

Estimate change



TP change



Rating change



Bloomberg	DCBB IN
Equity Shares (m)	312
M.Cap.(INRb)/(USD\$)	44.9 / 0.5
52-Week Range (INR)	163 / 97
1, 6, 12 Rel. Per (%)	14/6/-2
12M Avg Val (INR M)	285

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	17.2	19.1	22.0
OP	7.9	8.6	10.2
NP	4.7	5.2	6.1
NIM (%)	4.0	3.7	3.6
EPS (INR)	14.9	16.6	19.5
EPS Gr. (%)	61.7	11.3	17.4
BV/Sh. (INR)	141	156	173
ABV/Sh. (INR)	133	145	162

Ratios

RoE (%)	11.5	11.5	12.2
RoA (%)	1.0	0.9	0.9

Valuations

P/E (x)	9.6	8.7	7.4
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	14.8	14.8	14.9
DII	39.0	39.8	37.5
FII	12.7	12.3	12.5
Others	33.1	33.1	35.1

FII Includes depository receipts

CMP: INR144

TP: INR150 (+4%)

Neutral

Weak NII drags earnings

Margin moderates 21bp QoQ to 3.48%

- DCB Bank (DCBB) reported 11% YoY/flattish QoQ growth in PAT to INR1.3b (in line), led by weak NII growth (6% lower than MOSLe). NII grew 6% YoY to INR4.7b (flat QoQ, 3% lower than MOSLe). NIM continued to moderate 21bp QoQ to 3.48% during the quarter.
- Advances grew 18% YoY, supported by healthy growth in mortgages, Agri, and co-lending advances. Deposits rose 19% YoY/3.6% QoQ, led by growth in SA deposits, resulting in a 109bp QoQ increase in CASA ratio to 26.1%.
- Slippages increased to INR4.3b (vs. INR INR3.9b in 2QFY24) resulting in a 7bp QoQ rise in GNPA to 3.4%. The restructured book declined QoQ but remained elevated at ~INR11.6b (3% of loans). PCR improved to 65%.
- We trim our earnings estimates by 3.7%/7.5% for FY24/FY25, amid cost and margin pressures. We estimate FY25E RoA/RoE at 0.9%/12.2%. **Reiterate Neutral with a TP of INR150 (based on 0.9x Sep'25E ABV).**

Business growth healthy; CASA mix improves to 26%

- DCBB reported a 3QFY24 PAT of INR1.3b (+11% YoY, 6% miss on MOSLe), led by weak NII growth, and partly offset by a lower LLP of INR410m (15% lower than MOSLe). The bank made AIF-related provisions of INR454m.
- NII grew ~6.3% YoY (flat QoQ) to INR4.7b (3% lower than MOSLe) led by 21bp QoQ moderation in margins to 3.48%. Other income grew 30% YoY (15.2% QoQ, in line) thus driving 10% YoY growth in total revenue.
- Opex increased 11% YoY as the bank continued to make investments in the business, and hence PPOP grew 9% YoY (8% miss) for the quarter.
- Advances grew 18% YoY/4.5% QoQ, supported by healthy growth in mortgages, Agri, and co-lending advances. Deposits grew 19% YoY (+3.6% QoQ), led by 11% QoQ growth in SA deposits. CASA deposits thus grew 13% YoY/8% QoQ to INR123b, while CASA mix improved to 26.1%.
- GNPA ratio deteriorated 7bp QoQ to 3.43%, while NNPA stood at 1.2%, with slippages increasing sequentially to INR 4.3b. PCR improved 232bp QoQ to 65.1% (~76.4% including TWO).
- The restructured book stood at INR11.6b (3% of loans). CE across segments continued to be healthy at 97.4%/97.7%/91.6%, including delinquent and restructured book in Business/Home/CV Loans.

Highlights from the management commentary

- Management guided for an RoA of 1% or above and RoE closer to 14% in near term.
- The bank guided for a C/I ratio of 55% or below in the near term, and cost-to-average assets of 2.4%-2.5%.
- The bank targets for a 20% loan growth and aims to double the book in the next 3-4 years.

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- Margins have been affected by TD rates only. The bank does not expect higher SA rates to affect margins. Cost of deposits is likely to stabilize after 4-5 months. Management guided for 3.65-3.75% of NIM over the medium term.
- On the deposits front, the bank aims to focus on CASA and for this it has launched new products. Fintech tie-ups also enabled inflows in SA deposits.

Valuation and view

DCBB reported a modest quarter with earnings miss amid weak NII growth, partly offset by lower provisions. Margin moderated sharply by 21bp QoQ to 3.48%. Loan growth was steady led by healthy growth in mortgages, Agri and co-lending, while deposits grew at a decent pace led by SA deposits. This resulted in an improvement in CASA ratio. However, the cost of deposits rose 18bp QoQ due to high SA rates offered by the bank. Fresh slippages continued to rise and stood elevated, while restructured book too remained high at 3% of loans. Higher slippages were seen in mortgages, as the restructured book came out of moratorium. We trim our earnings estimates by 3.7%/7.5% for FY24/FY25 amid cost and margin pressures. We estimate FY25E RoA/RoE of 0.9%/12.2%, and **maintain our Neutral rating with a TP of INR150 (premised on 0.9x Sep'25E ABV).**

Quarterly Performance

(INR m)

	FY23				FY24E				FY23	FY24E	FY23E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	3,740	4,111	4,460	4,860	4,707	4,757	4,740	4,936	17,170	19,140	4,908	-3.4
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	25.9	15.7	6.3	1.6	26.5	11.5	10.0	
Other Income	924	992	954	1,223	1,069	1,074	1,237	1,410	4,094	4,790	1,206	2.6
Total Income	4,664	5,103	5,414	6,083	5,777	5,831	5,977	6,346	21,264	23,930	6,114	-2.2
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,725	3,862	4,019	13,397	15,296	3,815	1.2
Operating Profit	1,661	1,826	1,941	2,439	2,087	2,105	2,115	2,327	7,867	8,634	2,299	-8.0
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	25.6	15.3	9.0	-4.6	-1.3	9.7	18.5	
Provisions	350	310	407	525	377	397	410	470	1,787	1,654	482	-15.0
Profit before Tax	1,311	1,516	1,534	1,915	1,709	1,708	1,705	1,858	6,080	6,980	1,817	-6.2
Tax	340	392	396	493	440	441	439	481	1,424	1,801	469	-6.3
Net Profit	971	1,124	1,139	1,422	1,269	1,268	1,266	1,376	4,656	5,179	1,348	-6.1
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	30.7	12.9	11.2	-3.2	61.9	11.3	18.4	
Operating Parameters												
Deposit (INR b)	350.8	369.6	395.1	412.4	430.1	455.0	471.2	489.5	412.4	489.5	470.8	0.1
Loan (INR b)	298.1	312.9	329.7	343.8	354.7	372.8	389.5	405.7	343.8	405.7	388.4	0.3
Deposit Growth (%)	14.6	16.3	22.6	18.9	22.6	23.1	19.3	18.7	18.9	18.7	19.2	0.1
Loan Growth (%)	17.9	17.9	20.6	18.2	19.0	19.1	18.2	18.0	18.2	18.0	17.8	0.3
Asset Quality												
Gross NPA (%)	4.2	3.9	3.6	3.2	3.3	3.4	3.4	3.4	3.2	3.4	3.3	0.1
Net NPA (%)	1.8	1.5	1.4	1.0	1.2	1.3	1.2	1.2	1.0	1.2	1.3	0.0
PCR (%)	57.8	61.3	63.0	68.2	64.1	62.8	65.1	65.1	68.2	65.1	63.1	2.0

Quarterly snapshot

	FY23				FY24			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss (INR m)									
Net Interest Income	3,740	4,111	4,460	4,860	4,707	4,757	4,740	6	0
Other Income	924	992	954	1,223	1,069	1,074	1,237	30	15
Total Income	4,664	5,103	5,414	6,083	5,777	5,831	5,977	10	3
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,725	3,862	11	4
Employee	1,551	1,717	1,796	1,865	1,951	1,889	1,984	10	5
Others	1,451	1,561	1,677	1,778	1,739	1,836	1,878	12	2
Operating Profits	1,661	1,826	1,941	2,439	2,087	2,105	2,115	9	0
Core Operating Profits	1,601	1,806	1,921	2,429	2,057	2,065	1,975	3	-4
Provisions	350	310	407	525	377	397	410	1	3
PBT	1,311	1,516	1,534	1,915	1,709	1,708	1,705	11	0
Taxes	340	392	396	493	440	441	439	11	0
PAT	971	1,124	1,139	1,422	1,269	1,268	1,266	11	0
Balance Sheet (INR B)									
Loans	298	313	330	344	355	373	390	18	4
Investments	99	105	109	126	134	147	154	42	5
Deposits	351	370	395	412	430	455	471	19	4
CASA Deposits	100	108	109	109	112	114	123	13	8
Borrowings	40	35	38	41	47	52	54	40	4
Total Assets	452	468	499	524	550	577	598	20	4
Asset Quality									
GNPA	12,885	12,492	12,233	11,228	11,814	12,813	13,676	12	7
NNPA	5,436	4,829	4,532	3,569	4,239	4,764	4,769	5	0
Ratios (%)									
	FY23				FY24			Change (bps)	
Asset Quality	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
GNPA (%)	4.2	3.9	3.6	3.2	3.3	3.4	3.4	-19	7
NNPA (%)	1.8	1.5	1.4	1.0	1.2	1.3	1.2	-15	-6
PCR (Calculated, %)	57.8	61.3	63.0	68.2	64.1	62.8	65.1	218	232
PCR (Reported, %)	69	73	75	79	77	75	76	174	93
Business Ratios									
Fees to Total Income	13.9	15.1	12.9	15.0	13.0	16.6	16.4	347	-24
Cost to Core Income	68.4	67.2	67.3	63.1	67.6	65.0	67.5	21	247
Tax Rate	25.9	25.9	25.8	25.7	25.7	25.8	25.8	-3	-2
CASA	28.6	29.3	27.6	26.4	26.0	25.0	26.1	-149	109
Loan/Deposit	85.0	84.7	83.4	83.4	82.5	81.9	82.7	-78	73
Profitability Ratios									
RoA	0.9	1.0	0.9	1.1	0.9	0.9	0.9	-8	-4
RoE	10.1	11.5	11.3	13.7	11.8	11.6	11.3	-4	-27
Yield on loans	10.7	10.8	11.0	11.7	11.6	11.6	11.4	45	-12
Cost of funds	6.0	6.0	6.1	6.4	6.7	6.9	7.0	97	17
Margins	3.61	3.88	4.02	4.18	3.83	3.69	3.48	-54	-21
Others									
Branches	405	410	418	427	436	439	440	22	1
ATM	373	381	385	396	409	414	416	31	2



Highlights from the management commentary

Balance sheet and P&L related

- During 3Q, the bank's advances grew 18% YoY, while deposits rose 19% YoY.
- NIM contracted 21bp QoQ to 3.48% in 3QFY24 due to increase in cost of funds, which will persist for one more quarter before it stabilizes.
- CASA ratio improved 109bp to 26.13% in 3QFY24.
- The bank expects cost of fund to stabilize in 4-5 months from now, which will stabilize margins gradually.
- Transition from home loans to loan against property has not yet completed, which gives the bank an additional yield.
- The bank is aiming for 100bp differential between LAP and home loans.
- SME is itself contributing to ~INR3b to disbursements.
- There is no material one-off during the quarter. Co-lending (much of which is low rate) has led to a decrease in yield on advances.
- Co-lending of the bank is based on partnership with originators, who are either in different segment or different geography.
- Co-lending growth will be similar to asset growth going forward.
- 53% of the book were mortgages. Product mix change will lead to an increase in yield on advances going forward.
- The bank will continue to grow Deposit base higher than the advances base. Incremental loans are priced right so as to be high-yielding advances.
- Within co-lending, most of it is gold loans which are low rate loans; change in mix of co-lending will also lead to an improvement in yields (of advances).
- The bank is not actively increasing its CV book and some decline will be seen in this.
- It is digitally acquiring NTB customers in partnership with Niyo. The bank has a separate team to focus on the Retail CASA deposits.
- Bank has launched a product named DCB Happy in which the customer gets cashback on UPI transaction, which is attracting a lot of customers.
- Margins have been impacted by TD rates only. The bank doesn't expect the higher SA rates to impact the margins adversely.
- Most of old deposits have already been repriced. Part of book which is not yet repriced from mortgages will also be repriced that will support margins.
- Mortgages (Home Loan + LAP), MSME, Gold Loan, Co-lending, AIB, Construction Finance are expected to lead the growth.
- Top 20 deposits have come down to 6.75% of total deposits in a tight liquidity market.
- The bulk of SA account balances for the bank comes at the lower-bucket pricing band. The bank offers higher rates on higher-bucket ticket sizes to attract customers for SA.
- Income has been hit by NIM compression, but as this is bottoming out, the goal is to increase the deposit base in line with loan growth.
- The impact of RBI regulation on risk weights was ~20bp on capital adequacy ratio of the bank.
- It is not looking to grow in the corporate book, but will keep it at a similar levels.
- Organic portfolio is starting to show growth and will have monthly disbursements.
- 45% retail mortgage, 8% of gold, 8% of SME will be the key growth drivers.

- On the deposits front, the bank aims to focus on CASA and for this the bank has launched new products; effective fintech tie-ups have resulted in higher SA deposits.
- Majority of the deposits are coming from retail and not bulk, otherwise cost will be impacted adversely.
- If EBLR rate gets cut going forward, the bank will have saving deposit where rates can be cut to maintain its margins.
- Collection efficiency is improving and the bank expects this to improve going forward as well.

Asset quality related

- GNPA ratio increased 7bp QoQ while NNPA ratio moderated 6bp QoQ to 1.22%. PCR nevertheless improved 232bp QoQ to 65.1%.
- The bank has guided for GNPA of below 2.50% and NNPA of 1.00%.
- Bank expects the upgrades to be higher than the recoveries. Recoveries and upgrades have gone up to 79% in 3QFY24.
- Management guided for credit cost of ~45-55bp.
- Slippages, excluding gold, stood at 2.55% in 3QFY24 vs. 2.69% in 2QFY24. Most of the slippages are coming from the restructured book. The bank expects recoveries and upgrades to stay healthy.

Guidance related

- The bank guided for RoA of 1% or above and RoE closer to 14% in the near term.
- The bank guided for C/I ratio of 55% or below in the near term and cost-to-average assets at 2.4% to 2.5%.
- Management targets for 20% growth. The bank aims to double the book in the next 3-4 years.
- Bank will continue to add the headcount to continue to fund the growth, for branch addition, the bank will look to add 25-30 branches every year.
- NIMs likely to stabilize after FY24. The bank guided for 3.65-3.75% of NIMs.

Exhibit 1: Segment-wise GNPA

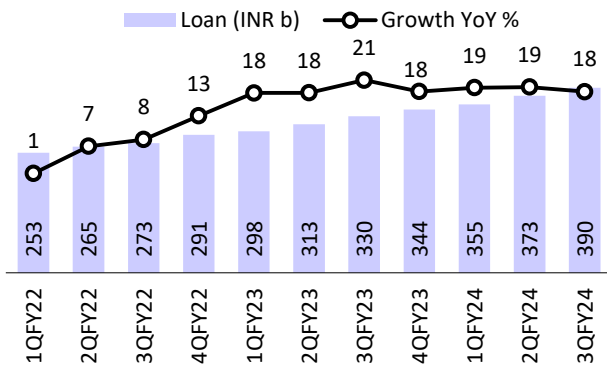
	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)
CV/STVL	2,363	2,259	2,300	2,180	2,080	1,790	1,520	1,550	1,570	-24.5%	1.3%
Corporate	1,016	1,014	1,010	2,040	2,150	1,990	2,210	2,280	2,280	6.0%	0.0%
SME + MSME	1,198	1,380	1,490	1,480	1,470	1,300	1,380	1,540	1,650	12.2%	7.1%
Mortgages	3,853	3,423	3,310	2,950	2,900	2,700	3,160	3,610	4,200	44.8%	16.3%
AIB	3,003	2,916	3,170	2,970	2,900	2,740	2,940	3,000	3,240	11.7%	8.0%
Gold loan	1,365	1,330	1,060	410	290	190	240	420	320	10.3%	-23.8%
Others	600	577	540	460	440	520	360	410	420	-4.5%	2.4%
Total GNPA's	13,398	12,899	12,880	12,490	12,230	11,230	11,810	12,810	13,680	11.9%	6.8%

Valuation and view

- Advances growth is picking up well over the past few quarters, while deposits growth across banks now remains a matter of concern, advances growth is backed by 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 FY24–FY26.
- GNPA ratio deteriorated 7bp QoQ to 3.4%, while NNPA ratio remained at 1.22%, with slippages increasing sequentially to INR 4.3b. PCR increased 2.3% QoQ to 65.1% (~76.4% including TWO). Restructured book stood at INR11.6b (3.0% of loans). CE across segments continued to be healthy at 97.4%/97.7%/91.6% including delinquent and restructured book in Business/Home/CV Loans.
- **Maintain Neutral with a TP of INR150:** DCBB reported a modest quarter with earnings miss amid weak NII growth, partly offset by lower provisions. Margin moderated sharply by 21bp QoQ to 3.48%. Loan growth was steady led by healthy growth in mortgages, Agri and co-lending, while deposits grew at a decent pace led by SA deposits. This resulted in an improvement in CASA ratio. However, the cost of deposits rose 18bp QoQ due to high SA rates offered by the bank. Fresh slippages continued to rise and stood elevated, while restructured book too remained high at 3% of loans. Higher slippages were seen in mortgages, as the restructured book came out of moratorium. We trim our earnings estimates by 3.7%/7.5% for FY24/FY25 amid cost and margin pressures. We estimate FY25E RoA/RoE of 0.9%/12.2%, and **maintain our Neutral rating with a TP of INR150 (premised on 0.9x Sep'25E ABV).**

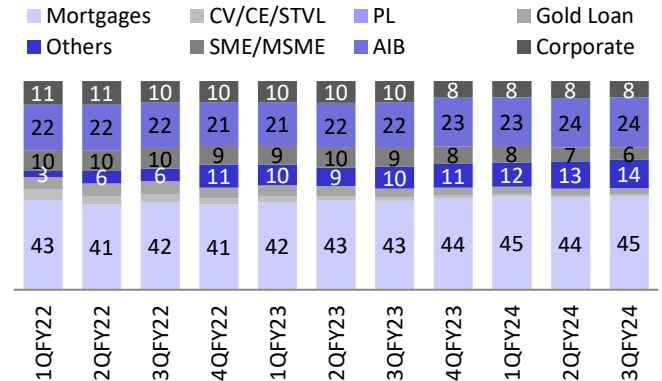
Story in charts

Exhibit 2: Loan book grew 18% YoY (4.55% QoQ)



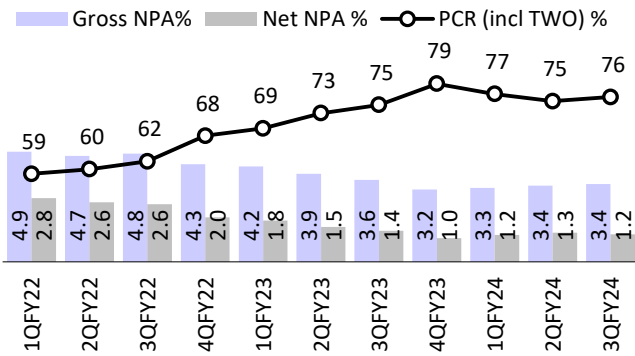
Source: MOFSL, Company

Exhibit 3: Proportion of mortgage advances increased to 45%



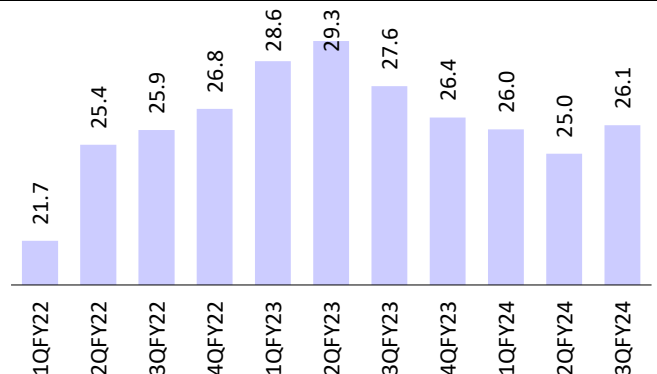
Source: MOFSL, Company

Exhibit 4: Asset quality deteriorated with GNPA ratio increasing 7bp, NNPA at 1.2%; PCR (incl. TWO) at ~76%



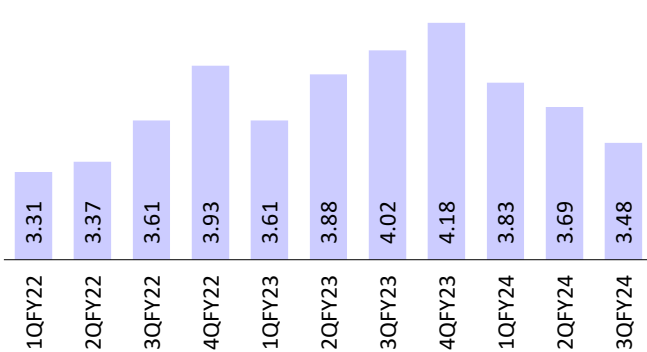
Source: MOFSL, Company

Exhibit 5: CASA ratio improved 109bp QoQ to 26.1%



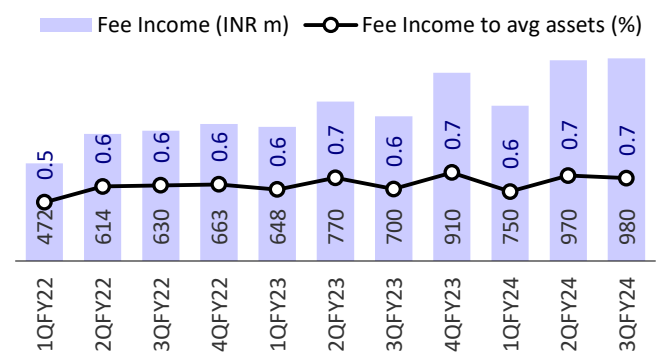
Source: MOFSL, Company

Exhibit 6: Reported NIM moderated 21bp QoQ to 3.48%



Source: MOFSL, Company

Exhibit 7: Fee income to assets stood at 0.7% of avg assets



Source: MOFSL, Company

Exhibit 8: DuPont Analysis – RoA to sustain at ~0.9%

DCB Bank	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	9.52	8.86	8.32	8.65	8.99	8.93	8.95
Interest Expended	6.12	5.56	5.11	5.11	5.63	5.65	5.63
Net interest Income	3.41	3.29	3.22	3.53	3.36	3.29	3.32
Fee income	0.88	0.78	0.88	0.82	0.90	0.91	0.91
Trading and others	0.18	0.37	0.19	0.02	-0.06	-0.06	-0.07
Non-interest Income	1.05	1.14	1.07	0.84	0.84	0.84	0.84
Total Income	4.46	4.44	4.29	4.38	4.20	4.13	4.16
Operating expenses	2.43	2.17	2.40	2.76	2.68	2.61	2.56
Employees	1.24	1.11	1.28	1.43	1.40	1.36	1.32
Others	1.20	1.06	1.12	1.33	1.29	1.26	1.24
Operating profits	2.03	2.27	1.89	1.62	1.52	1.52	1.60
Core PPP	1.85	1.90	1.70	1.60	1.57	1.58	1.67
Provisions	0.70	1.11	0.97	0.37	0.29	0.29	0.36
NPA	0.23	-0.07	0.09	0.13	0.26	0.27	0.33
Others	0.47	1.18	0.88	0.24	0.03	0.03	0.03
PBT	1.32	1.16	0.92	1.25	1.23	1.22	1.24
Tax	0.41	0.30	0.24	0.29	0.32	0.32	0.32
ROAA (%)	0.91	0.86	0.68	0.96	0.91	0.91	0.92
Leverage (x)	12.27	11.64	11.48	12.01	12.68	13.43	14.16
ROAE (%)	11.16	10.01	7.82	11.51	11.53	12.19	13.00

Financials and valuations

Income Statement							INRm
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	35,366	34,582	35,128	42,003	51,216	59,848	70,640
Interest Expense	22,717	21,716	21,553	24,833	32,076	37,825	44,450
Net Interest Income	12,649	12,866	13,575	17,170	19,140	22,023	26,190
Growth (%)	10.1	1.7	5.5	26.5	11.5	15.1	18.9
Non-Interest Income	3,911	4,458	4,520	4,094	4,790	5,652	6,669
Total Income	16,560	17,324	18,095	21,264	23,930	27,675	32,860
Growth (%)	10.4	4.6	4.5	17.5	12.5	15.6	18.7
Operating Expenses	9,029	8,466	10,126	13,397	15,296	17,511	20,222
Pre Provision Profits	7,531	8,858	7,970	7,867	8,634	10,164	12,638
Growth (%)	16.5	17.6	-10.0	-1.3	9.7	17.7	24.3
Core PPP	6,878	7,431	7,161	7,758	8,964	10,582	13,184
Growth (%)	13.1	8.0	-3.6	8.3	15.5	18.1	24.6
Provisions (excl tax)	2,611	4,330	4,074	1,787	1,654	1,970	2,873
PBT	4,919	4,528	3,895	6,080	6,980	8,195	9,765
Tax	1,540	1,170	1,020	1,424	1,801	2,114	2,519
PAT	3,379	3,358	2,875	4,656	5,179	6,080	7,246
Growth (%)	3.9	-0.6	-14.4	61.9	11.3	17.4	19.2

Balance Sheet							
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	3,104	3,105	3,110	3,115	3,115	3,115	3,115
Reserves & Surplus	31,108	34,471	37,365	42,515	47,072	52,374	58,841
Net Worth	34,212	37,576	40,475	45,630	50,187	55,489	61,956
Deposits	3,03,699	2,97,039	3,46,917	4,12,389	4,89,506	5,80,064	6,90,277
Growth (%)	6.8	-2.2	16.8	18.9	18.7	18.5	19.0
of which CASA Dep	65,192	67,865	92,811	1,08,956	1,27,761	1,53,717	1,82,923
Growth (%)	-4.3	4.1	36.8	17.4	17.3	20.3	19.0
Borrowings	34,080	44,823	40,818	41,181	47,290	54,377	62,597
Total Liabilities	3,85,051	3,96,021	4,47,926	5,23,628	6,15,807	7,23,942	8,54,964
Current Assets	35,459	30,393	40,908	23,684	26,840	29,819	35,385
Investments	77,415	84,137	90,507	1,25,825	1,47,215	1,72,241	2,01,522
Loans	2,53,453	2,57,372	2,90,958	3,43,807	4,05,693	4,82,774	5,74,502
Growth (%)	7.5	1.5	13.0	18.2	18.0	19.0	19.0
Fixed Assets	5,459	5,685	6,612	8,263	8,952	9,847	10,832
Total Assets	3,85,051	3,96,021	4,47,926	5,23,659	6,15,807	7,23,942	8,54,964

ASSET QUALITY							
GNPA (INR M)	6,315	10,834	12,899	11,228	13,942	14,215	15,148
NNPA (INR M)	2,935	5,942	5,732	3,569	4,860	4,719	4,718
GNPA Ratio	2.5	4.1	4.3	3.2	3.4	2.9	2.6
NNPA Ratio	1.2	2.3	2.0	1.0	1.2	1.0	0.8
Slippage Ratio	2.72	2.69	6.46	5.35	3.90	3.20	3.00
Credit Cost	1.07	1.70	1.49	0.56	0.4	0.4	0.5
PCR (Excl Tech. write off)	53.4	43.9	53.5	68.2	65.1	66.8	68.9

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	10.0	9.4	8.8	9.2	9.5	9.5	9.4
Avg. Yield on loans	11.6	10.9	10.3	10.7	10.9	10.8	10.7
Avg. Yield on Investments	8.0	7.2	6.8	6.6	6.9	6.9	6.9
Avg. Cost-Int. Bear. Liab.	7.0	6.4	5.9	5.9	6.5	6.5	6.4
Avg. Cost of Deposits	6.9	6.3	5.9	5.9	6.4	6.4	6.3
Interest Spread	3.0	3.0	2.9	3.3	3.1	3.0	3.0
Net Interest Margin	3.7	3.6	3.6	4.0	3.7	3.6	3.6

Profitability Ratios (%)

CAR	17.8	19.7	18.9	17.6	17.1	15.0	13.4
Tier I	13.9	15.5	15.8	15.2	15.0	13.2	11.9
Tier II	3.9	4.2	3.1	2.4	2.1	1.8	1.5

Business & Efficiency Ratio (%)

Loans/Deposit Ratio	83.5	86.6	83.9	83.4	82.9	83.2	83.2
CASA Ratio	21.5	22.8	26.8	26.4	26.1	26.5	26.5
Cost/Assets	2.4	2.2	2.4	2.8	2.7	2.6	2.6
Cost/Income	54.5	48.9	56.0	63.0	63.9	63.3	61.5
Cost/ Core Income	56.8	53.3	58.6	63.3	63.1	62.3	60.5
Int. Expense/Int.Income	64.2	62.8	61.4	59.1	62.6	63.2	62.9
Fee Income/Net Income	19.7	17.5	20.5	18.7	21.4	21.9	22.0
Non Int. Inc./Net Income	23.6	25.7	25.0	19.3	20.0	20.4	20.3
Empl. Cost/Op. Exps.	50.8	51.2	53.2	51.7	52.1	51.9	51.7
Investment/Deposit Ratio	25.5	28.3	26.1	30.5	30.1	29.7	29.2

Profitability and Valuations Ratios

RoE	11.2	10.0	7.8	11.5	11.5	12.2	13.0
RoA	0.9	0.9	0.7	1.0	0.9	0.9	0.9
RoRWA	1.4	1.4	1.2	1.6	1.6	1.6	1.6
Book Value (INR)	106	117	126	141	156	173	194
Price-BV (x)	1.4	1.2	1.1	1.0	0.9	0.8	0.7
Adjusted BV (INR)	99	104	113	133	145	162	183
Price-ABV (x)	1.5	1.4	1.3	1.1	1.0	0.9	0.8
EPS (INR)	10.9	10.8	9.2	14.9	16.6	19.5	23.3
Price-Earnings (x)	13.3	13.4	15.7	9.7	8.7	7.4	6.2

E: MOFSL Estimates

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