

Estimate change

TP change

Rating change



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Bloomberg	DCBB IN
Equity Shares (m)	310
M.Cap.(INRb)/(USD\$)	25.8 / 0.3
52-Week Range (INR)	219 / 58
1, 6, 12 Rel. Per (%)	-9/-46/-60
12M Avg Val (INR M)	179

Financials & Valuations (INR b)

Y/E MARCH	FY20	FY21E	FY22E
NII	12.6	12.5	13.0
OP	7.5	7.2	7.7
NP	3.4	2.3	3.2
NIM (%)	3.7	3.6	3.6
EPS (INR)	10.9	7.4	10.2
EPS Gr. (%)	3.6	-32.3	38.9
BV/Sh. (INR)	106.0	112.9	122.6
ABV/Sh. (INR)	99.4	101.5	110.5
Ratios			
RoE (%)	11.2	7.0	9.0
RoA (%)	0.9	0.6	0.8
Valuations			
P/E (x)	7.6	11.3	8.1
P/BV (x)	0.8	0.7	0.7
P/ABV (x)	0.8	0.8	0.8

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	14.9	14.9	14.9
DII	35.9	35.3	27.4
FII	15.1	22.8	24.5
Others	34.1	27.0	33.2
FII Includes depository receipts			

CMP: INR83
TP: INR90 (+8%)
Neutral

Moratorium book receding gradually; Margins under pressure

PPoP in line; Business growth moderates

- DCB Bank's (DCBB) 1QFY21 operating profits were in line while lower provisions supported earnings. Business growth moderated and is expected to remain weak. Margins are under pressure (declined 22bp sequentially). While the moratorium book plunged to ~26% (v/s 60% earlier), we remain watchful of the outlook ahead.
- We have cut our estimate by ~4% each for FY21/FY22E, factoring in the moderation in business growth/fee income. However, it was slightly offset by lower opex. Maintain **Neutral**.

Moratorium book declined to ~26%; Provision coverage strengthens

- DCBB's PAT declined 2% YoY to INR794m (v/s est. INR599m), supported by lower provisions of INR837m (v/s est. INR1.1b). Provisions of INR320m were made toward COVID-19. Thus, COVID-19 related provision buffer increased to INR950m (~0.4% of loans).
- NII grew 0.6% YoY (-5.2% QoQ) to INR3.1b (4% miss), affected by moderation in loan growth and 22bp QoQ decline in margins to ~3.42%. Other income declined 10.6% YoY, affected by lower fees (51% YoY decline). Thus, overall net revenues declined 1.8% YoY.
- Opex declined 14% YoY to INR1.9b, resulting in an improvement in the C/I ratio by ~80bp QoQ to 50.3%. Overall, PPoP grew 14.8% YoY to INR1.9b (in line) while core PPoP growth moderated to ~2% YoY.
- Loan growth moderated further to ~4% YoY. Corporate/SME/MSME advances declined 4% YoY each while growth of Gold loans was robust at 56% YoY. Deposit growth also moderated ~2% YoY (~3% QoQ decline) to INR294b. Within this, CASA deposits declined 9% YoY while TD grew 8% YoY. However, Retail TD grew 43% YoY, and thus, formed 57% of total deposits.
- On the asset quality front, fresh slippages stood at INR52m due to standstill benefit, and thus, GNPA/NNPA ratio improved by 2bp/17bp QoQ to ~2.4%/~1.0%. PCR, thus, improved to 60% (v/s 53.5% in FY20). Overdue accounts where moratorium got extended declined to INR4.75b as at Jul'20 (v/s INR19.1b in 4QFY20).
- **Moratorium update** – Home loans (~29%), LAP (~21%), CV (48%). Overall, 26% of the loan book is under moratorium (where no installments were paid).

Highlights from management commentary

- DCBB's focus over the next 6-9 months is on disbursing loans under the Credit Guarantee Scheme (CGS), Gold loans, Tractor/KCC and Home loans.
- It is likely to continue facing higher delinquencies in the CV portfolio.
- Under the CGS, the bank expects ~40k customers to be eligible and peak disbursements are likely at ~INR14b.

Valuation and view

DCBB reported moderation in business growth and has guided for muted trends. Focus in the near term would be on preservation of balance sheet and controlling risk. On the asset quality front, moratorium book declined to 26% (v/s 60% earlier). SMA/overdue loans, where moratorium has been extended declined to INR4.75b (v/s INR19.0b). However, we remain watchful of the bank's asset quality and expect higher restructuring of loans. Also, we expect DCBB to continue facing higher delinquencies in the CV portfolio. We expect credit cost trends to remain elevated. We have cut our PAT estimates by 4% each to factor in further moderation in business growth/fee income trends, which was slightly offset by lower opex. We estimate DCBB to deliver FY22E RoA/RoE at 0.8%/9.0%. Maintain **Neutral** with revised TP of INR90 (0.8x FY22E ABV).

Quarterly performance**(INRm)**

	FY20				FY21E				FY20	FY21E	FY21E	V/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	our Est
Net Interest Income	3,048	3,134	3,231	3,237	3,067	3,085	3,185	3,203	12,649	12,540	3,209	-4.4
% Change (Y-o-Y)	11.6	11.2	10.0	7.6	0.6	-1.6	-1.4	-1.1	10.1	-0.9	5.3	
Other Income	868	1,014	931	1,099	776	655	706	758	3,911	2,894	1,023	-24.1
Total Income	3,915	4,148	4,162	4,336	3,843	3,740	3,891	3,960	16,560	15,434	4,231	-9.2
Operating Expenses	2,250	2,302	2,263	2,215	1,932	2,042	2,124	2,143	9,029	8,240	2,310	-16.4
Operating Profit	1,665	1,845	1,899	2,121	1,911	1,698	1,767	1,818	7,531	7,194	1,921	-0.5
% Change (Y-o-Y)	17.8	26.3	9.3	14.5	14.8	-8.0	-7.0	-14.3	16.5	-4.5	15.3	
Provisions	406	433	590	1,182	837	1,088	1,123	1,085	2,611	4,134	1,121	-25.3
Profit before Tax	1,259	1,413	1,309	938	1,075	610	644	732	4,919	3,060	800	34.3
Tax	448	499	342	251	281	154	162	175	1,540	771	202	39.2
Net Profit	811	914	967	688	794	456	481	558	3,379	2,289	599	32.6
% Change (Y-o-Y)	16.6	24.5	12.3	-28.6	-2.1	-50.1	-50.2	-18.9	3.9	-32.3	-26.2	
Operating Parameters												
Deposit (INR b)	287.9	293.6	297.3	303.7	294.3	303.7	309.8	318.9	303.7	318.9	314.3	-6.4
Loan (INR b)	240.4	248.0	254.4	253.5	250.6	253.5	247.4	238.2	253.5	238.2	258.5	-3.1
Deposit Growth (%)	15.0	12.2	8.1	6.8	2.2	3.4	4.2	5.0	6.8	5.0	9.2	-6.9
Loan Growth (%)	13.2	12.4	11.1	7.5	4.2	2.2	-2.8	-6.0	7.5	-6.0	7.5	-3.3
Asset Quality												
Gross NPA (%)	2.0	2.1	2.2	2.5	2.4	3.0	3.9	4.7	2.5	4.7	2.7	-0.3
Net NPA (%)	0.8	1.0	1.0	1.2	1.0	1.3	1.7	2.1	1.2	2.1	1.3	-0.3
PCR (%)	58.9	54.5	52.8	53.5	60.0	58.5	57.0	55.8	53.5	55.8	54.0	6.0

E:MOFSL Estimates

Quarterly snapshot

	FY19				FY20				FY21	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Profit and Loss (INR m)											
Net Interest Income	2,730	2,818	2,936	3,009	3,048	3,134	3,231	3,237	3,067	1	-5
Other Income	828	735	945	994	868	1,014	931	1,099	776	-11	-29
Total Income	3,558	3,553	3,881	4,002	3,915	4,148	4,162	4,336	3,843	-2	-11
Operating Expenses	2,144	2,092	2,143	2,150	2,250	2,302	2,263	2,215	1,932	-14	-13
Employee	1,087	1,102	1,103	1,049	1,162	1,147	1,156	1,124	1,087	-6	-3
Others	1,057	990	1,040	1,101	1,088	1,156	1,107	1,091	845	-22	-23
Operating Profits	1,414	1,461	1,738	1,853	1,665	1,845	1,899	2,121	1,911	15	-10
Core Operating Profits	1,261	1,430	1,626	1,763	1,506	1,596	1,829	1,947	1,531	2	-21
Provisions	332	319	401	348	406	433	590	1,182	837	106	-29
PBT	1,082	1,142	1,336	1,505	1,259	1,413	1,309	938	1,075	-15	15
Taxes	387	408	475	542	448	499	342	251	281	-37	12
PAT	695	734	861	963	811	914	967	688	794	-2	15
Balance Sheet (INR B)											
Loans	212	221	229	236	240	248	254	253	251	4	-1
Investments	71	70	75	78	80	78	81	77	77	-3	0
Deposits	250	262	275	284	288	294	297	304	294	2	-3
CASA Deposits	62	64	67	68	71	68	69	65	65	-9	-1
Borrowings	20	20	25	27	27	28	34	34	39	48	15
Total Assets	312	325	344	358	363	370	381	385	382	5	-1
Asset Quality											
GNPA	4,006	4,100	4,451	4,395	4,764	5,232	5,520	6,315	6,218	31	-2
NNPA	1,539	1,553	1,634	1,538	1,958	2,379	2,608	2,935	2,485	27	-15
Ratios (%)											
	FY19				FY20				FY21	Change (bps)	
Asset Quality	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA (%)	1.9	1.8	1.9	1.8	2.0	2.1	2.2	2.5	2.4	48	-2
NNPA (%)	0.7	0.7	0.7	0.7	0.8	1.0	1.0	1.2	1.0	18	-17
PCR (Calculated, %)	61.6	62.1	63.3	65.0	58.9	54.5	52.8	53.5	60.0	114	651
PCR (Reported, %)	76	77	77	79	76	73	72	71	75	-39	439
Business Ratios											
Fees to Total Income	16.8	15.7	15.3	16.2	13.9	13.9	15.0	15.3	7.0	-695	-831
Cost to Core Income	64.4	61.9	60.7	58.8	62.6	62.0	58.7	56.8	57.9	-471	112
Tax Rate	35.8	35.7	35.6	36.0	35.6	35.3	26.1	26.7	26.1	-949	-60
CASA	24.6	24.3	24.2	23.8	24.5	23.2	23.2	21.5	21.9	-260	47
Loan/Deposit	84.9	84.3	83.2	82.9	83.5	84.5	85.5	83.5	85.1	162	168
Profitability Ratios											
RoA	0.9	0.9	1.0	1.1	0.9	1.0	1.0	0.7	0.8	-7	11
RoE	10.8	11.1	12.6	13.7	11.2	12.3	12.7	8.7	9.9	-131	113
Yield on loans	11.2	11.1	11.3	11.6	11.6	11.5	11.5	11.4	11.1	-45	-24
Cost of funds	6.6	6.6	6.7	7.1	7.1	7.1	7.1	7.0	6.8	-32	-20
Margins	3.90	3.83	3.8	3.78	3.67	3.67	3.7	3.64	3.42	-25	-22
Others											
Branches	323	328	331	333	334	334	331	336	341	7	5
ATM	536	541	505	504	508	499	501	504	505	-3	1



Highlights of management commentary

New RBI resolution framework

- In the corporate book, large proportion of loans, which were SMA as on 1st Mar'20 have already been recovered.

Moratorium/collection update

- **MFI loans:** The bank was able to collect at least one installment from 79% of customers.
- Highest moratorium availed is in the CV portfolio.
- ~26% of the portfolio has not paid any installments during Apr-Jul'20. While the rest 74% of the portfolio have paid at least one or more installments.

Balance sheet and P&L related

- Under the CGS, the bank expects ~40k customers to be eligible with peak disbursal likely at ~INR14b. However, currently the bank has sanctioned ~INR6.68b and disbursed ~INR0.75b (628 customers).
- The focus over the next 6-9 months would be on disbursing loans under the CGS, Gold, Tractor, KCC and Home loans. Also, the focus would be on improving fee income.
- Focus remains on replacing bulk deposits with retail term deposits. The bank has 'Nil' certificate of deposits.
- The bank has slowed down hiring at the moment.
- Home loans have risk-weighted assets of 35% while LAP has 75%. The approval rate in home loans is ~65-68%.
- Overall, the focus continues to remain on reduction in risk-weighted assets.
- The bank operates in small ticket sized home loans.
- The average LGD should be in the range of 20-30%.
- The bank is witnessing strong traction in retail deposits. Many customers are also giving CASA balances.
- The focus is on giving top loans and disbursing under the CGS to viable projects.

Asset quality related

- The bank has built provisions of INR150m during the quarter on restructured MSME loans affected by COVID-19.
- SMA/overdue accounts have reduced from ~INR19.1b as at Mar'20 to INR4.75b as at Jul'20. The bank expects this to reduce further in Aug'20.
- The bank will continue to face higher delinquencies in the CV portfolio. This portfolio is expected to take time to revive.
- The bank holds standard asset provisions of INR1.17b. COVID-19 related provisions stand at INR0.95b, floating provisions at INR1b and the rest are NPA provisions.
- **Total net restructured standard advances** stood at INR 4.69b – INR2.39b in CV, INR1.47b in mortgages, INR0.65b in SME/MSME, INR0.11b in corporate and INR0.07b in others.

Key Exhibits

Exhibit 1: Segment-wise GNPA break-up – GNPA declined sequentially aided by asset classification benefit granted by RBI

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	YoY (%)	QoQ (%)
CV/STVL	319	294	385	480	635	757	1,002	1,163	1,134	79%	-2%
Corporate	902	930	779	619	187	187	481	515	515	175%	0%
SME + MSME	339	380	403	425	501	742	662	733	725	45%	-1%
Mortgages	1,480	1,486	1,606	1,627	1,779	2,016	1,814	2,283	2,288	29%	0%
AIB	734	763	1,018	984	1,261	1,061	1,112	1,212	1,189	-6%	-2%
Gold loan	106	102	101	84	89	121	124	69	59	-34%	-14%
Others	126	145	159	176	312	348	325	340	308	-1%	-9%
Total GNPA's	4,006	4,100	4,451	4,395	4,764	5,232	5,520	6,315	6,218	31%	-2%

Moratorium and collection update across business segments

- **Business Loans (LAP):** ~29% of loans in value terms have not paid any installments from 1st Apr'20 to Jul'20.
- **Home Loans:** ~21% of loans in value terms have not paid any installments from 1st Apr'20 to Jul'20.
- **CV:** ~48% of loans in value terms have not paid any installments from 1st Apr'20 to Jul'20.
- **MFI BC Loans:** ~22% of loans in value terms have not paid any installments from 1st Apr'20 to Jul'20.
- **MFI BC Loans:** ~22% of loans in value terms have not paid any installments from 1st Apr'20 to Jul'20.
- Overall, **~26% of the book is under moratorium** as at Jul'20, which have not paid a single installment.

Exhibit 2: Collection efficiency witnessing improving trends

Collections Efficiency (%)	Jan'20	Feb'20	Mar'20	Apr'20	Jun'20	Jul'20
Business Loans (LAP)	97.5	97.7	90.6	51.6	58.8	59.4
Home loans	98.5	98	93.2	56.9	63.8	67.3
CV	92.1	89.4	81.3	30.1	37.4	39.3

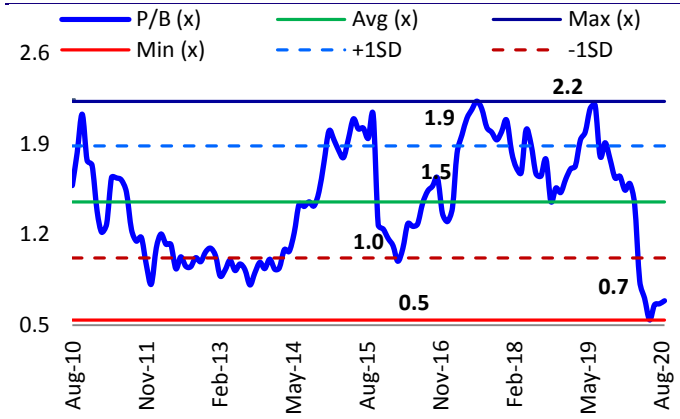
Source: MOSL, Company

Valuation view

- COVID-19 is expected to severely impact multiple segments due to the contagion effect. We expect potential increase in delinquencies in the MSME/LAP and CV portfolios as the overall moratorium remains high at ~26%. Furthermore, concerns related to asset quality challenges in the corporate portfolio persist.
- Business growth moderated for the bank, led by continued sluggishness in the Corporate Banking/SME/MSME portfolio. Disbursement remains muted and the bank expects weak business growth trends over the next few quarters. Thus, we expect flattish loan growth over FY20-22E.
- Overall, this should result in NII/fee income moderation, dragged by reduced business activity. Further, moderation in opex growth is likely to support operating profits. Thus, PPOP growth should remain flattish over FY20-22E.
- **Neutral with target price of INR90:** DCBB reported moderation in business growth and has guided for muted trends. Focus in the near term would be on preservation of balance sheet and controlling risk. On the asset quality front, moratorium book declined to 26% (v/s 60% earlier). SMA/overdue loans, where

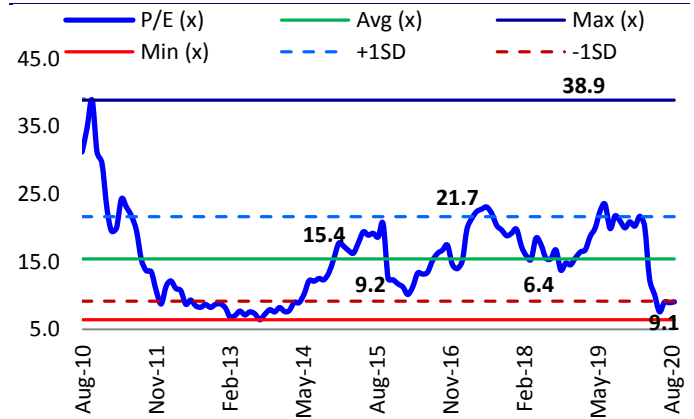
moratorium has been extended declined to INR4.75b (v/s INR19.0b). However, we remain watchful of the bank's asset quality and expect higher restructuring of loans. Also, we expect DCBB to continue facing higher delinquencies in the CV portfolio. We expect credit cost trends to remain elevated. We have cut our PAT estimates by 4% each to factor in further moderation in business growth/fee income trends, which was slightly offset by lower opex. We estimate DCBB to deliver FY22E RoA/RoE at 0.8%/9.0%. Maintain **Neutral** with revised TP of INR90 (0.8x FY22E ABV).

Exhibit 3: One-year forward P/B



Source: MOFSL, Company

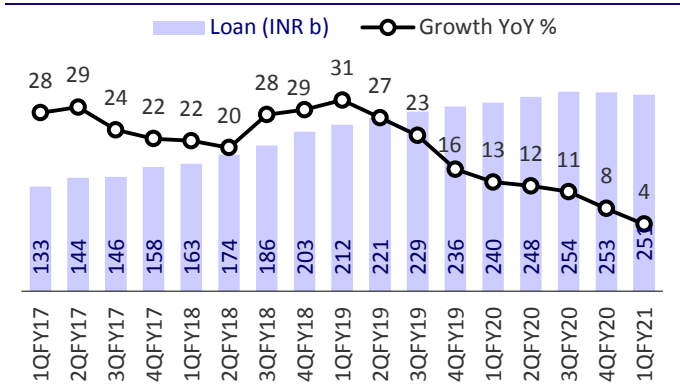
Exhibit 4: One-year forward P/E



Source: MOFSL, Company

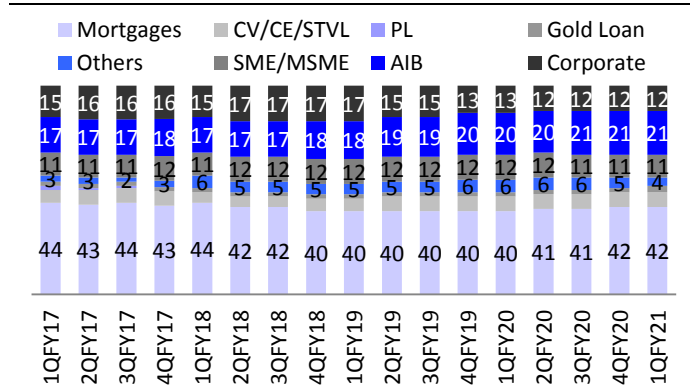
Story in Charts

Exhibit 5: Loan growth moderated to 4% YoY



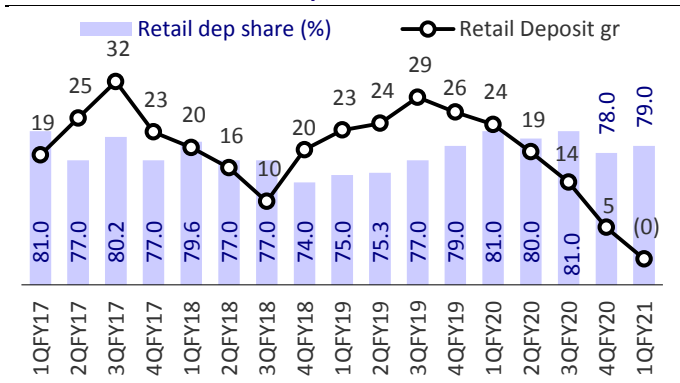
Source: MOFSL, Company

Exhibit 6: Proportion of corporate advances stable at 12%



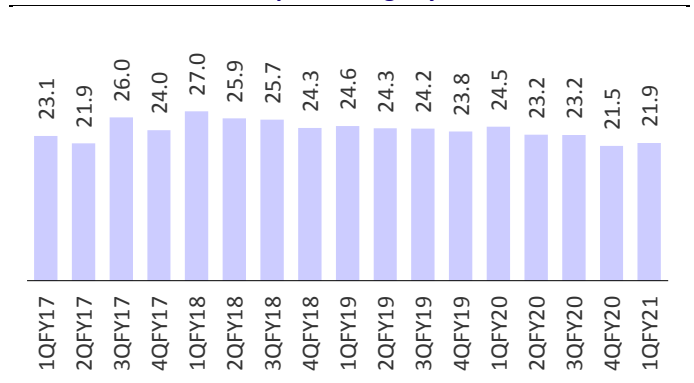
Source: MOFSL, Company

Exhibit 7: Share of retail deposits increased to 79%



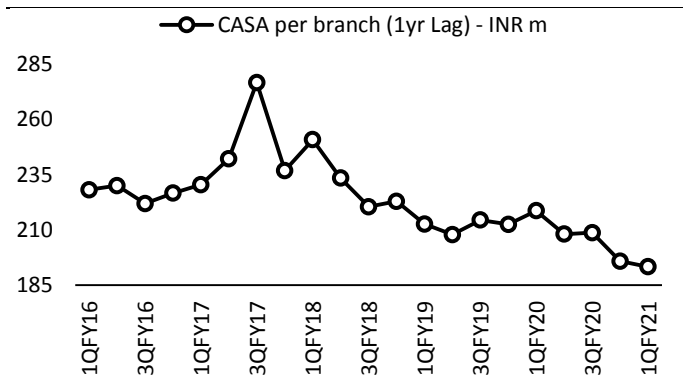
Source: MOFSL, Company

Exhibit 8: CASA ratio improved slightly to 21.9%



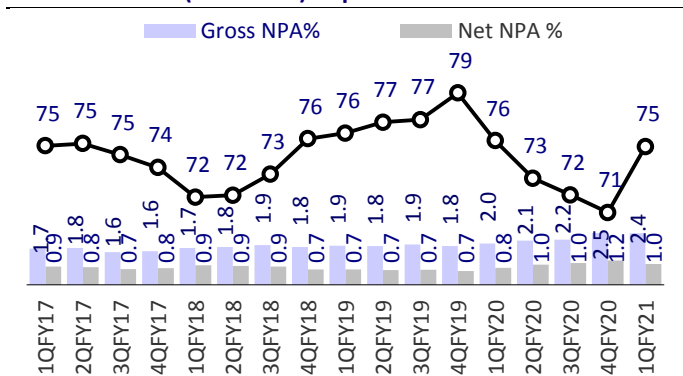
Source: MOFSL, Company

Exhibit 9: CASA mobilization per branch (one-year lag) declined to INR193m



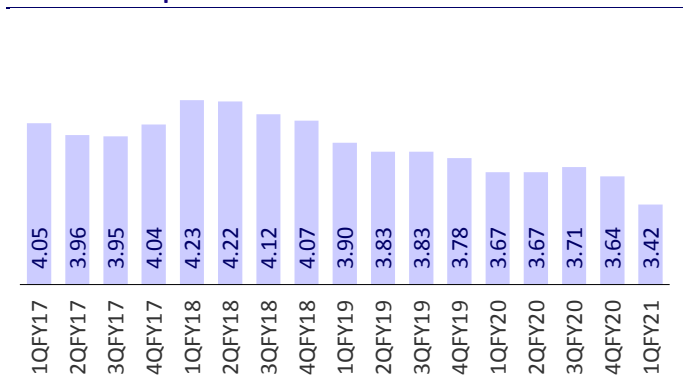
Source: MOFSL, Company

Exhibit 10: PCR (incl. TWO) improved to ~75%



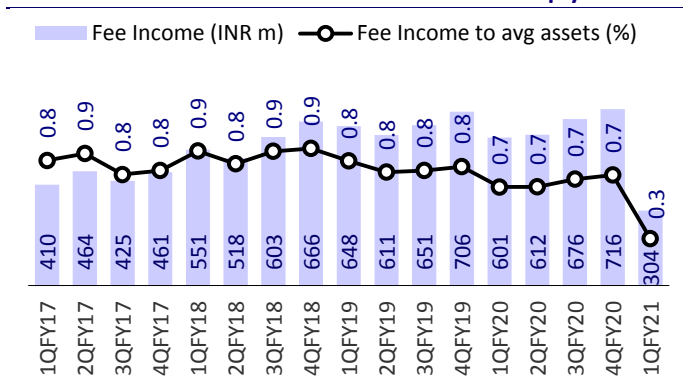
Source: MOFSL, Company

Exhibit 11: Reported NIMs declined to 3.42%



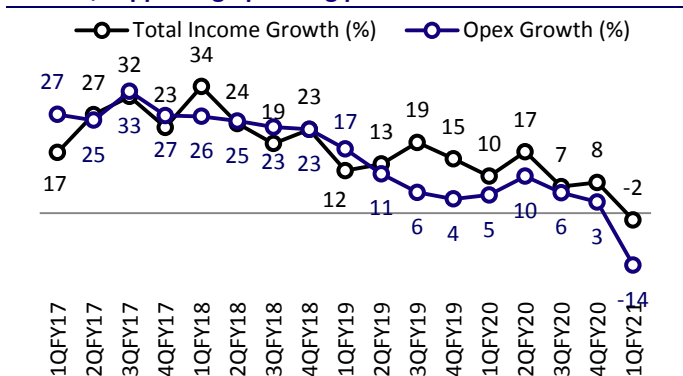
Source: MOFSL, Company

Exhibit 12: Fee income to assets moderated sharply to 0.3%



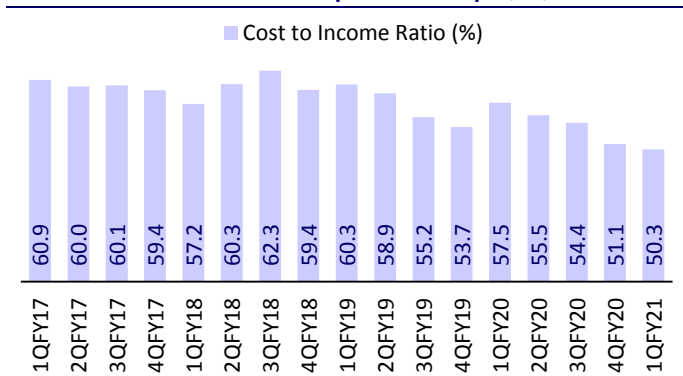
Source: MOFSL, Company

Exhibit 13: Decline in opex was higher than decline in total income, supporting operating profits



Source: MOFSL, Company

Exhibit 14: Cost to income improved ~80bp QoQ to 50.3%



Source: MOFSL, Company

Exhibit 15: DuPont Analysis – Return ratios to remain under pressure in the medium term

DCB Bank	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	9.64	9.62	8.89	9.21	9.52	8.73	8.47
Interest Expended	6.12	5.93	5.22	5.73	6.12	5.55	5.36
Net interest Income	3.51	3.69	3.67	3.48	3.41	3.18	3.10
Fee income	0.80	0.77	0.98	0.94	0.88	0.88	0.86
Trading and others	0.45	0.39	0.17	0.12	0.18	-0.14	-0.06
Non-interest Income	1.25	1.16	1.14	1.06	1.05	0.73	0.80
Total Income	4.77	4.85	4.81	4.54	4.46	3.91	3.90
Operating expenses	2.79	2.91	2.88	2.58	2.43	2.09	2.07
Employees	1.39	1.43	1.40	1.31	1.24	1.06	1.05
Others	1.39	1.48	1.47	1.27	1.20	1.02	1.02
Operating profits	1.98	1.94	1.93	1.96	2.03	1.82	1.83
Core PPP	1.53	1.55	1.77	1.84	1.85	1.96	1.89
Provisions	0.50	0.52	0.51	0.42	0.70	1.05	0.81
NPA	0.37	0.44	0.41	0.06	0.23	1.06	0.80
Others	0.13	0.08	0.10	0.36	0.47	-0.01	0.01
PBT	1.48	1.42	1.42	1.53	1.32	0.78	1.02
Tax	0.38	0.50	0.52	0.55	0.41	0.20	0.26
ROAA (%)	1.10	0.93	0.90	0.99	0.91	0.58	0.76
Leverage (x)	10.60	11.71	12.05	12.17	12.27	12.00	11.78
ROAE (%)	11.70	10.83	10.89	11.99	11.16	6.96	8.96

Financials and Valuations

Income Statement							INR m	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	14,224	16,985	20,762	24,130	30,415	35,366	34,457	35,404
Interest Expense	9,142	10,790	12,791	14,176	18,922	22,717	21,917	22,428
Net Interest Income	5,082	6,195	7,971	9,954	11,493	12,649	12,540	12,976
Growth (%)	38.0	21.9	28.7	24.9	15.5	10.1	-0.9	3.5
Non-Interest Income	1,657	2,205	2,488	3,103	3,502	3,911	2,894	3,328
Total Income	6,739	8,400	10,459	13,057	14,994	16,560	15,434	16,304
Growth (%)	32.9	24.6	24.5	24.8	14.8	10.4	-6.8	5.6
Operating Expenses	3,965	4,909	6,277	7,807	8,529	9,029	8,240	8,652
Pre Provision Profits	2,774	3,490	4,182	5,250	6,466	7,531	7,194	7,653
Growth (%)	47.6	25.8	19.8	25.5	23.2	16.5	-4.5	6.4
Core PPP	2,408	2,971	3,630	4,796	6,080	6,878	7,754	7,907
Growth (%)	49.7	23.4	22.2	32.1	26.8	13.1	12.7	2.0
Provisions (excl. tax)	694	879	1,115	1,388	1,401	2,611	4,134	3,402
PBT	2,080	2,611	3,067	3,862	5,065	4,919	3,060	4,250
Tax	168	666	1,070	1,409	1,812	1,540	771	1,071
PAT	1,912	1,945	1,997	2,453	3,254	3,379	2,289	3,179
Growth (%)	26.2	1.7	2.7	22.8	32.7	3.9	-32.3	38.9

Balance Sheet								
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	2,820	2,844	2,854	3,081	3,095	3,104	3,104	3,104
Reserves & Surplus	13,034	15,062	19,179	24,983	28,049	31,108	33,242	36,266
Net Worth	15,854	17,906	22,033	28,064	31,144	34,212	36,346	39,370
Deposits	126,091	149,260	192,892	240,069	284,351	303,699	318,884	341,206
Growth (%)	22.1	18.4	29.2	24.5	18.4	6.8	5.0	7.0
of which CASA Dep	29,501	34,899	46,892	58,403	68,099	65,192	72,387	81,889
Growth (%)	14.3	18.3	34.4	24.5	16.6	-4.3	11.0	13.1
Borrowings	11,670	11,494	12,774	19,267	27,232	34,080	35,440	36,869
Total Liabilities	161,323	191,185	240,464	302,222	357,918	385,051	404,374	431,834
Current Assets	7,192	8,916	11,925	23,720	27,934	35,459	35,787	38,186
Investments	39,622	43,333	58,179	62,190	78,441	77,415	85,157	91,969
Loans	104,651	129,214	158,176	203,367	235,680	253,453	238,246	257,305
Growth (%)	28.6	23.5	22.4	28.6	15.9	7.5	-6.0	8.0
Fixed Assets	2,367	2,480	4,886	4,940	5,260	5,459	5,732	6,018
Total Assets	161,323	191,185	240,464	302,222	357,918	385,051	404,374	431,834

Asset Quality								
GNPA	1,861	1,974	2,542	3,690	4,395	6,315	11,379	12,379
NNPA	1,057	975	1,244	1,467	1,538	2,935	5,028	5,385
GNPA Ratio	1.8	1.5	1.6	1.8	1.8	2.5	4.7	4.7
NNPA Ratio	1.0	0.8	0.8	0.7	0.65	1.16	2.11	2.09
Slippage Ratio	2.14	2.15	2.03	1.93	1.92	2.72	4.50	2.70
Credit Cost	0.36	0.45	0.51	0.77	0.64	1.07	1.68	1.37
PCR (Excl. Tech. write off)	43.2	50.6	51.1	60.1	65.0	53.4	55.8	56.5

Financials and Valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	10.9	10.6	10.5	9.3	9.6	10.0	9.5	9.5
Avg. Yield on loans	11.8	11.6	11.5	10.7	11.2	11.6	11.1	11.2
Avg. Yield on Investments	7.2	7.4	7.8	7.0	7.6	8.0	7.2	7.1
Avg. Cost-Int. Bear. Liabilities	7.3	7.2	7.0	6.1	6.6	7.0	6.3	6.1
Avg. Cost of Deposits	7.3	7.3	6.9	6.0	6.5	6.9	6.2	6.0
Interest Spread	3.6	3.4	3.6	3.2	3.0	3.0	3.2	3.4
Net Interest Margin	3.89	3.88	4.04	4.0	3.8	3.7	3.6	3.6

Profitability Ratios (%)

CAR	15.0	14.1	13.8	16.5	16.8	17.8	20.0	19.6
Tier I	14.2	12.8	11.9	12.7	13.1	13.9	15.9	15.8
Tier II	0.7	1.3	1.9	3.8	3.7	3.9	4.1	3.8

Business & Efficiency Ratio (%)

Loans/Deposit Ratio	83.0	86.6	82.0	84.7	82.9	83.5	74.7	75.4
CASA Ratio	23.4	23.4	24.3	24.3	23.9	21.5	22.7	24.0
Cost/Assets	2.7	2.8	2.9	2.9	2.6	2.4	2.1	2.1
Cost/Income	58.8	58.4	60.0	59.8	56.9	54.5	53.4	53.1
Cost/ Core Income	61.4	61.5	62.7	61.9	58.4	56.8	51.5	52.2
Int. Expense/Int. Income	64.3	63.5	61.6	58.7	62.2	64.2	63.6	63.3
Fee Income/Net Income	20.5	21.2	19.5	20.3	20.8	19.7	22.4	22.0
Non Int. Inc./Net Income	24.6	26.2	23.8	23.8	23.4	23.6	18.8	20.4
Emp. Cost/Op. Exp.	49.4	49.9	49.0	48.8	50.9	50.8	50.9	50.9
Investment/Deposit Ratio	27.6	26.7	24.7	25.9	27.6	25.5	26.7	27.0

Profitability and Valuations Ratios

RoE	14.4	11.8	10.8	10.9	12.0	11.2	7.0	9.0
RoA	1.3	1.1	0.9	0.90	0.99	0.91	0.6	0.76
RoRWA	1.8	1.4	1.2	1.2	1.5	1.4	1.0	1.3
Book Value (INR)	56.3	62.0	72.3	86.7	96.3	106.0	112.9	122.6
Price-BV (x)	1.5	1.3	1.1	1.0	0.9	0.8	0.7	0.7
Adjusted BV (INR)	53.7	59.6	69.3	83.3	92.8	99.4	102	110
Price-ABV (x)	1.5	1.4	1.2	1.0	0.9	0.8	0.8	0.8
EPS (INR)	6.8	6.8	7.0	8.0	10.5	10.9	7.4	10.2
Price-Earnings (x)	12.2	12.1	11.9	10.4	7.9	7.6	11.3	8.1

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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