

DCB slowing down personal loans to maintain margins

The Mumbai-based Development Credit Bank Ltd (DCB) is reducing its exposure to unsecured personal loans in a bid to maintain its net interest margins, a top bank official said here Friday.

'To maintain net interest margins, we will have to bring down our exposure to personal loans from 17 percent last fiscal to 12-13 percent probably by the middle of the next financial year,' the bank's managing director and chief executive officer Gautam Vir said.

The bank expects to see a growth rate of 30 percent in advances and a 35-40 percent growth in deposits in the current fiscal, he said.

'We are slowing down our loan growth to ensure that we can maintain our net interest margins at current levels,' Vir said after a meeting here with members of the Merchants' Chamber of Commerce.

The banks' net interest margin in 2007-08 was 2.9 percent and would be in the range of 2.9-3.1 percent in the current fiscal, he said.

He said the bank would raise the share of low-cost deposits to about 29-30 percent of its total deposits from its current share of 27 percent.

The Non-Performing Assets (NPA) ratio could also go up in the current fiscal from 0.7 percent in 2007-08.

'NPA ratio might go up in the current financial year though I don't want to put a figure to it,' he said when asked what would be the expected NPA ratio in 2008-09.

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