

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	DCBB IN
Equity Shares (m)	312
M.Cap.(INRb)/(USDb)	40.1 / 0.5
52-Week Range (INR)	141 / 81
1, 6, 12 Rel. Per (%)	7/2/28
12M Avg Val (INR M)	221

#### Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	17.2	19.9	23.7
OP	7.9	9.3	11.6
NP	4.7	5.5	6.8
NIM (%)	4.0	3.8	3.8
EPS (INR)	14.9	17.8	21.9
EPS Gr. (%)	61.7	18.9	23.0
BV/Sh. (INR)	141	157	176
ABV/Sh. (INR)	133	149	169
<b>Ratios</b>			
RoE (%)	11.5	12.3	13.5
RoA (%)	1.0	1.0	1.0
<b>Valuations</b>			
P/E (x)	8.6	7.2	5.9
P/BV (x)	0.9	0.8	0.7
P/ABV (x)	1.0	0.9	0.8

#### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	14.8	14.8	14.9
DII	39.8	40.0	37.6
FII	12.3	12.3	12.5
Others	33.1	32.9	35.1

FII Includes depository receipts

**CMP: INR129**      **TP: INR130 (+1%)**      **Neutral**

### In-line earnings; asset quality deteriorates slightly

#### Restructured portfolio stood at ~4.0% of loans

- DCB Bank (DCBB) reported 31% YoY growth in PAT at INR1.3b (in line), driven by lower provisions. NII grew 26% YoY to INR4.7b (down 3% QoQ). NIMs moderated 35bp QoQ to 3.8%.
- Advances grew 19% YoY, supported by healthy disbursements across segments. Deposits grew 23% YoY, led by 5% QoQ growth in term deposits. CASA mix moderated 45bp QoQ to 26%.
- Slippages increased to INR3.4b (vs. INR2.7b in 4QFY23), which, along with modest recoveries and upgrades, resulted in deterioration in GNPA/NNPA ratio by 7bp/15bp QoQ. Restructured book declined QoQ but remained elevated at ~INR14.1b (4% of loans).
- We estimate FY25 RoA/RoE at 1.0%/13.5%. **Maintain Neutral with a TP of INR130 (based on 0.8x FY25E ABV).**

#### Business growth modest; margins moderate 35bp QoQ

- DCBB reported 1QFY24 PAT of INR1.3b (+31% YoY, in line), led by lower provisions of INR377m (24% lower vs. our estimate).
- NII grew ~26% YoY (down 3% QoQ) to INR4.7b (5% miss), led by 35bp QoQ moderation in margins to 3.8%. Other income grew 16% YoY (down 13% QoQ), with fee income down 18% QoQ. Total revenue grew 24% YoY (down 5% QoQ).
- Opex jumped 23% YoY as the bank continued to make investments in the business, and hence PPop grew 26% YoY (6% miss).
- Advances grew 19% YoY/3% QoQ, supported by healthy disbursements across mortgages and AIB segment. The AIB segment's share moderated 10bp QoQ to 23.2%, while mortgages' share increased 90bp QoQ to 44.7%. Deposits grew 23% YoY (+4.3% QoQ), led by 5% QoQ growth in term deposits. CASA deposits grew 2.5% QoQ to INR111.7b. The CASA mix moderated 45bp QoQ to 26%.
- GNPA/NNPA ratios deteriorated by 7bp/15bp QoQ to 3.26%/1.19%, with slippages increasing sequentially to INR 3.4b. PCR moderated sharply by 409bp QoQ to 64% (~77% including TWO). Restructured book stood at INR14.1b (4.0% of loans). CE moderated across segments and stood at 97.2%/97.5%/88.6% in Business/Home/CV segments, including delinquent and restructured book.

#### Highlights from the management commentary

- The C/I ratio is expected to moderate to ~55% over the next 1-1.5 years.
- Provision mix** – Standard asset (INR40m), NPA related (INR300m), Floating provisions (INR40m)
- NIM is expected to be at ~3.65-3.75% on a sustainable basis.
- YOA declined by 12bp to 11.55% in 1QFY24.

**Valuation and view**

DCBB reported in-line earnings, driven by lower provisions. Margins moderated 35bp QoQ on expected lines. Loan growth was steady, led by mortgages and AIB segment. Deposit growth was led by term deposits, resulting in moderation in the CASA ratio. Fresh slippages increased in a seasonally weak quarter, which, along with modest recoveries and upgrades, resulted in a slight deterioration in asset quality ratios. We estimate FY25 RoA/RoE at 1.0%/13.5%. **We maintain our Neutral rating with a TP of INR130 (premised on 0.8x FY25E ABV).**

**Quarterly performance****(INR m)**

	FY23				FY24E				FY23	FY24E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Interest Income</b>	<b>3,740</b>	<b>4,111</b>	<b>4,460</b>	<b>4,860</b>	<b>4,707</b>	<b>4,885</b>	<b>5,024</b>	<b>5,241</b>	<b>17,170</b>	<b>19,856</b>	<b>4,946</b>	<b>-4.8</b>
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	25.9	18.8	12.6	7.8	26.5	15.6	32.3	
Other Income	924	992	954	1,223	1,069	1,164	1,207	1,349	4,094	4,790	1,102	-2.9
<b>Total Income</b>	<b>4,664</b>	<b>5,103</b>	<b>5,414</b>	<b>6,083</b>	<b>5,777</b>	<b>6,049</b>	<b>6,231</b>	<b>6,590</b>	<b>21,264</b>	<b>24,646</b>	<b>6,048</b>	<b>-4.5</b>
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,788	3,896	3,963	13,397	15,337	3,826	-3.5
<b>Operating Profit</b>	<b>1,661</b>	<b>1,826</b>	<b>1,941</b>	<b>2,439</b>	<b>2,087</b>	<b>2,260</b>	<b>2,335</b>	<b>2,627</b>	<b>7,867</b>	<b>9,310</b>	<b>2,222</b>	<b>-6.1</b>
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	25.6	23.8	20.3	7.7	-1.3	18.3	33.7	
Provisions	350	310	407	525	377	462	485	525	1,787	1,849	499	-24.4
<b>Profit before Tax</b>	<b>1,311</b>	<b>1,516</b>	<b>1,534</b>	<b>1,915</b>	<b>1,709</b>	<b>1,798</b>	<b>1,851</b>	<b>2,102</b>	<b>6,080</b>	<b>7,460</b>	<b>1,723</b>	<b>-0.8</b>
Tax	340	392	396	493	440	464	477	543	1,424	1,925	445	-1.0
<b>Net Profit</b>	<b>971</b>	<b>1,124</b>	<b>1,139</b>	<b>1,422</b>	<b>1,269</b>	<b>1,334</b>	<b>1,373</b>	<b>1,559</b>	<b>4,656</b>	<b>5,536</b>	<b>1,278</b>	<b>-0.7</b>
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	30.7	18.8	20.6	9.6	61.9	18.9	31.6	
<b>Operating Parameters</b>												
Deposit (INR b)	350.8	369.6	395.1	412.4	430.1	445.8	460.6	486.6	412.4	486.6	427.2	0.7
Loan (INR b)	298.1	312.9	329.7	343.8	354.7	372.4	385.2	407.4	343.8	407.4	356.5	-0.5
<b>Asset Quality</b>												
Gross NPA (%)	4.2	3.9	3.6	3.2	3.3	3.1	3.0	2.6	3.2	2.6	3.1	
Net NPA (%)	1.8	1.5	1.4	1.0	1.2	1.1	1.0	0.9	1.0	0.9	1.0	
PCR (%)	57.8	61.3	63.0	68.2	64.1	66.4	67.5	68.2	68.2	68.2	68.5	

## Quarterly snapshot

	FY22				FY23				FY24	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Profit and Loss (INR m)</b>											
Net Interest Income	3,087	3,233	3,450	3,805	3,740	4,111	4,460	4,860	4,707	26	-3
Other Income	1,212	977	1,183	1,148	924	992	954	1,223	1,069	16	-13
Total Income	4,299	4,211	4,634	4,953	4,664	5,103	5,414	6,083	5,777	24	-5
Operating Expenses	2,277	2,459	2,645	2,744	3,002	3,278	3,473	3,643	3,690	23	1
Employee	1,227	1,322	1,380	1,463	1,551	1,717	1,796	1,865	1,951	26	5
Others	1,049	1,138	1,266	1,282	1,451	1,561	1,677	1,778	1,739	20	-2
Operating Profits	2,022	1,751	1,988	2,208	1,661	1,826	1,941	2,439	2,087	26	-14
Core Operating Profits	1,484	1,647	1,825	2,205	1,601	1,806	1,921	2,429	2,057	28	-15
Provisions	1,565	863	970	676	350	310	407	525	377	8	-28
PBT	457	888	1,019	1,532	1,311	1,516	1,534	1,915	1,709	30	-11
Taxes	119	239	265	398	340	392	396	493	440	30	-11
PAT	338	649	754	1,134	971	1,124	1,139	1,422	1,269	31	-11
<b>Balance Sheet (INR B)</b>											
Loans	253	265	273	291	298	313	330	344	355	19	3
Investments	91	86	86	91	99	105	109	126	134	35	6
Deposits	306	318	322	347	351	370	395	412	430	23	4
CASA Deposits	66	81	84	93	100	108	109	109	112	11	2
Borrowings	43	40	32	41	40	35	38	41	47	18	15
Total Assets	403	415	412	448	452	468	499	524	550	22	5
<b>Asset Quality</b>											
GNPA	12,688	12,849	13,398	12,899	12,885	12,492	12,233	11,228	11,814	-8	5
NNPA	7,190	7,070	6,965	5,732	5,436	4,829	4,532	3,569	4,239	-22	19
<b>Ratios (%)</b>											
	FY22				FY23				FY24	Change (bps)	
<b>Asset Quality</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>YoY</b>	<b>QoQ</b>
GNPA (%)	4.9	4.7	4.8	4.3	4.2	3.9	3.6	3.2	3.3	-95	7
NNPA (%)	2.8	2.6	2.6	2.0	1.8	1.5	1.4	1.0	1.2	-63	15
PCR (Calculated, %)	43.3	45.0	48.0	55.6	57.8	61.3	63.0	68.2	64.1	631	-409
PCR (Reported, %)	59	60	62	68	69	73	75	79	77	759	-227
<b>Business Ratios</b>											
Fees to Total Income	11.0	14.6	13.6	13.4	13.9	15.1	12.9	15.0	13.0	-91	-198
Cost to Core Income	64.0	63.9	64.8	61.4	68.4	67.2	67.3	63.1	67.6	-82	447
Tax Rate	26.0	26.9	26.0	26.0	25.9	25.9	25.8	25.7	25.7	-16	2
CASA	21.7	25.4	25.9	26.8	28.6	29.3	27.6	26.4	26.0	-260	-45
Loan/Deposit	82.6	83.5	84.8	83.9	85.0	84.7	83.4	83.4	82.5	-251	-89
<b>Profitability Ratios</b>											
RoA	0.3	0.6	0.7	1.1	0.9	1.0	0.9	1.1	0.9	8	-16
RoE	3.8	7.3	8.3	12.1	10.1	11.5	11.3	13.7	11.8	169	-193
Yield on loans	10.5	10.7	10.7	11.0	10.7	10.8	11.0	11.7	11.6	90	-12
Cost of funds	6.3	6.2	6.1	6.0	6.0	6.0	6.1	6.4	6.7	70	29
Margins	3.31	3.37	3.61	3.93	3.61	3.88	4.02	4.18	3.83	22	-35
<b>Others</b>											
Branches	354	356	367	400	405	410	418	427	436	31	9
ATM	402	344	353	349	373	381	385	396	409	36	13



## Highlights from the management commentary

### Balance sheet and P&L related

- The bank expects to double the balance sheet in 3-4 years.
- NIM is expected to be at ~3.65-3.75% on a sustainable basis.
- The C/I ratio is expected to moderate to ~55% over time.
- YOA declined by 12bp to 11.55% in 1QFY24.
- **Provisions mix** – Standard asset ( INR40m), NPA related (INR300m), Floating provisions (INR40m)
- There has been a reduction in headcount to 9,579 in the current quarter.
- The bank has made 15% of provisions in the restructured book and much of the slippages came from the home loan business in the current quarter.
- Some parts of the restructured book that is in moratorium will be over by the end of Aug'23.
- Opex growth is expected to be slower than income growth and the bank expects difference of 2%-3% between cost and income growth.
- MSME and SME disbursements stood at INR3.8b vs. INR8.4b in 4QFY23.
- Fee income from PSLC has almost disappeared.
- Top-20 deposits contribute 6.97% of the total deposits.
- The cost of funds stood at 6.7% in 1QFY24 vs. 6.4% in 4QFY23.

### Asset quality related

- The bank expects the credit cost to remain under control.
- GNPA/NNPA ratios deteriorated by 15bp/7bp QoQ to 3.3%/1.2%. Provisions declined 28% QoQ to INR377m.
- Standard restructured advances O/S as at 1QFY24 stood at INR14.1b.

**Exhibit 1: Segment-wise GNPA**

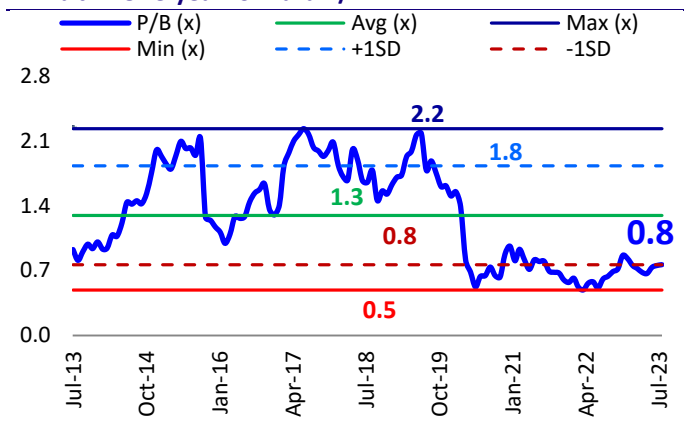
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	YoY (%)	QoQ (%)
CV/STVL	2,069	2,454	2,363	2,259	2,300	2,180	2,080	1,790	1,520	-33.9%	-15.1%
Corporate	836	834	1,016	1,014	1,010	2,040	2,150	1,990	2,210	118.8%	11.1%
SME + MSME	1,509	1,367	1,198	1,380	1,490	1,480	1,470	1,300	1,380	-7.4%	6.2%
Mortgages	4,716	4,479	3,853	3,423	3,310	2,950	2,900	2,700	3,160	-4.5%	17%
AIB	2,394	2,586	3,003	2,916	3,170	2,970	2,900	2,740	2,940	-7.3%	7.3%
Gold loan	646	531	1,365	1,330	1,060	410	290	190	240	-77.4%	26.3%
Others	518	598	600	577	540	460	440	520	360	-33.3%	-14.3%
<b>Total GNPA's</b>	<b>12,688</b>	<b>12,849</b>	<b>13,398</b>	<b>12,899</b>	<b>12,880</b>	<b>12,490</b>	<b>12,230</b>	<b>11,230</b>	<b>11,810</b>	<b>-8.3%</b>	<b>6.1%</b>

### Valuation and view

- Business growth is picking up well over the past few quarters, led by healthy traction across segments, primarily mortgages. The management expects this healthy traction to continue and thus, we expect an overall loan CAGR of 19% over FY23-FY25.
- GNPA/NNPA ratios deteriorated 7bp/15bp QoQ to 3.26%/1.19%, with slippages increasing to INR3.4b and recoveries and upgrades too were modest at INR2.1b. PCR moderated sharply by 409bp QoQ to 64% (~77% including TWO). Restructured book stood at INR14.1b (4.0% of loans). CE moderated across segments and stood at 97.2%/97.5%/88.6% in Business/Home/CV segments, including delinquent and restructured book.

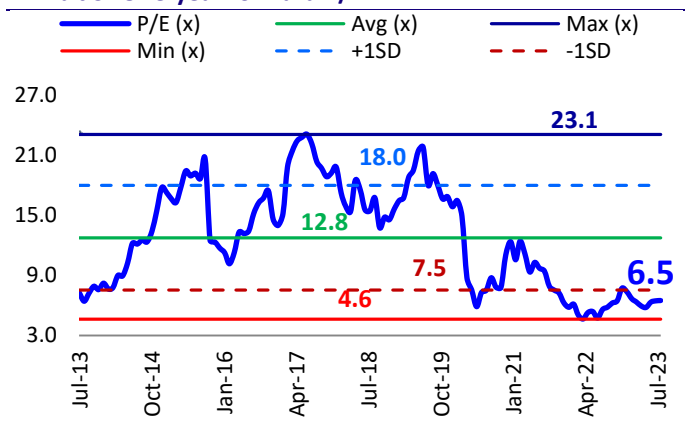
**Maintain Neutral, with a TP of INR125:** DCBB reported in-line earnings, driven by lower provisions. Margins moderated 35bp QoQ on expected lines. Loan growth was steady, led by mortgages and AIB segment. Deposit growth was led by term deposits, resulting in moderation in the CASA ratio. Fresh slippages increased in a seasonally weak quarter, which, along with modest recoveries and upgrades, resulted in a slight deterioration in asset quality ratios. We estimate FY25 RoA/RoE at 1.0%/13.5%. **We maintain our Neutral rating with a TP of INR130 (premised on 0.8x FY25E ABV).**

Exhibit 2: One-year forward P/B



Source: MOFSL, Company

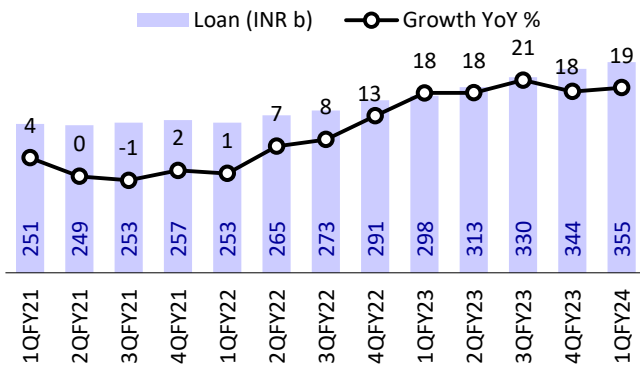
Exhibit 3: One-year forward P/E



Source: MOFSL, Company

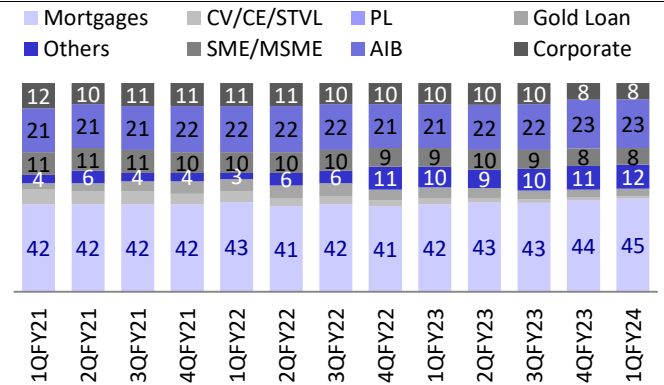
## Story in charts

**Exhibit 4: Loan book grew 19% YoY (3% QoQ)**



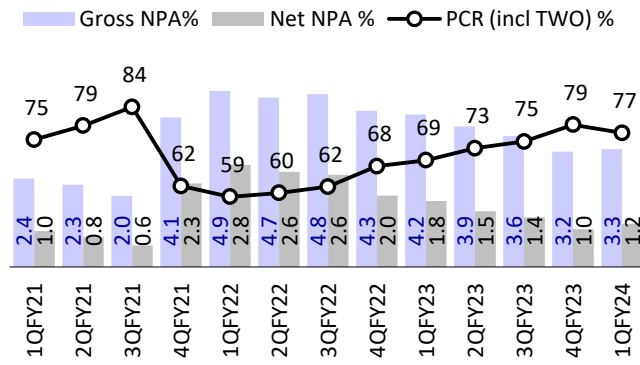
Source: MOFSL, Company

**Exhibit 5: Proportion of corporate advances stood at 8%**



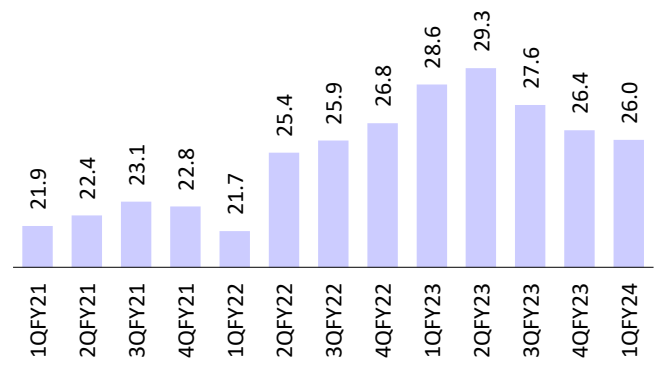
Source: MOFSL, Company

**Exhibit 6: Asset quality deteriorated with GNPA/NNPA ratio increasing 7bp/15bp QoQ; PCR (incl. TWO) at ~77%**



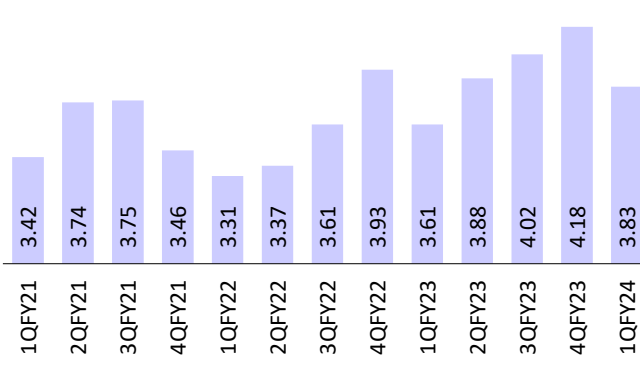
Source: MOFSL, Company

**Exhibit 7: CASA ratio moderated 45bp QoQ to 26%**



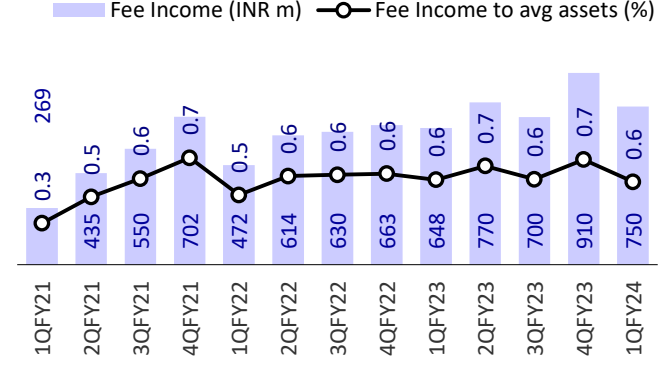
Source: MOFSL, Company

**Exhibit 8: Reported NIM moderated 35bp QoQ to 3.83%**



Source: MOFSL, Company

**Exhibit 9: Fee income to assets moderated to 0.6%**



Source: MOFSL, Company

**Exhibit 10: DuPont Analysis – RoA to sustain at ~1%**

<b>DCB Bank</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Interest Income	8.89	9.21	9.52	8.86	8.32	8.65	9.04	9.04
Interest Expended	5.22	5.73	6.12	5.56	5.11	5.11	5.54	5.49
<b>Net interest Income</b>	<b>3.67</b>	<b>3.48</b>	<b>3.41</b>	<b>3.29</b>	<b>3.22</b>	<b>3.53</b>	<b>3.49</b>	<b>3.55</b>
Fee income	0.98	0.94	0.88	0.78	0.88	0.82	0.90	0.91
Trading and others	0.17	0.12	0.18	0.37	0.19	0.02	-0.06	-0.06
<b>Non-interest Income</b>	<b>1.14</b>	<b>1.06</b>	<b>1.05</b>	<b>1.14</b>	<b>1.07</b>	<b>0.84</b>	<b>0.84</b>	<b>0.85</b>
<b>Total Income</b>	<b>4.81</b>	<b>4.54</b>	<b>4.46</b>	<b>4.44</b>	<b>4.29</b>	<b>4.38</b>	<b>4.34</b>	<b>4.40</b>
<b>Operating expenses</b>	<b>2.88</b>	<b>2.58</b>	<b>2.43</b>	<b>2.17</b>	<b>2.40</b>	<b>2.76</b>	<b>2.70</b>	<b>2.66</b>
Employees	1.40	1.31	1.24	1.11	1.28	1.43	1.39	1.36
Others	1.47	1.27	1.20	1.06	1.12	1.33	1.31	1.30
<b>Operating profits</b>	<b>1.93</b>	<b>1.96</b>	<b>2.03</b>	<b>2.27</b>	<b>1.89</b>	<b>1.62</b>	<b>1.64</b>	<b>1.74</b>
<b>Core PPP</b>	<b>1.77</b>	<b>1.84</b>	<b>1.85</b>	<b>1.90</b>	<b>1.70</b>	<b>1.60</b>	<b>1.69</b>	<b>1.80</b>
<b>Provisions</b>	<b>0.51</b>	<b>0.42</b>	<b>0.70</b>	<b>1.11</b>	<b>0.97</b>	<b>0.37</b>	<b>0.33</b>	<b>0.36</b>
NPA	0.41	0.06	0.23	-0.07	0.09	0.13	0.30	0.33
Others	0.10	0.36	0.47	1.18	0.88	0.24	0.03	0.03
<b>PBT</b>	<b>1.42</b>	<b>1.53</b>	<b>1.32</b>	<b>1.16</b>	<b>0.92</b>	<b>1.25</b>	<b>1.31</b>	<b>1.38</b>
Tax	0.52	0.55	0.41	0.30	0.24	0.29	0.34	0.36
<b>ROAA (%)</b>	<b>0.90</b>	<b>0.99</b>	<b>0.91</b>	<b>0.86</b>	<b>0.68</b>	<b>0.96</b>	<b>0.97</b>	<b>1.02</b>
Leverage (x)	12.05	12.17	12.27	11.64	11.48	12.01	12.60	13.17
<b>ROAE (%)</b>	<b>10.89</b>	<b>11.99</b>	<b>11.16</b>	<b>10.01</b>	<b>7.82</b>	<b>11.51</b>	<b>12.27</b>	<b>13.46</b>

## Financials and valuations

Income Statement								INRm
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	24,130	30,415	35,366	34,582	35,128	42,003	51,365	60,231
Interest Expense	14,176	18,922	22,717	21,716	21,553	24,833	31,509	36,569
<b>Net Interest Income</b>	<b>9,954</b>	<b>11,493</b>	<b>12,649</b>	<b>12,866</b>	<b>13,575</b>	<b>17,170</b>	<b>19,856</b>	<b>23,661</b>
Growth (%)	24.9	15.5	10.1	1.7	5.5	26.5	15.6	19.2
Non-Interest Income	3,103	3,502	3,911	4,458	4,520	4,094	4,790	5,652
<b>Total Income</b>	<b>13,057</b>	<b>14,995</b>	<b>16,560</b>	<b>17,324</b>	<b>18,095</b>	<b>21,264</b>	<b>24,646</b>	<b>29,313</b>
Growth (%)	24.8	14.8	10.4	4.6	4.5	17.5	15.9	18.9
Operating Expenses	7,807	8,529	9,029	8,466	10,126	13,397	15,337	17,712
<b>Pre Provision Profits</b>	<b>5,250</b>	<b>6,466</b>	<b>7,531</b>	<b>8,858</b>	<b>7,970</b>	<b>7,867</b>	<b>9,310</b>	<b>11,602</b>
Growth (%)	25.5	23.2	16.5	17.6	-10.0	-1.3	18.3	24.6
<b>Core PPP</b>	<b>4,796</b>	<b>6,080</b>	<b>6,878</b>	<b>7,431</b>	<b>7,161</b>	<b>7,758</b>	<b>9,635</b>	<b>12,004</b>
Growth (%)	32.1	26.8	13.1	8.0	-3.6	8.3	24.2	24.6
Provisions (excl tax)	1,388	1,401	2,611	4,330	4,074	1,787	1,849	2,424
<b>PBT</b>	<b>3,862</b>	<b>5,065</b>	<b>4,919</b>	<b>4,528</b>	<b>3,895</b>	<b>6,080</b>	<b>7,460</b>	<b>9,177</b>
Tax	1,409	1,812	1,540	1,170	1,020	1,424	1,925	2,368
<b>PAT</b>	<b>2,453</b>	<b>3,254</b>	<b>3,379</b>	<b>3,358</b>	<b>2,875</b>	<b>4,656</b>	<b>5,536</b>	<b>6,810</b>
Growth (%)	22.8	32.7	3.9	-0.6	-14.4	61.9	18.9	23.0
<b>Balance Sheet</b>								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	3,081	3,095	3,104	3,105	3,110	3,115	3,115	3,115
Reserves & Surplus	24,983	28,049	31,108	34,471	37,365	42,515	47,428	53,459
<b>Net Worth</b>	<b>28,064</b>	<b>31,144</b>	<b>34,212</b>	<b>37,576</b>	<b>40,475</b>	<b>45,630</b>	<b>50,543</b>	<b>56,574</b>
<b>Deposits</b>	<b>2,40,069</b>	<b>2,84,351</b>	<b>3,03,699</b>	<b>2,97,039</b>	<b>3,46,917</b>	<b>4,12,389</b>	<b>4,86,619</b>	<b>5,74,211</b>
Growth (%)	24.5	18.4	6.8	-2.2	16.8	18.9	18.0	18.0
<b>of which CASA Dep</b>	<b>58,403</b>	<b>68,099</b>	<b>65,192</b>	<b>67,865</b>	<b>92,811</b>	<b>1,08,956</b>	<b>1,27,008</b>	<b>1,52,166</b>
Growth (%)	24.5	16.6	-4.3	4.1	36.8	17.4	16.6	19.8
Borrowings	19,267	27,232	34,080	44,823	40,818	41,181	47,290	54,377
<b>Total Liabilities</b>	<b>3,02,222</b>	<b>3,57,918</b>	<b>3,85,051</b>	<b>3,96,021</b>	<b>4,47,926</b>	<b>5,23,628</b>	<b>6,13,276</b>	<b>7,19,174</b>
Current Assets	23,720	27,934	35,459	30,393	40,908	23,684	26,695	29,544
<b>Investments</b>	<b>62,190</b>	<b>78,441</b>	<b>77,415</b>	<b>84,137</b>	<b>90,507</b>	<b>1,25,825</b>	<b>1,45,957</b>	<b>1,69,310</b>
<b>Loans</b>	<b>2,03,367</b>	<b>2,35,680</b>	<b>2,53,453</b>	<b>2,57,372</b>	<b>2,90,958</b>	<b>3,43,807</b>	<b>4,07,412</b>	<b>4,84,820</b>
Growth (%)	28.6	15.9	7.5	1.5	13.0	18.2	18.5	19.0
Fixed Assets	4,940	5,260	5,459	5,685	6,612	8,263	8,952	9,847
<b>Total Assets</b>	<b>3,02,222</b>	<b>3,57,918</b>	<b>3,85,051</b>	<b>3,96,021</b>	<b>4,47,926</b>	<b>5,23,659</b>	<b>6,13,276</b>	<b>7,19,174</b>
<b>ASSET QUALITY</b>								
GNPA (INR M)	3,690	4,395	6,315	10,834	12,899	11,228	10,905	12,095
NNPA (INR M)	1,467	1,538	2,935	5,942	5,732	3,569	3,470	3,470
GNPA Ratio	1.8	1.8	2.5	4.1	4.3	3.2	2.6	2.5
NNPA Ratio	0.7	0.7	1.2	2.3	2.0	1.0	0.9	0.7
Slippage Ratio	1.93	1.92	2.72	2.69	6.46	5.35	3.80	3.20
Credit Cost	0.77	0.64	1.07	1.70	1.49	0.56	0.5	0.5
PCR (Excl Tech. write off)	60.1	65.0	53.4	43.9	53.5	68.2	68.2	71.3

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield-Earning Assets</b>	<b>9.3</b>	<b>9.6</b>	<b>10.0</b>	<b>9.4</b>	<b>8.8</b>	<b>9.2</b>	<b>9.6</b>	<b>9.5</b>
Avg. Yield on loans	10.7	11.2	11.6	10.9	10.3	10.7	10.9	10.8
Avg. Yield on Investments	7.0	7.6	8.0	7.2	6.8	6.6	7.0	7.0
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>6.1</b>	<b>6.6</b>	<b>7.0</b>	<b>6.4</b>	<b>5.9</b>	<b>5.9</b>	<b>6.4</b>	<b>6.3</b>
Avg. Cost of Deposits	6.0	6.5	6.9	6.3	5.9	5.9	6.3	6.2
<b>Interest Spread</b>	<b>3.2</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>	<b>3.3</b>	<b>3.2</b>	<b>3.2</b>
<b>Net Interest Margin</b>	<b>4.0</b>	<b>3.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.6</b>	<b>4.0</b>	<b>3.8</b>	<b>3.8</b>

### Profitability Ratios (%)

CAR	16.5	16.8	17.8	19.7	18.9	17.6	17.1	15.2
Tier I	12.7	13.1	13.9	15.5	15.8	15.2	15.1	13.4
Tier II	3.8	3.7	3.9	4.2	3.1	2.4	2.1	1.8

### Business & Efficiency Ratio (%)

Loans/Deposit Ratio	84.7	82.9	83.5	86.6	83.9	83.4	83.7	84.4
CASA Ratio	24.3	23.9	21.5	22.8	26.8	26.4	26.1	26.5
Cost/Assets	2.9	2.6	2.4	2.2	2.4	2.8	2.7	2.7
Cost/Income	59.8	56.9	54.5	48.9	56.0	63.0	62.2	60.4
Cost/ Core Income	61.9	58.4	56.8	53.3	58.6	63.3	61.4	59.6
Int. Expense/Int.Income	58.7	62.2	64.2	62.8	61.4	59.1	61.3	60.7
Fee Income/Net Income	20.3	20.8	19.7	17.5	20.5	18.7	20.8	20.7
Non Int. Inc./Net Income	23.8	23.4	23.6	25.7	25.0	19.3	19.4	19.3
Empl. Cost/Op. Exps.	48.8	50.9	50.8	51.2	53.2	51.7	51.5	51.3
Investment/Deposit Ratio	25.9	27.6	25.5	28.3	26.1	30.5	30.0	29.5

### Profitability and Valuations Ratios

RoE	10.9	12.0	11.2	10.0	7.8	11.5	12.3	13.5
RoA	0.9	1.0	0.9	0.9	0.7	1.0	1.0	1.0
RoRWA	1.2	1.5	1.4	1.4	1.2	1.6	1.7	1.8
Book Value (INR)	87	96	106	117	126	141	157	176
Price-BV (x)	1.5	1.3	1.2	1.1	1.0	0.9	0.8	0.7
Adjusted BV (INR)	83	93	99	104	113	133	149	169
Price-ABV (x)	1.5	1.4	1.3	1.2	1.1	1.0	0.9	0.8
EPS (INR)	8.0	10.5	10.9	10.8	9.2	14.9	17.8	21.9
Price-Earnings (x)	16.2	12.3	11.8	11.9	13.9	8.6	7.2	5.9

E: MOFSL Estimates

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Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.