

HDFC Bank (HDFCB) - ADD

Result Update Q3FY26

Current Market Price (CMP) Rs.888	Fair Value (FV) Rs.1050
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Rationale:

- HDFC Bank reported 12% yoy earnings growth in Q3FY26.
- Loan growth was at 12% yoy, while Net Interest Margin (NIM) improved 10 bps qoq.
- Management's guidance for above-industry growth in FY27 underscores the need for a stronger deposit mobilization.
- Return on Assets (RoA) was 1.8% and Return on Equity (RoE) was 14%.
- Retain ADD with an FV of 1,050 (Rs1,100 earlier).

👍 Positives:

- Loan growth at 12% yoy, led by business banking and retail gold loans.
- The gross Non Performing Loans (NPL) ratio remained flat in the quarter at 1.2%, while the net NPL ratio was 10 bps below at 0.4%.
- Management clarified that all asset quality metrics (NPA ratios, slippages and credit cost) are quite stable across segments.
- Net Interest Margin (reported) was up 8 bps qoq to 3.4%.
- Non-interest income showed strong growth of 25% yoy, supported by healthy fee income.

👎 Negatives:

- Current account and savings account (CASA) ratio declined 40 bps yoy to 34%.
- The Credit Deposit (CD) ratio in the quarter moved up to 99%.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months