

**Development Credit Bank Ltd., DCB announces First Half & Second Quarter FY '10 Results**

- **DCB reports a reduction of more than 52% in Net Loss for the second quarter of 2009-10 as compared to the first quarter of 2009-10. The second quarter Net Loss stood at Rs.16.9 Cr. vs the first quarter of Rs. 35.3 Cr.**
- **The first half 2009-10 loss of Rs.52.2 Cr. was 45 % less than the second half of 2008-09 loss of Rs. 94.5 Cr.**
- **Strong Capital Adequacy at 15.90% (14.85% Basel II). Tier I was 12.48% and Tier II at 3.42% as per Basel II norms.**
- **Capital for growth, DCB successfully raised Rs. 65 Cr. Tier II capital and is on plan to complete its QIP by December 2009, ensuring capital for the Bank to grow its assets and liabilities business.**

October 12, 2009 Mumbai – The Board of Directors of Development Credit Bank Ltd. (BSE 532772; NSE DCB) took on record the limited review results for the first half year FY'10 April – September 2009 at its meeting held in Mumbai on October 12, 2009.

The Bank reported a net loss of Rs.16.9 Cr. as on September 30, 2009 down from Rs. 35.3 Cr. as on June 30, 2009.

In line with moving away from price sensitive bulk deposits the Bank increased its Retail Deposits to 82.4% of Total Deposits. Retail Deposits grew by 19.9% to Rs. 2,173.7 Cr. as on September 30, 2009 against Rs.1813.2 Cr. as on March 31, 2009.

Current Account & Saving Account (CASA) deposits as a share of total deposits also steadily increased to 36.8% as on September 30, 2009 up from 30.9% as on March 31, 2009 and 33.4% as on June 30, 2009.

The Bank continued to focus on reducing the unsecured retail loan portfolio to Rs.205.2 Cr. for September 30, 2009 against Rs. 329.6 Cr. for March 31, 2009. September 30, 2009 figure of Rs. 205.2 Cr. was lower than June 30, 2009 figure of Rs. 266.2 Cr.

The Bank has been successful in systematically reducing its exposure to Unsecured Personal Loans. The month on month provisions are starting to decline. Cost reduction initiatives are taking effect. The Bank has embarked on the strategy of growing Home Loans, Micro SME, SME, mid Corporate, Agri and Microfinance. On the funding side, the Bank has focused on Retail Deposits and CASA.

The Bank launched Home Loans at 7.95% p.a. fixed interest rate for the first year. This competitive interest rate is part of the Bank's strategy of ramping up secured assets business. Home Loans business is expected to grow to Rs.200 Cr. by the end of the year and is expected to constitute a key line of business for the Bank in the future

The Bank successfully raised Tier II capital - raising Rs.65 Cr. This demonstrated the Bank's ability to attract quality capital. Subsequently at the Bank's AGM this year, shareholders approved a QIP and rights issue. The Qualified Institutional Placement (QIP) is expected to be completed by December 2009.

**Mr. Nasser Munjee**, Chairman DCB stated, "The Bank's strategy to achieve its business growth in an environment beset with challenges shows good progress. We continue to systematically reduce losses and are confident about returning to profitability. Notably, DCB's capital and liquidity positions are strong. The Bank's rating of A- Stable assigned by Brickworks, the successful Tier II placement recently, and our plan to conclude the QIP by December 2009, indicate the inherent strength of the Bank."

**Mr. Murali M Natrajan**, MD & CEO said, "The Bank is making steady progress in improving its financial position. Unsecured personal loans have been reduced further to 20.0% of total advances as compared to the previous quarter of 22.8% of total retail advances. Provisions are decreasing month on month. Costs have been reduced systematically. As per the new strategy, we are growing Micro SME, SME, mid Corporate, Agri, Microfinance and Home Loans. We have raised growth capital through Tier II of Rs. 65 Cr. and now the capital adequacy ratio stands at 15.90% (14.85% Basel II) We expect the Bank to turnaround in 6 to 9 months."

#### DCB Results Half Year ended September 30, 2009

(Rs. in Crores)

Key Profit & Loss Parameters	Half year ending September 30,2009	Half year ending March 31, 2009
Interest Income	236.03	307.52
Interest Expense	(169.24)	(216.24)
<b>Net Interest Income</b>	66.79	91.28
Non Interest Income	56.77	52.39
<b>Total Income</b>	<b>123.56</b>	<b>143.67</b>
Operating Expenses	(102.27)	(112.88)
<b>Operating Profit/(Loss)</b>	<b>21.29</b>	<b>30.79</b>
Provisions	(73.50)	(125.33)
<b>Net Profit After Tax</b>	<b>(52.21)</b>	<b>(94.54)</b>

(Rs. in Crores)

Key Balance Sheet Parameters	Half year ending September 30, 2009	Half year ending March 31, 2009
Advances	2963.12	3274.02
Investments	1908.71	1621.72
Shareholders' Funds	487.62	535.85
Deposits	4502.54	4646.89
Total Assets	5590.70	5943.02
Gross NPA Ratio	11.24%	8.44%
Net NPA Ratio	4.67%	3.87%

#### About DCB

A new generation private sector bank, Development Credit Bank (DCB) is the preferred banking services provider across 80 branches across 10 states and two union territories. The Bank has recently launched several value added initiatives and intends to become one of the country's preferred and profitable private sector banks, providing a comprehensive suite of "best in class" products for customers in Retail, SME and Corporate Banking market segments in chosen geographies.

DCB has deep roots in India since its inception in 1930s. Its promoter the Aga Khan Fund for Economic Development (AKFED) holds over 26% stake. AKFED is an international development agency dedicated to promoting entrepreneurship and building economically sound enterprises in the developing world. It had co-promoted HDFC in India in the late seventies. AKFED operates as a network of affiliates comprising 90 separate project companies. Employing over 30,000 people, it reported annual revenues in excess of US\$1.5 billion. The Fund is active in 16 countries in the developing world.

For more details please visit [www.dcbl.com](http://www.dcbl.com) & <http://www.akdn.org/akfed>

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