

HDFC Bank Limited

Q4FY26 Result Update | Sector: Banks

April 20, 2026





| | |
|-----------------------------|--------------|
| Current Market Price | 801 |
| Target Price | 1,173 |
| Upside | 46.5% |
| Nifty | 24,428 |
| Sensex | 78,775 |

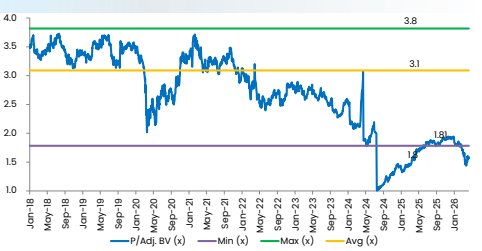
Key Stock Data

| | |
|------------------------|-------------------|
| Company Name | HDFC Bank Limited |
| BSE Code | 500180 |
| NSE Code | HDFCBANK |
| Bloomberg | HDFCB:IN |
| Shares O/S (Cr) | 1,539.3 |
| M.Cap (Rs.Cr) | 12,33,011 |
| 3M Avg Vol | 4,31,62,234 |
| 52 week H/L | 1018/726 |
| FV (Rs) | 1.0 |

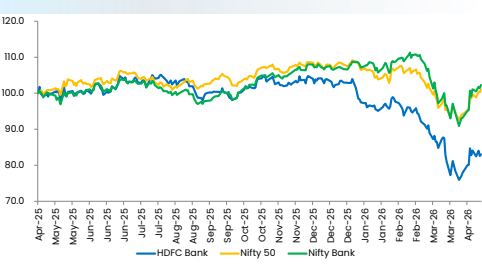
Shareholding Pattern

| | Jun-25 | Sep-25 | Dec-25 |
|-----------------|--------|--------|--------|
| Promoter | - | - | - |
| FII | 48.8 | 48.4 | 44.1 |
| DII | 35.8 | 36.1 | 40.1 |
| Public | 15.4 | 15.5 | 15.8 |

1 Year Forward P/Adj. BV (x)



1 Year Relative Price Chart



Healthy Profitability Driven by Lower Credit Costs: HDFC Bank delivered a steady Q4 FY26 performance with a Profit After Tax (PAT) of ₹19,221 crore, representing a growth of 9.1% YoY and 3.1% QoQ. Net interest income (NII) grew 3.2% YoY to ₹33,081 crore, while non-interest income saw a robust 9.7% YoY increase to ₹13,200 crore, supported by a 7.4% rise in fee income. Profitability was primarily bolstered by lower-than-expected provisions, which declined 18.2% YoY and 8.1% QoQ. The bank maintained stable return metrics for the quarter, with a Return on Assets (RoA) of 1.96% and a Return on Equity (RoE) of 14.1%. Management emphasized that their primary focus remains on RoA and consistent EPS growth.

Loan Growth Gains Momentum, Led by Corporate & MSME: Gross advances rose 12.0% YoY to ₹29.6 trillion, accelerating from the 5.4% growth seen in the previous year. Growth was notably strong in Business Banking (+20.0% YoY) and Small and Mid-market segments (+17.2% YoY). Corporate and wholesale loans grew by 13.0% YoY, while retail loans grew by a more moderate 6.5% YoY. Management expressed confidence in this improving trajectory, noting that retail growth—particularly in mortgages and wheels—is expected to pick up further as they leverage their expanded distribution of 9,689 branches.

Strong Deposit Accretion & Improving Granularity: The bank reported exceptional deposit growth, with total End-of-Period (EOP) deposits rising 14.4% YoY to ₹31.1 trillion. Accretion was particularly strong in the final month of the quarter, driven by a surge in system liquidity. Crucially, the bank is successfully shifting toward a more sustainable and granular funding base; less than ₹3 crore retail deposits accounted for 47% of net incremental accretion in FY26, up from 31% in FY25. CASA deposits grew 12.3% YoY, maintaining a 34.1% share of total deposits, while the Credit-to-Deposit (LDR) ratio improved significantly to 94.6% from 98.7% in the previous quarter.

Margins Stabilizing with Residual Repricing Benefits: Net Interest Margin (NIM) stood at 3.38% for the quarter. While the transmission of rate cuts has been faster on asset yields, management noted that cost of funds declined by 10 bps QoQ. With average deposit tenures between 1.2 to 1.5 years, the bank expects residual repricing benefits of time deposits to flow through in the coming quarters, providing a tailwind for NIM stability. Management remains committed to a range-bound NIM strategy, focusing on overall returns rather than margin expansion alone.

Robust Asset Quality and Provisioning Buffers: Asset quality continues to be a key strength, with the Gross NPA ratio improving to 1.15% (vs. 1.24% in Q3) and Net NPA at 0.38%. Excluding agricultural NPAs, the GNPA ratio was even lower at 0.91%. The Slippage ratio declined sharply to 0.95% from 1.37% sequentially. HDFC Bank maintains a conservative stance with a Provision Coverage Ratio (PCR) of 67% and a total capital adequacy ratio of 19.7%, well above regulatory requirements.

Valuation and Outlook: HDFC Bank's Q4 FY26 performance demonstrates resilient earnings momentum, underpinned by accelerating loan growth, exceptional deposit mobilization, and superior asset quality. The bank's successful pivot toward a more granular and sustainable funding base, combined with expected residual repricing benefits from its ₹20.5 trillion time deposit book, provides strong visibility for margin stability and medium-term profitability. Management's strategic focus on Return on Assets (RoA) and consistent EPS growth, supported by an expansive network of 9,689 branches and industry-leading technology investments, positions the bank to grow faster than the system from FY27 onwards. Furthermore, the ongoing realization of merger synergies—evidenced by the bank now holding liability relationships for 50% of its mortgage customers—enhances its cross-selling funnel and long-term operating leverage. We maintain a **BUY** rating with a target price of ₹1,173, valuing the Standalone bank at 2.2x FY28E adjusted book value.

Financial Summary - Standalone

| Particulars, INR Cr | FY25 | FY26 | FY27E | FY28E |
|------------------------------------|----------|----------|----------|----------|
| Interest earned | 3,00,517 | 3,07,522 | 3,72,426 | 4,45,312 |
| Interest expended | 1,77,847 | 1,78,836 | 2,03,361 | 2,33,503 |
| Net interest income | 1,22,670 | 1,28,686 | 1,69,066 | 2,11,809 |
| Operating profit before provisions | 1,00,127 | 1,18,559 | 1,60,748 | 2,06,100 |
| Profit after tax | 67,347 | 74,672 | 1,05,800 | 1,37,834 |
| EPS (Rs.) | 88.3 | 88.3 | 68.7 | 89.5 |
| BVPS (Rs.) | 638.9 | 354.9 | 434.4 | 523.9 |
| Adj. BVPS (Rs.) | 609.2 | 343.5 | 404.2 | 488.9 |
| P/Adj. BV (x) | 1.3 | 2.3 | 2.0 | 1.6 |
| RoA (%) | 1.7 | 1.7 | 2.1 | 2.3 |
| RoE (%) | 13.8 | 13.7 | 15.8 | 17.1 |

Source : RBL Research

Research Analyst

Rajan Gupta

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Concall Highlights:

- » **Financial Strength and Resilience:** HDFC Bank reported a strong capital position with a Capital Adequacy Ratio (CAR) of 19.7%. Asset quality remains exceptionally healthy with a Gross Non-Performing Asset (GNPA) ratio of 1.15% and a large provisioning buffer of approximately 125 basis points to absorb potential future shocks.
- » **Constructive Growth Strategy:** Management reiterated a focus on profitable growth, aiming to grow in line with the system in the near term and faster than the system as they continue to leverage their expanded distribution network of 9,689 branches. The bank acquires between 6 to 8 million new customers annually, serving as a robust funnel for future life-cycle engagement.
- » **Granular and Sustainable Deposit Franchise:** Deposits rose 14.4% YoY to ₹31.1 trillion. The bank is successfully increasing the granularity of its funding, with retail deposits under ₹3 crore contributing 47% of net incremental accretion in FY26, up from 31% in the previous year.
- » **Loan Momentum Across Segments:** Gross advances grew 12.0% YoY to ₹29.6 trillion. Growth was particularly strong in Business Banking (+20.0% YoY) and Small and Mid-market segments (+17.2% YoY). Management noted that while retail growth remained soft at 6.5% YoY, they expect a pickup in mortgages and wheels business moving forward.
- » **Margin Stability and Repricing Levers:** The bank reported a Net Interest Margin (NIM) of 3.38%. While asset yields responded faster to rate cuts, management expects future support for NIM as approximately ₹20.5 trillion in time deposits reprice over the coming quarters.
- » **Technology Leadership and AI Readiness:** The bank is operating as a technology-first institution, having quadrupled tech investments to nearly \$1 billion over recent years. They have launched a unified in-house AI platform with five use cases already in production and 14 more in development to drive operational efficiencies and enhance customer experience.
- » **Successful Merger Integration:** Synergies from the HDFC Limited merger continue to manifest, with the bank's share of liability relationships among home loan customers rising from 36% to 50%. Furthermore, over 60% of these customers now pay their EMIs directly through HDFC Bank accounts.

Quarterly Performance - Standalone

| Particulars, INR Cr | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) |
|---|---------------|---------------|------------|---------------|------------|
| Interest earned | 76,610 | 77,460 | (1.1) | 76,751 | (0.2) |
| Interest expended | 43,528 | 45,394 | (4.1) | 44,136 | (1.4) |
| Net interest income | 33,082 | 32,066 | 3.2 | 32,615 | 1.4 |
| Other income | 13,199 | 12,028 | 9.7 | 13,254 | (0.4) |
| Employee cost | 6,228 | 6,116 | 1.8 | 7,203 | (13.5) |
| Other operating expenses | 12,250 | 11,441 | 7.1 | 11,568 | 5.9 |
| Operating profit before provisions | 27,803 | 26,537 | 4.8 | 27,098 | 2.6 |
| Operating margin (%) | 36.3 | 34.3 | 203bps | 35.3 | 99bps |
| Provisions and contingencies | 2,610 | 3,193 | (18.3) | 2,838 | (8.0) |
| Profit before tax | 25,193 | 23,344 | 7.9 | 24,260 | 3.8 |
| Tax | 5,972 | 5,728 | 4.3 | 5,606 | 6.5 |
| Tax rate (%) | 23.7 | 24.5 | -83bps | 23.1 | 60bps |
| Profit after tax | 19,221 | 17,616 | 9.1 | 18,654 | 3.0 |
| PAT margin (%) | 25.1 | 22.7 | 235bps | 24.3 | 79bps |
| EPS (Rs) | 12.5 | 23.0 | (45.8) | 12.1 | 3.0 |

Source : RBL Research

Net interest income increased by 3.2% YoY

PAT increased by 9.1% YoY

Segments - Standalone

| Particulars, INR Cr | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) |
|--------------------------------|--------|--------|---------|--------|---------|
| Revenue from operations | | | | | |
| Treasury | 17,296 | 16,910 | 2.3 | 18,149 | (4.7) |
| Retail Banking | 74,757 | 73,391 | 1.9 | 76,320 | (2.0) |
| Wholesale Banking | 44,644 | 49,637 | (10.1) | 42,764 | 4.4 |
| Other Banking | 9,265 | 9,573 | (3.2) | 9,548 | (3.0) |
| Profit before tax | | | | | |
| Treasury | 1,925 | 1,231 | 56.4 | 2,228 | (13.6) |
| Retail Banking | 10,898 | 8,149 | 33.7 | 8,648 | 26.0 |
| Wholesale Banking | 10,399 | 10,406 | (0.1) | 10,928 | (4.8) |
| Other Banking | 2,562 | 4,144 | (38.2) | 3,047 | (15.9) |

Source : RBL Research

Business Parameters - Standalone

| Particulars, INR Cr | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) |
|--|-------------|-------------|---------------|-------------|-------------|
| Advances (Rs Bn) | 29,600 | 26,436 | 12.0 | 28,445 | 4.06 |
| Deposits (Rs Bn) | 31,053 | 27,147 | 14.4 | 30,412 | 2.11 |
| New branches (Abs) | 73 | 312 | (76.6) | 71 | 2.8 |
| Credit to deposits ratio (%) | 95.3 | 97.4 | -206bps | 93.5 | 179bps |
| RoA (%) | 2.0 | 1.9 | 5bps | 1.9 | 4bps |
| RoE (%) | 14.1 | 14.8 | -70bps | 13.9 | 20bps |
| NIM (%) | 3.38 | 3.46 | -8bps | 3.35 | 3bps |
| Cost to income ratio (%) | 39.9 | 39.8 | 10bps | 39.2 | 70bps |
| Yield on assets | 7.8 | 8.4 | -60bps | 7.8 | 0bps |
| Cost of funds (incl. shareholders funds) | 4.4 | 4.9 | -50bps | 4.5 | -10bps |
| Source : RBL Research | | | | | |

Deposit growth remained robust

NIMs margins faced contraction

Asset Quality - Standalone

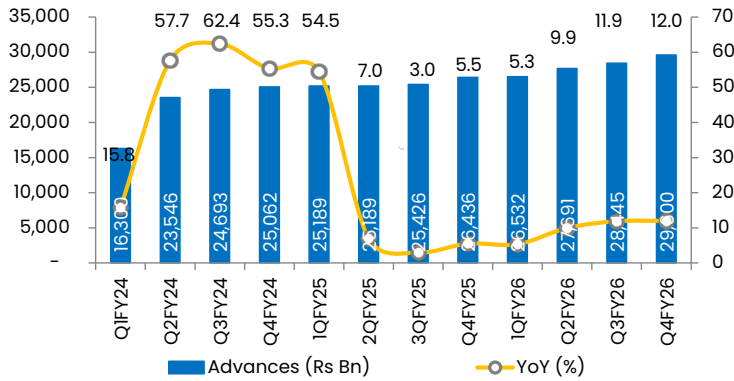
| Particulars, INR Cr | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) |
|-----------------------|--------|--------|---------|--------|---------|
| Gross NPA | 34,061 | 35,223 | (3.3) | 35,179 | (3.2) |
| Net NPA | 11,170 | 11,320 | (1.3) | 11,982 | (6.8) |
| Gross NPA (%) | 1.15 | 1.33 | -18bps | 1.24 | -9bps |
| Net NPA (%) | 0.38 | 0.43 | -5bps | 0.42 | -4bps |
| Source : RBL Research | | | | | |

Loan and Deposit Mix

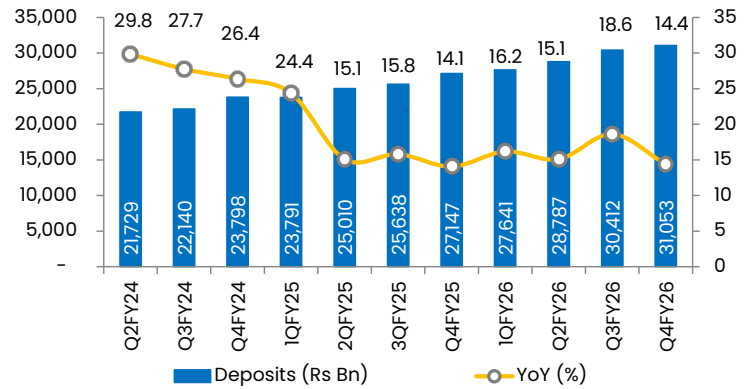
| Particulars | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) |
|-----------------------|--------|--------|---------|--------|---------|
| Loan mix | | | | | |
| Retail mix | 53.0 | 55.0 | -200 | 53.0 | 0 |
| Wholesale mix | 47.0 | 45.0 | 200 | 47.0 | 0 |
| Deposits mix | | | | | |
| SA mix | 22.7 | 23.2 | -50 | 21.8 | 97 |
| CA mix | 11.4 | 11.6 | -15 | 9.8 | 157 |
| CASA ratio (%) | 34.1 | 34.8 | -65 | 31.6 | 254 |
| Source : RBL Research | | | | | |

Story in Charts

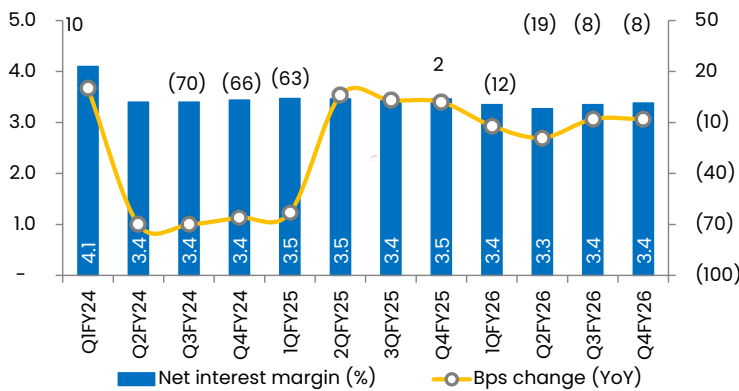
Advances saw growth of 12% YoY



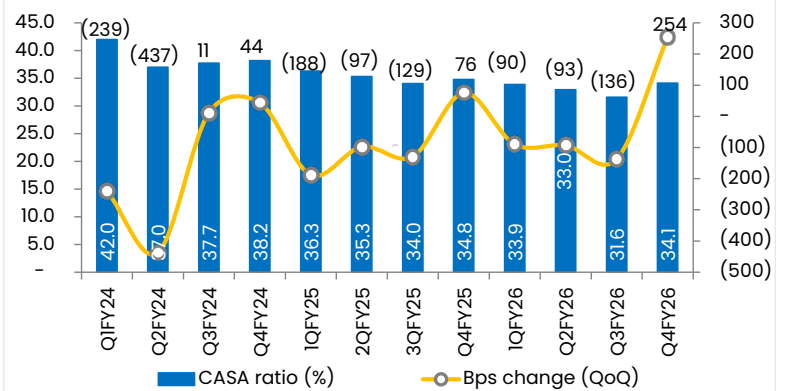
Focus on growing deposit has led to 14.4% YoY increase



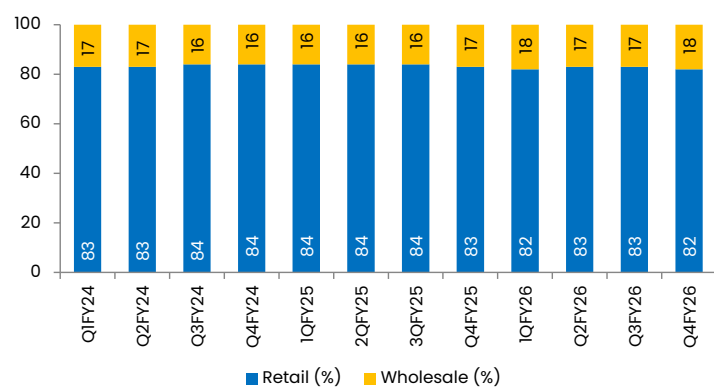
NIMs saw contraction



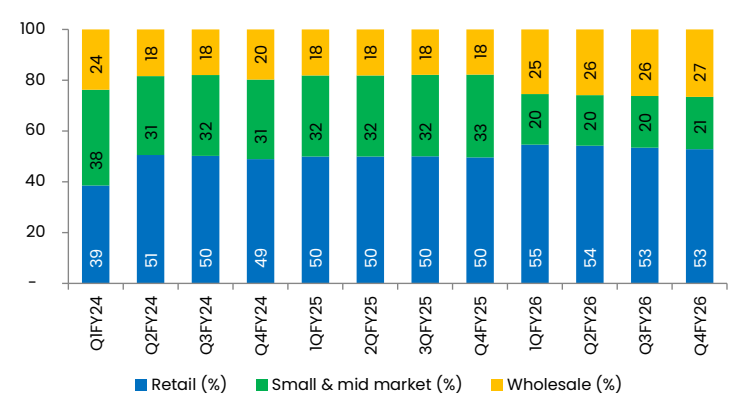
CASA ratio saw improvement



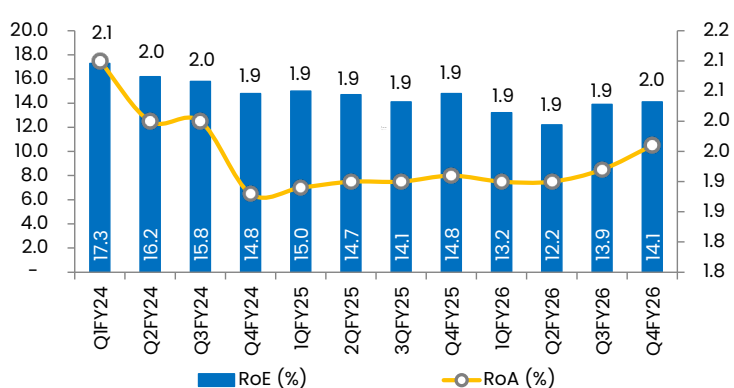
Retail continues to remain key driver



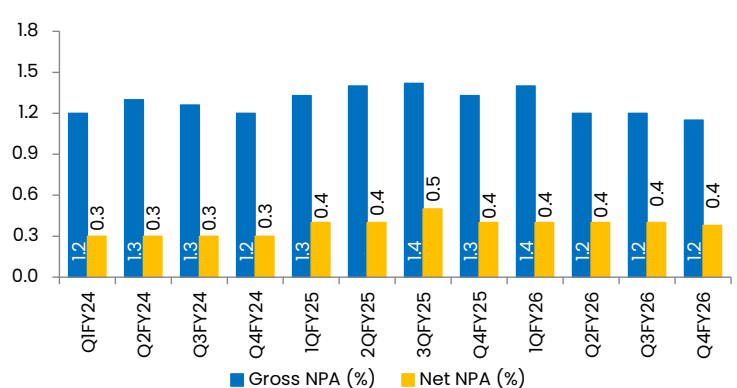
Loan book share remain stable across categories



RoE/RoA for Q4FY26 were 14.1%/2%



Asset quality remains strong with GNPA/NNPA at 1.2%/0.4%



Income Statement - Standalone

| Particulars, INR Cr | FY25 | FY26 | FY27E | FY28E |
|---|-----------------|-----------------|-----------------|-----------------|
| Interest earned | 3,00,517 | 3,07,522 | 3,72,426 | 4,45,312 |
| Interest expended | 1,77,847 | 1,78,836 | 2,03,361 | 2,33,503 |
| Net interest income | 1,22,670 | 1,28,686 | 1,69,066 | 2,11,809 |
| Other income | 45,632 | 62,533 | 73,788 | 87,070 |
| Total income | 1,68,302 | 1,91,219 | 2,42,854 | 2,98,879 |
| Employee cost | 23,901 | 26,050 | 29,437 | 33,263 |
| Other operating expenses | 44,275 | 46,610 | 52,669 | 59,516 |
| Operating expenses | 68,175 | 72,660 | 82,106 | 92,780 |
| Operating profit before provisions | 1,00,127 | 1,18,559 | 1,60,748 | 2,06,100 |
| Provisions and contingencies | 11,649 | 23,390 | 20,610 | 23,529 |
| Profit before tax | 88,477 | 95,169 | 1,40,139 | 1,82,570 |
| Tax | 21,131 | 20,498 | 34,339 | 44,736 |
| Tax rate (%) | 23.9 | 21.5 | 24.5 | 24.5 |
| Profit after tax | 67,347 | 74,672 | 1,05,800 | 1,37,834 |
| EPS (Rs.) | 88.3 | 88.3 | 68.7 | 89.5 |

Source: RBL Research

Balance Sheet - Standalone

| Particulars, INR Cr | FY25 | FY26 | FY27E | FY28E |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Equity share capital | 765 | 1,539 | 1,539 | 1,539 |
| Reserves and Surplus | 5,00,659 | 5,61,362 | 6,67,161 | 8,04,996 |
| Net worth | 5,01,425 | 5,62,901 | 6,68,701 | 8,06,535 |
| Deposits | 27,14,715 | 31,05,250 | 37,15,881 | 43,10,422 |
| Borrowings | 5,47,931 | 4,89,394 | 5,20,798 | 5,54,217 |
| Other liabilities and Provisions | 1,46,129 | 2,07,340 | 2,30,466 | 2,56,171 |
| Total equity and liabilities | 39,10,199 | 43,64,886 | 51,41,002 | 59,32,501 |
| Cash and bank balance | 1,44,355 | 2,00,679 | 2,68,621 | 2,65,137 |
| Investments | 8,36,360 | 8,84,201 | 10,78,725 | 13,16,045 |
| Advances | 26,19,609 | 29,37,166 | 34,34,922 | 39,21,543 |
| Fixed assets | 13,655 | 14,724 | 17,186 | 18,796 |
| Other assets | 2,01,005 | 2,30,327 | 3,53,375 | 4,22,808 |
| Total assets | 39,10,199 | 43,64,886 | 51,41,002 | 59,44,329 |
| BVPS (Rs.) | 638.9 | 354.9 | 434.4 | 523.9 |
| Adj. BVPS (Rs.) | 609.2 | 343.5 | 404.2 | 488.9 |

Source: RBL Research

Business & Efficiency Ratios (%)

| Particulars | FY25 | FY26 | FY27E | FY28E |
|---|-------------|-------------|-------------|-------------|
| Loans/Deposit | 96.5 | 94.6 | 92.4 | 91.0 |
| CASA ratio | 34.8 | 35.9 | 37.8 | 40.0 |
| Cost/Assets | 1.7 | 1.7 | 1.6 | 1.6 |
| Interest expense/Interest income | 59.2 | 58.2 | 54.6 | 52.4 |
| Investment/Deposit Ratio | 30.8 | 28.5 | 29.0 | 30.5 |
| Employee cost/Total expense | 35.1 | 35.9 | 35.9 | 35.9 |

Source: RBL Research

Asset Quality

| Particulars, INR Cr | FY25 | FY26 | FY27E | FY28E |
|------------------------------|------------|------------|------------|------------|
| GNPA | 35,223 | 34,061 | 46,564 | 54,015 |
| NNPA | 11,320 | 11,170 | 10,292 | 11,255 |
| Slippages | 36,675 | 44,057 | 51,524 | 58,823 |
| GNPA (%) | 1.3 | 1.2 | 1.4 | 1.4 |
| NNPA (%) | 0.4 | 0.4 | 0.3 | 0.3 |
| Slippages (%) | 1.4 | 1.5 | 1.5 | 1.5 |
| Provision coverage ratio (%) | 67.9 | 67.2 | 77.9 | 79.2 |
| Credit cost (%) | 0.4 | 0.8 | 0.6 | 0.6 |

Source: RBL Research

Yields and Cost Ratio (%)

| Particulars | FY25 | FY26 | FY27E | FY28E |
|-----------------------------------|------|------|-------|-------|
| Yields on interest earning assets | 8.3 | 8.0 | 8.3 | 8.5 |
| Cost of deposits | 4.9 | 4.7 | 4.8 | 4.8 |
| Interest spread | 3.4 | 3.3 | 3.5 | 3.7 |
| RoA | 1.7 | 1.7 | 2.1 | 2.3 |
| RoE | 13.8 | 13.7 | 15.8 | 17.1 |
| Net interest margin | 3.5 | 3.4 | 3.7 | 4.0 |

Source: RBL Research

Valuations (x)

| Particulars | FY25 | FY26 | FY27E | FY28E |
|--------------------------|------------|------------|------------|------------|
| P/E | 9.1 | 9.1 | 11.7 | 8.9 |
| P/BV | 1.3 | 2.3 | 1.8 | 1.5 |
| P/Adj. BV | 1.3 | 2.3 | 2.0 | 1.6 |
| Dividend per share (Rs.) | 20.8 | 21.9 | 22.0 | 23.0 |
| Dividend yield (%) | 2.6 | 2.7 | 2.7 | 2.9 |

Source: RBL Research

Growth Ratio (%)

| Particulars | FY25 | FY26 | FY27E | FY28E |
|------------------------------------|-------------|-------------|-------------|-------------|
| Interest earned | 16.3 | 2.3 | 21.1 | 19.6 |
| Other income | (7.3) | 37.0 | 18.0 | 18.0 |
| Total income | 12.5 | 6.9 | 20.6 | 19.3 |
| Interest expended | 18.7 | 0.6 | 13.7 | 14.8 |
| Net interest income | 13.0 | 4.9 | 31.4 | 25.3 |
| Operating profit before provisions | 6.1 | 18.4 | 35.6 | 28.2 |
| Profit after tax | 10.7 | 10.9 | 41.7 | 30.3 |
| Advances | 5.4 | 12.1 | 16.9 | 14.2 |
| Deposits | 14.1 | 14.4 | 19.7 | 16.0 |

Source: RBL Research

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Ratings Methodology

| Ratings | Upside |
|------------|---------------|
| Buy | More than 15% |
| Accumulate | 5% - 15% |
| Hold | 0% - 5% |
| Sell | Below 0% |

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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Specific analyst(s) specific disclosure(s) inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 is/are as under:

| S No. | Statement | Answer | |
|-------|---|-------------------------|-----------|
| | | Yes | No |
| | | Tick Appropriate | |
| | | Yes | No |
| 1. | I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table) | | No |
| 2. | I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance? | | No |
| 3. | I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance? | | |
| 4. | I/we have received any compensation from the subject company in the past twelve months? | | No |
| 5. | I/we have managed or co-managed public offering of securities for the subject company in the past twelve months? | | No |
| 6. | I/we have received any compensation for brokerage services from the subject company in the past twelve months? | | No |
| 7. | I/we have received any compensation or other benefits from the subject company or third party in connection with the research report? | | No |
| 8. | I/we have served as an officer, director or employee of the subject company? | | No |
| 9. | I/we have been engaged in market making activity for the subject company? | | No |

2014 is/are as under:

Statements of ownership and material conflicts of interest, compensation – Research Analyst (RA)

Nature of Interest [If answer to f (a) above conflicts is Yes]

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

| S. No. | Name of RA | Signature of RA | Serial Question of question which the signing RA needs to make a separate declaration | Answer | Answer |
|--------|------------|-----------------|---|--------|--------|
| | | | | | |
| | | | | | |

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