

**BUY**  
 TP: Rs 140 | ▲ 23%

**DCB BANK**

| Banking

| 27 January 2025

**Solid performance**

- **Robust business growth with strong advances growth above our estimates**
- **Improvement in asset quality, with credit cost of 58bps vs. 42bps in Q2FY25**
- **NIM surprisingly expanded by 3bps QoQ with yield on advances expanding by 5bps QoQ**

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**Robust business growth:** DCBB reported strong business momentum with loan growth of 23% YoY (8% QoQ) and deposits up 20% YoY (4% QoQ). This led to strong double-digit NII growth of 15% YoY and 7% QoQ to Rs 5.4bn in Q3FY25. Advances growth has witnessed consistent growth in the range of 18-20% in the past two years. Management now foresees loan growth to be in a similar range going forward. We expect credit/deposit CAGR of 19%/20% for FY24-FY27E.

**Improvement in margin:** NIM improved 3bps QoQ to 3.3% in Q3FY25. Yield on advances inched up 5bps QoQ which aided NIMs expansion during the quarter. Cost of funds increased by 3bps QoQ in Q3FY25, contrary to management expectations.

**Stable credit costs:** Headline ratios GNPA and NNPA improved by 18bps QoQ and 1bp QoQ to 3.1% and 1.2% respectively. The provision coverage was stable at 65% in Q3FY25. The bank reported slippages of Rs 4bn (~3.7% annualised slippage ratio) vs. Rs 3.9bn in Q2FY25. The bank reported credit cost of 58bps vs. 42bps in Q2FY25.

**C/I ratio continues to stabilise:** C/I ratio continued to come down to 62.7% vs. 64.3% in 2QFY25. Management plans to bring down the C/I ratio to ~60% or below in the near term. Further, it foresees total cost to average assets in the range of 2.5-2.6% in the near term.

**Assume coverage with a BUY on DCBB:** DCBB reported strong earnings growth with improved NIMs and asset quality. Loan growth witnessed robust growth during the quarter with consistent growth in the range of 18-19% reflecting stable growth trajectory going forward. We expect a credit/deposit CAGR of 19%/20% for FY24-FY27E. We maintain BUY on DCBB with a revised TP of Rs 140 (previously Rs 172), valuing the bank at 0.7x its Dec'26 ABV.

**Key changes**

<b>Target</b>	<b>Rating</b>
▼	◀ ▶

Ticker/Price	DCBB IN/Rs 114
Market cap	US\$ 413.1mn
Free float	85%
3M ADV	US\$ 1.8mn
52wk high/low	Rs 146/Rs 109
Promoter/FPI/DII	15%/13%/34%

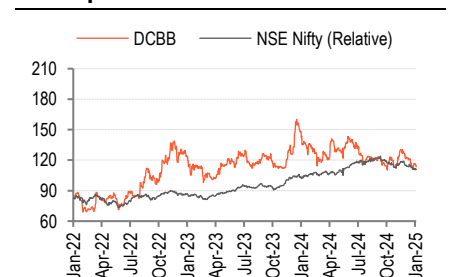
Source: NSE | Price as of 24 Jan 2025

**Key financials**

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	19,279	21,792	25,339
NII growth (%)	12.3	13.0	16.3
Adj. net profit (Rs mn)	5,360	6,288	7,462
EPS (Rs)	17.2	20.1	23.8
Consensus EPS (Rs)	16.5	20.1	24.3
P/E (x)	6.6	5.7	4.8
P/BV (x)	0.7	0.6	0.6
ROA (%)	0.9	0.9	0.9
ROE (%)	11.1	11.8	12.6

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
<b>Income Statement</b>							
Interest Income	10,813	11,386	11,654	12,262	13,224	22.3	7.8
Income on investments	2,752	2,886	3,086	3,257	3,347	21.6	2.8
Int. on bal. with RBI & inter-bank funds & Others	177	175	153	165	139	(21.3)	(15.6)
<b>Interest income</b>	<b>13,741</b>	<b>14,446</b>	<b>14,893</b>	<b>15,684</b>	<b>16,711</b>	<b>21.6</b>	<b>6.5</b>
Interest expense	9,001	9,371	9,927	10,592	11,282	25.3	6.5
<b>Net interest income</b>	<b>4,740</b>	<b>5,075</b>	<b>4,966</b>	<b>5,092</b>	<b>5,429</b>	<b>14.5</b>	<b>6.6</b>
Growth YoY (%)	6.3	4.4	5.5	7.0	14.5		
Fee Income	980	1,180	1,140	1,390	1,410	43.9	1.4
Trading gains/(losses)	140	110	170	520	380	171.4	(26.9)
Forex Income	40	30	30	40	10	(75.0)	(75.0)
Others	77	42	90	96	41	(47.5)	(58.0)
Non-interest income	1,237	1,362	1,430	2,046	1,841	48.8	(10.1)
Growth YoY (%)	29.7	11.4	33.7	90.6	48.8		
<b>Total income</b>	<b>5,977</b>	<b>6,437</b>	<b>6,396</b>	<b>7,138</b>	<b>7,269</b>	<b>21.6</b>	<b>1.8</b>
Growth YoY (%)	10.4	5.8	10.7	22.4	21.6		
Staff expenses	1,984	2,119	2,253	2,351	2,312	16.5	(1.7)
Other operating expenses	1,878	1,981	2,089	2,236	2,246	19.6	0.5
Operating expenses	3,862	4,100	4,342	4,587	4,558	18.0	(0.6)
<b>Pre-Provisioning Profit (PPoP)</b>	<b>2,115</b>	<b>2,338</b>	<b>2,054</b>	<b>2,551</b>	<b>2,711</b>	<b>28.18</b>	<b>6.3</b>
Growth YoY (%)	9.0	(4.2)	(1.6)	21.2	28.2		
<b>Provisions</b>	<b>410</b>	<b>241</b>	<b>284</b>	<b>456</b>	<b>672</b>	<b>63.9</b>	<b>47.3</b>
Growth YoY (%)	0.8	(54.1)	(24.8)	14.9	63.9		
<b>PBT</b>	<b>1,705</b>	<b>2,097</b>	<b>1,770</b>	<b>2,095</b>	<b>2,039</b>	<b>19.6</b>	<b>(2.7)</b>
Tax	439	540	456	541	525	19.5	(2.9)
<b>PAT</b>	<b>1,266</b>	<b>1,557</b>	<b>1,314</b>	<b>1,555</b>	<b>1,514</b>	<b>19.6</b>	<b>(2.6)</b>
Growth YoY (%)	11.2	9.5	3.5	22.6	19.6		
<b>Per Share</b>							
FV (Rs)	10	10	10	10	10	0.0	0.0
EPS (Rs)	4	5	4	5	5	19.0	(2.6)
Book Value (Rs)	157	162	166	171	175	11.2	2.6

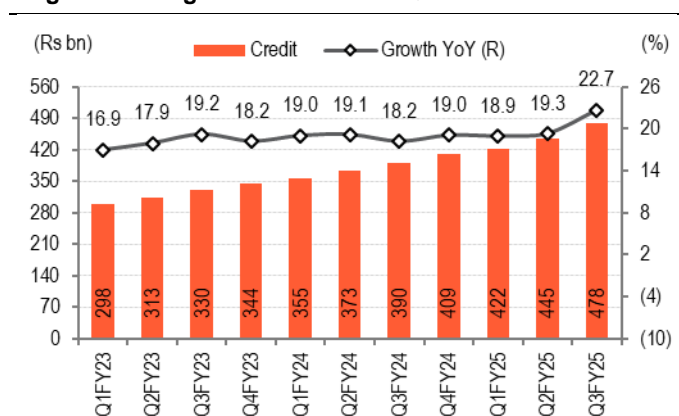
Source: Company, BOBCAPS Research

**Fig 2 – Quarterly snapshot: Balance sheet & other key metrics**

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
<b>Deposits</b>	<b>4,71,200</b>	<b>4,93,530</b>	<b>5,16,900</b>	<b>5,45,317</b>	<b>5,66,780</b>	<b>20.3</b>	<b>3.9</b>
Growth YoY (%)	19.3	19.7	20.2	19.9	20.3		
<b>Advances</b>	<b>3,89,510</b>	<b>4,09,246</b>	<b>4,21,810</b>	<b>4,44,652</b>	<b>4,77,800</b>	<b>22.7</b>	<b>7.5</b>
Growth YoY (%)	18.2	19.0	18.9	19.3	22.7		
Investment	1,54,430	1,62,109	1,66,520	1,82,049	1,79,630	16.3	(1.3)
Equity	49,120	50,713	51,850	53,512	54,890	11.7	2.6
Assets	5,98,040	6,30,370	6,45,160	6,89,552	7,15,670	19.7	3.8
Growth YoY (%)	19.9	20.4	17.4	19.5	19.7		
<b>Yield (%)</b>							
Yield on Funds	9.85	9.87	9.78	9.84	9.93	8bps	9bps
Cost of Funds	6.98	6.94	7.05	7.16	7.20	22bps	4bps
Spread	2.87	2.93	2.72	2.68	2.74	(14bps)	5bps
<b>Net Interest Margin (calc.)</b>	<b>3.40</b>	<b>3.47</b>	<b>3.26</b>	<b>3.20</b>	<b>3.23</b>	<b>(17bps)</b>	<b>3bps</b>
<b>Ratios (%)</b>							
Other Income / Net Income	20.7	21.2	22.4	28.7	25.3	462bps	(335bps)
Cost to Income ratio	64.6	63.7	67.9	64.3	62.7	(191bps)	(155bps)
CASA ratio	26.1	26.0	25.4	25.6	25.1	(103bps)	(51bps)
C/D ratio	82.7	82.9	81.6	81.5	84.3	164bps	276bps
Investment to Assets	25.8	25.7	25.8	26.4	25.1	(72bps)	(130bps)
<b>Assets Quality</b>							
GNPA	13,676	13,535	14,346	14,966	15,172	10.9	1.37
NNPA	4,769	4,543	4,992	5,213	5,625	18.0	7.9
Provision	8,908	8,991	9,353	9,754	9,547	7.2	(2.1)
GNPA (%)	3.43	3.23	3.33	3.29	3.11	(32bps)	(18bps)
NNPA (%)	1.22	1.11	1.18	1.17	1.18	(4bps)	1bps
PCR (%)	65.1	66.4	65.2	65.2	62.9	(220bps)	(224bps)
<b>Others</b>							
Branches	440	442	445	451	457	17	6
ATMs	416	418	418	428	430	14	2
Employees	10,539	11,325	11,896	11,910	11,339	800	(571)

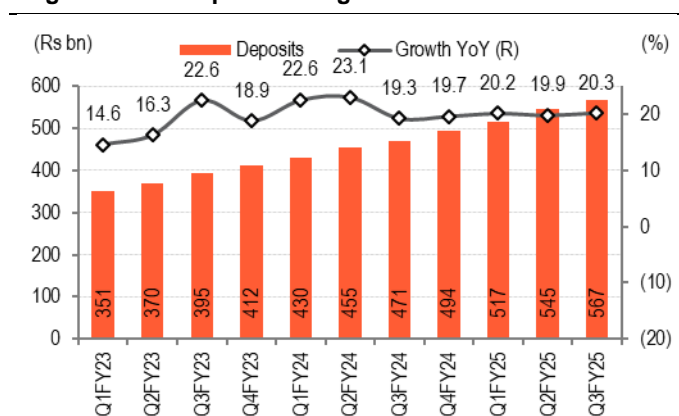
Source: Company, BOBCAPS Research

**Fig 3 – Credit grew 22.7% YoY in Q3FY25...**



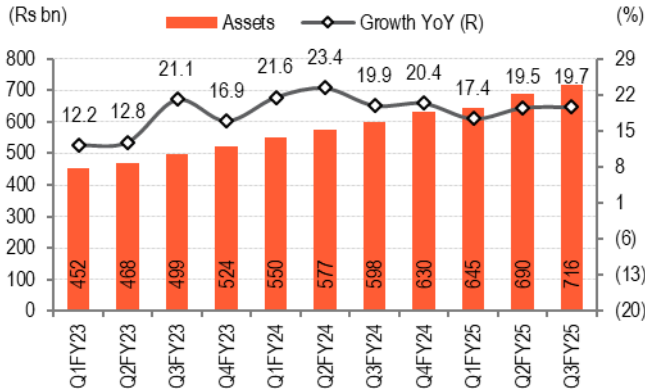
Source: Company, BOBCAPS Research

**Fig 4 – ... with deposits rising 20.3%**



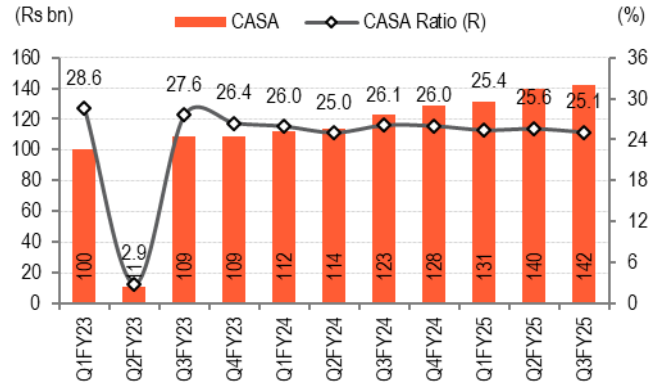
Source: Company, BOBCAPS Research

**Fig 5 – Asset growth was healthy**



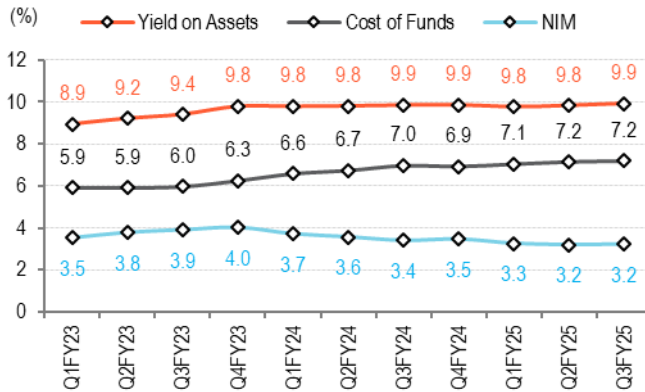
Source: Company, BOBCAPS Research

**Fig 6 – CASA ratio decreased 51bps/103bps on QoQ & YoY basis**



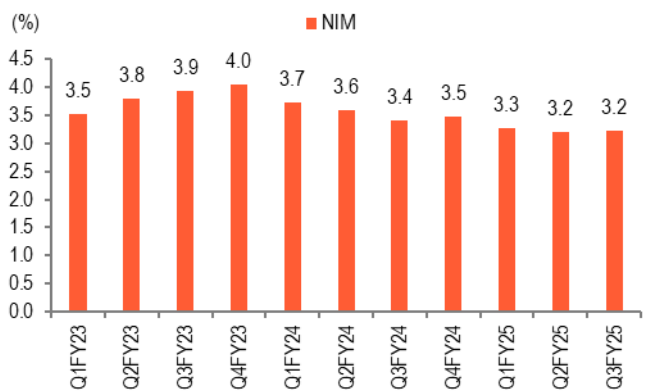
Source: Company, BOBCAPS Research

**Fig 7 – Cost of funds stays high**



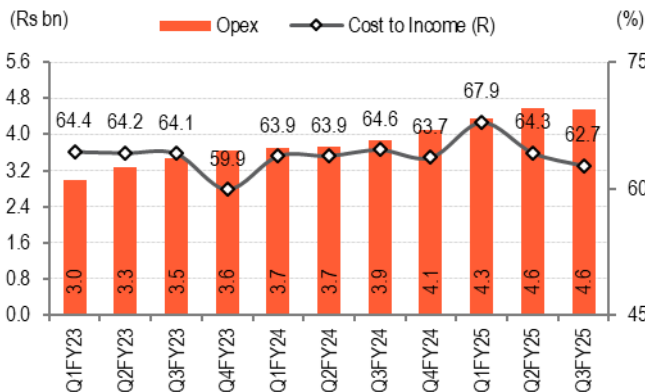
Source: Company, BOBCAPS Research

**Fig 8 – Changing business mix to aid NIM**



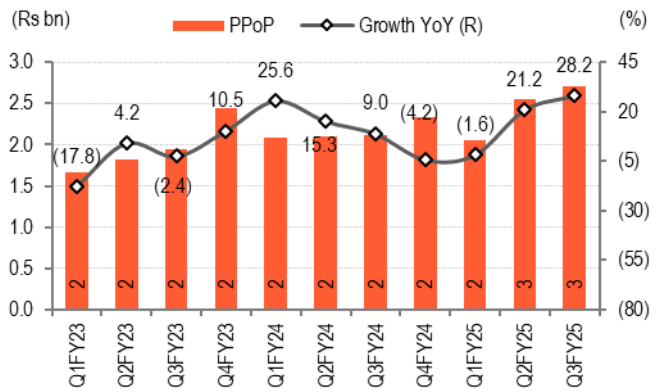
Source: Company, BOBCAPS Research

**Fig 9 – Cost to Income ratio declining after all-time high in Q1FY25 in last 8 quarters**



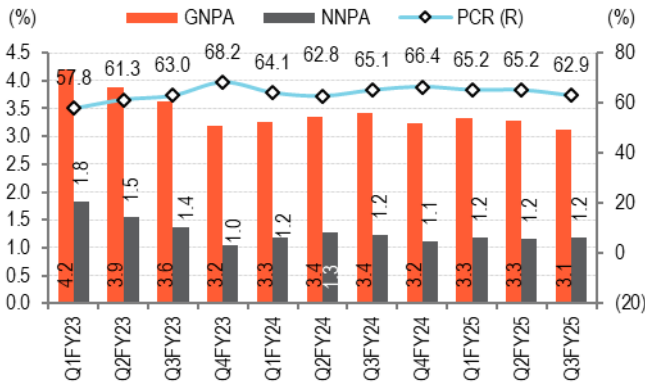
Source: Company, BOBCAPS Research

**Fig 10 – Strong PPOP growth in Q3FY25**



Source: Company, BOBCAPS Research

**Fig 11 – GNPA improved by 18bps QoQ while NNPA is flat QoQ**



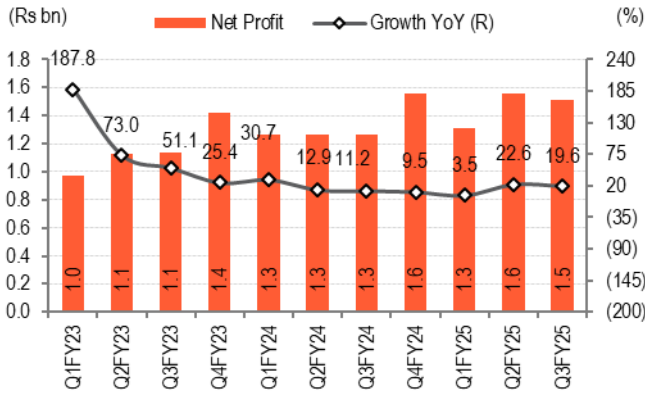
Source: Company, BOBCAPS Research

**Fig 12 – Credit cost to elevate due to MFI book**



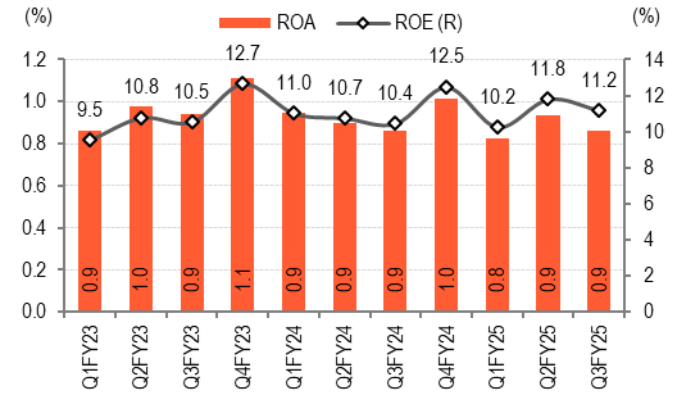
Source: Company, BOBCAPS Research

**Fig 13 – PAT grew 19.6% YoY**



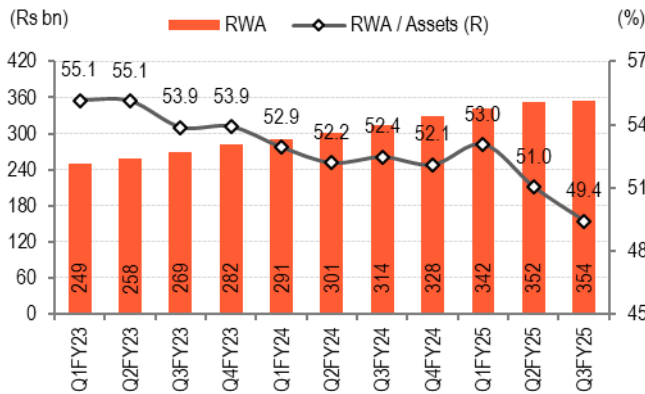
Source: Company, BOBCAPS Research

**Fig 14 – Return ratios likely to improve from hereon**



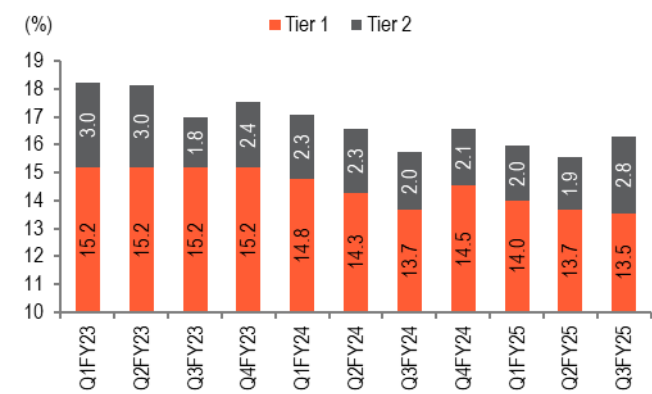
Source: Company, BOBCAPS Research

**Fig 15 – Stable RWA-to-asset ratio to aid CAR**



Source: Company, BOBCAPS Research

**Fig 16 – Well capitalised to fund credit demand**



Source: Company, BOBCAPS Research

**Fig 17 – Loan book trend**

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
AIB	93,093	1,03,539	1,06,296	1,09,384	1,12,761	3.1	21.1
Mortgage	1,75,280	1,83,751	1,91,502	2,01,427	2,12,621	5.6	21.3
Corporate banking	30,382	31,103	29,105	30,681	30,101	(1.9)	(0.9)
Gold loans	12,075	12,687	13,920	15,563	16,245	4.4	34.5
Commercial vehicle loans	2,337	1,637	1,687	2,668	4,778	79.1	104.4
SME+MSME	23,371	24,145	26,152	26,234	25,323	(3.5)	8.4
Co-Lending	33,498	30,693	29,949	35,572	53,991	51.8	61.2
Others	19,476	21,690	23,200	23,122	21,979	(4.9)	12.9
<b>Total</b>	<b>3,89,510</b>	<b>4,09,246</b>	<b>4,21,810</b>	<b>4,44,652</b>	<b>4,77,800</b>	<b>7.5</b>	<b>22.7</b>

Source: Company, BOBCAPS Research

**Fig 18 – Loan book distribution**

Segment (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
AIB	23.9	25.3	25.2	24.6	23.6	(100bps)	(30bps)
Mortgage	45.0	44.9	45.4	45.3	44.5	(80bps)	(50bps)
Corporate banking	7.8	7.6	6.9	6.9	6.3	(60bps)	(150bps)
Gold Loan	3.1	3.1	3.3	3.5	3.4	(10bps)	30bps
Commercial vehicle loans	0.6	0.4	0.4	0.6	1.0	40bps	40bps
SME+MSME	6.0	5.9	6.2	5.9	5.3	(60bps)	(70bps)
Co-Lending	8.6	7.5	7.1	8.0	11.3	330bps	270bps
Others	5.0	5.3	5.5	5.2	4.6	(60bps)	(40bps)

Source: Company, BOBCAPS Research

**Fig 19 – Loan disbursement**

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Mortgage	14,940	15,130	12,430	14,400	14,830	3.0	(0.7)
Gold Loans	3,410	4,290	6,030	6,080	5,670	(6.7)	66.3
AIB	11,420	16,950	10,970	11,400	11,310	(0.8)	(1.0)
MSME/MSE	3,270	5,000	4,480	5,860	5,410	(7.7)	65.4
Corporate	7,440	6,960	4,750	6,340	6,620	4.4	(11.0)
Construction Finance	2,590	3,740	2,720	3,210	3,730	16.2	44.0
Sub-Total	43,070	52,070	41,380	47,290	47,570	0.6	10.4
<b>Total Loan disbursed</b>	<b>43,070</b>	<b>52,070</b>	<b>41,380</b>	<b>47,290</b>	<b>47,570</b>	<b>0.6</b>	<b>10.4</b>

Source: Company, BOBCAPS Research

**Fig 20 – Disbursement distribution**

Segment (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Mortgage	34.7	29.1	30.0	30.5	31.2	72bps	(351bps)
Gold Loans	7.9	8.2	14.6	12.9	11.9	(94bps)	400bps
AIB	26.5	32.6	26.5	24.1	23.8	(33bps)	(274bps)
MSME/MSE	7.6	9.6	10.8	12.4	11.4	(102bps)	378bps
Corporate	17.3	13.4	11.5	13.4	13.9	51bps	(336bps)
Construction Finance	6.0	7.2	6.6	6.8	7.8	105bps	183bps
Sub-Total	100.0	100.0	100.0	100.0	100.0	0bps	0bps
<b>Total Loan disbursed</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Source: Company, BOBCAPS Research

**Fig 21 – Deposit trend**

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
CASA	1,23,110	1,28,420	1,31,320	1,39,630	1,42,220	1.9	15.5
Resident	2,75,339	2,88,802	3,04,994	3,20,899	3,26,487	1.7	18.6
Non-Resident	26,803	28,113	29,690	31,238	31,842	1.9	18.8
Inter-Bank	99,554	1,04,422	1,10,276	1,16,027	1,29,915	12.0	30.5
Term Deposits	3,48,090	3,65,110	3,85,580	4,05,687	4,24,560	4.7	22.0
<b>Total Deposits</b>	<b>4,71,200</b>	<b>4,93,530</b>	<b>5,16,900</b>	<b>5,45,317</b>	<b>5,66,780</b>	<b>3.9</b>	<b>20.3</b>

Source: Company, BOBCAPS Research

**Fig 22 – Deposit distribution**

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
CASA	26.1	26.0	25.4	25.6	25.1	(51bps)	(103bps)
Resident	58.4	58.5	59.0	58.8	57.6	(124bps)	(83bps)
Non-Resident	5.7	5.7	5.7	5.7	5.6	(11bps)	(7bps)
Inter-Bank	21.1	21.2	21.3	21.3	22.9	164bps	179bps
Term Deposits	73.9	74.0	74.6	74.4	74.9	51bps	103bps
<b>Total Deposits</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Source: Company, BOBCAPS Research

## Earnings call highlights

### Operating performance

- NII witnessed strong double-digit growth of 15% YoY (7% QoQ) to Rs 5.4bn. This was aided by robust advances growth of 23% YoY and 8% QoQ. NII was above our estimate by ~2%.
- Other income was lower sequentially by 10% QoQ (up 49% YoY).
- Operating expenses was stable at Rs 4.6bn sequentially.
- This supported the PPOP to clock growth of 6% QoQ (28% YoY). Led by strong increase in NII growth and operating costs contained PPOP came in above our estimates and estimates beat of 16%.
- Provisions stood at Rs 672mn vs. Rs 456mn in Q2FY25 vs. our estimate of Rs 488mn.
- PAT came in at Rs 1.5bn, up 20% YoY (down 3% QoQ).

### Advances and deposits

- Advances grew 23% YoY and 8% QoQ. This was driven by Commercial Vehicles (CVs) (up 79% QoQ), co-lending (up 52% QoQ), mortgage (up 6% QoQ).
- The bank continues to reiterate that it aims to double balance sheet size every 3-4 years.
- This is likely to be driven by mortgages, MSME, gold loans, co-lending, Agri & Inclusive Banking (AIB) and construction finance.

- During this quarter, co-lending saw strong growth of 52% QoQ (61% YoY) as one of the partners started originating business again. Under co-lending, the bank does home loans, business, gold, SME, and CVs with 7-8 co-lending partners.
- Deposits rose 20% YoY and 4% QoQ. CASA ratio stood at 25.1% vs. 25.6% in Q2FY25.

### **NIM**

- NIM came in at 3.23% vs. 3.2% in Q2FY25. The bank reiterated its NIM to be in the range of 3.5-3.65 going ahead.

### **Asset quality**

- The bank aims to have GNPA ratio below 2.5% and NNPA ratio of 1% going forward.
- The credit cost is expected to be at 45-55bps to average assets going ahead.



## Valuation methodology

DCBB reported robust business performance with strong loan growth (23% YoY and 8% QoQ) with NII witnessing healthy growth (up 15% YoY and 7% QoQ). Asset quality too showed improvement with GNPA and NNPA improving by 18bps QoQ and 1bp QoQ to 3.1% and 1.2% respectively. The quarter saw all round strong growth with no negative surprises on any front. Loan growth seems to be consistent over the past several quarters which suggests that we may see similar growth momentum going forward also.

We assume coverage on the stock with a BUY. DCBB reported strong earnings growth with improvements in NIMs and asset quality. Loan growth witnessed strong growth during the quarter with consistent growth in the range of 18-19% reflecting stable growth trajectory going forward. We expect the credit/deposit CAGR of 19%/20% for FY24-FY27E. We maintain BUY on DCBB with a revised TP of Rs 140 (from Rs 172), valuing the bank at 0.7x its Dec'26 ABV.

**Fig 23 – Key operational assumptions**

(%)	FY23	FY24	FY25E	FY26E	FY27E
Advances Growth	18.2	19.0	19.0	18.8	19.0
NII Growth	26.5	12.3	13.0	16.3	16.7
PPOP Growth	(1.3)	9.9	22.5	17.4	23.5
PAT Growth	61.9	15.1	17.3	18.7	27.7
NIM	3.8	3.5	3.3	3.3	3.3
GNPA	3.2	3.2	3.2	2.8	2.7
CAR	17.6	16.6	15.8	14.7	14.0

Source: Company, BOBCAPS Research

**Fig 24 – Actuals vs BOBCAPS estimates**

(Rs mn)	Q3FY25A	Q3FY25E	Actual vs. Estimates (%)
Loan	4,77,800	4,63,517	3.1
Deposits	5,66,780	5,65,440	0.2
Assets	7,15,670	7,10,582	0.7
NII	5,429	5,331	1.8
PPOP	2,711	2,337	16.0
Provision	672	488	37.7
PAT	1,514	1,372	10.4

Source: Company, BOBCAPS Research

**Fig 25 – Key valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	11.7
Cost of Equity (Ke)	13.2
Growth (Period 1)	10.0
Growth (Long Term)	8.2
Initial High Growth Period (yrs)	12.0
Dividend Payout (Period 1)	15.0
Dividend Payout (Long Term)	30.0
Factor 1	1.5
Factor 2	4.6
Justified P/BV Multiple	0.7

Source: Company, BOBCAPS Research

## Key risks

Key downside risks are:

- A weak demand environment leading to a general slowdown in credit offtake.
- Inability of the bank to manage a higher cost of funds with faster deposit repricing.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Net interest income</b>	<b>17,170</b>	<b>19,279</b>	<b>21,792</b>	<b>25,339</b>	<b>29,576</b>
NilI growth (%)	26.5	12.3	13.0	16.3	16.7
Non-interest income	4,094	4,742	7,237	8,152	9,580
Total income	21,264	24,021	29,029	33,491	39,155
Operating expenses	13,397	15,377	18,442	21,064	23,811
PPOP	7,867	8,645	10,586	12,427	15,344
PPOP growth (%)	(1.3)	9.9	22.5	17.4	23.5
Provisions	1,592	1,425	2,135	2,398	2,534
PBT	6,276	7,220	8,451	10,029	12,810
Tax	1,620	1,860	2,163	2,567	3,279
<b>Reported net profit</b>	<b>4,656</b>	<b>5,360</b>	<b>6,288</b>	<b>7,462</b>	<b>9,531</b>
Adjustments	0	0	0	0	1
<b>Adjusted net profit</b>	<b>4,656</b>	<b>5,360</b>	<b>6,288</b>	<b>7,462</b>	<b>9,532</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Equity capital	3,115	3,128	3,138	3,138	3,138
Reserves & surplus	42,546	47,373	52,863	59,206	67,307
Net worth	45,661	50,501	56,001	62,344	70,445
Deposits	4,12,389	4,93,530	5,94,704	7,10,671	8,52,806
Borrowings	41,181	62,195	81,475	89,623	98,585
Other liab. & provisions	24,427	24,143	15,172	20,440	11,054
<b>Total liab. &amp; equities</b>	<b>5,23,659</b>	<b>6,30,370</b>	<b>7,47,353</b>	<b>8,83,078</b>	<b>10,32,890</b>
Cash & bank balance	23,684	30,659	31,941	41,119	49,250
Investments	1,25,825	1,62,109	1,91,602	2,21,471	2,45,236
Advances	3,43,807	4,09,246	4,87,002	5,78,559	6,88,485
Fixed & Other assets	30,342	28,357	36,808	41,929	49,920
<b>Total assets</b>	<b>5,23,659</b>	<b>6,30,370</b>	<b>7,47,353</b>	<b>8,83,078</b>	<b>10,32,890</b>
Deposit growth (%)	18.9	19.7	20.5	19.5	20.0
Advances growth (%)	18.2	19.0	19.0	18.8	19.0

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
EPS	15.0	17.2	20.1	23.8	30.4
Dividend per share	1.3	1.7	2.0	3.6	4.6
Book value per share	146.6	161.4	178.5	198.7	224.5

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
P/E	7.6	6.6	5.7	4.8	3.7
P/BV	0.8	0.7	0.6	0.6	0.5
Dividend yield (%)	1.1	1.5	1.8	3.1	4.0

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Net interest income	3.5	3.3	3.2	3.1	3.1
Non-interest income	0.8	0.8	1.1	1.0	1.0
Operating expenses	2.8	2.7	2.7	2.6	2.5
Pre-provisioning profit	1.6	1.5	1.5	1.5	1.6
Provisions	0.3	0.2	0.3	0.3	0.3
PBT	1.3	1.3	1.2	1.2	1.3
Tax	0.3	0.3	0.3	0.3	0.3
ROA	1.0	0.9	0.9	0.9	1.0
Leverage (x)	11.3	12.0	12.9	13.8	14.4
ROE	10.8	11.1	11.8	12.6	14.4

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
<b>YoY growth (%)</b>					
Net interest income	26.5	12.3	13.0	16.3	16.7
Pre-provisioning profit	(1.3)	9.9	22.5	17.4	23.5
EPS	61.7	14.8	16.9	18.5	27.7
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	3.8	3.5	3.3	3.3	3.3
Fees / Avg. assets	0.2	0.2	0.2	0.2	0.2
Cost-Income	63.0	64.0	63.5	62.9	60.8
ROE	10.8	11.1	11.8	12.6	14.4
ROA	1.0	0.9	0.9	0.9	1.0
<b>Asset quality (%)</b>					
GNPA	3.2	3.2	3.2	2.8	2.7
NNPA	1.0	1.1	3.3	1.0	1.0
Slippage ratio	5.8	4.3	4.0	3.6	3.6
Credit cost	0.5	0.4	0.4	0.5	0.4
Provision coverage	67.2	65.3	(3.3)	64.0	64.0
<b>Ratios (%)</b>					
Credit-Deposit	83.4	82.9	81.9	81.4	80.7
Investment-Deposit	30.5	32.8	32.2	31.2	28.8
CAR	17.6	16.6	15.8	14.7	14.0
Tier-1	15.2	14.5	13.2	12.4	11.8

Source: Company, BOBCAPS Research

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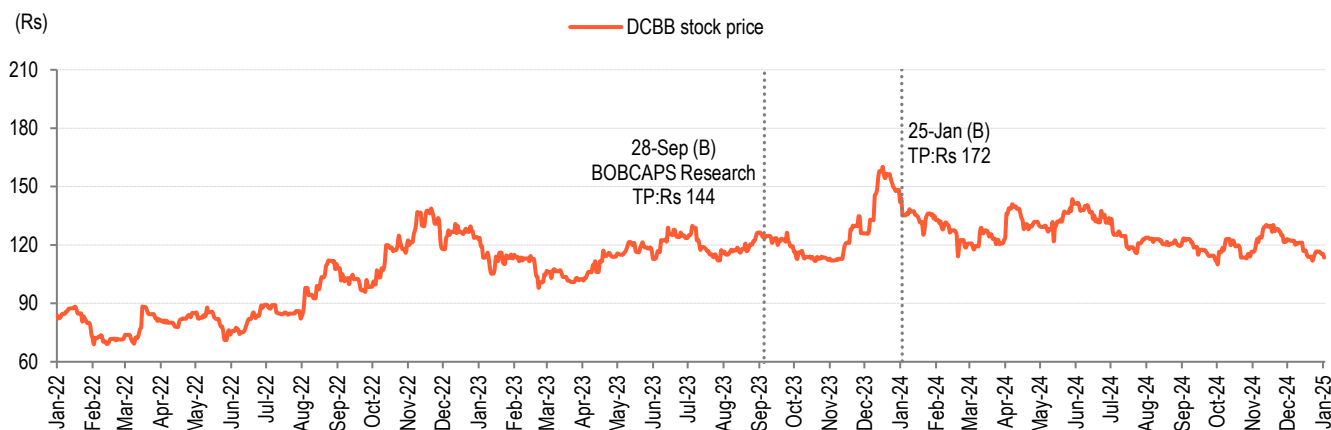
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