

18 January 2026

On expected lines, valuation reassuring

HDFC Bank (HDFCB IN) Q3FY26 PAT of INR 186bn, up 11% YoY, was ahead of our estimates on higher treasury income even as core PPoP (ex-treasury) was in line with our estimates; characteristically Q3FY26 had steady undertones, underlying steady progress. Q3FY26 saw steady loan growth outcomes, up 12% YoY & 2.7% QoQ, with the bank confident of tracking above system growth in FY27. Q3 NIM surprised, up 8bp QoQ, feeding into 3.4% QoQ NII growth (better than our expectations). Better liquidity scenario and changes in regulatory approach played in favor of HDFCB, making balance sheet realignment easier. We have been arguing about its conundrum to manage growth vs NIM vs LCR vs CD ratio outcomes, which are likely to cause dislocation. Transitioning through the tough part journey hereafter should be more amicable for the bank, but transition on LDR would be a challenge. As the bank has underperformed the broader index by 7% in the past month it trades at 1.9x FY28E P/B rendering the risk-reward favorable. We revise to **Buy** with an unchanged TP of INR 1,147.

Traversed through tougher transition, but monitorable persists: FY25 saw slower loan growth outcomes, with the bank seeing sub-6% YoY loan growth in its bid to accelerate CD ratio outcome. However, Q3FY26 saw trend reversal with 12% YoY loan growth. Deposit growth was lower, up 11.6% YoY, with the ratio going up again. While bank directionally maintained guidance for lower CD ratio, we see it stretched and expect a more calibrated approach to CD ratio outcomes hereafter, which would pave the way for steady normalization. HDFCB retained its stance of higher-than-industry growth in FY27, which seems plausible as momentum in the machinery (bank's infrastructure) takes over.

Much to ponder on with focus on NIM trajectory: HDFCB reported an 8bp QoQ rise in NIM (to 3.35% on total assets). Better liquidity, CRR cut impact and rising CD ratio benefitted NIM. Deposits needs in FY27 may call for stickier costs, feeding into challenges as the bank tries to balance between LCR vs LDR vs growth vs NIM outcomes. Given already low credit cost, levers in opex would sustain earnings pressure in the near term. Q3 had one-off opex (Labour Law change impact) of INR 8bn (much higher than reported by peers), setting the base higher.

Asset quality remains key differentiator: Slippages were curtailed (1.2% vs 1.1% QoQ), with rise in the agri segment (seasonal trend) while steady progress was seen in other segments. The bank seems confident of no major red flags. The bank carries total (floating and contingent) buffer of 1.3% of loans, which renders comfort. We see steady credit cost for the bank.

Revise to Buy with an unchanged TP of INR 1,147: A merger of this scale is an onerous ask, but HDFCB is doing a commendable job, in our view. The past two years have been challenging, undergoing transition on both sides of balance sheets. We see near-term challenges easing. We believe valuation re-rating could take time, but we are closer to the steady normalization phase. Having corrected by 7% in the past month, we view the risk-reward as favorable; thus, we revise to **Buy** from Accumulate with an unchanged TP of INR 1,147 based on a SOTP method.

Key financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
PPoP (INR mn)	943,875	1,001,275	1,188,869	1,304,622	1,496,148
YoY (%)	34.1	6.1	18.7	9.7	14.7
NP (INR mn)	608,123	673,474	740,356	825,433	915,093
YoY (%)	37.9	10.7	9.9	11.5	10.9
EPS (INR)	80.0	88.0	48.2	53.7	59.6
YoY (%)	1.3	9.9	(45.2)	11.5	10.9
P/PPoP (x)	15.2	14.3	12.0	11.0	9.6
RoAE (%)	16.9	14.3	14.1	14.2	14.2
RoAA (%)	2.1	1.9	1.9	1.9	1.9
P/E (x)	20.5	18.6	17.0	15.2	13.8
P/ABV (x)	2.8	2.5	2.3	2.1	1.9

Note: Pricing as on 16 January 2026; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: INR 1,147

Upside: 23%

CMP: INR 931

As on 16 January 2026

Key data

Bloomberg	HDFCB IN
Reuters Code	HDBK.NS
Shares outstanding (mn)	15,385
Market cap (INR bn/USD mn)	14,325/157,643
EV (INR bn/USD mn)	0/0
ADTV 3M (INR mn/USD mn)	21,065/232
52 week high/low	1,021/811
Free float (%)	99

Note: as on 16 January 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26
Promoter	0.0	0.0	0.0	0.0
% Pledge	0.0	0.0	0.0	0.0
FII	56.3	55.3	48.9	48.5
DII	30.0	31.0	36.0	36.3
Others	13.7	13.7	15.1	15.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.1)	2.9	10.7
HDFC Bank	(7.1)	(6.0)	14.1
NSE Mid-cap	0.4	1.5	9.4
NSE Small-cap	(5.1)	(9.5)	(3.0)

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Net interest income	1,085,325	1,226,701	1,289,649	1,465,669	1,673,347
Fee income	330,360	384,194	434,715	498,076	568,562
Trading profits	106,530	18,000	138,000	50,000	50,000
Non-interest income	492,410	456,323	632,082	630,252	703,842
Net operating revenue	1,577,735	1,683,024	1,921,731	2,095,921	2,377,189
Operating expenses	633,860	681,749	732,863	791,299	881,041
Pre-provisioning operating profit	943,875	1,001,275	1,188,869	1,304,622	1,496,148
Total provisions	234,921	116,494	240,910	211,333	273,252
Profit before tax	708,953	884,781	947,958	1,093,289	1,222,896
Tax	100,830	211,307	207,603	267,856	307,803
Minorities/exceptionals	-	-	-	-	-
Profit after tax	608,123	673,474	740,356	825,433	915,093
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Customer loans	24,848,616	26,196,086	29,365,812	33,212,734	37,696,452
Investments	7,024,150	8,363,597	8,767,241	9,651,522	10,733,289
Cash & bank balances	2,191,474	2,395,707	1,956,454	2,059,778	2,334,998
Fixed assets	113,990	136,554	141,850	152,502	158,123
Other assets	1,998,002	2,010,046	2,069,315	2,153,157	2,252,569
Total Assets	36,176,232	39,101,988	42,300,672	47,229,692	53,175,432
Net worth	4,402,458	5,014,246	5,521,679	6,128,508	6,801,251
Deposits	23,797,862	27,147,148	30,323,366	35,478,336	41,296,784
Borrowings	6,486,761	5,360,539	4,797,383	3,865,325	3,303,834
Other liabilities	1,354,379	1,461,285	1,559,977	1,679,753	1,716,292
Total Liabilities	36,176,232	39,101,988	42,300,672	47,229,692	53,175,432
Key operating ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Lending yield	9.2	9.6	8.9	8.8	8.7
Cost of Funds	5.6	5.4	5.1	5.0	4.9
Spreads	3.4	3.1	2.9	3.0	3.1
Net interest margin	3.8	3.5	3.3	3.4	3.5
CASA Ratio	38.2	34.8	33.4	33.8	34.1
Non-interest income / operating income	31.2	27.1	32.9	30.1	29.6
Cost/income	40.2	40.5	38.1	37.8	37.1
Operating expense/avg assets	(2.2)	(1.9)	(1.9)	(1.9)	(1.8)
Credit costs / avg loans	(0.8)	(0.3)	(0.6)	(0.5)	(0.6)
Effective tax rate	14.2	23.9	21.9	24.5	25.2
Loan deposit ratio	104.4	96.5	96.8	93.6	91.3
ROA decomposition (%)	FY24	FY25	FY26E	FY27E	FY28E
NII /Assets	3.8	3.5	3.3	3.4	3.5
Fees/Assets	1.2	1.1	1.1	1.2	1.2
Invst profits/Assets	0.4	0.1	0.4	0.1	0.1
Net revenues/Assets	5.1	4.7	4.6	4.8	4.9
Opex /Assets	(2.2)	(1.9)	(1.9)	(1.9)	(1.8)
Provisions/Assets	(0.8)	(0.3)	(0.6)	(0.5)	(0.6)
Taxes/Assets	(0.4)	(0.6)	(0.5)	(0.6)	(0.6)
Total costs/Assets	(3.4)	(2.8)	(3.1)	(3.0)	(3.1)
ROA	2.1	1.9	1.9	1.9	1.9
Equity/Assets	12.6	13.3	13.7	13.7	13.5
ROAE	16.9	14.3	14.1	14.2	14.2
Key financial ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Tier I Capital adequacy	16.8	17.7	17.5	17.3	17.1
Gross NPL	1.2	1.3	1.2	1.2	1.2
Net NPL	0.3	0.4	0.4	0.4	0.4
Slippage ratio	1.7	1.3	1.3	1.7	1.8
Per share data (INR)	FY24	FY25	FY26E	FY27E	FY28E
EPS	80	88	48	54	60
BVPS	580	655	359	399	443
Adj- BVPS	572	645	354	393	435
Valuation (x)					
P/BV	2.8	2.5	2.3	2.1	1.9
P/ABV	2.9	2.5	2.3	2.1	1.9
P/E	20.5	18.6	17.0	15.2	13.8

Note: Pricing as on 16 January 2026; Source: Company, Elara Securities Estimate

Q3FY26 conference call highlights

Opening remarks by MD & CEO

- ▶ Credit growth buildup has been encouraging, supported by a balanced mix across customer segments and controlled credit cost. Credit deployment following the CRR release has been slightly ahead of expectations.
- ▶ HDFCB retains rate discipline on the funding side, with a sustained focus on granular deposit mobilization.
- ▶ Growth remains profitable, with cost of funds declining, positive CASA growth, operating cost under control, and credit quality remaining best-in-class, resulting in stable returns.
- ▶ Regulatory and global factors remain supportive of credit growth, with optimally managed liquidity, enhanced activity in open market operations and swaps.
- ▶ Liquidity is set to stabilize further, and with deposit foundation now in place, the bank aims to intensify customer engagement to drive granular deposit mobilization.
- ▶ The CD ratio has declined meaningfully since the merger, and while this metric is not viewed in isolation, the glide path toward a lower CD ratio will continue to support sustainable profitability. At the same time, the bank aims to meet the commitments outlined over the past two years by FY26 and FY27.
- ▶ The bank reiterated growth is expected to be in line with system growth in FY26 and faster than system growth in FY27.
- ▶ It expects system credit growth to be ~12-13% and credit growth to be 200bp faster than system.

Business momentum

- ▶ There is not a regulatory benchmark to be met on the CD ratio, and pressure emerged as credit growth accelerated at a rapid pace. However, in the bank's own interest, management aims to operate within a comfortable CD ratio in the range of 90–96% and is confident of achieving a further reduction to 85–90% by FY27.
- ▶ With respect to home loans (LAP), the bank is not focused on pricing but on customer relationship – similar strategy is used for auto loans. However, in both products, it has seen irrational pricing and expects it to normalize in a couple of quarters.
- ▶ In the cards business, the bank is targeting middle & upper middle segments and HDFCB does not look at CC receivables from the assets perspective but from liability business perspective.
- ▶ Card spend: Discretionary spending grew by 21% YoY while non-discretionary spending increased by 13% YoY. The bank is observing revolver balances are not picking up in the credit card business.
- ▶ Two-wheeler business was lower than expected; however, this was offset by stronger performance in four-wheelers and tractors, which offset the shortfall.
- ▶ The bank acknowledged that this transition is not easy; however, the necessary levers are currently in place, making it a key monitorable. The pace of deposit growth is expected to accelerate in Q4, which is usually a seasonal trend.
- ▶ LCR for the quarter stood at 116% -- the impact of revised guidelines is set to be minimal.

Asset quality, cost, margin and other highlights

- ▶ On the backdrop of loan affordability and consumption, it has been seeing low accretion to its GNPA and none of the portfolio are witnessing deteriorating trends with cyclical trends in select portfolios.
- ▶ With respect to regulatory front, Bank had an impact of INR 5Bn on account of Agri-loan guidelines.
- ▶ Credit cost for the quarter stood at 55bp.

Cost, margin and other highlights

- ▶ NIM expansion and stabilization from current levels would be led by its deposit franchise.
- ▶ Branch additions during FY20-25 stood at 250, 350, 750, 1,500, 900, and 700, respectively. Despite this expansion, the bank has consistently delivered ROA of ~1.9–2.0%. Accordingly, it does not intend to completely halt branch additions, and plans to moderate the pace of expansion. The breakeven period for a branch is ~24 months.
- ▶ HDFCB has incurred an impact of INR 8bn on account of the Labor code based on current assumptions. However, the rules pertaining to variable wages are still pending, and, therefore, the final impact cannot be conclusively determined at this stage. As per the bank, this represents the highest estimated impact based on its current assessment.

Exhibit 1: PAT of INR 186bn, up 11.5% YoY and 0.1% QoQ

(INR mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
NII	273,852	284,713	290,768	298,371	301,139	306,533	320,658	314,380	315,515	326,150
Other Income	107,078	111,370	181,663	106,681	114,827	114,536	120,279	217,298	143,500	132,538
Net revenue	380,931	396,084	472,431	405,053	415,966	421,068	440,937	531,678	459,015	458,688
Opex	153,992	159,611	179,688	166,206	168,909	171,064	175,570	174,338	179,779	187,710
PPoP	226,939	236,473	292,742	238,846	247,057	250,004	265,367	357,340	279,236	270,978
Investment Gains	10,410	14,700	75,900	2,200	2,900	700	3,900	101,100	23,900	9,300
Core PPoP	216,529	221,773	216,842	236,646	244,157	249,304	261,467	256,240	255,336	261,678
Provisions	29,038	42,166	135,116	26,021	27,005	31,539	31,931	144,416	35,005	28,379
PBT	197,901	194,307	157,626	212,826	220,052	218,466	233,437	212,923	244,231	242,599
PAT	159,761	163,725	165,119	161,748	168,209	167,355	176,161	181,552	186,413	186,538
YoY (%)										
NII	30.3	23.9	24.5	26.4	10.0	7.7	10.3	5.4	4.8	6.4
Other Income	41.0	31.0	108.1	15.6	7.2	2.8	(33.8)	103.7	25.0	15.7
Net revenue	33.1	25.8	47.3	23.4	9.2	6.3	(6.7)	31.3	10.3	8.9
Opex	37.2	28.1	33.5	18.2	9.7	7.2	(2.3)	4.9	6.4	9.7
PPoP	30.5	24.3	57.2	27.2	8.9	5.7	(9.4)	49.6	13.0	8.4
Investment Gains	NM									
Core PPoP	21.8	18.2	16.2	29.9	12.8	12.4	20.6	8.3	4.6	5.0
Provisions	(10.4)	50.2	403.2	(9.0)	(7.0)	(25.2)	(76.4)	455.0	29.6	(10.0)
PAT	50.6	33.5	37.1	35.3	5.3	2.2	6.7	12.2	10.8	11.5
QoQ (%)										
NII	16.0	4.0	2.1	2.6	0.9	1.8	4.6	(2.0)	0.4	3.4
Other Income	16.0	4.0	63.1	(41.3)	7.6	(0.3)	5.0	80.7	(34.0)	(7.6)
Net revenue	16.0	4.0	19.3	(14.3)	2.7	1.2	4.7	20.6	(13.7)	(0.1)
Opex	9.5	3.6	12.6	(7.5)	1.6	1.3	2.6	(0.7)	3.1	4.4
PPoP	20.9	4.2	23.8	(18.4)	3.4	1.2	6.1	34.7	(21.9)	(3.0)
Investment Gains	NM									
Core PPoP	18.8	2.4	(2.2)	9.1	3.2	2.1	4.9	(2.0)	(0.4)	2.5
Provisions	1.5	45.2	220.4	(80.7)	3.8	16.8	1.2	352.3	(75.8)	(18.9)
PAT	33.7	2.5	0.9	(2.0)	4.0	(0.5)	5.3	3.1	2.7	0.1

Source: Company, Elara Securities Research

Exhibit 2: Net loan growth at 12% YoY and 2.7% QoQ

(INR bn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Advances	23,312	24,461	24,849	24,635	24,951	25,182	26,196	26,284	27,464	28,214
-YoY	57.5	62.3	55.2	52.5	7.0	3.0	5.4	6.7	10.1	12.0
-QoQ	44.3	4.9	1.6	(0.9)	1.3	0.9	4.0	0.3	4.5	2.7

Source: Company, Elara Securities Research

Exhibit 3: Loan growth sequentially led by corporate and commercial banking

Segment	(INR bn)			Growth (%)		Loan Mix (%)		
	Q3FY25	Q2FY26	Q3FY26	YoY (%)	QoQ (%)	Q3FY25	Q2FY26	Q3FY26
Personal Loans	1,944	2,063	2,117	8.9	2.6	7.6	7.4	7.4
Auto	1,399	1,515	1,527	9.1	0.8	5.5	5.5	5.4
Payment Products	1,123	1,148	1,136	1.2	(1.0)	4.4	4.1	4.0
Two Wheelers	122	125	119	(2.5)	(4.8)	0.5	0.5	0.4
Gold Loans	167	201	215	28.7	7.0	0.7	0.7	0.8
Other Retail	725	703	688	(5.1)	(2.1)	2.9	2.5	2.4
Retail Non-Mortgages	5,480	5,755	5,802	5.9	0.8	21.6	20.8	20.4
Retail Mortgages	8,171	8,565	8,707	6.6	1.7	32.1	30.9	30.6
Total Retail Advances	13,651	14,320	14,509	6.3	1.3	53.7	51.7	51.0
Business Banking	3,629	4,107	4,348	19.8	5.9	14.3	14.8	15.3
Commercial Transportation	1,485	1,612	1,647	10.9	2.2	5.8	5.8	5.8
Total Commercial	5,114	5,719	5,995	17.2	4.8	20.1	20.7	21.1
Agriculture	1,076	1,234	1,238	15.1	0.3	4.2	4.5	4.4
Corporates and Other Wholesale	6,998	7,416	7,717	10.3	4.1	27.5	26.8	27.1
Gross Advances	26,839	28,689	29,459	9.8	2.7	105.6	103.6	103.6
IBPC/BRDS	(1,413)	(997)	(1,015)	(28.2)	1.8	(5.6)	(3.6)	(3.6)
Total Advances	25,426	27,692	28,444	11.9	2.7	100.0	100.0	100.0

Source: Company, Elara Securities Research

Exhibit 4: Deposit growth at 11.6% and 2.1% QoQ

(INR bn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Deposits	21,729	22,140	23,798	23,791	25,001	25,638	27,147	27,641	28,018	28,601
-YoY	29.8	27.7	26.4	24.4	15.1	15.8	14.1	16.2	12.1	11.6
-QoQ	13.6	1.9	7.5	0.0	5.1	2.5	5.9	1.8	1.4	2.1
CA	2,477	2,558	3,100	2,673	2,754	2,671	3,141	2,980	2,964	2,995
-YoY	7.7	12.3	13.3	5.9	11.2	4.4	1.3	11.5	7.6	12.1
-QoQ	(1.8)	3.2	21.2	(13.8)	3.0	(3.0)	17.6	(5.1)	(0.5)	1.0
SA	5,700	5,799	5,987	5,964	6,081	6,056	6,305	6,390	6,527	6,617
-YoY	7.6	8.4	6.4	6.4	6.7	4.4	5.3	7.1	7.3	9.3
-QoQ	1.7	1.7	3.2	(0.4)	2.0	(0.4)	4.1	1.3	2.1	1.4

Source: Company, Elara Securities Research

Exhibit 5: Core PPOP increases with 2.5% QoQ supported by NII growth

QoQ (%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Loan growth	44.3	4.9	1.6	(0.9)	1.3	0.9	4.0	0.3	4.5	2.7
NII growth	16.0	4.0	2.1	2.6	0.9	1.8	4.6	(2.0)	0.4	3.4
PPoP growth	20.9	4.2	23.8	(18.4)	3.4	1.2	6.1	34.7	(21.9)	(3.0)
core PPoP growth	18.8	2.4	(2.2)	9.1	3.2	2.1	4.9	(2.0)	(0.4)	2.5

Source: Company, Elara Securities Research

Exhibit 6: Reported margin up 8bp QoQ as cost of funds declines

(%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Yield on advances - Calculated	11.00	9.51	9.43	9.49	9.58	9.56	9.41	9.18	8.82	8.61
Cost of Funds - Calculated	6.43	5.77	5.66	5.74	5.79	5.83	5.68	5.63	5.48	5.28
NIM (on assets)	3.40	3.40	3.44	3.47	3.46	3.43	3.46	3.35	3.27	3.35

Source: Company, Elara Securities Research

Exhibit 7: Steady overall asset quality with GNPA and NNPL at 1.24% and 0.42%, respectively

(INR mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Opening GNPA	190,641	315,779	310,117	311,733	330,257	342,506	360,186	352,226	370,408	342,895
Additions	78,000	70,000	73,000	79,000	78,000	88,000	75,000	90,000	74,000	86,000
Recoveries and upgradation	45,000	45,000	45,000	35,000	36,000	40,000	50,000	42,000	68,000	45,000
Write offs	32,500	31,000	26,000	26,000	29,000	31,000	33,000	30,000	33,000	32,000
Closing GNPA	191,141	309,779	312,117	329,733	343,257	359,506	352,186	370,226	343,408	351,895
GNPL (%)	1.34	1.28	1.24	1.33	1.36	1.42	1.33	1.40	1.24	1.24
NNPL (%)	0.35	0.31	0.33	0.39	0.41	0.46	0.43	0.47	0.42	0.42
PCR (%)	74.44	75.29	74.04	71.21	69.90	67.83	67.86	66.86	66.62	65.94
Slippages (%)	1.9	1.2	1.2	1.3	1.3	1.4	1.2	1.4	1.1	1.2

Source: Company, Elara Securities Research

Exhibit 8: Steady liquidity coverage ratio at 116%

(%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
LCR	121	110	115	123	128	125	119	124	120	116

Source: Company, Elara Securities Research

Exhibit 9: Performance of HDB Financials - Gross Stage 3 sees uptick; loan growth remains healthy

(INR bn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Loans	778.6	840.0	902.0	956.0	986.0	1,021.0	1,069.0	1,093.0	1,114.0	1,146.0
Net Income	23.6	23.5	22.9	23.9	24.1	25.0	26.2	27.3	28.5	29.7
PAT	6.0	6.4	6.6	5.8	5.9	4.7	5.3	5.7	5.9	4.7
Gross stage 3 ratio, %	2.4	2.3	1.9	1.9	2.1	2.3	2.3	2.6	2.8	2.8
Tier 1 ratio, %	15.7	14.5	14.1	14.0	14.6	14.4	14.7	15.7	17.3	17.3

Source: Company, Elara Securities Research

Exhibit 10: Q3FY26 Result highlights

(INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Interest income	767,512	760,069	1.0	766,907	0.1
Interest expenses	441,362	453,536	(2.7)	451,392	(2.2)
Net interest income	326,150	306,533	6.4	315,515	3.4
Other income	132,538	114,536	15.7	143,500	(7.6)
Operating expenses	187,710	171,064	9.7	179,779	4.4
Staff expense	72,032	59,504	21.1	64,613	11.5
Other opex	115,679	111,560	3.7	115,166	0.4
Pre prov op profit (PPP)	270,978	250,004	8.4	279,236	(3.0)
Provisions	28,379	31,539	(10.0)	35,005	(18.9)
Profit before tax	242,599	218,466	11.0	244,231	(0.7)
Provision for tax	56,062	51,111	9.7	57,818	(3.0)
Profit after tax	186,538	167,355	11.5	186,413	0.1
EPS (INR)	12.1	21.9		12.1	
Ratios					
NII / GII	42.5	40.3		41.1	
Cost - income	40.9	40.6		39.2	
Provisions / PPOP	10.5	12.6		12.5	
Tax rate	23.1	23.4		23.7	
Balance sheet data (INR bn)					
Advances	28,214	25,182	12.0	27,464	2.7
Deposits	28,601	25,638	11.6	28,018	2.1
CD ratio (%)	98.7	98.2		98.0	
Asset quality (INR mn)					
Gross NPA	351,790	360,186	(2.3)	342,895	2.6
Gross NPAs (%)	1.2	1.4		1.2	
Net NPA	119,818	115,875	3.4	114,473	4.7
Net NPA(%)	0.4	0.5		0.4	
Provision coverage (%)	65.9	67.8		66.6	

Source: Company, Elara Securities Research

Exhibit 11: Change in estimates

(INR mn)	Revised			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Interest Income	1,289,649	1,465,669	1,673,347	1,359,129	1,507,269	1,727,558	(5.1)	(2.8)	(3.1)
Operating Profit	1,188,869	1,304,622	1,496,148	1,248,095	1,315,972	1,512,233	(4.7)	(0.9)	(1.1)
Net Profit	740,355	825,433	915,093	743,777	827,168	920,161	(0.5)	(0.2)	(0.6)
Rating	Buy			Accumulate					

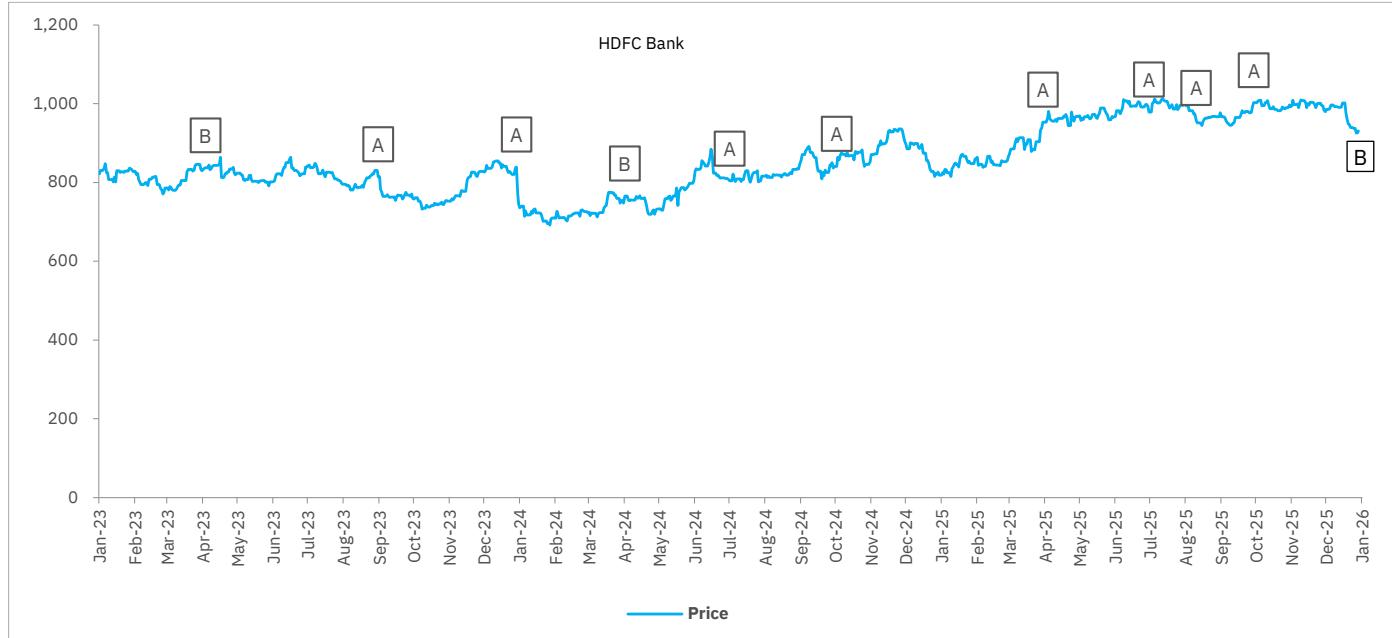
Source: Elara Securities Estimate

Exhibit 12: SOTP Valuation

Particulars	Value per Share (INR)
HDFC Bank - Merged entity (standalone)	1,035
Value of Subsidiaries / Associates (post hold. co. discount)	112
Total Value per share (INR)	1,147

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
21-Apr-2023	Buy	2,013	1,675
18-Sep-2023	Accumulate	1,820	1,629
16-Jan-2024	Accumulate	1,889	1,679
19-Apr-2024	Buy	1,889	1,531
19-Jul-2024	Accumulate	1,843	1,607
20-Oct-2024	Accumulate	1,898	1,682
17-Apr-2025	Accumulate	2,164	1,907
18-Jul-2025	Accumulate	2,228	1,957
28-Aug-2025	Accumulate	1,114	958
17-Oct-2025	Accumulate	1,147	1,003
16-Jan-2026	Buy	1,147	931

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BUY (B) Absolute Return >+20%

ACCUMULATE (A) Absolute Return +5% to +20%

REDUCE (R) Absolute Return -5% to +5%

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