

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	DCBB IN
Equity Shares (m)	312
M.Cap.(INRb)/(USDb)	35.8 / 0.4
52-Week Range (INR)	141 / 97
1, 6, 12 Rel. Per (%)	-5/2/0
12M Avg Val (INR M)	216

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	17.2	19.6	23.5
OP	7.9	9.1	11.5
NP	4.7	5.4	6.7
NIM (%)	4.0	3.8	3.8
EPS (INR)	14.9	17.5	21.6
EPS Gr. (%)	61.7	16.9	23.7
BV/Sh. (INR)	141	157	176
ABV/Sh. (INR)	133	146	165

Ratios

RoE (%)	11.5	12.1	13.3
RoA (%)	1.0	1.0	1.0

Valuations

P/E (x)	7.7	6.6	5.3
P/BV (x)	0.8	0.7	0.7
P/ABV (x)	0.9	0.8	0.7

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	33.5	33.1	35.1

FII Includes depository receipts

CMP: INR115 TP: INR130 (+13%) Neutral

Earnings in line; asset quality deteriorates slightly

Margins moderates 14bp QoQ to 3.69%

- DCB Bank (DCBB) reported 13% YoY growth in PAT at INR1.3b (in line) driven by lower provisions (9% lower than MOFSLe). NII grew 16% YoY to INR4.8b (flat QoQ, inline). NIM moderated 14bp QoQ to 3.69% in 2QFY24.
- Advances grew 19% YoY, supported by healthy disbursements across segments. Deposits jumped 23% YoY, led by 7% QoQ growth in term deposits. CASA mix moderated 93bp QoQ to 25% in 2QFY24.
- Slippages mounted to INR3.9b (v/s INR3.4b in 1QFY24), which resulted in a deterioration in the GNPA/NNPA ratios by 10bp/9bp QoQ. Restructured book declined QoQ but remained elevated at ~INR12.7b (3.4% of loans).
- We estimate DCBB's FY25E RoA/RoE at 1.0%/13.3%. **Reiterate Neutral with a TP of INR130 (based on 0.8x FY25E ABV).**

Business growth healthy; CASA mix moderates 93bp QoQ to 25%

- DCBB reported 2QFY24 PAT of INR1.3b (+13% YoY, in line), led by lower provisions of INR397m (9% lower than MOFSLe) in 2QFY24.
- NII jumped ~16% YoY (flat QoQ) to INR4.8b (in line) due to 14bp QoQ moderation in margins to 3.69%. Other income grew 8% YoY (flat QoQ, 8.5% lower than MOFSLe) with fee income increasing 29% QoQ. Total revenue grew 14% YoY (flat QoQ) during the quarter.
- Opex increased 14% YoY as the bank continued to make investments in the business, and hence, PPOP rose 15% YoY (4% miss) in 2QFY24.
- Advances grew 19% YoY/5% QoQ, supported by healthy disbursements across mortgages and AIB segments.
- Deposits jumped 23% YoY (+5.8% QoQ), led by 7% QoQ growth in term deposits while CASA deposits grew 2% QoQ to 113.9b. CASA mix thus moderated 93bp QoQ to 25.04%.
- GNPA/NNPA ratio deteriorated 10bp/9bp QoQ to 3.36%/1.28% with slippages increasing sequentially to INR 3.9b. PCR moderated 130bp QoQ to 62.8% (~75.5% including TWO).
- Restructured book stood at INR12.7b (3.4% of loans). CE increased across segments and stood at 97.3%/97.6%/90.6%, including delinquent and restructured book, in Business/Home/CV Loans.

Highlights from the management commentary

- Management targets for ~20% business growth and aims to double the book in the next 3-4 years.
- DCBB expects credit cost to be in the range of 35-40bp.
- The bank expects that changing product mix towards business loans should drive NIM and RoA of 1% and RoE of 14%.
- NIM is likely to be stabilized going ahead. Management guides for a NIM of 3.65-3.75%.
- The bank's new MD & CEO application has already put to the RBI and the bank is waiting for the RBI to revert on the same.

Valuation and view

DCBB reported a mixed quarter with in-line earnings driven by lower provisions, and moderation in margins on expected lines. Loan growth was steady led by mortgages and AIB segments, while deposit growth was led by term deposits resulting in a slight moderation in CASA ratio. Fresh slippages were elevated along with higher restructured book, which led to a slight deterioration in asset quality ratios. Higher slippages were seen in mortgages as the restructured book came out of the moratorium. Management suggested collection trends from the restructured book to improve gradually and will thus enable a decline in slippage run-rate over the next 2-3 quarters. We estimate FY25E RoA/RoE at 1.0%/13.3%, and **maintain our Neutral rating with a TP of INR130 (premised on 0.8x FY25E ABV).**

Quarterly performance

(INR m)

	FY23				FY24E				FY23	FY24E	FY23E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	3,740	4,111	4,460	4,860	4,707	4,757	4,946	5,218	17,170	19,629	4,803	-1.0
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	25.9	15.7	10.9	7.4	26.5	14.3	16.8	
Other Income	924	992	954	1,223	1,069	1,074	1,185	1,339	4,094	4,667	1,174	-8.5
Total Income	4,664	5,103	5,414	6,083	5,777	5,831	6,132	6,557	21,264	24,296	5,977	-2.4
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,725	3,816	3,972	13,397	15,203	3,788	-1.7
Operating Profit	1,661	1,826	1,941	2,439	2,087	2,105	2,316	2,585	7,867	9,093	2,189	-3.8
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	25.6	15.3	19.3	6.0	-1.3	15.6	19.9	
Provisions	350	310	407	525	377	397	460	521	1,787	1,756	438	-9.5
Profit before Tax	1,311	1,516	1,534	1,915	1,709	1,708	1,856	2,064	6,080	7,338	1,751	-2.4
Tax	340	392	396	493	440	441	479	534	1,424	1,893	452	-2.5
Net Profit	971	1,124	1,139	1,422	1,269	1,268	1,377	1,530	4,656	5,444	1,299	-2.4
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	30.7	12.9	21.0	7.6	61.9	16.9	15.6	
Operating Parameters												
Deposit (INR b)	350.8	369.6	395.1	412.4	430.1	455.0	469.6	490.7	412.4	490.7	443.9	
Loan (INR b)	298.1	312.9	329.7	343.8	354.7	372.8	393.3	411.5	343.8	411.5	372.4	
Deposit Growth (%)	14.6	16.3	22.6	18.9	22.6	23.1	18.9	19.0	18.9	19.0	20.1	
Loan Growth (%)	17.9	17.9	20.6	18.2	19.0	19.1	19.3	19.7	18.2	19.7	19.0	
Asset Quality												
Gross NPA (%)	4.2	3.9	3.6	3.2	3.3	3.4	3.3	3.2	3.2	3.2	3.1	
Net NPA (%)	1.8	1.5	1.4	1.0	1.2	1.3	1.2	1.2	1.0	1.2	1.1	
PCR (%)	57.8	61.3	63.0	68.2	64.1	62.8	63.2	63.5	68.2	63.5	66.4	

Quarterly snapshot

	FY22				FY23				FY24		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss (INR m)												
Net Interest Income	3,087	3,233	3,450	3,805	3,740	4,111	4,460	4,860	4,707	4,757	16	1
Other Income	1,212	977	1,183	1,148	924	992	954	1,223	1,069	1,074	8	0
Total Income	4,299	4,211	4,634	4,953	4,664	5,103	5,414	6,083	5,777	5,831	14	1
Operating Expenses	2,277	2,459	2,645	2,744	3,002	3,278	3,473	3,643	3,690	3,725	14	1
Employee	1,227	1,322	1,380	1,463	1,551	1,717	1,796	1,865	1,951	1,889	10	-3
Others	1,049	1,138	1,266	1,282	1,451	1,561	1,677	1,778	1,739	1,836	18	6
Operating Profits	2,022	1,751	1,988	2,208	1,661	1,826	1,941	2,439	2,087	2,105	15	1
Core Operating Profits	1,484	1,647	1,825	2,205	1,601	1,806	1,921	2,429	2,057	2,065	14	0
Provisions	1,565	863	970	676	350	310	407	525	377	397	28	5
PBT	457	888	1,019	1,532	1,311	1,516	1,534	1,915	1,709	1,708	13	0
Taxes	119	239	265	398	340	392	396	493	440	441	12	0
PAT	338	649	754	1,134	971	1,124	1,139	1,422	1,269	1,268	13	0
Balance Sheet (INR B)												
Loans	253	265	273	291	298	313	330	344	355	373	19	5
Investments	91	86	86	91	99	105	109	126	134	147	40	10
Deposits	306	318	322	347	351	370	395	412	430	455	23	6
CASA Deposits	66	81	84	93	100	108	109	109	112	114	5	2
Borrowings	43	40	32	41	40	35	38	41	47	52	48	10
Total Assets	403	415	412	448	452	468	499	524	550	577	23	5
Asset Quality												
GNPA	12,688	12,849	13,398	12,899	12,885	12,492	12,233	11,228	11,814	12,813	3	8
NNPA	7,190	7,070	6,965	5,732	5,436	4,829	4,532	3,569	4,239	4,764	-1	12
Ratios (%)												
	FY22				FY23				FY24		Change (bps)	
Asset Quality	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA (%)	4.9	4.7	4.8	4.3	4.2	3.9	3.6	3.2	3.3	3.4	-53	10
NNPA (%)	2.8	2.6	2.6	2.0	1.8	1.5	1.4	1.0	1.2	1.3	-26	9
PCR (Calculated, %)	43.3	45.0	48.0	55.6	57.8	61.3	63.0	68.2	64.1	62.8	147	-130
PCR (Reported, %)	59	60	62	68	69	73	75	79	77	75	266	-158
Business Ratios												
Fees to Total Income	11.0	14.6	13.6	13.4	13.9	15.1	12.9	15.0	13.0	16.6	155	365
Cost to Core Income	64.0	63.9	64.8	61.4	68.4	67.2	67.3	63.1	67.6	65.0	-210	-257
Tax Rate	26.0	26.9	26.0	26.0	25.9	25.9	25.8	25.7	25.7	25.8	-8	4
CASA	21.7	25.4	25.9	26.8	28.6	29.3	27.6	26.4	26.0	25.0	-431	-93
Loan/Deposit	82.6	83.5	84.8	83.9	85.0	84.7	83.4	83.4	82.5	81.9	-273	-55
Profitability Ratios												
RoA	0.3	0.6	0.7	1.1	0.9	1.0	0.9	1.1	0.9	0.9	-7	-4
RoE	3.8	7.3	8.3	12.1	10.1	11.5	11.3	13.7	11.8	11.6	10	-24
Yield on loans	10.5	10.7	10.7	11.0	10.7	10.8	11.0	11.7	11.6	11.6	75	1
Cost of funds	6.3	6.2	6.1	6.0	6.0	6.0	6.1	6.4	6.7	6.9	88	15
Margins	3.31	3.37	3.61	3.93	3.61	3.88	4.02	4.18	3.83	3.69	-19	-14
Others												
Branches	354	356	367	400	405	410	418	427	436	439	29	3
ATM	402	344	353	349	373	381	385	396	409	414	33	5



Highlights from the management commentary

Balance sheet and P&L related

- During 2Q, the bank's advances grew 19% YoY, while deposits grew 23% YoY.
- Market conditions were tough in 2Q and as a result the CoF went up.
- The bank expects the collection efficiency to improve from hereon with an intention to double its balance sheet in next 3-4 years.
- Cost/Asset is declining and management expects this trend to continue as the bank continues to grow.
- DCBB is tracking cost of deposits on a daily basis; the re-pricing of deposits should be completed in the next two quarters. The CoF increase will be spread over two quarters in future.
- The fixed rate loan book cannot be re-priced, while mortgage and LAP have started to be re-priced. They are further expected to be re-priced in the coming months. Bank's MCLR book too is re-pricing every quarter.
- Bulk of the SA account balances for the bank comes at the lower bucket pricing band. The bank offers higher rates on higher bucket ticket size to attract customers for SA. Bank intends to keep higher SA rates for the retention of the existing customers.
- The bank doesn't expect the higher SA rates to impact the margins in 3Q.
- Bank's gold loan book proportion as a % of overall book is reducing while slippages are higher due to seasonality effects and inefficiency at the branch level. Bank will continue to push the gold loan as long as deposits are growing.
- The bank will continue to invest in the frontline staff; as a result a few quarters will see an increase in Cost/Asset. But in the long-run, it will see a decrease in Cost/Asset as growth continues.
- The bank's new MD & CEO application has already put to the RBI and the bank is waiting for the RBI to revert on the same.
- In mortgage loans, small-ticket customers prefer fixed EMIs during the start of the tenure. The bank's new loans are fixed for the initial period and then after the initial period, the loans come for re-pricing. By February and March there will be a good quantum coming for re-pricing in this segment.
- The bank expects credit cost to be in the range of 35-40bp.
- It expects that changing product mix towards business loans should drive the NIMs and RoA of 1% and RoE of 14%.
- Other income is due to third-party income, PSL income would be lesser. Bank expects the fee income growth to be at the similar line to the balance sheet growth.
- Bank aims for a PCR of above 70% over time; its provision is above the RBI guidelines. The bank has specific provisions for certain assets and will continue credit cost at 35-40bp, as bank expects recoveries and upgrades to be healthy.
- Bank is not looking to grow in the corporate book, but will keep it at similar levels.
- Yields are expected to improve as the bank is shifting its focus towards the Business loans.
- In microfinance, it has signed up with some more BC partners and looking for higher quality BC partners. For CV the bank will continue to cross sell to the existing customers, the bank will continue to focus SBL, HL and LAP.

- On the deposits front, the bank aims to focus on CASA and for this the bank has adopted the strategy of giving out higher SA rates.
- Provision breakup – NPA provision at INR250m, standard provision at INR70m, floating provision at INR40m, and other provision at INR37m.

Asset quality related

- Mortgages saw higher slippages, as the mortgage book came out of the moratorium.
- Slippages excluding of gold stood at 2.69%, but as the collection improves from the restructured book it will lead to lower slippages especially in mortgage book.
- Credit cost stood at 28bp in 2Q, PCR stood at 75.5% in 2Q.
- The entire portfolio of mortgage is now out of the moratorium; DCBB expects the book to take about 3-4 months to come in the rhythm of regular payments. DCBB expects the upgrades to be higher than the recoveries.
- DCBB expects another two quarters to get back to the normalized level of slippages of 2-3%.
- Most of the slippages are coming from the restructured book. While bank expects recoveries and upgrades to stay healthy.

Guidance related

- Bank guides for RoA of 1% and RoE of 14% in the near term.
- Bank targets for a growth of 20%. The bank aims to double its book in the next 3-4 years.
- DCBB will continue to add headcount to continue to fund the growth, for branch addition the bank will look to add 25-30 branches every year.
- NIM is likely to stabilize going ahead. The bank guides for a NIM of 3.65-3.75%.

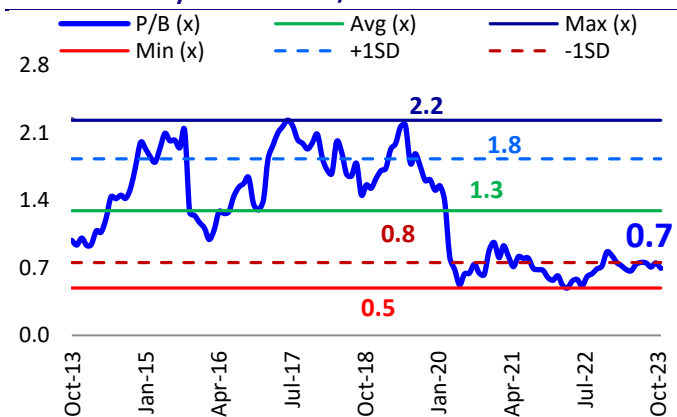
Exhibit 1: Segment-wise GNPA

	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
CV/STVL	2,454	2,363	2,259	2,300	2,180	2,080	1,790	1,520	1,550	-28.9%	2.0%
Corporate	834	1,016	1,014	1,010	2,040	2,150	1,990	2,210	2,280	11.8%	3.2%
SME + MSME	1,367	1,198	1,380	1,490	1,480	1,470	1,300	1,380	1,540	4.1%	11.6%
Mortgages	4,479	3,853	3,423	3,310	2,950	2,900	2,700	3,160	3,610	22.4%	14.2%
AIB	2,586	3,003	2,916	3,170	2,970	2,900	2,740	2,940	3,000	1.0%	2.0%
Gold loan	531	1,365	1,330	1,060	410	290	190	240	420	2.4%	75.0%
Others	598	600	577	540	460	440	520	360	410	-10.9%	13.9%
Total GNPA's	12,849	13,398	12,899	12,880	12,490	12,230	11,230	11,810	12,810	2.6%	8.5%

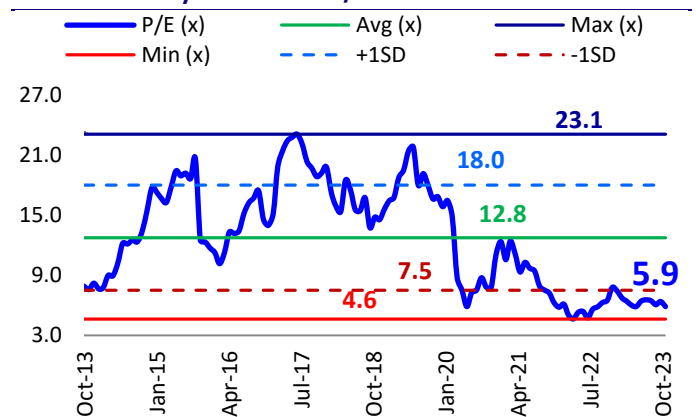
Valuation and view

- 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 FY24–FY26.
- GNPA/NNPA ratios deteriorated 10bp/9bp QoQ to 3.36%/1.28% with slippages increasing sequentially to INR 3.9b. PCR moderated sharply by 130bp QoQ to 62.8% (~75.5% including TWO). Restructured book stood at INR12.7b (3.4% of loans). CE increased across segments and stood at 97.6%/90.6%/97.3% including delinquent and restructured book in Home/CV /Business segments.

- Maintain Neutral, with a TP of INR130:** DCBB reported a mixed quarter with in-line earnings driven by lower provisions, and moderation in margins on expected lines. Loan growth was steady led by mortgages and AIB segments, while deposit growth was led by term deposits resulting in a slight moderation in CASA ratio. Fresh slippages were elevated along with higher restructured book, which led to a slight deterioration in asset quality ratios. Higher slippages were seen in mortgages as the restructured book came out of the moratorium. Management suggested collection trends from the restructured book to improve gradually and will thus enable a decline in slippage run-rate over the next 2-3 quarters. We estimate FY25E RoA/RoE at 1.0%/13.3%, and **maintain our Neutral rating with a TP of INR130 (premised on 0.8x FY25E ABV).**

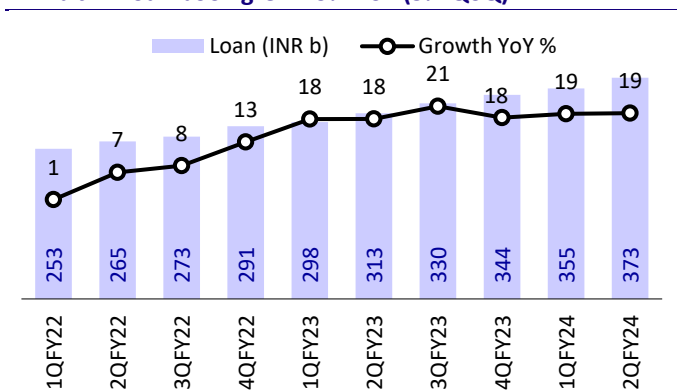
Exhibit 2: One-year forward P/B

Source: MOFSL, Company

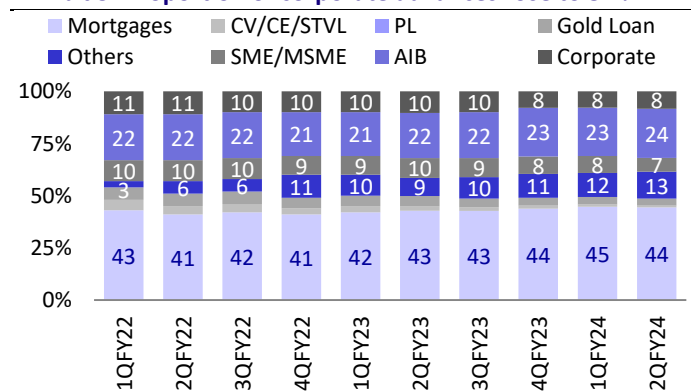
Exhibit 3: One-year forward P/E

Source: MOFSL, Company

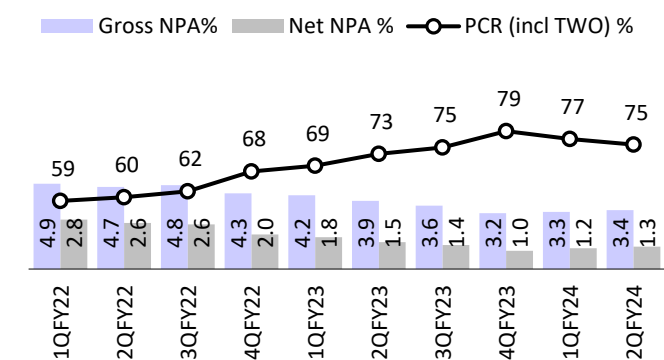
Story in charts

Exhibit 4: Loan book grew 19% YoY (5% QoQ)

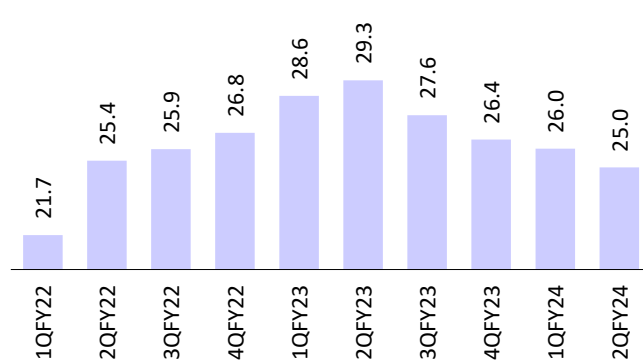
Source: MOFSL, Company

Exhibit 5: Proportion of corporate advances rose to 8.4%

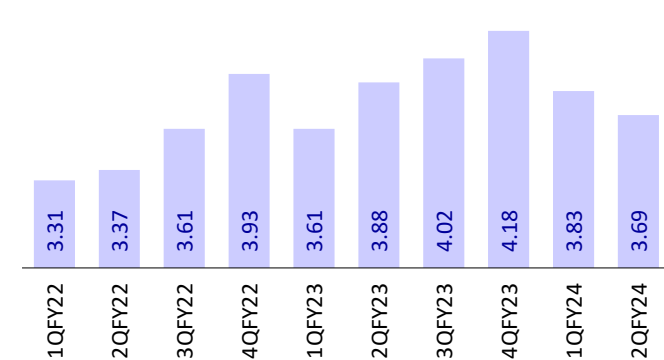
Source: MOFSL, Company

Exhibit 6: Asset quality deteriorated with GNPA/NNPA ratio increasing 10bp/9bp QoQ; PCR (incl. TWO) at ~75%

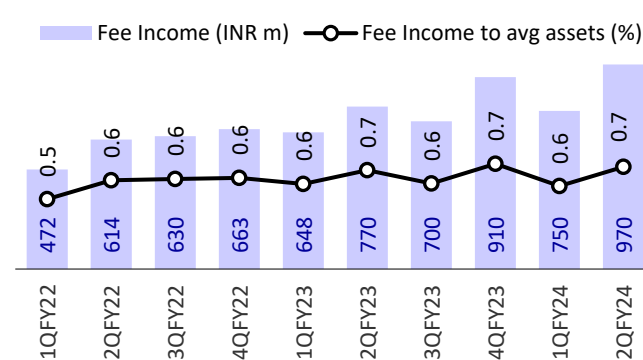
Source: MOFSL, Company

Exhibit 7: CASA ratio moderated 93bp QoQ to 25%

Source: MOFSL, Company

Exhibit 8: Reported NIM moderated 14bp QoQ to 3.69%

Source: MOFSL, Company

Exhibit 9: Fee income to assets increased to 0.7%

Source: MOFSL, Company

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

DCB Bank	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	9.52	8.86	8.32	8.65	9.28	9.21	9.09
Interest Expended	6.12	5.56	5.11	5.11	5.84	5.72	5.64
Net interest Income	3.41	3.29	3.22	3.53	3.44	3.48	3.45
Fee income	0.88	0.78	0.88	0.82	0.90	0.91	0.92
Trading and others	0.18	0.37	0.19	0.02	-0.08	-0.10	-0.11
Non-interest Income	1.05	1.14	1.07	0.84	0.82	0.81	0.81
Total Income	4.46	4.44	4.29	4.38	4.26	4.29	4.26
Operating expenses	2.43	2.17	2.40	2.76	2.66	2.58	2.50
Employees	1.24	1.11	1.28	1.43	1.37	1.32	1.28
Others	1.20	1.06	1.12	1.33	1.29	1.26	1.22
Operating profits	2.03	2.27	1.89	1.62	1.59	1.71	1.76
Core PPP	1.85	1.90	1.70	1.60	1.68	1.81	1.87
Provisions	0.70	1.11	0.97	0.37	0.31	0.36	0.37
NPA	0.23	-0.07	0.09	0.13	0.28	0.33	0.34
Others	0.47	1.18	0.88	0.24	0.03	0.03	0.03
PBT	1.32	1.16	0.92	1.25	1.29	1.35	1.39
Tax	0.41	0.30	0.24	0.29	0.33	0.35	0.36
ROAA (%)	0.91	0.86	0.68	0.96	0.95	1.00	1.03
Leverage (x)	12.27	11.64	11.48	12.01	12.66	13.35	13.93
ROAE (%)	11.16	10.01	7.82	11.51	12.08	13.34	14.36

Financials and valuations

Income Statement						INRm
Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	34,582	35,128	42,003	52,957	62,024	72,409
Interest Expense	21,716	21,553	24,833	33,328	38,551	44,933
Net Interest Income	12,866	13,575	17,170	19,629	23,474	27,476
Growth (%)	1.7	5.5	26.5	14.3	19.6	17.1
Non-Interest Income	4,458	4,520	4,094	4,667	5,460	6,443
Total Income	17,324	18,095	21,264	24,296	28,934	33,920
Growth (%)	4.6	4.5	17.5	14.3	19.1	17.2
Operating Expenses	8,466	10,126	13,397	15,203	17,405	19,926
Pre Provision Profits	8,858	7,970	7,867	9,093	11,529	13,993
Growth (%)	17.6	-10.0	-1.3	15.6	26.8	21.4
Core PPP	7,431	7,161	7,758	9,567	12,198	14,855
Growth (%)	8.0	-3.6	8.3	23.3	27.5	21.8
Provisions (excl tax)	4,330	4,074	1,787	1,756	2,455	2,934
PBT	4,528	3,895	6,080	7,338	9,074	11,060
Tax	1,170	1,020	1,424	1,893	2,341	2,853
PAT	3,358	2,875	4,656	5,444	6,733	8,206
Growth (%)	-0.6	-14.4	61.9	16.9	23.7	21.9

Balance Sheet						
Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	3,105	3,110	3,115	3,115	3,115	3,115
Reserves & Surplus	34,471	37,365	42,515	47,337	53,291	60,719
Net Worth	37,576	40,475	45,630	50,452	56,406	63,834
Deposits	2,97,039	3,46,917	4,12,389	4,90,743	5,83,984	6,94,941
Growth (%)	-2.2	16.8	18.9	19.0	19.0	19.0
of which CASA Dep	67,865	92,811	1,08,956	1,28,084	1,54,756	1,84,159
Growth (%)	4.1	36.8	17.4	17.6	20.8	19.0
Borrowings	44,823	40,818	41,181	47,672	55,266	64,152
Total Liabilities	3,96,021	4,47,926	5,23,628	6,17,691	7,29,669	8,63,061
Current Assets	30,393	40,908	23,684	26,921	29,406	31,882
Investments	84,137	90,507	1,25,825	1,45,453	1,68,726	1,95,722
Loans	2,57,372	2,90,958	3,43,807	4,11,537	4,90,964	5,86,702
Growth (%)	1.5	13.0	18.2	19.7	19.3	19.5
Fixed Assets	5,685	6,612	8,263	8,952	9,847	10,832
Total Assets	3,96,021	4,47,926	5,23,659	6,17,691	7,29,669	8,63,061

ASSET QUALITY						
GNPA (INR M)	10,834	12,899	11,228	13,229	13,514	15,489
NNPA (INR M)	5,942	5,732	3,569	4,826	4,703	5,042
GNPA Ratio	4.1	4.3	3.2	3.2	2.7	2.6
NNPA Ratio	2.3	2.0	1.0	1.2	1.0	0.9
Slippage Ratio	2.69	6.46	5.35	3.80	3.20	3.00
Credit Cost	1.70	1.49	0.56	0.5	0.5	0.5
PCR (Excl Tech. write off)	43.9	53.5	68.2	63.5	65.2	67.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	9.4	8.8	9.2	9.8	9.7	9.6
Avg. Yield on loans	10.9	10.3	10.7	11.4	11.1	10.9
Avg. Yield on Investments	7.2	6.8	6.6	6.9	7.0	6.9
Avg. Cost-Int. Bear. Liab.	6.4	5.9	5.9	6.7	6.5	6.4
Avg. Cost of Deposits	6.3	5.9	5.9	6.6	6.5	6.3
Interest Spread	3.0	2.9	3.3	3.1	3.2	3.2
Net Interest Margin	3.6	3.6	4.0	3.8	3.8	3.8

Profitability Ratios (%)

CAR	19.7	18.9	17.6	17.0	15.0	13.5
Tier I	15.5	15.8	15.2	14.9	13.3	12.1
Tier II	4.2	3.1	2.4	2.0	1.7	1.5

Business & Efficiency Ratio (%)

Loans/Deposit Ratio	86.6	83.9	83.4	83.9	84.1	84.4
CASA Ratio	22.8	26.8	26.4	26.1	26.5	26.5
Cost/Assets	2.2	2.4	2.8	2.7	2.6	2.5
Cost/Income	48.9	56.0	63.0	62.6	60.2	58.7
Cost/ Core Income	53.3	58.6	63.3	61.4	58.8	57.3
Int. Expense/Int. Income	62.8	61.4	59.1	62.9	62.2	62.1
Fee Income/Net Income	17.5	20.5	18.7	21.2	21.2	21.5
Non Int. Inc./Net Income	25.7	25.0	19.3	19.2	18.9	19.0
Empl. Cost/Op. Exps.	51.2	53.2	51.7	51.5	51.3	51.1
Investment/Deposit Ratio	28.3	26.1	30.5	29.6	28.9	28.2

Profitability and Valuations Ratios

RoE	10.0	7.8	11.5	12.1	13.3	14.4
RoA	0.9	0.7	1.0	1.0	1.0	1.0
RoRWA	1.4	1.2	1.6	1.7	1.8	1.8
Book Value (INR)	117	126	141	157	176	200
Price-BV (x)	1.0	0.9	0.8	0.7	0.7	0.6
Adjusted BV (INR)	104	113	133	146	165	188
Price-ABV (x)	1.1	1.0	0.9	0.8	0.7	0.6
EPS (INR)	10.8	9.2	14.9	17.5	21.6	26.3
Price-Earnings (x)	10.6	12.4	7.7	6.6	5.3	4.4

E: MOFSL Estimates

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NOTES

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BUY	>=15%
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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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