Rs. 1083.6 crores for the quarter ended June 30, 2007. Net interest income (interest earned less interest expended) for the quarter ended June 30, 2007 increased to Rs. 1,042.2 crores as against Rs. 817.6 crores for the quarter ended June 30, 2006, with net interest margin at around 4.2% as against around 4.1% for the quarter ended June 30, 2006.

Other income (non-interest revenue) registered a strong growth of 77.3% from Rs. 290.9 crores for the quarter ended June 30, 2006 to Rs. 515.8 crores for the quarter ended June 30, 2007. Other income (non-interest revenue) consisted principally of fees & commissions of Rs. 372.2 crores, foreign exchange & derivatives revenues of Rs. 146.5 crores, and profit/(loss) on sale / revaluation of investments of Rs. (4.1) crores, as against Rs. 290.6 crores, Rs. 55.8 crores and Rs. (62.2) crores respectively, for the quarter ended June 30, 2006. The profit/(loss) on sale/revaluation of investments has been adjusted for the amount of amortization of premia (on investments held in the Held to Maturity category), which hitherto was classified under provisions and contingencies, pursuant to RBI circular issued in April 2007.

Operating expenses to net revenue for the quarter ended June 30, 2007 improved marginally to 49.7% as against 49.9% for the quarter ended June 30, 2006. Provisions and contingencies for the quarter were Rs. 307.1 crores, primarily comprising specific provisions for non-performing assets and general provision for standard assets of Rs. 299.7 crores as against Rs. 185.4 crores for the quarter ended June 30, 2006. The growth is principally due to higher provisions for standard assets as a result of the enhanced general provisioning norms directed by RBI in the second half of fiscal 2007 on certain standard assets such as personal loans, credit card receivables, capital market exposures and real estate exposures and the classification of retail loans against securities as capital markets exposures from April 2007. After providing Rs. 155.3 crores for taxation, the Bank earned a Net Profit of Rs. 321.2 crores, a 34.2% increase over the quarter ended June 30, 2006.

Balance Sheet

Total balance sheet size as of June 30, 2007 was Rs. 105,695 crores, an increase of 32.6% over June 30, 2006. Total deposits were Rs. 81,604 crores, an increase of 34.6% over Rs. 60,630 crores as of June 30, 2006. Savings Account deposits were at Rs. 20,925 crores and Current Account deposits at Rs. 21,085 crores as of June 30, 2007, with average demand (CASA) deposits during the quarter remaining healthy at over 50% of total deposits. Net advances at Rs. 53,839 crores as of June 30, 2007 were up by 32.7% over June 30, 2006. Retail loans constituted 57% of the net advances as of June 30, 2007. The Bank's total customer assets (including advances, corporate debentures, investments in securitized paper, etc) increased from Rs. 45,764 crores as of June 30, 2006 to Rs. 59,093 crores as of June 30, 2007.

BUSINESS UPDATE:

The bank added 69 branches during the quarter ended June 30, 2007 taking the branch network to 753 outlets in 320 cities from 535 outlets in 228 cities in June 2006. As of June 2007, the number of debit cards issued by the bank were over 4.3 million, while credit cards issued crossed the 3 million mark.

Portfolio quality as of June 30, 2007 remained healthy with net non-performing assets remaining stable at 0.4% of advances.

During the quarter ended June 30, 2007, the bank had obtained the Board and shareholder approvals to raise equity capital of US$ 1 billion or Rs. 4200 crores, whichever is higher, either as domestic public offering or as public or private offerings in one or more international markets. Approvals from the Board and shareholders were also obtained to allot 1,35,82,000 equity shares of Rs. 10/- each at a premium of Rs. 1013.49 per share on a preferential basis to Housing Development Finance Corporation Ltd. (HDFC) aggregating Rs. 1390.1 crores. The said allotment to HDFC was done on June 29, 2007.

The Bank's Capital Adequacy Ratio (CAR) was at 13.1% as of June 30, 2007, of which Tier I CAR was 9.2%.

Note: (i) Rs. = Indian Rupees
(ii) 1 crores = 10 million
(iii)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 regulations 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 contained in this release include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business activities or investments; the monetary and interest rate policies of the government of India; 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..