

Bandhan Bank (BANDHAN) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.179	Fair Value (FV) Rs.225
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Rationale:

- Bandhan Bank reported ~70% yoy earnings growth in Q4FY26 despite operating profits declining ~8% yoy, as provisions declined ~45% yoy.
- Slippages declined to 2.8%, led by a sharp decline in slippages in the EEB portfolio (Micro finance).
- We see focus shifting back to growth.
- Bandhan Bank is on firmer footing than other mid-tier private banks, with rising confidence in improving return ratios driven by lower credit costs.
- Maintain BUY with an unchanged FV of Rs225.

👍 Positives:

- AUM growth showed signs of revival at 13% yoy, non-microfinance loan book grew 25% yoy, 6% qoq.
- Deposit growth stood at 10% yoy.
- Reported Net Interest Margin (NIM) improved 30 bps qoq to 6.2%, supported by cost of funds.
- Gross Non performing assets (GNPA) ratio remained stable qoq at 3.3% and net NPA ratio remained stable qoq at 1.0%.
- Gross slippages showed an improvement, improving 100 bps qoq to 2.8%.
- X-bucket collection efficiency stood at 99.6% for the quarter, compared to 99.3% in the previous quarter. It stood at 99.7% as of March 2026

👎 Negatives:

- Cost ratios are still at elevated levels but lower sequentially.
- Current Account and Savings Account (CASA) ratio improved 200 bps qoq to 29%, although yoy decline is ~200 bps.



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

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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