

21st October 2026

Close* – ₹712/-

View – Buy

Q2FY27 – Result Highlights

- HDFC Bank reported a broadly in-line Q2FY27, with standalone **Net Profit of ₹195.1bn**, up **4.7% YoY** (2.4% QoQ); a ~12.7% YoY rise ex treasury gains, on 16% loan growth, a deposit surge and a 39.1% cost-to-income ratio. H1FY27 PAT stands at ₹385.7bn.
- Growth Momentum:** Gross advances expanded to **₹32.2tn**, up **16.3% YoY** (+5.2% QoQ), led by SME/mid-market (+23.5%) and corporate & wholesale (+16.4%), with retail up 11.7%. The FCNR(B) swap window added ~1.9pp to AUM growth.
- Margins at a Trough:** NIM fell to **3.16%** on total assets (3.32% on IEA) vs 3.26% in Q1 and 3.27% a year ago, on faster asset repricing and a lag in funding costs; management guides to an upward NIM trajectory from Q3FY27.
- Improving Asset Quality:** GNPA eased to **1.11%** (Q1FY27: 1.17%; Q2FY26: 1.24%) and NNPA to **0.37%** — ex-agri GNPA at 0.87%; annualised credit cost stood at 44bps.
- Liquidity Strength:** Total deposits grew **18.8% YoY** to ₹33.3tn (+4.9% QoQ, ~4pp from the FCNR(B) window) while CASA ratio slipped to **31.6%**; LCR at 113%. CEO transition to Anup Bagchi on 27 October.

Important Statistics

Nifty	22,889
Sensex	73,853
CMP* (₹)	712
MCAP (₹ crs)	10,98,318
52-week H/L (₹)	1,020/682
BSE Code	500180
NSE Code	HDFCBANK
Bloomberg	HDFCB:IN

Close* as on 19th Oct 2026

Shareholding	Sep-26	Jun-26	Mar-26
Promoter	-	-	-
FII	39.40%	41.80%	44.10%
DII	43.60%	41.90%	40.30%
Public	17.00%	16.30%	15.60%

Key Earnings Drivers – Q2FY27

- Net Interest Income (NII):** Grew **9.7% YoY** to ₹346.2bn (+3.2% QoQ) on 14% average loan growth, though margin compression capped the pace.
- Net Interest Margin (NIM):** Reported at **3.16%** on total assets (3.32% on IEA; Q1FY27: 3.26%, Q2FY26: 3.27%); yield on assets slipped to 7.6% (7.7% in Q1) while cost of funds held at ~4.4%. Management expects margins to turn up from Q3FY27, helped by the October repo move being largely reflected by December.
- Other Income:** At ₹138.3bn, down 3.6% YoY but up ~8% QoQ; fees and commissions rose to ₹96.9bn (Q2FY26: ₹88.4bn), while treasury gains fell to ₹7.8bn from ₹23.9bn a year ago.
- Cost-to-Income (C/I):** Improved to **39.1%** (Q1FY27: 39.3%) as opex growth of 5.5% YoY trailed 5.6% growth in net revenue (₹484.5bn); cost-to-assets ~1.73%.
- Pre-Provision Operating Profit (PPOP):** Rose **5.6% YoY** to ₹294.8bn (+4.6% QoQ); provisions of ₹35.7bn (+16.8% QoQ) took the total credit cost to 44bps.

Key Segmental numbers – Q2FY27

Gross Advances	+16.3%
Avg. Advances (AUM)	+14.1%
Retail	+11.7%
SME / Mid-market	+23.5%
Corporate & Wholesale	+16.4%
Total Deposits	+18.8%
CASA Deposits	+10.8%

Source: Company, Way2wealth Research

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
HDFC Bank	-27%	-7%	-15%
Nifty 50	-10%	+17%	+27%
Sensex	-10%	+13%	+22%

Advances Mix – RAM-Led Book (₹ crs)

Particulars	Q2FY27	YoY	QoQ	Mix %
Retail (AUM)	17,540	+11.7%	–	53%
SME / Mid-market	7,100	+23.5%	–	21%
Corporate & Wholesale	8,610	+16.4%	+2.8%	26%
Advances under Mgmt. (AUM)	33,100	+15.3%	–	100%
Avg. Advances (AUM)	31,870	+14.1%	+4.9%	–
Overseas (% of book)	3.3%	–	–	–
Gross Advances	32,200	+16.3%	+5.2%	–

Source: Company, Way2wealth Research

Strengthening Liability Franchise

- Total deposits rose **18.8% YoY** to ₹33,270bn (+₹1.57tn QoQ, of which ~₹1.3tn time deposits); CASA grew 10.8% YoY to ₹10,513bn, taking the **CASA ratio to 31.6%** (Q1FY27: 32.3%; Q2FY26: ~34%).
- The FCNR(B) swap window contributed ~4pp to deposit growth; **retail CASA grew 11.2% YoY** (9% a year ago) and branch-driven deposits are ~80% of the book — a large outflow of inherited and government deposits masked the underlying momentum.
- The credit-to-deposit ratio (gross advances/deposits) is ~96.8% (Q1FY27: 96.5%) and LCR at 113% (target 110–120%) leaves limited headroom, making low-cost deposit accretion the key constraint on growth.

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₹ Bn	Q2FY27	Q2FY26	YoY	Q1FY27 / QoQ
CASA	10,513	9,488	+10.8%	10,253 / +2.5%
Term Deposits	22,757	18,533	+22.8%	21,455 / +6.1%
Total Deposits	33,270	28,010	+18.8%	31,708 / +4.9%

Source: Company, Way2wealth

➤ Result Analysis & Management Commentary

○ Loan Growth & Mix

- Gross advances grew 16.3% YoY and ~5.2% QoQ, with retail disbursements of ₹900bn (Q1: ₹760bn) and ECLGS 5.0 disbursals of ₹410bn, the highest across banks. SME/mid-market (+23.5%) remains the fastest engine; retail ex-agri growth accelerated to 11.2% (9.1% in June), while corporate grew 16.4% YoY (+2.8% QoQ).

○ FCNR(B) Swap Window & Deposits

- The special FCNR(B) swap window lifted deposits by ~4pp and AUM by ~1.9pp, supporting a stronger incremental loan-to-deposit position. About 1.7mn liability relationships were added (25% above Q1) and incremental deposits per branch per day were 2.3x Q1 levels.

○ Asset Quality

- GNPA improved to 1.11% (13bps YoY; 6bps QoQ) and ex-agri GNPA to 0.87% (0.91% in Q1). Retail GNPA is 1.1% (0.6% ex-agri); slippages improved across most portfolios and agri GNPA was stable QoQ despite a shortfall in the monsoon (kharif sowing down only ~1.5–2%).

○ Provisioning & Credit Cost

- Provisions rose 16.8% QoQ to ₹35.7bn (total credit cost 44bps; net 32bps). The stock of provisions is ₹735bn with coverage of 67% (70% ex-agri), leaving NNPA at a modest 0.37% and the buffer comfortably intact ahead of the RBI ECL transition.

○ Margins & NIM Outlook

- NIM at 3.16% (IEA 3.32%) has borne the brunt of faster asset repricing (~70% of the book is floating) and a lag in cost of funds. Management said the trajectory 'will be upward from next quarter' and sees margins 'neutral to positive' ahead; we model FY27E NIM of ~3.2% and a recovery to ~3.4% in FY28E.

○ CASA & Liquidity

- CASA ratio fell to 31.6% (38% two years ago) as system CASA accretion thins; management expects the retail share of deposits to rise over time. LCR dipped to 113% (NSFR 118%); management operates at 110–120% and notes that 'a low LCR does not mean low liquidity'.

○ Capital Position & Fundraise

- CAR was 18.9% (Tier-1 17.2%, CET-1 17.1%) against 19.6% in Q1 as RWAs grew with loans — still well above requirements. The board has approved raising up to ₹600bn via AT1, Tier-II and long-term bonds over 12 months, which we see as growth funding rather than a capital need.

○ Returns Profile

- RoA was 1.78% (Q1FY27: 1.85%) and RoE 13.5%, both held back by NIM compression and a higher-capital balance sheet; consolidated PAT rose 5.6% YoY to ₹207bn (+7.6% QoQ).

○ Subsidiaries

- HDB Financial (74.1% stake) posted PAT of ₹7.8bn (+34% YoY; NIM 8.2%, RoA 2.4%); HDFC Life (50.5%) PAT ₹5.1bn (+14%; solvency 180%); HDFC AMC (52.3%) PAT ₹7.5bn (+4%; average AUM ₹9.7tn, 11.1% market share).

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Leadership Transition

- Anup Bagchi succeeds Sashidhar Jagdishan as MD & CEO on 27 October; Deputy MD Kaizad Bharucha exits at end-December. Mr. Bagchi plans to meet regulators, customers and investors and to share priorities on growth, margins, quality and productivity in about a month.

Regulatory & Other Watch-points

- Draft IRDAI insurance-commission norms (comments open to ~November) could cut bancassurance fees sharply, with management looking at persistency and cost levers; priority-sector achievement is ~50% in aggregate and the bank is short on small/marginal farmer targets. Headcount has been flat for 1–2 years while branch productivity improves.

View & Valuation

HDFC Bank's Q2FY27 was in line: PAT of ₹195.1bn (+4.7% YoY), NII +9.7% and a 39.1% cost-to-income ratio, with GNPA improving to 1.11%. Loan growth of 16.3% (SME +23.5%) and deposit growth of 18.8% (~4pp from FCNR(B)) are healthy, but NIM at 3.16% is the lowest in the series and CASA has slipped to 31.6%. Management guides to a margin upturn from Q3FY27. Near-term watch-items are the CEO handover on 27 October, the Deputy MD's exit, bancassurance commission norms and the 113% LCR.

At CMP ₹712 the stock trades at 1.8x FY27E and 1.62x FY28E ABV and ~11.5x FY27E EPS — near the low of its 52-week range (₹682–1,020) and ~27% below a year ago, which in our view already discounts the margin trough. We model FY27E/FY28E EPS of ₹56/₹61 (+14%/+10%), driven by a NIM recovery to ~3.4% and mid-teens loan growth, with RoA of ~1.8%.

We rate HDFC Bank BUY with a Target Price of ₹970, valuing the standalone bank at ~2.0x FY28E P/ABV of ₹430 & 106 to subsidiaries; implying ~36% upside from CMP.

Quarterly Performance

(₹ bn)					
Particulars	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ
NIM – total assets (%)	3.16	3.27	-	3.26	-
NIM – IEA (%)	3.32	3.43	-	3.40	-
Net Interest Income	346.2	315.5	+9.7%	335.3	+3.2%
Cost-to-income (%)	39.1	39.2	-	39.3	-
Other income	138.3	143.5	-3.6%	128.8	+7.4%
Net Total Income	484.5	459.0	+5.6%	464.1	+4.4%
Operating expenses	189.7	179.8	+5.5%	182.4	+4.0%
PPOP	294.8	279.2	+5.6%	281.7	+4.6%
Provisions	35.7	35.0	+2.0%	30.6	+16.7%
PBT	259.1	244.2	+6.1%	251.1	+3.2%
Tax	64.0	57.8	+10.7%	60.5	+5.8%
PAT	195.1	186.4	+4.7%	190.6	+2.4%
Advances (gross)	32,200	27,680	+16.3%	30,608	+5.2%
Deposits	33,270	28,010	+18.8%	31,708	+4.9%
CASA ratio (%)	31.6	~34.0	-	32.3	-
GNPA (%)	1.11	1.24	-	1.17	-
NNPA (%)	0.37	0.42	-	0.41	-
RoA (%)	1.78	1.89	-	1.85	-

Source: Company, Way2wealth Research

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Financials

	(₹ mn)			
Income Statement	FY25	FY26	FY27E	FY28E
Interest income	30,05,170	30,75,221	33,77,289	37,93,977
Interest expense	17,78,470	17,88,360	19,40,904	21,05,527
Net interest income	12,26,701	12,86,860	14,36,385	16,88,450
Fee Income	3,76,000	4,09,489	4,40,971	4,93,888
Trading Profits	9,700	1,42,438	23,113	25,424
Dividend from Subs & other income	32,571	31,550	52,143	59,965
Other income	38,052	41,848	36,347	40,709
Total non-interest income	4,56,323	6,25,325	5,52,574	6,19,985
Total revenue	16,83,024	19,12,186	19,88,959	23,08,435
Employee expense	2,39,005	2,60,502	2,71,273	2,91,215
Other expense	4,42,744	4,66,102	4,91,809	5,40,990
Total expenses	6,81,749	7,26,604	7,63,082	8,32,205
Pre-provision operating profit	10,01,275	11,85,582	12,25,877	14,76,230
Provisions	1,16,494	2,33,896	98,264	2,37,543
Extraordinary items	-	-	-	-
Profit before tax	8,84,781	9,51,686	11,27,613	12,38,687
Taxes	2,11,307	2,04,974	2,72,230	2,99,230
Net profit after tax	6,73,474	7,46,712	8,55,383	9,39,457

Source: Company, Way2wealth

	(₹ mn)			
Balance Sheet	FY25	FY26	FY27E	FY28E
Cash & balances with RBI	14,43,550	20,06,794	18,75,350	18,36,907
Money at call and others	9,52,157	9,77,870	8,05,592	9,18,454
Investments	83,63,597	88,42,015	98,05,216	1,07,08,369
Net advances	2,61,96,086	2,93,71,663	3,38,60,704	3,86,09,134
Fixed assets	1,36,554	1,47,246	1,55,655	1,68,108
Other Assets	20,10,046	23,03,276	26,30,761	27,35,037
Total Assets	3,91,01,989	4,36,48,863	4,91,33,277	5,49,76,010
Share Capital	15,304	15,393	15,419	15,419
Reserves and Surplus	49,98,942	56,13,616	60,82,826	67,60,160
Net Worth	50,14,246	56,29,009	60,98,245	67,75,579
Deposits	2,71,47,149	3,10,52,505	3,64,85,666	4,21,12,011
Borrowings	54,79,309	48,93,946	43,80,082	38,10,671
Other Liabilities	14,61,285	20,73,403	21,69,285	22,77,749
Total Liabilities	3,91,01,989	4,36,48,863	4,91,33,277	5,49,76,010

Source: Company, Way2wealth Research

Margins (%)	FY25	FY26	FY27E	FY28E
Yield on advances	9.34	8.63	8.41	8.39
Yield on investments	6.93	6.85	6.46	6.27
Yield on bank balances	3.82	3.28	4.10	4.12
Yield on interest earning assets	8.46	7.87	7.72	7.71
Cost of deposits	4.92	4.78	4.74	4.58
Cost of borrowings	8.69	7.65	7.35	7.44
Cost of interest bearing liabilities	5.64	5.22	5.05	4.85
Interest spread	2.82	2.65	2.66	2.86
Net interest margin	3.45	3.29	3.28	3.43
Loan-to-deposit ratio	96.5	94.6	92.8	91.7
Incremental loan-to-deposit ratio	40.2	81.3	82.6	84.4
CASA ratio	34.8	34.1	32.7	31.8

Source: Company, Way2wealth Research

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DuPont analysis (% of avg. assets)	FY25	FY26	FY27E	FY28E
Interest income	8.0	7.4	7.3	7.3
Interest expense	4.7	4.3	4.2	4.0
Net interest income	3.3	3.1	3.1	3.2
Fee Income	1.0	1.0	1.0	0.9
Trading Profits	0.0	0.3	0.0	0.0
Dividend from Subs & other income	0.1	0.1	0.1	0.1
Other income	0.1	0.1	0.1	0.1
Total non-interest income	1.2	1.5	1.2	1.2
Total revenue	4.5	4.6	4.3	4.4
Employee expense	0.6	0.6	0.6	0.6
Other expense	1.2	1.1	1.1	1.0
Total expenses	1.8	1.8	1.6	1.6
Pre-provision operating profit	2.7	2.9	2.6	2.8
Provisions	0.3	0.6	0.2	0.5
Profit before tax	2.4	2.3	2.4	2.4
Taxes	0.6	0.5	0.6	0.6
ROA	1.79	1.80	1.84	1.80
Leverage	8.0	7.8	7.9	8.1
ROE	14.3	14.0	14.6	14.6

Source: Company, Way2wealth Research

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Disclosure of Interest Statement HDFC Bank Ltd. as on October 21, 2026

Name of the Security	HDFC Bank Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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