

Institutional Equity Research

# DCB Bank

Banking | India

4QFY18 Result Update | April 17, 2018

CMP* (Rs)	190
Upside/ (Downside) (%)	30
Bloomberg Ticker	DCBB IN
Market Cap. (Rs bn)	59
Free Float (%)	85
Shares O/S (mn)	308

**BUY** 

Target Price: Rs247

## Another Quarter of Robust Performance; Maintain BUY

DCB Bank continued to deliver healthy performance on all major metrics in 4QFY18 as well led by (a) strong growth in loan book (+28.6% YoY & 9.4% QoQ); (b) all-time high NIMs of 4.16% in FY18 vs. 4.04% in FY17; (c) strong growth in other income (+33.4% YoY & 13.2% QoQ); (d) continued sequential improvement in C/I ratio to 59.4% vs. 62.3% in 3QFY18; and (e) lower fresh slippages of Rs805mn vs. Rs1,031mn in 3QFY18. Led by 70% YoY and 16% QoQ improvement in upgrades and recovery from gross NPA to Rs667mn, its headline gross and net NPA ratio came in at 1.79% and 0.72%, respectively compared to 1.89% and 0.87% in 3QFY18. The Bank's overall stressed loan portfolio, which improved sequentially, remains within the Management's comfort zone.

### Management Commentary & Guidance

- ▶ Loan book grew by 28.6% YoY and 9.4% QoQ to Rs203.4bn aided by CV, AIB, Corporate Banking and SME segments. Expecting 22-25% growth in loan book in FY19E, the Bank looks forward to double its loan book over the next 3-3½ years.
- ▶ All-time high NIMs is attributable to some attractive refinancing options used by the Bank. The Management expects NIMs to remain in 3.7-3.8% range on sustainable basis. The Bank expects cost of fund to stabilise at around current level.
- ▶ The Bank opened 56 new branches in FY18 and has completed physical expansion drive started in 2QFY16. Going forward, the Bank will expand branch network in a suitable manner without affecting its overall cost to income ratio as well as profitability.
- ▶ The Bank expects C/I income to improve owing to likely improvement in operational efficiency of existing branches and other distribution channels. It expects to reach C/I ratio of 55% by FY19-end from 59.4% in 4QFY18.
- ▶ The Management is quite comfortable till the gross NPAs remain below 2% and net NPA below 1%, as the Bank's customers are predominately SME and mid-size business houses.
- ▶ Its core fee income is likely to grow at healthy pace in next few quarters led by strong growth in income from sale of Priority Sector Lending Certificate and 3rd party product distribution.

### Outlook & Valuation

Continuing to focus on increasing loan book in low-ticket Retail, SME and AIB segments, the Bank is augmenting its footprint both on physical and digital front. Though this aggressive expansion strategy might impact its return ratios in the near-term, we believe it is beneficial from long-term perspective. Further, the Management focuses on increasing efficiency of existing network to improve cost to income ratio in the long-term, which will lead to sustained earnings growth. As creditworthiness of its core client group from SME/MSME segment is steadily improving post GST roll-out, we expect further improvement in Bank's operating performance. **Rolling over our valuation to FY20E, we reiterate our BUY recommendation on the stock with a revised Target Price of Rs247 based on 2.4x FY20E Adjusted book value.**

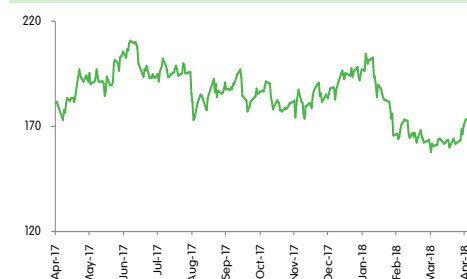
Key Financials (Rs mn)	FY17	FY18	FY19E	FY20E
Loan & Advances	158,176	203,367	254,209	316,490
Net Interest Income	7,971	9,954	12,436	15,734
PPP ex Except. Items	4,182	5,250	6,863	9,189
Reported Profits	1,997	2,453	3,241	4,337
Earnings Per Share	7.0	8.0	10.5	14.1
Price-Earnings (x)	27.2	23.9	18.1	13.5
Adj. BV	68.2	83.0	90.2	103.1
P/ABV (x)	2.8	2.3	2.1	1.8
Gross NPAs Ratio (%)	1.6	1.8	1.7	1.6
RoA	0.9	0.9	1.0	1.0
RoE	10.0	9.8	11.0	13.2

Source: Company, RSec Research

Share price (%)	1 mth	3 mth	12 mth
Absolute performance	16.1	(6.1)	5.8
Relative to Nifty	14.5	(4.1)	(9.2)

Shareholding Pattern (%)	Dec'17	Mar'18
Promoters	15.0	15.0
Institutions	45.6	46.3
Bodies Corporate	10.9	10.7
Retail	28.5	28.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### 1 Year Stock Price Performance



Note: \* CMP as on April 16, 2018

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**Risks to the View**

- ▶ Low-than-anticipated performance of new branches may increase C/I ratio.
- ▶ Any major deterioration in macroeconomic environment may impact the Bank's growth plan as well as asset quality, which will in turn impact its financial performance.

**Exhibit 1: Income Statement Analysis**

(Rs mn)	4Q FY18	4Q FY17	% yoy / bps	3QFY18	% qoq / bps	FY18	FY17	% yoy / bps
<b>Interest Inc.</b>	<b>6,492</b>	<b>5,491</b>	<b>18.2</b>	<b>6,108</b>	<b>6.3</b>	<b>24,130</b>	<b>20,761</b>	<b>16.2</b>
Yield on Advances (%)	11.4	12.0	(62)	11.3	16	11.4	12.0	(62)
<b>Interest Expenses</b>	<b>3,855</b>	<b>3,288</b>	<b>17.2</b>	<b>3,603</b>	<b>7.0</b>	<b>14,176</b>	<b>12,791</b>	<b>10.8</b>
Cost of Fund (%)	6.5	7.0	(49)	6.4	9	6.5	7.0	(49)
<b>Net Interest Income</b>	<b>2,637</b>	<b>2,203</b>	<b>19.7</b>	<b>2,505</b>	<b>5.3</b>	<b>9,954</b>	<b>7,971</b>	<b>24.9</b>
NII to Net Operative Income	75.7	77.6	(194)	77.0	(132)	76.2	76.2	7
NIM (%)	4.2	4.0	12	4.1	4	4.2	4.0	12
<b>Adjusted NII</b>	<b>2,551</b>	<b>2,143</b>	<b>19.1</b>	<b>2,445</b>	<b>4.4</b>	<b>9,615</b>	<b>7,682</b>	<b>25.2</b>
Commission, exchange and brokerage	629	452	39.2	567	10.9	2,198	1,656	32.7
Exchange transactions	37	9	311.1	36	2.8	140	104	34.6
Sale of investments	42	41	2.4	55	(23.6)	455	454	0.2
Sale of land, buildings and other assets	141	134	5.0	91	53.8	315	281	12.4
<b>Other Income - Total</b>	<b>849</b>	<b>636</b>	<b>33.4</b>	<b>749</b>	<b>13.2</b>	<b>3,103</b>	<b>2,495</b>	<b>24.4</b>
Core Fee Income / Assets	24.3	22.4	194	23.0	132	23.8	23.8	(7)
<b>Adj. Other Income</b>	<b>849</b>	<b>636</b>	<b>33.4</b>	<b>749</b>	<b>13.2</b>	<b>3,103</b>	<b>2,495</b>	<b>24.4</b>
<b>Net Operating Revenue</b>	<b>3,486</b>	<b>2,839</b>	<b>22.8</b>	<b>3,254</b>	<b>7.1</b>	<b>13,057</b>	<b>10,465</b>	<b>24.8</b>
<b>Net Operating Revenue - Adj.</b>	<b>3,400</b>	<b>2,778</b>	<b>22.4</b>	<b>3,194</b>	<b>6.4</b>	<b>12,718</b>	<b>10,176</b>	<b>25.0</b>
Employee Expenses	1,017	815	24.7	970	4.8	3,812	3,080	23.8
Empl. Cost/Oper. Exps.	29.2	28.7	45	29.8	(65)	29.2	29.4	(24)
Other Opex	1,053	870	21.1	1,059	(0.5)	3,995	3,203	24.7
Other Opex/ Assets	0.4	0.4	(1)	0.4	(3)	1.5	1.5	(1)
<b>Total Opex</b>	<b>2,070</b>	<b>1,685</b>	<b>22.8</b>	<b>2,029</b>	<b>2.0</b>	<b>7,807</b>	<b>6,283</b>	<b>24.3</b>
Cost to Income Ratio (%)	59.4	59.4	2	62.3	(296)	59.8	60.0	(25)
<b>Pre Provision Profits</b>	<b>1,416</b>	<b>1,153</b>	<b>22.8</b>	<b>1,225</b>	<b>15.5</b>	<b>5,250</b>	<b>4,182</b>	<b>25.5</b>
<b>Provisions &amp; Cont. - Total</b>	<b>388</b>	<b>339</b>	<b>14.4</b>	<b>343</b>	<b>13.3</b>	<b>1,388</b>	<b>1,115</b>	<b>24.5</b>
NPA Provisions as % Opr. Income	27.4	29.4	(201)	28.0	(54)	26.4	26.7	(22)
<b>Profit Before Tax</b>	<b>1,028</b>	<b>814</b>	<b>26.2</b>	<b>883</b>	<b>16.4</b>	<b>3,862</b>	<b>3,067</b>	<b>25.9</b>
<b>Tax</b>	<b>386</b>	<b>286</b>	<b>35.1</b>	<b>313</b>	<b>23.3</b>	<b>1,408</b>	<b>1,070</b>	<b>31.6</b>
Effective Tax Rate (%)	37.5	35.1	245	35.4	209.2	36.5	34.9	157
<b>Reported Profits</b>	<b>642</b>	<b>529</b>	<b>21.5</b>	<b>570</b>	<b>12.6</b>	<b>2,453</b>	<b>1,997</b>	<b>22.9</b>
RoA (%)	0.9	0.9	1	0.9	5.0	0.9	0.9	4
RoE (%)	10.2	10.0	25	9.3	91	10.3	10.3	1
Basic EPS	2.1	1.9	9.5	1.9	12.4	8.0	7.0	14.4
Diluted EPS	2.0	1.8	13.3	1.8	12.7	7.9	6.9	14.3

Source: Company, RSec Research

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**Exhibit 2: Balance Sheet Analysis**

(Rs bn)	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	QoQ % / bps	YoY % / bps
Net Worth	21,508	22,033	26,249	26,835	27,426	28,064	2.3	27.4
RoE (%)	10.7	10.0	10.7	8.8	9.3	10.2	91	25
Tier 1 %	11.4	11.9	13.4	12.9	12.5	12.7	1	7
Total CAR %	13.3	13.8	15.3	14.7	15.8	16.5	4	19
RWA - Total	162,247	172,832	179,262	187,017	192,553	207,554	7.8	20.1
Advances - Total	145,844	158,176	162,657	173,950	185,952	203,367	9.4	28.6
Investments	60,650	58,179	55,839	57,112	57,136	62,190	8.8	6.9
Total Assets	232,851	240,464	243,451	259,081	271,513	302,221	11.3	25.7
RoA (%)	0.90	0.90	1.10	0.90	0.86	0.91	6	1
Deposits	188,395	192,892	191,548	205,671	212,959	240,069	12.7	24.5
CASA Deposits	48,709	46,892	51,431	53,234	55,369	58,403	5.5	24.5
CASA Ratio (%)	51.0	24.3	27.0	26.0	25.7	24.3	(5)	0
Term Deposits	139,686	146,000	140,117	152,437	157,590	181,666	15.3	24.4
Interest Bearing Liabilities - Total	200,550	205,650	205,206	219,880	231,868	259,336	11.8	26.1

Source: Company, RSec Research

**Exhibit 3: Earning Assets Mix & Incremental Contribution**

	As on (Rs mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY15	FY16	FY17	FY18		FY16	FY17	FY18	FY16	FY17	FY18
Mortgages	44,585	55,562	68,016	81,347	28.1	24.6	22.4	19.6	36.6	26.6	21.9
Commercial Vehicle	2,639	5,169	6,327	12,202	4.2	95.9	22.4	92.9	8.4	2.5	9.6
SME + Micro SME	13,189	15,506	18,981	24,404	8.4	17.6	22.4	28.6	7.7	7.4	8.9
Agri & Inclusive Banking	16,073	21,966	28,472	36,606	12.7	36.7	29.6	28.6	19.6	13.9	13.3
Corporate Banking	24,282	19,382	25,308	34,572	12.0	(20.2)	30.6	36.6	(16.3)	12.7	15.2
Other	3,883	11,629	11,072	14,236	4.9	199.5	(4.8)	28.6	25.8	(1.2)	5.2
<b>Advances - Total</b>	<b>104,651</b>	<b>129,214</b>	<b>158,176</b>	<b>203,367</b>	<b>70.3</b>	<b>23.5</b>	<b>22.4</b>	<b>28.6</b>	<b>81.9</b>	<b>61.9</b>	<b>74.1</b>
Yield on Advances (%)	12.6	12.5	12.0	11.4		(11)	(49)	(62)			
SLR	34,750	39,855	47,711	49,091	17.0	15	20	3	17.0	16.8	2.3
Non SLR	9,956	3,478	10,468	13,099	4.5	(65)	201	25	(21.6)	14.9	4.3
<b>Investments</b>	<b>39,622</b>	<b>43,333</b>	<b>58,179</b>	<b>62,190</b>	<b>21.5</b>	<b>9.4</b>	<b>34.3</b>	<b>6.9</b>	<b>12.4</b>	<b>31.7</b>	<b>6.6</b>
<b>Cash &amp; Cash Equivalent</b>	<b>7,192</b>	<b>8,916</b>	<b>11,925</b>	<b>23,720</b>	<b>8.2</b>	<b>24.0</b>	<b>33.7</b>	<b>98.9</b>	<b>5.7</b>	<b>6.4</b>	<b>19.3</b>
<b>Working Assets</b>	<b>151,464</b>	<b>181,463</b>	<b>228,280</b>	<b>289,276</b>	<b>100.0</b>	<b>19.8</b>	<b>25.8</b>	<b>26.7</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, RSec Research

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**Exhibit 4: Funding Mix & Incremental Contribution**

	As on (Rs mn)				As % of Interest Bearing Liab.	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY15	FY16	FY17	FY18		FY16	FY17	FY18	FY16	FY17	FY18
<b>Deposits</b>	<b>126,091</b>	<b>149,260</b>	<b>192,892</b>	<b>240,069</b>	<b>92.6</b>	<b>18.4</b>	<b>29.2</b>	<b>24.5</b>	<b>100.7</b>	<b>97.2</b>	<b>87.9</b>
CASA Deposits	29,501	34,899	46,892	58,403	22.5	18.3	34.4	24.5	23.5	26.7	21.4
Term Deposits	96,591	114,361	146,000	181,666	70.1	18.4	27.7	24.4	77.2	70.4	66.4
<b>Borrowings</b>	<b>11,638</b>	<b>11,479</b>	<b>12,758</b>	<b>19,267</b>	<b>7.4</b>	<b>(1.4)</b>	<b>11.1</b>	<b>51.0</b>	<b>(0.7)</b>	<b>2.8</b>	<b>12.1</b>
<b>Interest Bearing Liabilities</b>	<b>137,729</b>	<b>160,739</b>	<b>205,650</b>	<b>259,336</b>	<b>100.0</b>	<b>16.7</b>	<b>27.9</b>	<b>26.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Cost of Fund (%)</b>	<b>7.8</b>	<b>7.5</b>	<b>7.0</b>	<b>6.5</b>		<b>(24)</b>	<b>(54)</b>	<b>(49)</b>			

Source: Company, RSec Research

**Exhibit 5: Assets Quality Analysis**

(Rs bn)	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	QoQ % / bps	YTD % / bps	YoY % / bps
Total Slippages	793	746	887	779	1,038	814	(21.6)	4.5	9.1
<i>Slippages Ratio (%)</i>	<i>0.61</i>	<i>0.58</i>	<i>0.56</i>	<i>0.49</i>	<i>0.66</i>	<i>0.51</i>	<i>(14)</i>	<i>2</i>	<i>(6)</i>
Gross NPA	2,279	2,542	2,853	3,158	3,545	3,690	4.1	16.8	45.2
<i>Gross NPAs Ratio (%)</i>	<i>1.60</i>	<i>1.60</i>	<i>1.70</i>	<i>1.80</i>	<i>1.89</i>	<i>1.79</i>	<i>(10)</i>	<i>(1)</i>	<i>19</i>
<i>PCR - Calculated (%)</i>	<i>52.6</i>	<i>51.1</i>	<i>47.7</i>	<i>50.3</i>	<i>54.4</i>	<i>60.2</i>	<i>580</i>	<i>995</i>	<i>918</i>
<i>PCR - Inc. Tech w/o (%)</i>	<i>75.6</i>	<i>73.8</i>	<i>71.8</i>	<i>72.0</i>	<i>73.4</i>	<i>75.7</i>	<i>236</i>	<i>376</i>	<i>192</i>
Net NPA	1,080	1,244	1,491	1,570	1,615	1,467	(9.1)	(6.5)	17.9
<i>Net NPAs Ratio (%)</i>	<i>0.70</i>	<i>0.80</i>	<i>0.90</i>	<i>0.90</i>	<i>0.87</i>	<i>0.72</i>	<i>(15)</i>	<i>(18)</i>	<i>(8)</i>
Standard Restructured	300	360	320	320	250	340	36.0	6.3	(5.6)
Std. Rest. Adv. as % of Advances	<b>0.2</b>	<b>0.2</b>	<b>0.20</b>	<b>0.18</b>	<b>0.13</b>	<b>0.17</b>	<b>3</b>	<b>(2)</b>	<b>(6)</b>

Source: Company, RSec Research

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**Profit & Loss Statement**

Y/E March (Rs mn)	FY17	FY18	FY19E	FY20E
Int. Income	20,761	24,130	30,103	37,127
Interest Expenses	12,791	14,176	17,667	21,394
<b>Net Interest Income</b>	<b>7,971</b>	<b>9,954</b>	<b>12,436</b>	<b>15,734</b>
<i>NIM (%)</i>	<i>3.89</i>	<i>3.85</i>	<i>3.85</i>	<i>3.94</i>
Core Fee Income	1,657	2,192	2,740	3,452
Exchange Income	104	139	178	226
Sale of Investments	454	454	499	559
Other Misc. Income	280	318	375	431
<b>Other Income - Total</b>	<b>2,495</b>	<b>3,103</b>	<b>3,792</b>	<b>4,669</b>
<b>Net Operating Revenue</b>	<b>10,465</b>	<b>13,057</b>	<b>16,228</b>	<b>20,402</b>
Employee Exp.	3,080	3,812	4,651	5,651
Other Opex	3,203	3,995	4,714	5,563
<b>Total Opex</b>	<b>6,283</b>	<b>7,807</b>	<b>9,365</b>	<b>11,214</b>
C/I Ratio	60.04	59.79	57.71	54.96
<b>Pre Provision Profits</b>	<b>4,182</b>	<b>5,250</b>	<b>6,863</b>	<b>9,189</b>
<i>PPP Growth (yoy %)</i>	<i>19.8</i>	<i>25.5</i>	<i>30.7</i>	<i>33.9</i>
Provisions & Contingencies - Total	1,115	1,388	1,839	2,413
Credit Cost (As % of Op. AUM)	0.67	0.68	0.70	0.75
<b>Profit Before Tax</b>	<b>3,067</b>	<b>3,862</b>	<b>5,024</b>	<b>6,776</b>
Tax	1,070	1,408	1,784	2,439
Effective Tax Rate	34.9	36.5	35.5	36.0
<b>Reported Profits</b>	<b>1,997</b>	<b>2,453</b>	<b>3,241</b>	<b>4,337</b>
<i>PAT Growth (yoy %)</i>	<i>2.6</i>	<i>22.9</i>	<i>32.1</i>	<i>33.8</i>

**Balance Sheet**

Y/E March (Rs mn)	FY17	FY18	FY19E	FY20E
Equity Share Capital	2,854	3,081	3,081	3,081
Reserves (ex Revel. Reserve)	16,614	22,479	25,441	29,407
<b>Net Worth - Ex Revaluation</b>	<b>19,468</b>	<b>25,560</b>	<b>28,522</b>	<b>32,488</b>
Revaluation Reserve	2,565	2,504	2,358	2,293
Equity Warrant & Other	16	14	15	15
Deposits	192,892	240,069	298,971	371,981
Borrowings	12,758	19,267	24,241	30,596
<b>Interest Bearing Liabilities</b>	<b>205,650</b>	<b>259,336</b>	<b>323,211</b>	<b>402,577</b>
Other Lia. & Prov.	12,765	14,807	16,737	18,707
<b>Total Liabilities</b>	<b>240,464</b>	<b>302,221</b>	<b>370,844</b>	<b>456,080</b>
<b>Assets</b>				
Cash & Cash Equivalent	11,925	23,720	27,958	33,599
Investments	58,179	62,190	74,704	90,766
Loan & Advances	158,176	203,367	254,209	316,490
<i>Growth (yoy %)</i>	<i>22.4</i>	<i>28.6</i>	<i>25.0</i>	<i>24.5</i>
Fixed Assets	4,886	4,940	5,169	5,584
Other Assets	7,298	8,004	8,805	9,641
<b>Total Assets</b>	<b>240,464</b>	<b>302,221</b>	<b>370,844</b>	<b>456,080</b>

Institutional Equity Research

**DCB Bank**

Banking | India

CMP* (Rs)	190
Upside/ (Downside) (%)	30
Bloomberg Ticker	DCBB IN

**BUY** 

Target Price: Rs247

**Per Share Data**

Y/E March	FY17	FY18	FY19E	FY20E
Face Value	10	10	10	10
Share O/S	285	308	308	308
Earnings Per Share	7.0	8.0	10.5	14.1
EPS (% YoY)	2.3	13.8	32.1	33.8
Price-Earnings (x)	27.2	23.9	18.1	13.5
Book Value	68.2	83.0	92.6	105.5
BVPS (% YoY)	11.5	21.6	11.6	13.9
P/BV (x)	2.8	2.3	2.1	1.8
Adj. BV	68.2	83.0	90.2	103.1
Adj. BV (% YoY)	11.5	21.6	8.7	14.3
P/ABV (x)	2.8	2.3	2.1	1.8
<b>Dividend / Share</b>	<b>0.5</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>
Dividend Yield (%)	0.3	0.4	0.5	0.5

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## Detail RoA Tree Analysis

Y/E March (%)	FY17	FY18	FY19E	FY20E
<b>Yields / Margins</b>				
Yield on Advance	11.5	10.7	10.7	10.6
Yield on Funds	10.1	9.3	9.3	9.3
Cost of Funds (CoF)	7.0	6.1	6.1	5.9
Interest Spread	3.2	3.2	3.3	3.4
<b>NIM's</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>
<b>Operating Ratios</b>				
Interest Income / Assets	9.6	8.9	8.9	9.0
Interest Exp. / Assets	5.9	5.2	5.2	5.2
<b>NII / Assets</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>
<b>Other Income / Assets</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
NII to Net Operative Income	76.2	76.2	76.6	77.1
Other Income to Net Operative Income	23.8	23.8	23.4	22.9
Empl. Cost/Oper. Exps.	49.0	48.8	49.7	50.4
Other Op. Exps./Oper. Exps.	51.0	51.2	50.3	49.6
C/I Ratio	60.0	59.8	57.7	55.0
Provisions as % PPP	10.7	10.6	11.3	11.8
Credit Cost (As % of Op. AUM)	0.7	0.7	0.7	0.8
Effective Tax Rate	34.9	36.5	35.5	36.0
Employee Exp. / Assets	1.4	1.4	1.4	1.4
Other Opex/ Assets	1.5	1.5	1.4	1.3
<b>Total Opex / Assets</b>	<b>2.9</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>
<b>Operating Profits / Assets</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>2.2</b>
Provisions / Assets	0.5	0.5	0.5	0.6
<b>Profit Before Tax / Assets</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
Tax Expenses / Assets	0.5	0.5	0.5	0.6
<b>RoA</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>
Leverage (x)	12.4	11.8	13.0	14.0
<b>RoE</b>	<b>10.0</b>	<b>9.8</b>	<b>11.0</b>	<b>13.2</b>
<b>Adj. RoA</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>
<b>Adj. RoE</b>	<b>10.0</b>	<b>9.8</b>	<b>11.0</b>	<b>13.2</b>

## Balance Sheet Ratio

Y/E March	FY17	FY18	FY19E	FY20E
Credit / Deposit Ratio	82.0	84.7	85.0	85.1
Incremental C/D Ratio	66.4	95.8	86.3	85.3
Investment Deposit Ratio	30.2	25.9	25.0	24.4
Dom. SLR Investment / Deposits	24.7	20.4	20.2	20.1
CASA Ratio	24.3	24.3	25.6	26.5

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## Credit Quality

Y/E March	FY17	FY18	FY19E	FY20E
Slippage Ratio	2.0	2.2	2.0	2.0
Gross NPA (Cl Bal)	2,542	3,690	4,323	5,067
Gross NPAs Ratio (%)	1.6	1.8	1.7	1.6
PCR (%)	51.1	66.3	64.4	62.7
PCR - Inc. Tech w/o (%)	73.8	75.7	-	-
Net NPA (Cl. Bal.)	1,244	1,243	1,537	1,888
Net NPAs Ratio (%)	0.8	0.7	0.6	0.6
Total Impaired Loans	2,542	3,690	4,323	5,067
Impaired Loan as % of Loan / AUM	1.5	1.7	1.6	1.5
Total Risk Reserves	1,298	2,447	2,786	3,178
Total Risk As % of Loan Book	0.8	1.1	1.0	1.0

## Capital and Asset-Liability Profile (%)

Y/E March	FY17	FY18	FY19E	FY20E
<b>Risk Weighted Assets</b>	<b>172,832</b>	<b>207,554</b>	<b>249,809</b>	<b>304,630</b>
RWA as % of Total Assets	71.9	68.7	67.4	66.8
RWA as % of AUM/CE	-	-	-	-
<b>Total Shareholders' Equity to Assets</b>	<b>8.1</b>	<b>8.5</b>	<b>7.7</b>	<b>7.1</b>
<b>CET 1 Ratio</b>	<b>11.9</b>	<b>12.7</b>	<b>11.8</b>	<b>11.0</b>
AT 1 Ratio	-	-	-	-
<b>Tier 1 Ratio</b>	<b>11.9</b>	<b>12.7</b>	<b>11.8</b>	<b>11.0</b>
Tier 2 Ratio	1.9	3.7	3.2	2.8
<b>Total CRAR Ratio</b>	<b>13.8</b>	<b>16.5</b>	<b>15.0</b>	<b>13.7</b>

## Key Assumptions & Forecasts

Y/E March	FY17	FY18	FY19E	FY20E
<b>Loan &amp; Advances</b>	<b>158,176</b>	<b>203,367</b>	<b>254,209</b>	<b>316,490</b>
Growth (yoy %)	22.4	28.6	25.0	24.5
<b>Interest Bearing Liabilities</b>	<b>205,650</b>	<b>259,336</b>	<b>323,211</b>	<b>402,577</b>
Growth (yoy %)	22.4	28.6	25.0	24.5
Yield on Funds	10.1	9.3	9.3	9.3
Cost of Funds (CoF)	7.0	6.1	6.1	5.9
Interest Spread	3.2	3.2	3.3	3.4
NIM's	3.9	3.8	3.8	3.9
Other Income Growth	13.2	24.4	22.2	23.1
C/I Ratio	60.0	59.8	57.7	55.0
Effective Tax Rate	34.9	36.5	35.5	36.0

## Return Ratios

Adj. RoA	0.9	0.9	1.0	1.0
Adj. RoE	10.0	9.8	11.0	13.2

## Asset Quality Metrics

Credit Cost (As % of Op. AUM)	0.7	0.7	0.7	0.8
Gross NPAs Ratio (%)	1.6	1.8	1.7	1.6
Net NPAs Ratio (%)	0.8	0.7	0.6	0.6



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**Rating Guides**

Rating	Expected absolute returns (%) over 12 months
BUY	>10%
HOLD	-5% to 10%
REDUCE	>-5%

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