HDFC BANK

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April 24, 2026

BSE Limited
Dept of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
Scrip code: 500180

National Stock Exchange of India Limited
The Listing Department
Exchange Plaza
Bandra Kurla Complex,
Mumbai 400 051
Scrip code: HDFCBANK

Dear Sir/Madam,

Sub: Transcript of Earnings Call in relation to the audited standalone and consolidated financial results of the HDFC Bank Limited ("the Bank") for the quarter and year ended March 31, 2026

We wish to inform you that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call with analysts and investors held on Saturday, April 18, 2026 with respect to the audited standalone and consolidated financial results of the Bank for the quarter and year ended March 31, 2026, has been made available on the website of the Bank at the below link:

https://www.hdfc.bank.in/about-us/investor-relations

A copy of the transcript is also annexed herewith.

This is for your information and appropriate dissemination.

Thank you.

Yours faithfully,
For **HDFC Bank Limited**

AJAY GIRIDHARILAL AGARWAL
Digitally signed by AJAY GIRIDHARILAL AGARWAL
Date: 2026.04.24 14:03:23 +05'30'

Ajay Agarwal
Company Secretary
Group Head – Secretarial & Group Oversight
Encl: a/a

"HDFC Bank Limited
Q4 & Full Year FY 2026 Earnings Conference Call"
April 18, 2026

MANAGEMENT: **MR. KEKI MISTRY –** INTERIM PART-TIME CHAIRMAN – HDFC BANK LIMITED
MR. SASHIDHAR JAGDISHAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – HDFC BANK LIMITED
MR. KAIZAD BHARUCHA – DEPUTY MANAGING DIRECTOR – HDFC BANK LIMITED
MR. SRINIVASAN VAIDYANATHAN – CHIEF FINANCIAL OFFICER – HDFC BANK LIMITED
MR. BHAVIN LAKHPATWALA – SENIOR EXECUTIVE VICE PRESIDENT, FINANCE – HDFC BANK LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to HDFC Bank Limited Q4 and Full Year FY 2026 Earnings Conference Call on the financial results presented by the management of HDFC Bank. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Srinivasan Vaidyanathan, Chief Financial Officer, HDFC Bank. Thank you, and over to you, Mr. Vaidyanathan.

Srinivasan Vaidyanathan: Thank you, Neerav. Good evening, and warm welcome to all the participants. Today, we have with us our Interim Chairman, Mr. Keki Mistry; our CEO, Mr. Sashidhar Jagdishan; and our Deputy Managing Director, Mr. Kaizad Bharucha. I will hand off for opening remarks to Sashi. Over to you, Sashi, then we can get on to the other agenda.

Sashidhar Jagdishan: Thank you, Srini, and thank you all. Good afternoon to you, and welcome to the full year FY26 annual results call. Let me dive straight into the key aspects of FY26 performance. We had estimated the system credit growth to be around 10.5% to 11.5%. We did 12%, up from 5.5% last year. As you can see, there is positive momentum as we had expected. Deposit growth rate at 14.4% continues to grow faster than the credit growth, which is what we've always been doing. The growth rate is better than the system growth rate yet again.

Net income growth clocked at 11%, similar to the last financial year, whilst EPS growth of 10% versus 3% last year. The yield on assets had a faster transmission as against deposits on a full year basis, leading to a NIM drop. Despite the drop in NIMs, the return on assets continue to be stable at 1.9% due to cost efficiencies with cost-to-income declining from 40.5% to 39.5% on a core basis and focus on quality growth reflecting in lower credit costs.

I would like to remind the sizable investments we made over the last 5 to 6 years, which will bear fruit in the coming years. These investments were despite we witnessing significant events such as COVID, a complex and one of the largest mergers in corporate history. The distribution nearly doubled to 9,700 branches. The number of customers nearly doubled to 100 million customers.

Our tech investments more than quadrupled to around $1 billion. The merger with mortgage company, HDFC Limited too is an investment for the future. The bank navigated the same in a stable manner over the last 3 years despite changing economic outlook and regulatory stance. The above is going to provide a huge operating leverage in the future. Sometimes all of us have short memories and forget the core business foundation, which remains our moat and strength.

Customers at 100 million, we continue to acquire about 6 million to 8 million customers a year. This will be the funnel for future growth. 22% of our customers are actually 30 years of age, 42% are less than 40 years of age. This enables us an opportunity to engage through their life cycle, which would be the future engine of growth. We continue to be market leaders in our core franchise offerings such as cash management. In the Capital Markets segment, we continue to hold about 35% to 40% of the account settlements. In the bankers to issue we hold about 40% to 50% of the escrow settlement. In the trade part of the business, almost 18% to 20% of the country exports goes through us. In the imports, 13% to 15% of the country's exports go through us. In the cards, merchant acquiring, almost about 35% to 36% of the acquiring comes through the bank. On the issuance of credit cards, 21% to 22% of the issuances of the system is from us. In the spends, almost 26% to 28% of the card spends in the market is through our cards. We are a dominant salary relationship bank in the private sector. We are amongst the top 2 MSME banks in the country, so as in the mortgages, we are among the top 2 mortgage bank in the country. In the wheels business, whether it's auto or transportation, we're the top wheels bank in the country.

The above, despite intense competitive environment, reflects the excellence and execution capability of the bank. Our financial parameters reflect strength and resilience of the bank. We have a strong capital position at 19.7%. Our asset quality is extremely healthy at 1.15% gross NPAs. This has been tested across 3 decades of business cycles. The bank has created a large provisioning buffer of almost 125 basis points to absorb any shocks in the future, where this is obviously contingent upon any future events that may occur in the future, we don't have any stress in our portfolio as we speak.

Our focus is on profitability while pursuing growth opportunities. The loan deposit ratio is not a constraint. The regulator has come out and talked about it. We have demonstrated our ability to gain market share on deposits every year, almost around 30 to 50 basis points over the last 5 years. Hence, it's no longer a binding constraint. We have been building granular and sustainable deposit franchise, which is reflected thus. In the less than 3 crores retail liabilities, we have moved up from 31% of the net total accretion to about 47% of the total net deposit accretion for the year. This reflects the focus on granular and sustainable deposits. Having said that, the bank will continue to improve its quality of deposit franchise over the years to come.

The bank witnessed an unprecedented event recently, but its strength and resilience was seen with stable and strong deposit flows. I would like to take this opportunity to thank the Government of India, the Reserve Bank of India and SEBI for their unequivocal support during that period.

However, the most important strength will be our leadership in the technology space. Over the past few years, we have focused on strengthening the bank's long-term competitive position anchored heavily in our technology architecture to operate as a technology-first institution. A large share of our investment has gone towards improving the digital front end customer experience. We have been upgrading our interfaces, simplifying acquisition and service journeys, and modernizing our digital platforms. We launched in the year our new net-banking, mobile-banking platforms and also our payment platform, which we probably did about a couple of years ago, all of them are at a population scale.

Today, our mobile app serves over 60 million registered customer offerings. The USP of our build focuses on security. We have an OTP-less authentication. We have a lock, which is for enhanced security, and we have a full stack UPI-enabled wallet, which we call the Zapp account.

A combination of the above will make it extremely secure and probably one of the most secure offerings in the country today.

The efforts have increased digital adoption to 97% for payments and service transactions and 92% for acquisition journeys. Our goal remains simple; offer customers a seamless, reliable, friction-free experience across all touch points. The next layer after the customer layer is the intelligence layer. This is principally to build an AI-ready engine. We have built a strong intelligence layer that brings automation and analytics to the core of our operations. By decoupling our front-end and back-end through a modern API gateway and orchestration layer, we now have a strong foundation for the emerging agent-driven AI model. AI is only as strong as its data. We have built a robust data foundation anchored by a customer level, enterprise-level, single source of truth from a customer perspective. We went live with our Lakehouse Architecture, a centralized scalable data lake, reusable, enriched data marts. While not always visible externally, this work is essential to our long-term scalability and AI aspirations.

But the big story is how we've created in-house the unified AI platform, which is going to be the center that spans across the entire organization. It allows us to deploy AI agents quickly without building custom interfaces between systems. The platform brings together enterprise search, document extraction, voice-based agents, and a full AI development lifecycle. It supports multi-foundational and open models, and includes a unified evaluation model for strong governance, compliance and security. We have an independent unit in the risk team that adds a second-line safeguard. The key components include the Model Context Protocol, the Agentic Studio and Agentic Mesh. This will enable us to deploy AI agents to scale, placing us amongst the small group of Indian and global banks with such advanced in-house capabilities. We already have 5 use cases in production and 14 more in development, improving turnaround times, first-time right outcomes, and freeing mid-office and back-office capacity for customer-facing roles.

The above leadership position will enable us to harness efficiencies across the organization and will be a key driver to enhance return on asset over the next 1, 2, 3 years. The guiding principle is return on assets, loan growth and deposit growth, and quality of the balance sheet from a risk standpoint. All of it should culminate in a consistent EPS growth.

Let me also take on the subject matter relating to some of the matters that we witnessed during the quarter, including the resignation of the former part-time Chairman and the Dubai branch-related matter. I and the members of the Board did provide statements post the 18th March 2026 event. The Government of India, the Reserve Bank of India and SEBI came out with statements in favor of the bank. The legal review, which is what we had committed at the time when we went to the press, is in process. As and when this happens, we shall provide a summary of the same. The audited financial statements of the bank for the year ended March '26 carry notes, which are self-explanatory.

On the Dubai branch-related matter, the same has been covered in the notes to accounts as well. There is also an NCDRC order, which came out on the 23rd of March, which highlights that the complainants are not retail in nature or are not uninformed investors, and they had a clear intent to pursue high-yield, high-risk investment products. So we do not have anything incremental other than the above.

So we would like to pause out here and probably take on questions from here. Thank you.

Srinivasan Vaidyanathan: Thank you, Sashi. Nirav, with that, we can open it up for questions, please.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Mahrukh Adajania from Tara Capital Partners. Please go ahead.

Mahrukh Adajania: Hi. I just have a few questions. Firstly, in terms of growth next year, what would be the key drivers? So first of all, where do you see your growth? You said possibly above sector. So what could that be? What range could that be? And then corporate growth has been a good driver, I guess, for everyone for the fourth quarter, and that's partly to do with yields as well. So do you see corporate growth sustaining? Or do you see retail growth picking up from these levels? So that's my question.

Kaizad Bharucha: So Mahrukh, Kaizad here. If I got your question as to what would be the growth drivers. First, on the corporate side, I think you would have seen in our release the increase that we have done over the previous year. We do see this sustaining as there has been demand. Of course, we will have to temper it given the fallout of what we see in the geopolitical area, which hopefully should not be more than a couple of months going into this financial year. But we do see an opportunity in corporate across sectors, in electronics, food processing, auto, auto ancillaries, the renewable sector and the semiconductors. Also, it opens up, as you well know and aware of, the different opportunities which are now available from an acquisition financing point of view, including what was already there for project finance and supply chain. So we see the corporate sector, the emerging corporates and corporates holding up in the year ahead.

Coming to your point on retail growth, Mahrukh, if you really see our retail growth has certainly stepped up from where we were last year. And we have seen a better step-up if you've followed our results in the last 3 quarters. And this step-up has been there across our wheels business as well as on the personal loan, business loan side.

To add to that, we've also seen consistent holding of demand on the mortgage book, and that has also performed well. So we've seen a growth overall, if you look at it or if you look at the balance sheet, we've been about 53%, 54% in the retail and the balance coming out of wholesale.

Mahrukh Adajania: Got it. So what kind of growth trajectory should we look at for FY27? Because I guess the earlier guidance was of above sector growth, but the sector growth has also moved up substantially?

Kaizad Bharucha: Yes. So Mahrukh, if you really see, our loan growth last year was 5%, and our loan growth this year is 12%, right? So I think we will continue to have a good momentum and trajectory in our growth. But you have to keep in mind what the geopolitical situation and that fallout is going to be. But we are confident that we see the positivity continuing. We've not seen any alarm bells go up as yet. And therefore, we will continue to focus on all these areas that I covered earlier.

Moderator: Next question is from the line of Nitin Aggarwal from Motilal Oswal.

Nitin Aggarwal: So firstly, congrats on a good quarter in a very challenging environment. So my question is like 2 questions. Firstly, on the deposits. So how do you look at the deposit market share? We have done very well in this quarter but if I look at it in context of how the system itself has done, we have seen a very sharp pickup in the deposit accretion for the system overall.

So how do you kind of look at the market share that HDFC Bank has been able to garner this quarter in context of system number? And any color if you can also share on what has driven this huge surge in the business numbers over the last fortnight?

Srinivasan Vaidyanathan: Okay. Let me take that, if that's okay. See, if you look at the quarter, the INR 2.45 lakh crores of deposits that came in, typically, you see that the market is pretty active and accretes maximum, almost more than half, close to half or slightly above half of what the year accretes in the last quarter. In this year, it's no exception. If anything, it has been more squeezed towards the last month of the quarter rather than the full quarter because January was still tight all across.

Somewhere from later part of February to March, it has been quite easy and liquid and the possibility of deposit gathering is there. So that's one. There's a market tailwind that is there. I think the system growth as we saw somewhere reported a couple of days ago was about at an aggregate level, 11.5% or so system type of growth.

Now when you look at the composition of the deposits between retail and wholesale, there is some level of wholesale deposits that come in March quarter naturally because of relationships as well as how the corporates manage their balance sheets towards the end of their financial year. And you'll see that the average of the retail versus wholesale is about a percentage point or 2 different in this quarter, which in our earnings deck, you will notice that it is 82% against 84% or something, 82%, 83% against 84%. So retail, I'm talking about retail. So retail continues to power and stays ahead of the 80% mark. And within that, when we look at the composition of the deposits between the core retail, when I say core retail, I mean the higher ticket size, NRIs or certain other institutions that are managed through the branches and so on. when you look at it, the core retail is faster and almost close to the total despite there is a good power coming from the wholesale business, but core retail is also almost at that level. So we feel quite enthused by the relationship managers gathering and engaging to get these things done. So we are quite positioned for continued growth on this area.

Nitin Aggarwal: Right. And Srini, like also the other part of the question is like any color if you can share on the -- what has driven this huge surge in the business numbers over the last fortnight of the year? I mean this time, the setup is exceptionally strong across the system?

Srinivasan Vaidyanathan: Yes. If you look at it, the liquidity, you look at the system, what kind of funds that have been available in the system, I think the last time we did quite a significant volume was like INR 1,75,000 crores or INR 1,80,000 crores or something like that. And this year, given that we have added much more customers and much more distribution strength and more stronger corporate relationships because we've been lending this year. Remember that we have grown corporate loans by 13%. So we get higher levels of share from each one of them.

Moderator: Next question is from the line of Kunal Shah from Citigroup.

Kunal Shah: So firstly, again, touching upon on the growth side. So, we indicated like we will try to grow in line with the industry average, but we are seeing industry average being upwards of 15%, we are still at 12%. So we have been below it. And next year, would we retain the guidance of growing above the industry average or would we say like we will still grow in line with the industry average because industry average itself has picked up to a very large extent?

And on the deposits, how much of this is transitory in nature? And how much of this it can sustain? Because last year, we indicated that we will more focus on the sustainable deposits even during the period end. So I just want to get the sense because the difference between the end of period and average deposit is quite high during this quarter?

Sashidhar Jagdishan: Okay. Let me take one by one. The first one is on the growth in the system. At least if you see through large part of FY26, the nominal GDP growth expected was somewhere around the 9%, 9.5%, so one consensus until the large part of the year was a system credit growth of around 10.5% to 11.5%. This is what we had expected, and we calibrated our strategies and our growth in line with that, and that is why we grew at 12%. The system, you have said 16% or 15%. But actually, when you compare the period-end numbers as of 31st March, which is published by the Reserve Bank of India and you make the math, it comes to somewhere around 13.5% to 13.9%. That's the system growth. Obviously, it has been faster. It is something that we have to navigate, but it's not too far away from the momentum we have seen from a 5.4% growth in FY25 to a 12% growth. So, I think as Kaizad was mentioning, we are very well positioned to continue that kind of a momentum in a manner that we do responsible growth. And we don't want to overstretch beyond what could potentially have some landmines in the future. So that's the reason – because of this dichotomy in terms of the growth being slightly more than what one expected in relation to the nominal GDP growth. I think we would like to sort of just leave it at that to say that our trajectory is in the right direction and we will do what is appropriate from our risk and reward perspective. So that's part one.

Part two, on the deposits. Let me first take the granularity of deposits. The retail has always been, as a proportion of total deposits has been about 80% to 85% of the total bank's deposits. You have three significant verticals where we have a lot of close relationship whether it's corporate banking or whether it is the capital markets segment as well.

Now let's talk about the 80%, 85% which is the retail segment. You know within that, there is definitely a focus on trying to see how we can garner more granular time deposits. If you see, as I mentioned in my opening remarks, the granularity of the deposits has stepped up significantly. In fact, the less than INR 3 crores deposits have grown, which has been mobilized in 2026 on a net basis, has grown up almost about 74% over the net incremental deposits for FY25 on that less than INR 3 crores bucket. So what constituted 31% of the total net accretion in FY25 now constitutes 47%. It's a very significant number because these are all very less volatile and very sustainable and that is something that we are emphasizing as we move ahead and this particular number should go up even in future.

Kunal Shah: 47% is less than INR 3 crores?

Sashidhar Jagdishan: On the time deposits.

Kunal Shah: On incremental?

Sashidhar Jagdishan: Of the incremental.

Kunal Shah: Got it.

Sashidhar Jagdishan: So if we have mobilized INR ~~3.9~~ 2.7 lakh crores for the full year, 47% is that. Now in terms of the volatile or the high frequency deposits, it's quite natural when you have corporate as a significant part of a corporate and capital markets, which contribute 55% or 53% of the balance sheet, you will have large relationships which you need to patronize. And that aspect of the 15% of the total deposits will be volatile in nature. You will see that moving out and probably coming back during every month end or quarter end as well. But the endeavor is to try and see how on a full year basis, we try and inch upwards the net incremental mobilization and that is what we are all working towards.

Kunal Shah: So that gives the confidence on LCR at 114%-odd because now we are below 115%. So how would we look at LCR because now LDR is not in focus, but obviously, we would want to manage LCR. So what range we would want to sustain the LCR?

Srinivasan Vaidyanathan: Kunal, in the past, we have mentioned that our endeavor for LCR is to be between 110% and 120%. We are somewhere in the middle. Last quarter, I think we were about 116%. Now we are 114%. So thereabouts, that's the kind of range at which we intend to operate, to be in the middle. Sometimes it goes higher, sometimes it comes below, but somewhere in the middle is where we endeavor.

Kunal Shah: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Pranav from Bernstein. Please go ahead.

Pranav: Thanks for taking my questions. My first question, Srini, is more on the guidance. I think if I heard you right, you said LDR is no longer kind of relevant or a constraint. And I also heard you saying that loan growth, you would rather focus on improving momentum rather than benchmarking the system? So is there one metric that you use internally to assess performance, which kind of captures some of these pushes and pulls you have on the different metrics that would also be helpful, I guess, for investors to track performance? That's the first question. And second question is on your NIMs? The borrowings have come off almost 11% year-on-year, but the NIM trajectory is broadly similar with what some of your peers have reported. So is that something you expected a year back, meaning borrowings come off, but NIM doesn't really get impacted or has something changed in that front? And more importantly, will a reduction in borrowings have a meaningful impact on NIM going forward? Is that the lever that you are thinking about? Those are my two questions?

Srinivasan Vaidyanathan: So let me talk about what you ascribed to the borrowings mix changing. But yes, changing of the borrowings mix is a favorable item where costs that are higher, essentially the spreads that you pay, you can save on that and get to the bottom. However, if you see what has happened, the rate cycle, when you go back about a year, when you were in March, April of last year, the rate reduction cycle has just started in February. And there was no kind of an indication that it would end down 125 basis points in the cycle so far. Rate reduction of 125 basis points was not something that was anticipated last March, last April. And when that happens and a little about 70% of the loans are floating rate and immediately the transmission takes place, deposit as you know is managed. And so, within the deposit, when there is a higher propensity for time deposit, which we have seen, the time deposit rate of growth was 15.5% year-on-year when you see now when the total deposit rate of growth was 14.4%, the time deposit was 15.5%. And so there is a higher propensity towards the time deposit, which is, again, on a relative basis, higher priced than the CASA, of course. And so that is where it is sitting, and it needs to unlock itself both from how the rate cycle plays out as well as how the mix of the deposits change. So essentially, it is morphed from one type of funding, which is borrowing into another type of funding, which also in the funding stack is of a higher order than the CASA. And so that is where it has gone to be and still yet to unlock fully. So that's on the borrowings and where it is.

On the question of the NIM, I think we talked about how to think about NIM. See the policy rate when it started to come down, the assets came down faster and more or less fully there. The deposit has moved. The pricing on the deposit, if you look at the transmission that has happened, it is only about 40 to 50 basis points that has come into that so far. So it's not fully compensated for what the asset pricing has moved down. And as we see now due to the geopolitical situation and uncertainty that is there, the rate cycle is currently paused. If anything, the tendency, at least we are seeing from the securities market, is that the rates have gone up a bit, right? And so, while we don't want to hazard a guess whether the rate reduction cycle is done and it's bottomed and now it's going to start going up, I don't want to hazard. But at least by all indications, looking at the securities market, it seems to be going up. It depends on how the geopolitical situation settles. And so thereby, country's liquidity and borrowing needs, depending on how the oil prices settle, will determine our trajectory of the NIM. But then more important, I think what Sashi alluded to in his opening remarks is that what we are focused more than on the NIM is on the returns. And when any of those on the NIM that we manage as best as we could, given the market environment, we do have those levers of enhancing our efficiency, both from an operating side as well as on the credit side to realize. And that is what in the recent time periods you have seen where when the NIM has been in a small range bound minus or plus, the offsets have come from these to keep that returns stable in that range. And the quarter was 1.96, but the year was 1.94, similar to the full year that you saw last year on the return on asset.

Pranav: Understood. See, if I may just ask a follow-up. My question is more on relative. So hypothetically, if, let's say, borrowings would decline by 75%, right? So let's say, your borrowings just come off to 6% or 7% of liabilities today, do you think NIM will improve very significantly?

Srinivasan Vaidyanathan: Yes. If all else remaining same, that means no other factors play in, borrowing percentage coming down will change the NIM trajectory upwards and all else on the other side also remaining same will boost the returns.

Pranav: Okay. Got it. On the first question on the metric, I think I heard you say that you focus more on returns rather than just NIM. So is some version of PPOP the metric that would be appropriate? So what would be the best metric then?

Srinivasan Vaidyanathan: ROA is what we should focus on. PPOP is an intermediate, right? I mean you take higher risk and take it in the top line, you give it away in the credit cost below the PPOP. But PPOP doesn't determine what returns you can get. So, we focus on the return on asset.

Pranav: Okay. But that doesn't capture growth, right?

Srinivasan Vaidyanathan: Yes, profit growth and returns. Top line growth and returns

Sashidhar Jagdishan: Which culminate in EPS.

Srinivasan Vaidyanathan: EPS, that's what we already do.

Pranav: Understood. Thank you, sir. Thank you. That's helpful.

Srinivasan Vaidyanathan: Thank you.

Moderator: Thank you. Next question is from the line of Seshadri Sen from Emkay Global. Seshadri, can I request you to unmute your line and proceed with your question?

Seshadri Sen: Thank you for the opportunity. Two questions. One is, I was hearing Sashi with interest in terms of the investments that are being made in the last 5 years. Are we now entering a cycle where the cost-to-income ratio has peaked and we can expect significant benefits to come through?

I know part of it will come from revenue growth itself because loan growth is bouncing back. This should be a better year for margins, etcetera. But on the opex side, is there a possibility that the overall opex could slow down from here because a large part of these investments that you made are done? Or do you think this is an ongoing process and there's not too many levers?

Srinivasan Vaidyanathan: Yes. Seshadri, if you look at the cost growth that we have, we have seen that at a level almost at, call it, 6.5%, 7% or so is the full year, right? Quarter-to-quarter variations happen, but full year, call it, 6.5%, 7% rate of growth is lower than the top line growth, and you're seeing that benefit coming in. Having said that, the cost-to-income is a relative ratio, as you know, as you also just alluded to, even the top line moves faster, you get that relative ratio. But more important is also to look at cost to assets. Cost to assets is at about 1.9 or so. We do think that the cost to asset at 1.9 is best-in-class. But however, we do see that there is an opportunity space even in that aspect of it due to various technology implementations.

Sashidhar Jagdishan: Which is what I mentioned, Seshadri, that if we just focus on the investments that we have made in technology and implement them across the organization, you should see operating leverage kicking in and enhancing your ROAs.

Seshadri Sen: Thanks. The second question is on retail loan growth. You've done well in terms of recovering the overall loan growth, but retail still I think it's in the single digits. I think it has some upside for a franchise like yours. Going forward, what would be the levers to accelerate retail loan growth, which products, which channels, more harvesting of cross-selling within your existing customer base? Should we expect some forward momentum in that part of the business in the coming FY27 early in the year? And would it be back-ended or front-ended?

Kaizad Bharucha: So I think I did cover it in my opening response to Mahrukh. We have seen good traction across our products in wheels, personal loans as well as in the mortgages space over the last 3 quarters sequentially. And in terms of levers today, if I just take mortgages, we were doing mortgages earlier out of about 6,800 locations. We are now covering mortgages from more than 7,800 locations, closer to 8,000. So one is we are using distribution. Two is we've got our digital channels working very well, and we have seen a higher utilization of our 10-second loans, both in our express loans in auto loans and personal loans. We've also seen more addition to the customer acquisition base that is what Sashi referred to earlier as well as the foray that we have done in the salary accounts. And these salary accounts create the base for us for better cross-sell and penetration of our retail products. And we are the leading bank in salary accounts and the quality of the franchise we have out over there.

So, if you look at our physical distribution of branches, if you look at the better penetration and utilization of our digital channels as well as you look at the increasing acquisition that we have in what we call our pre-approved base because we have the history of the client because of the salary relationship, has obviously created the momentum without going down the asset quality ladder.

Yes. And okay, I'm being prompted by Sashi on a very important metric. We have seen our disbursals go up quarter-on-quarter, which is another parameter on the retail space. And you do know that on the mortgages side, I do believe that we would be amongst the top two with hardly a gap in terms of the quarterly disbursements that we have been doing. In the auto loan space, we have grown well. We continue to be market leaders, and we have the largest engagement with all the OEMs as well as their dealer base, which acts as the real feeder for the retail loans.

So, between the physical channels, between the digital channels, between the customer acquisitions and across the set of our core retail products, we do see that growing well. We also see ourselves doing well in a product that we have launched over the last year and has come up very well, has been our gold loan business. We've built a good quality book out over there, and I do see that also continuing to contribute.

The last lever I may touch upon to give you a sense, has been on our SME business. We have been market leaders in our SME business. And today, we are number one in the country on the entire SME space—or MSME space. And to give you some granularity, we are number one in 15 out of 28 states, and we are in the top two in 25 out of the 28 states in MSME.

If you also see the pack, which my colleagues have put out, we have grown our business banking, which is mainly representative of our MSME, we've grown at about 20% year-on-year, and that will continue to also be in that range of 18% to 20%, 21%, depending upon, obviously, some of the developments in the economy. So that should give you, I hope, a good sense of what will be the levers on our consumer bank and the channels through which we will get in.

Sashidhar Jagdishan: Can you talk about the merger synergies as well

Kaizad Bharucha: That wasn't the question, but I'm happy to cover it. So, another aspect just to leave on the consumer side and the mortgages business as well as some of the benefits that have accrued over the last couple of years from this business that we acquired. So let me touch on a few of the levers, and I'm sure separately, we could give you more color otherwise.

So, from the book we inherited, we had roughly a penetration on the liability side, which was about 36% share. So, 36% of the people who had home loans with e-HDFC had their liabilities with us.

Net of attritions, net of acquisitions over this journey, this 36% has come as high as 50% within the last 2.5 years. And that tells you the liability franchise that we've got.

As we had mentioned in our calls earlier in October and January, happy to update you that we continue to have 98% of all home loans that we disburse, our customers opening a liability account with us. And therefore, you've seen the shift move from 36% to 49%, 50% of stock as we sit on today. More importantly, more than the 50% stock that we sit on, today approximately a little over 60% to 65% of that stock pays their EMI through my own account and which tells you the synergy which a home loan and a liability bring from a value accretion perspective as well as from a risk perspective.

The second thing out over there would be apart from the actual CASA balances that have grown. And at that point in time, we roughly had about INR 50,000 crores value of the CASA balances. We have today grown that to INR 86,000 crores. So that's been the growth in the 2.5 years, not only in the numbers, in terms of the engagement of the CASA accounts, mainly SA, but also of the value accretion that has happened.

A thing I had mentioned in the past, which had come up and that continues to hold good as the book matures, as the engagement matures, that the average balances that we see of customers that keep their liability with us who have their home loan goes up 2x to 2.25x compared to the standard average balances that would otherwise be witnessed in the banks.

Apart from that, finally, there is what we call the cross-sell thali internally, which consists of a host of products, which whilst not limited to indicatively are the cross-sell that we do on the credit cards business to this portfolio, the insurance policies that they take to insure their homes, the wealth accounts that we open as well as engagement on our digital properties, including the SmartWealth and the PayZapp accounts or the PayZapp gateway of our wallet that they use.

So, the engagement is all around. And today, nearly 23% of our home loan customers on stock have our credit cards, which are active. So I hope that rounds up, Sashi, as you were mentioning, a flavor of how this has grown and in the manner it has grown and the way it will continue.

Sashidhar Jagdishan: Thank you, Kaizad. That's extremely important as to what we are looking at from a mortgage book perspective. It's not just the book, but the kind of primary relationship that we are all focusing on, and that's going to really be a large sustainable franchise over a long run and quality.

Kaizad Bharucha: We have the lowest NPA percentages as we understand in the industry on a book of our size on the home loan book.

Moderator: Next question is from the line of Rikin Shah from IIFL Capital. Please go ahead.

Rikin Shah: So, I had three questions. The first one is on the yield on investments. So this number is down about 60 basis points in the last two quarters and the overall yields have gone up. So why is the interest income on investment yields going down? So that's one.

Second, if you could just highlight what's the cost of deposit? And what is the residual repricing, if any, remaining from the current levels? And thirdly, it's on the treasury gains. So similarly, there seems to be no impact on the treasury gains or FX despite the yield movements and the RBI move. So how should we think about it as we move into the next year on these particular two points? Thank you.

Srinivasan Vaidyanathan: Okay. One thing that you touched upon is about the investment yield. Investment yields have been coming down, as you know, until the geopolitical risk started to increase, right, at which time it started to go up. So, it's an effect of what some of the maturing book that goes out and what the new book comes in is one aspect of it. And the second one is in terms of how the yield spike is now, and you will not see that because given the size of the book, when you pick up a new security at this new yield, it's a drop in the ocean, right? It will take time to bring it in. So all you are seeing is the effect of the previous rate cycle moving in.

Rikin Shah: Srini, If I can, even though the geopolitics, the 10-year G-Sec were decisively moving up, right, in the last 6 months specifically, but the book yields have kept going down. So just wondering what's the missing part here?

Srinivasan Vaidyanathan: See, Rikin, I do want you to realize that you should appreciate that there is something called duration. And in the rate cycle, up or down, treasury manages the book they want to do. There are certain duration aspects, which is previously 5-plus years of a duration goes to 4-plus something. So you come on the curve different parts and different cycles. That's one. And second thing is that you don't instantly see, if you look at what the last 2 quarters of rate that has changed. And if you look at the 2 quarters of accretion of investments, you will not see, that it's going to be a fraction of the total book that you are seeing. And then the way you need to look at it is the movement. What is the security that is moving out, that means maturing or participating in OMOs that move out, and what is the security that is coming in. And so that's the in and out. That's a different equation. It's not a simple equation of what you see on the screen of the current yield that you are seeing.

Rikin Shah: Yes, fair enough. And on the other two questions sir?

Srinivasan Vaidyanathan: The other one you talked about the cost of funds, I think we published the cost of funds, which is about 4.4% or so, marginally come down. And then from last year to this year, I think so far, it has come down by 50 basis points or so. And cost of deposits is part of a component of that and very similarly, it moves down in line with that.

Rikin Shah: But the residual repricing, if any, any comments on that? Or are we already at the bottom in terms of the cost of funds?

Srinivasan Vaidyanathan: Residual repricing, if everything else remains the same, there will be further reduction coming on the residual because the time deposit takes 5, 6 quarters or so to go. And so some residual, again, remains to be seen in terms of the preferences for what type of deposits coming. Yes, all else remaining same, there is a tendency for the repricing to factor in more.

Rikin Shah: Got it, sir. And so the last question on the treasury and FX, any comments, if any, there seems to be no negative impact in this quarter. So how do we think about it going ahead?

Srinivasan Vaidyanathan: There is some negative impact. If you see that the rate of growth on the treasury income is modest. And the reason for that being modest is that, I'm talking about the FX component of the treasury. It's modest because there is a volume impact. So due to various risks on the foreign exchange trade, there have been lower volumes and lower spreads too. And also there is some impact of the unwinding that is also there, yes.

Rikin Shah: Got it. Thank you, sir.

Srinivasan Vaidyanathan: Thank you.

Moderator: Next question is from the line of Abhishek Murarka from HSBC. Please go ahead.

Abhishek Murarka: Hi, good evening. Thanks for taking my question. So I had a question on the third-party distribution fee. Actually, if I look at it on a full year basis, the growth has been hardly 3.5%. And this is lagging the overall customer growth. This is also, when you compare it to the retail asset, retail liability fee growth, this is lagging quite a bit. So what is really leading to this? Is it just a slowdown or cross-sell has become more difficult or refocusing on some products? What's really leading to this lower growth in this line? That's point number, question number one, sorry.

The other one is on margins. So you said that there's some repricing of TDs left, which should be positive. But on the other side, the loan mix is gradually changing more towards corporate. How should we look at margins from here for, let's say, the next year? Does it trend down? Or does it flatten out?

Srinivasan Vaidyanathan: Again, I'll first take the third-party products. Yes, the third-party products revenue growth has been modest. Both of those components, which is the volume growth, has also been modest. It's positive, but modest given that, whatever preferences the customers have. I think last year was somewhat, there was a good amount of spike that we saw as we entered into the fourth quarter FY 25. And so there's some volume kind of tepidness that we have seen.

The second thing is in terms of spreads. That is the mix of products that determine the spreads has also impacted. So we have seen that the earnings, that means our earnings on the third-party commission is also subject to mix of products that get taken. And so there was a mix also had an unfavorable impact. So that means lower realization of income there. That's the reason for the contribution.

Abhishek Murarka: So Srini, on the mix, so lower life sales, is it? And is that like temporary? Or is some change in process or something which has led to it or is it just coincidental and nothing really to read into it? How do we look at it?

Srinivasan Vaidyanathan: Nothing really to read into it. It's just a question of our RMs are engaged as much as they are engaged today versus they were engaged last year. It's a function of what the preference is. And that is why you saw even the product preferences somewhat different. So it's a question of how we get on more customers and spread it around to be much more penetrated. We still have only a mid-single-digit penetration in our base. And so the opportunity space continues to be there. Enormous opportunity space continues to be there.

Again, you talked about the NIM, which is the second part of the question. Again, just to repeat, right, the transmission has happened on the assets and the mix of assets can impact depending on what it is. The cost of funds, while time deposit repricing can continue to be there. Again, it depends on the rate cycle, what happens. You see that there's a stiffness in the rates across, right? For the last, I think, at least 4 months, we have not seen a time deposit rate change in the market, right? And we are fairly priced with the competition. And we're not seeing since 4 months any kind of a change that has happened. Which again, as one would give some time for change, you have seen that there are other things in the month of March, the geopolitical things that come about that has hardened the rates again. So it remains to be seen, but it's range bound is what I would say, but focus more on the returns because if this becomes kind of where it continues to be within a small range bound, then we work towards getting returns to be stable to going up through other levers.

Abhishek Murarka: Got it. Thank you and all the best.

Moderator: Ladies and gentlemen, we will take that as the last question as we have come to the end of the time allotted for the call. I would now like to hand the conference over to Mr. Vaidyanathan for closing comments.

Srinivasan Vaidyanathan: Thank you. Thank you all for participating today. We are closing at the appointed time, which is 5:00 p.m. because we have another meeting scheduled soon after this. If there are any more questions, comments to be provided, please feel free to contact our Investor Relations team. We'll be happy to engage with you over the next few days, weeks, whatever it takes. Thank you. Have a great weekend. Bye-bye.

Moderator: Thank you very much. On behalf of HDFC Bank Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.