

DCB Bank (DCBB) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.187	Fair Value (FV) Rs.225
---	----------------------------------

Rationale:

- DCB Bank reported a stable performance, with about 15% yoy earnings growth, led by about 12% yoy operating profit growth and flat provisions.
- The slippage ratio was meaningfully lower qoq (~2.3%) and credit costs stood at about 50 bps.
- The bank has been delivering on a through-the-cycle basis steady and consistent results, with fewer negative surprises.
- Maintain BUY with a Fair Value of Rs225 (Rs210 earlier).

👍 Positives:

- Advances increased by 18% yoy (6% qoq) in Q4FY26. Strong 21% yoy growth in deposits.
- Management remains committed to the guidance of doubling the balance sheet in four years.
- Net Interest Margin (NIM) (reported) improved 12 bps qoq at 3.4%. Cost of funds was flat in the quarter at 6.9%.
- Gross Non performing Assets (NPA) ratio improved 25 bps in the quarter to 2.5%, while net NPA ratio improved 20 bps in the quarter to 0.9%.
- Reported a credit cost of 32 bps for the quarter. Management's guidance for credit cost for this year was 45 bps, and it has reiterated the guidance for the future.

👎 Negatives:

- Current account and Savings account (CASA) ratio continued the declining trend with 40 bps in the quarter to 22.4%.
- Mortgage portfolio showed slower growth & SME/MSME growth remains subdued.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months