

HDFC Bank Limited

FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

The Board of Directors of HDFC Bank Limited approved the Bank's (Indian GAAP) results for the quarter and half year ended September 30, 2019, at their meeting held in Mumbai on Saturday, October 19, 2019. The accounts have been subjected to an audit by the statutory auditors of the Bank.

STANDALONE FINANCIAL RESULTS:

Profit & Loss Account: Quarter ended September 30, 2019

The Bank's total income for the quarter ended September 30, 2019 at ₹ 33,755.0 crore grew by 19.6% from ₹ 28,215.2 crore for the quarter ended September 30, 2018. Net revenues (net interest income plus other income) increased by 21.1% to ₹ 19,103.8 crore for the quarter ended September 30, 2019 from ₹ 15,779.0 crore in the corresponding quarter of the previous year. Net interest income (interest earned less interest expended) for the quarter ended September 30, 2019 grew to ₹ 13,515.0 crore from ₹ 11,763.4 crore for the quarter ended September 30, 2018, driven by average asset growth of 15.0% and a core net interest margin for the quarter of 4.2%.

Other income (non-interest revenue) at ₹ 5,588.7 crore was 29.3% of the net revenues for the quarter ended September 30, 2019 and grew by 39.2% over ₹ 4,015.6 crore in the corresponding quarter ended September 30, 2018. The four components of other income for the quarter ended September 30, 2019 were fees & commissions of ₹ 4,054.5 crore (₹ 3,295.6 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 551.7 crore (₹ 419.8 crore for the corresponding quarter of the previous year), gain on sale / revaluation of investments of ₹ 480.7 crore (loss of ₹ 32.8 crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries and dividend, of ₹ 502.0 crore (₹ 333.0 crore for the corresponding quarter of the previous year).

Operating expenses for the quarter ended September 30, 2019 were ₹ 7,405.7 crore, an increase of 17.6% over ₹ 6,299.1 crore during the corresponding quarter of the

previous year. The cost-to-income ratio for the quarter was at 38.8% as against 39.9% for the corresponding quarter ended September 30, 2018.

Pre-provision Operating Profit (PPOP) at ₹ 11,698.1 crore grew by 23.4% over the corresponding quarter of the previous year.

Provisions and contingencies for the quarter ended September 30, 2019 were ₹ 2,700.7 crore (consisting of specific loan loss provisions of ₹ 2,038.0 crore and general provisions and other provisions of ₹ 662.7 crore) as against ₹ 1,820.0 crore (consisting of specific loan loss provisions of ₹ 1,572.5 crore and general provisions and other provisions of ₹ 247.5 crore) for the quarter ended September 30, 2018. Core Profit before tax (PPOP less specific loan loss provisions) for the quarter ended September 30, 2019 was up 22.2%. After providing for general and other provisions, the PBT for the quarter ended September 30, 2019 grew to ₹ 8,997.4 crore.

After providing ₹ 2,652.4 crore for taxation, the Bank earned a net profit of ₹ 6,345.0 crore, an increase of 26.8% over the quarter ended September 30, 2018.

Balance Sheet: As of September 30, 2019

Total balance sheet size as of September 30, 2019 was ₹ 1,325,072 crore as against ₹1,169,898 crore as of September 30, 2018.

Total deposits as of September 30, 2019 were ₹ 1,021,615 crore, an increase of 22.6% over September 30, 2018. CASA deposits grew by 14.7% with savings account deposits at ₹ 264,445 crore and current account deposits at ₹ 136,791 crore. Time deposits were at ₹ 620,380 crore, an increase of 28.3% over the previous year, resulting in CASA deposits comprising 39.3% of total deposits as of September 30, 2019. The Bank's continued focus on deposits helped in the maintenance of a healthy liquidity coverage ratio at 133%, well above the regulatory requirement.

Total advances as of September 30, 2019 were ₹ 896,984 crore, an increase of 19.5% over September 30, 2018. Domestic advances grew by 20.7% over September 30, 2018. As per regulatory [Basel 2] segment classification, domestic retail loans grew by 14.7% and domestic wholesale loans grew by 27.9%. The domestic loan mix as per Basel 2 classification between retail:wholesale was 52:48. Overseas advances constituted 3% of total advances.

Half Year ended September 30, 2019

For the half year ended September 30, 2019, the Bank earned a total income of ₹ 66,116.8 crore as against ₹ 54,582.2 crore in the corresponding period of the previous year. Net revenues (net interest income plus other income) for the half year ended September 30, 2019 were ₹ 37,368.3 crore, as against ₹ 30,410.6 crore for the half year ended September 30, 2018. Net profit for the half year ended September 30, 2019 was ₹ 11,913.2 crore, up by 24.0% over the corresponding half year ended September 30, 2018.

Capital Adequacy:

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 17.5% as on September 30, 2019 (17.1% as on September 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 16.2% as of September 30, 2019 compared to 15.6% as of September 30, 2018. Common Equity Tier 1 Capital ratio was at 15.3% as of September 30, 2019. Risk-weighted Assets were at ₹ 963,321 crore (as against ₹ 886,489 crore as at September 30, 2018).

NETWORK

As of September 30, 2019, the Bank's distribution network was at 5,314 banking outlets and 13,514 ATMs across 2,768 cities / towns as against 4,825 banking outlets and 13,018 ATMs across 2,718 cities / towns as of September 30, 2018. Of the total banking outlets, 52% are in semi-urban and rural areas. Number of employees were at 111,208 as of September 30, 2019 (as against 94,907 as of September 30, 2018).

ASSET QUALITY

Gross non-performing assets were at 1.38% of gross advances as on September 30, 2019, (1.2% excluding NPAs in the agricultural segment) as against 1.40% as on June 30, 2019 (1.2% excluding NPAs in the agricultural segment) and 1.33% as on September 30, 2018 (1.1% excluding NPAs in the agricultural segment). Net non-performing assets were at 0.4% of net advances as on September 30, 2019. The Bank held floating provisions of ₹ 1,451 crore as on September 30, 2019. Total provisions

(comprising specific provisions, general provisions and floating provisions) were 114% of the gross non-performing loans as on September 30, 2019.

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 September 30, 2019, the Bank held 97.3% stake in HSL.

For the quarter ended September 30, 2019, HSL's total income was ₹ 189.3 crore as against ₹ 199.5 crore for the quarter ended September 30, 2018. Profit after tax for the quarter was ₹ 91.0 crore, as against ₹ 82.9 crore in the previous quarter.

For the half year ended September 30, 2019, HSL's total income was ₹ 378.6 crore as against ₹ 393.0 crore for the half year ended September 30, 2018. Profit after tax for the half year was ₹ 164.7 crore, as against ₹ 163.4 crore for the half year ended September 30, 2018.

As on September 30, 2019 HSL had 262 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 September 30, 2019, the Bank held 95.5% stake in HDBFSL.

As on September 30, 2019, HDBFSL's balance sheet size was at ₹ 58,454 crore. The total loan book grew by 16.1% to ₹ 55,759 crore as on September 30, 2019 as against ₹ 48,014 crore as of September 30, 2018.

For the quarter ended September 30, 2019, HDBFSL's net interest income grew by 24.8% to ₹ 971.1 crore as against ₹ 777.8 crore in the previous quarter. Profit after tax

for the quarter ended September 30, 2019 was ₹ 213.0 crore compared to ₹ 246.3 crore in the previous quarter.

For the half year ended September 30, 2019, HDBFSL's net interest income grew by 22.5% to ₹ 1,911.2 crore as against ₹ 1,560.2 crore in the previous half year. Profit after tax for the half year ended September 30, 2019 was ₹ 478.5 crore compared to ₹ 505.3 crore in the previous half year.

Gross non-performing loans were at 3.4% of gross loans. HDBFSL adopted certain best practices on NPA recognition. Adjusting for the same, gross non-performing loans would have been 2.6% as at September 30, 2019, as against 2.3% as at June 30, 2019, and 2.1% as at September 30, 2018.

Net non-performing loans were at 2.5% of net loans as on September 30, 2019. Total CAR was at 18.2% with Tier-I CAR at 13.3%.

As on September 30, 2019, HDBFSL had 1,436 branches across 1,043 cities / towns.

CONSOLIDATED FINANCIAL RESULTS

The consolidated net profit for the quarter ended September 30, 2019 was ₹ 6,638 crore, up 24.7%, over the quarter ended September 30, 2018. Consolidated advances grew by 19.1% from ₹ 795,563 crore as on September 30, 2018 to ₹ 947,440 crore as on September 30, 2019.

The consolidated net profit for the half year ended September 30, 2019 was ₹ 12,314 crore, up 21.6%, over the half year ended September 30, 2018.

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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