

Press Release for Immediate Circulation**DCB Bank announces Full Year FY 2021 Results**

May 08, 2021, Mumbai: The Board of Directors of DCB Bank Ltd. (BSE: 532772; NSE: DCB) at its meeting in Mumbai on May 08, 2021, took on record the audited financial results of the Fourth Quarter (Q4 FY 2021) and the Year ended March 31, 2021 (FY 2021).

Highlights:**1) Profit After Tax**

The Bank's **Profit After Tax** was at INR 336 Cr. in FY 2021 as against INR 338 Cr. in FY 2020.

2) Operating Profit

The **Operating Profit** for FY 2021 was INR 898 Cr. as against INR 753 Cr. for the same period to last year, an increase of 19%.

3) Net Interest Income

The Bank earned **Net Interest Income** of INR 1,287 Cr. as against INR 1,265 Cr. for the same period last year, an increase of 2%.

In Q4 FY 2021, the Bank derecognised Interest of INR 37 Cr. on account of NPA recognition post Honorable Supreme Court Order dated March 23, 2021. The Bank has created a liability of INR 10 Cr. towards interest on interest payable to eligible customers as per Honorable Supreme Court Order and reduced the same from the Interest Income.

4) Non-Interest Income

Non-Interest Income of INR 458 Cr. as against INR 391 Cr. for the same period as last year, an increase of 17%. The Bank benefited from one-time treasury gain in FY 2021 on account of Interest Rate movements.

5) Cost Income Ratio

Cost Income Ratio for FY 2021 was at 48.51% as compared to 54.53% in FY 2020. The improvement is mainly on account of 6% reduction in total cost as compared to FY 2020 and one-time Treasury Gain in Non-Interest Income.

6) Return on Equity

Return on Equity was at 9.99% FY 2021 as compared to 11.19% in FY 2020. Similarly, **Return on Equity** (Annualized) was at 8.96% for Q4 FY2021 as compared to 8.73% in Q4 FY 2020.

7) **Capital Adequacy**

Capital Adequacy continues to be strong and as on March 31, 2021 the **Capital Adequacy Ratio** was at 19.67% (with Tier I at 15.49% and Tier II at 4.18% as per Basel III norms).

8) **Deposits**

The Bank has been steadily growing **Retail Term Deposits** (deposit less than INR 2 Cr.) and reducing Bulk Deposits. As on March 31, 2021, the top 20 deposits ratio significantly reduced to 6.98% as compared to 9.27% as on March 31, 2020. The top 20 deposit ratio was 12.01% as on March 31, 2019.

In FY 2021 the Bank grew its **Retail Term Deposits** by 19% as compared to FY 2020.

The Bank has been intentionally reducing Bulk and Interbank Deposits. During Q4 FY 2021, **Inter Bank Term Deposit** at INR 2,558 Cr. reduced by 37% as compared to INR 4,052 Cr. as on March 31, 2020. The **Certificate of Deposits** as on March 31, 2021 was zero.

9) **Advances**

The main target market of the Bank is MSME/SME segment. In terms of products, the Bank is focused on growing **Business Loans (LAP), Home Loans, Gold Loans, MSME/SME Working Capital, KCC (Kissan Credit Card), Tractor Loans, Loans to MFIs and MFI-BC Loans**. Recently, the Bank has embarked on funding MSMEs in the TREDs platforms.

In **Corporate segment**, the Bank is targeting short term loans.

In Q4 FY 2021, Advances increased by 659 Cr. as compared to Q3 FY 2021.

As compared to March 31, 2020, Home Loans grew by 15%, Gold Loans by 172%, Agri & Inclusive Banking by 7%.

Advances comprises of 21% Home Loans and almost 8% of Gold Loans.

In Q4 FY 2021, the Bank disbursed INR 2,743 Cr. (Mortgage INR 783 Cr., Gold Loans INR 408 Cr., Agri & Inclusive Banking INR 622 Cr., MSME/SME INR 180 Cr., Construction Finance INR 196 Cr., Commercial Vehicle INR 31 Cr., Corporate Banking INR 523 Cr.), Others INR 175 Cr.

The new disbursement steadily improved until end of March 31, 2021. Unfortunately, due to second wave sudden jump in infections, resultant lockdown and curfews has affected new disbursement in April 2021 and May 2021.

The Bank's Corporate Loans portfolio was at 11% of Net Advances as on March 31, 2021.

The top 20 exposures of the Bank were at 5.62% as on March 31, 2021. This is one of the lowest in the industry. Further, the Advances at ticket size of INR 3 Cr. and below, constitute approximately 85% of the total Advances as on March 31, 2021. This is one of the most granular Advances portfolios in the industry.

10) Refinance

Given the portfolio composition of the Bank, Refinance is an important source of long term stable funding. As on March 31, 2021 the Bank has refinance of INR 3,626 Cr.

11) Liquidity

The average **LCR** for Q4 FY 2021 was 138.26%.

On a conservative approach, the Bank maintained daily liquidity at levels higher than “business as usual”. This continues to have some negative impact on NIMs.

12) Costs

Q4 FY 2021 has a **one-time** increase of INR 16 Cr. on account of purchase of Priority Sector Lending Certificate – Agriculture.

In FY 2022, on account of additional headcount / salary actions, the Bank expects costs to increase in the near term. However, as the new business momentum improves Cost Income Ratio is likely to decline.

13) Provisions

As on March 31, 2021, the Bank is holding the following provisions:

Item	INR Cr.
Provision for Gross NPA	380
Floating Provision	109
a. Sub Total	489
Specific Standard Assets Provision	24
Contingency Provision on Restructured and Stressed Assets	124
Restructured Standard Assets	139
b. Sub Total	287
Standard Assets Provisions (as required by RBI guidelines)	80
c. Sub Total	80
Total – a + b + c	856

14) Credit Costs

The curfews and lockdown necessitated by second wave is starting to have an impact on Collection efficiency, that was steadily improving all the way until end of March 31, 2021. This may result in increase in NPAs and restructure in the coming months.

15) Asset Quality

The **Gross NPA** as on March 31, 2021 was at 4.09% and **Net NPA** was at 2.29% (the Gross NPA as on March 31, 2020 was at 2.46% and Net NPA was at 1.16%).

The **Provision Coverage Ratio** as on March 31, 2021 was at 62.35%.

16) **Collections Efficiency (%)**

	Feb 20	Mar 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Mar 21
Business Loans (LAP)	97.7	90.6	61.2	87.5	85.3	91.5	89.8	95.2
Home Loans	98.0	93.2	70.7	91.3	90.5	93.2	94.1	96.8
CV Loans	89.4	81.3	40.1	77.1	75.9	77.5	80.4	86.0

Business Loans (LAP): Customers (including delinquent & restructured) who have not paid any installment from April 1, 2020 to March 31, 2021 was at **0.90%**.

The percentage of portfolio who have paid 3 EMIs or more from April 01, 2020 to March 31, 2021 stood at 97.4%.

Home Loans: Customers (including delinquent & restructured) who have not paid any installment from April 1, 2020 to March 31, 2021 was at **1.43%**.

The percentage of portfolio who have paid 3 EMIs or more from April 01, 2020 to March 31, 2021 stood at 95.0%.

Commercial Vehicle: Customers (including delinquent & restructured) who have not paid any installment from April 1, 2020 to March 31, 2021 was at **2.74%**.

The percentage of portfolio who have paid 3 EMIs or more from April 01, 2020 to March 31, 2021 stood at 94.6%.

SME / MSME: 98.5% of customers (in numbers) (including delinquent & restructured) have demonstrated credit churn in their accounts between April 1, 2020 to March 31, 2021.

MFI BC Loans: As on March 31, 2021, 94% of customers (including delinquent) have paid at least one installment since April 1, 2020.

17) **ECLGS**

Under ECLGS 1.0 and 2.0 the Bank has total sanction of INR 2,145 Cr. (38,469 customers). This includes both Individuals and Non-Individuals. The Bank has so far disbursed INR 916 Cr. (11,890 customers). The Bank is carefully and systematically disbursing ECLGS loans.

18) **Restructure**

As on March 31, 2021 the **Net Restructured Standard Advances** including Covid-19 relief stood at INR 968 Cr. largely contributed by Mortgages, Commercial Vehicles and SME/MSME.

As mentioned in point 14., Collection Efficiency was improving steadily until March 31, 2021. However, on account of second wave disruptions the Bank expects restructured loans to increase further using the recently announced progressive measures by the RBI.

19) Branch Network

The **Bank's branch network** stood at 352 as on March 31, 2021. The Bank intends to add 20-30 branches in the next 12-15 months.

20) Headcount

The **Bank's headcount** was 6,432 as on March 31, 2021 (6,845 as on March 31, 2020). In anticipation of increasing new loan disbursements / business from Q1 FY 2022, the Bank was steadily increasing its headcount. However, as per current situation, it appears that new business momentum is likely to improve from Q2 FY 2022, provided the second wave starts to weaken in the next few days.

21) Accelerating Digital Agenda

The Bank has embarked upon **accelerating the digital agenda** with the intention of vastly improving customer journey / service quality and reducing costs as part of strategic cost management. The Bank has identified 437 digital projects (80 - Large, 162 – Medium, 195 – Small) of which 151 (24 - Large, 61 – Medium, 66 – Small) projects have already been completed. All initiatives are expected to be completed by September 30, 2021. Most of these projects have a pay back of less than 18 months. A compact execution team has been put in place to drive the digital initiatives. The Bank aims to reduce its Cost / Average Assets to below 220 bps on a sustainable basis.

Speaking on the Q4 FY 2021 results **Mr. Murali M. Natrajan**, Managing Director & CEO said, *“The sudden increase in Covid-19 infections on account of second wave has once again necessitated curfews, restrictions, and lockdowns. As of now, it appears that much of Q1 FY 2022 may be consumed by dealing with the second wave and normally may return only by end of June 2021. This current situation is having some impact on Collections Efficiency and new business”*

Key Balance Sheet Parameters

INR Cr.	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Total Assets	39,602	37,859	37,557	38,156	38,505
Deposits	29,704	28,858	28,775	29,432	30,370
Net Advances	25,959	25,300	24,879	25,058	25,345
Investments	8,414	8,098	7,481	7,727	7,742
Shareholders' Equity	3,759	3,680	3,584	3,502	3,422
Gross NPA Ratio	4.09%	1.96%	2.27%	2.44%	2.46%
Net NPA Ratio	2.29%	0.59%	0.83%	0.99%	1.16%
Coverage Ratio	62.35%	84.25%	79.06%	75.21%	70.81%
CASA Ratio	22.85%	23.07%	22.43%	21.93%	21.47%
Credit Deposit Ratio	87.39%	87.67%	86.46%	85.14%	83.46%

DCB Bank Audited Results for the Quarter ended March 31, 2021

Financial numbers are rounded off to nearest whole number

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DCB Bank Limited

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INR Cr.	Q4 FY 2020-21	Q4 FY 2019-20	Inc / Dec %	Q3 FY 2020-21	FY 2020-21	FY 2019-20
Interest Income	837	902	(7%)	869	3,458	3,537
Interest Expense	(526)	(578)	(9%)	(534)	(2,171)	(2,272)
Net Interest Income	311	324	(4%)	335	1,287	1,265
Non-Interest Income	134	110	22%	154	458	391
Total Income	445	434	3%	489	1,745	1,656
Operating Expenses	(240)	(222)	(8%)	(212)	(847)	(903)
Operating Profit	205	212	(3%)	277	898	753
Provisions other than Tax	(101)	(118)	14%	(147)	(445)	(261)
Net Profit Before Tax	104	94	11%	130	453	492
Tax	(26)	(25)	(4%)	(34)	(117)	(154)
Net Profit After Tax	78	69	13%	96	336	338

About DCB Bank

DCB Bank Limited is a new generation private sector bank with 352 branches across 19 states and 3 union territories. It is a scheduled commercial bank regulated by the Reserve Bank of India. It is professionally managed and governed. DCB Bank has contemporary technology and infrastructure, including state-of-the-art India's first Aadhaar number & fingerprint based biometric ATMs, and internet banking for personal as well as business banking customers.

The Bank's business segments are Retail, micro-SMEs, SMEs, mid-Corporate, Microfinance Institutions (MFI), Agriculture, Commodities, Government, Public Sector, Indian Banks, Co-operative Banks and Non Banking Finance Companies (NBFC). DCB Bank has more than 10,00,000 active customers.

A presentation for investors is separately available at www.dcbbank.com

Safe Harbour

Some of the statements contained herein are forward looking statements. These statements are based on information currently available to us. There are risks and uncertainties which could cause actual outcomes to differ materially from these forward looking statements. We assume no responsibility to update these statements as circumstances change.

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