Bandhan Bank Ltd.

DEVEN CHOKSEY RESEARCH

Result Preview – Q1FY27 || Current Market Price – **INR 213** || Target Price – **INR 222** || Upside – **~4%** || Date: 20th July 2026

Bandhan Bank Ltd. – Q1FY27 Preview:

- Loan book including on book assets and PTCs grew 16.4% YoY and 0.8% QoQ, based on the 3 July provisional business update. Deposits declined 0.9% QoQ, reflecting the continued strategic runoff of bulk deposits.
- We estimate NII at INR 2,853 Cr, up 2.1% QoQ, supported by a continued decline in cost of funds as the repricing benefit from lower term deposit rates progressively flows through the liability franchise.
- We estimate provisions at INR 816 Cr, implying an annualised credit cost of 214 bps, compared with 180 bps in Q4FY26 (provisions of INR 816 Cr vs. INR 677 Cr. Our assumptions are calibrated broadly in line with Street expectations rather than our more constructive bank specific view, given limited incremental information beyond one month of post quarter operating data.
- We estimate PAT at INR 538 Cr, reflecting growth of 0.7% QoQ and 44.7% YoY.

Key Highlights:

Growth: Loan book grew 16.4% YoY to INR 1,55,513 Cr, ahead of management's FY27 growth guidance of 14% to 15%. Deposits rose 6.6% YoY to INR 1,64,886 Cr but declined 0.9% QoQ, driven by the continued runoff in bulk deposits as the bank shifts its funding mix towards retail. CASA improved marginally to 29.40% from 29.31% in Q4FY26, while the retail deposit mix reached a record 73.96%.

Margin: We do not publish a directly comparable NIM estimate, as our average balance methodology does not reconcile with the reported 6.2% in Q4FY26. We therefore anchor our estimates on NII. We expect cost of funds to continue easing, in line with management guidance, while asset yields remain under pressure as the higher yielding EEB portfolio continues to decline as a share of advances.

Credit Cost: We estimate provisions at INR 816 Cr, implying an annualised credit cost of 214 bps versus 180 bps in Q4FY26 on our basis. While June collection efficiency remained stable at 98.9% for the bank and 98.5% for EEB, we retain a conservative provisioning assumption in line with Street expectations as MFI sector stress has yet to fully normalise.

Base Effect: Q4FY26 operating expenses included approximately INR 120 Cr of one-off costs and INR 73 Cr of holiday related overtime accruals. Excluding these, and factoring in annual wage revisions, we estimate opex to decline 7.8% QoQ. The resulting base normalisation accounts for roughly half of the sequential PPOP improvement.

Key monitorables:

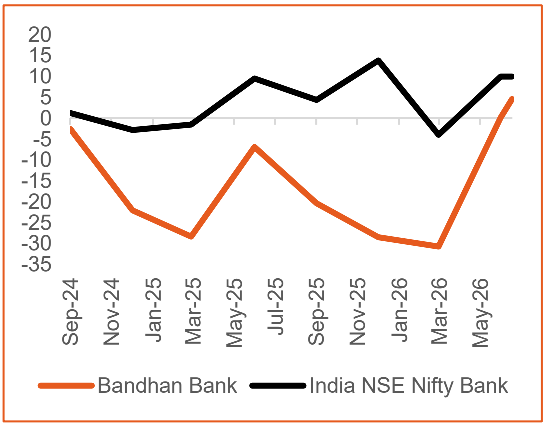
- Collection efficiency through July and August, particularly across EEB portfolios outside Bandhan's core geographies, where stress remained intermittent through FY26.
- Borrowing mix, with particular focus on the balance between refinance and market borrowings, as this will determine the cost of funds trajectory into Q2FY27.
- Progress against FY27 exit targets outlined in Q4FY26, including ROA of 1.6% to 1.8%, credit cost of 1.6% to 1.7%, and a secured mix of 58% to 42%.
- Seasonality in asset quality. Unlike the broader MFI sector, Bandhan has historically experienced weaker performance in Q2 during the monsoon period over the past two years, making this a key point of differentiation in our outlook.

Particulars	
CMP (INR)	213
Market Cap (Cr)	34,300
Free Float Market Cap (Cr)	19,144
52 Week High / Low (INR)	220/134
Avg Daily Vol (1Y) shares	99,00,681
No. of Shares (Cr.)	161

Key Financial (INR Mn.)	Q1FY27E	Q4FY26	Q1FY26
Net Interest Income	28,534	27,956	27,572
PPOP	15,682	14,412	16,684
Net Profit	5,379	5,342	3,720
EPS	3.34	3.31	2.31

Holding	Sep-25	Dec-25	Mar-26
Promoters	40.29%	39.74%	38.98%
FIIs	23.44%	22.32%	22.07%
DIIs	17.82%	18.76%	22.33%
Govt.	0.07%	0.07%	0.07%
Public	18.38%	19.11%	16.55%
Total	100%	100%	100%

Source: Company, Deven Choksey Research



Source: Company Research, Deven Choksey Research

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Result Preview Snapshot

Income Statement:

Particulars (In Mn)	Q1FY27E	Q4FY26	Q1FY26	QoQ	Y-o-Y
Interest income	57,091	54,284	54,756	5.2%	4.3%
Interest expense	28,557	26,328	27,184	8.5%	5.1%
Net interest income	**28,534**	**27,956**	**27,572**	**2.1%**	**3.5%**
Non-interest income	**6,737**	**7,707**	**7,259**	**-12.6%**	**-7.2%**
Total income	**35,271**	**35,663**	**34,831**	**-1.1%**	**1.3%**
Employee costs	11,284	11,584	11,236	-2.6%	0.4%
Other operating expenses	8,305	9,667	6,911	-14.1%	20.2%
Operating expenses	**19,589**	**21,251**	**18,147**	**-7.8%**	**7.9%**
Pre-provision profit	**15,682**	**14,412**	**16,684**	**8.8%**	**-6.0%**
Provisions	**8,158**	**6,770**	**11,469**	**20.5%**	**-28.9%**
Profit before tax	**7,524**	**7,642**	**5,215**	**-1.5%**	**44.4%**
Tax expense	2,145	2,300	1,495	-6.7%	43.5%
Net profit	**5,379**	**5,342**	**3,720**	**0.8%**	**44.7%**

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Bandhan Bank Ltd.			
Date	CMP	TP	Recommendation
20-Jul-26	213	222	**HOLD**
04-Nov-25	**158**	**172**	**ACCUMULATE**
25-Jul-25	184	198	**ACCUMULATE**
06-May-25	157	183	**BUY**
03-Jan-25	148	164	**ACCUMULATE**

Rating Legend (Expected over a 12-month period)	
Our Rating	***Upside***
Buy	*More than 15%*
Accumulate	*5% – 15%*
Hold	*0 – 5%*
Reduce	*-5% – 0*
Sell	*Less than – 5%*

- Please send your feedback to research.retail@devenchoksey.com

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