

**Press Release for Immediate Circulation****DCB Bank announces Second Quarter FY 2022 Results**

**October 30, 2021, Mumbai:** The Board of Directors of DCB Bank Ltd. (BSE: 532772; NSE: DCB) at its meeting in Mumbai on October 30, 2021, took on record the limited reviewed financial results of the second quarter (Q2 FY 2022).

**Highlights:****1) Profit After Tax**

The Bank's **Profit After Tax** was at INR 65 Cr. in Q2 FY 2022 as against INR 82 Cr. in Q2 FY 2021. The Profit After Tax for Q1 FY 2022 was INR 34 Cr.

**2) Operating Profit**

The **Operating Profit** for Q2 2022 was INR 175 Cr. as against INR 213 Cr. for the same period as compared to last year. The Operating Profit for Q1 FY 2022 was INR 202 Cr.

**3) Net Interest Income**

The Bank earned **Net Interest Income** of INR 323 Cr. as against INR 334 Cr. for the same period as compared to last year. **Net Interest Margin (NIM)** improved slightly in Q2 FY 2022 as compared to Q1 FY 2022. NIM continues to be negatively impacted due to slippages and above normal liquidity maintained during this period.

**4) Non-Interest Income**

**Non-Interest Income** of INR 98 Cr. as against INR 81 Cr. for the same period as compared to last year, an increase of 21%.

**5) Cost Income Ratio**

**Cost Income Ratio** for Q2 FY 2022 was at 58.41% as compared to 48.61% in Q2 FY 2021. The Bank is consciously increasing its frontline headcount to capture the growth opportunities in the coming months. This may result in higher Cost / Income ratio in the near term.

**6) Return on Equity**

**Return on Equity (ROE)** (Annualized) was at 7.28% in Q2 FY 2022 as compared to 9.88% in Q2 FY 2021. ROE (Annualized) improved in comparison to Q1 FY 2022.

## 7) **Capital Adequacy**

Capital Adequacy continues to be strong and as on September 30, 2021 the **Capital Adequacy Ratio** was at 19.34% (with Tier I at 15.28% and Tier II at 4.06% as per Basel III norms).

## 8) **Deposits**

The Bank has been steadily growing the **Retail Term Deposits** (less than INR 2 crores) and reducing Bulk Deposits. As on September 30, 2021, the top 20 depositors ratio significantly reduced to 6.67% as compared to 7.89% as on September 30, 2020. The top 20 depositors ratio was 6.42% as on June 30, 2021.

**In Q2 FY 2022 the Bank grew its Retail Term Deposits by 12% as compared to Q2 FY 2021.**

The Bank has been intentionally reducing Bulk and Interbank Deposits. During Q2 FY 2022, **Inter Bank Term Deposit** were at INR 2,593 Cr. reduced by 9% as compared to INR 2,857 Cr. as on September 30, 2020. The **Certificate of Deposits** as on September 30, 2021, was NIL.

## 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 and Gold Loans Co-lending.

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

As on September 30, 2021, Advances increased by 1,972 Cr. as compared to September 30, 2020.

As compared to September 30, 2020, Home Loans grew by 23%, Gold Loans by 57%, Agri & Inclusive Banking by 9%.

Advances comprises of 22% Home Loans and almost 8% of Gold Loans.

In Q2 FY 2022, new loans disbursement improved substantially in comparison to Q1 FY 2022.

In Q2 FY 2022, the Bank disbursed INR 3,837 Cr. (Mortgage INR 795 Cr., Gold Loans INR 380 Cr., Agri & Inclusive Banking INR 667 Cr., MSME/SME INR 168 Cr., Construction Finance INR 183 Cr., Commercial Vehicle INR 40 Cr., Corporate Banking INR 719 Cr., Co-Lending INR 885 Cr.)

The Bank's Corporate Loans portfolio was at 11% of Net Advances as on September 30, 2021 and the top 20 exposures of the Bank were at 4.79% as on September 30, 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 September 30, 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 September 30, 2021 the Bank has refinance of INR 3,186 Cr.

#### 11) Liquidity

The average **LCR** for Q2 FY 2022 was 133.34%.

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

#### 12) Costs

In comparison to trailing quarters, in FY 2022, Total Costs is expected to increase on account of (a) Increase in frontline headcount (b) Salary increase (c) New branch additions (d) technology investments. This may result in near term increase in Cost / Income ratio. Both Cost / Income ratio and Cost to Average Assets are expected to steadily decline over time with increase in Balance Sheet and business momentum.

#### 13) Provisions

As on September 30, 2021, the Bank is holding the following provisions:

Item	INR Cr.
Provision for Gross NPA	463
Floating Provision	115
<b>a. Sub Total</b>	<b>578</b>
Specific Standard Assets Provision	24
Contingency Provision on Restructured and Stressed Assets	78
Restructured Standard Assets	265
<b>b. Sub Total</b>	<b>367</b>
Standard Assets Provisions (as required by RBI guidelines)	84
<b>c. Sub Total</b>	<b>84</b>
<b>Total – a + b + c</b>	<b>1,029</b>

#### 14) Asset Quality

Both Gross NPA and Net NPA slightly reduced in comparison to June 30, 2021. The **Gross NPA** as on September 30, 2021 was at 4.68% and **Net NPA** was at 2.63% (the Gross NPA as on June 30, 2021 was at 4.87% and Net NPA was at 2.82%).

The **Provision Coverage Ratio** as on September 30, 2021 was at 60.46%.

### 15) Collections Efficiency (%)

The Collections Efficiency of Current (Bucket 0): (including restructured)

	Jan 2020	Jan 2021	Feb 2021	March 2021	Apr 2021	Jul 2021	Aug 2021	Sep 2021
<b>Business Loans (LAP)</b>	98.9	97.9	97.3	97.0	94.3	97.3	97.1	97.2
<b>Home Loans</b>	99.2	98.4	98.2	98.1	96.3	98.8	98.8	98.8
<b>CV Loans</b>	96.0	92.1	90.6	90.0	82.5	85.0	82.7	84.6

The Collections Efficiency Overall (including delinquent and restructured)

	Jan 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	Jul 2021	Aug 2021	Sep 2021
<b>Business Loans (LAP)</b>	97.5	92.8	93.7	95.2	91.5	93.2	94.9	95.8
<b>Home Loans</b>	98.5	95.4	95.5	96.8	94.5	96.5	97.6	98.1
<b>CV Loans</b>	92.1	83.1	83.4	86.0	76.7	77.9	78.0	80.8

**Business Loans (LAP):** Customers (including delinquent & restructured) who have not paid any installment from April 1, 2020, to October 25, 2021, was at **0.68%**.

The percentage of portfolio who have paid 3 EMIs or more from April 01, 2020 to October 25, 2021 stood at **98.3%**

**Home Loans:** Customers (including delinquent & restructured) who have not paid any installment from April 1, 2020 to October 25, 2021 was at **1.48%**.

The percentage of portfolio who have paid 3 EMIs or more from April 01, 2020 to October 25, 2021 stood at **94.8%**.

**Commercial Vehicle:** Customers (including delinquent & restructured) who have not paid any installment from April 1, 2020 to October 25, 2021 was at **2.71%**.

The percentage of portfolio who have paid 3 EMIs or more from April 01, 2020 to October 25, 2021 stood at **95.2%**.

### 16) Credit Costs

The Bank's portfolio is mostly secured on hard collateral. However, while relentlessly focusing on Collections and Recoveries the Bank is likely to make provisions on a conservative basis.

**17) ECLGS**

Under ECLGS the Bank had total sanction of INR 2,152 Cr. (38,477 customers). This includes both Individuals and Non-Individuals. The Bank has so far disbursed INR 1,022 Cr. (13,724 customers). The Bank continues to be cautious and selective in disbursing ECLGS loans. Although Covid-19 second wave was severe, only a small number of customers have slipped to NPA.

**18) Restructure**

Unlike Covid-19 first wave, the unanticipated severity of the second wave drove more customers to seek restructure as their business / livelihood was impacted. The Bank has been cautious in approving restructure requests. As on September 30, 2021, the **Net Restructured Standard Advances** including Covid-19 relief stood at INR 1,827 Cr. mostly contributed by Mortgages, Commercial Vehicles and SME / MSME.

**19) Branch Network**

The **Bank's branch network** stood at 356 as on September 30, 2021. The Bank intends to add 20-30 branches in the next 12-15 months.

**20) Headcount**

The **Bank's headcount** was 6,841 as on September 30, 2021 (6,432 as on March 31, 2021 and 6,556 as on June 30, 2021). The Bank will continue to add headcount to capture new business opportunities expected to improve in the coming months.

**21) Accelerating Digital Agenda**

The Bank has embarked upon an ambitious plan of **accelerating digital agenda** to transform customer journey / service quality. This is likely to have a positive impact on cost to average assets. As of September 30, 2021, the Bank has identified 508 digital initiatives (85 Large, 224 Medium and 199 Small) of which 199 (29 - Large, 90 – Medium, 80 – Small) projects have already been completed. 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.

Speaking on the Q2 FY 2022 results **Mr. Murali M. Natrajan**, Managing Director & CEO said, *“The second quarter was much better than the first quarter of FY 2022. While slippages were higher than pre-covid levels, intense efforts on collections & recoveries coupled with improved environment helped to deliver substantial upgrades / recoveries. This also reflects the underlying resilience of the portfolio quality. New business disbursal picked up momentum and was much better than last year same period and this year first quarter. We are confident of steadily improving business performance in the coming quarters (assuming no further disruption by Covid-19)”*.

### Key Balance Sheet Parameters

Rs. Cr.	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Total Assets	41,475	40,308	39,602	37,859	37,557
Deposits	31,769	30,602	29,704	28,858	28,775
Net Advances	26,850	25,496	25,959	25,300	24,879
Investments	8,626	9,107	8,414	8,098	7,481
Shareholders' Equity	3,858	3,793	3,759	3,680	3,584
Gross NPA Ratio	4.68%	4.87%	4.09%	1.96%	2.27%
Net NPA Ratio	2.63%	2.82%	2.29%	0.59%	0.83%
Coverage Ratio	60.46%	59.42%	62.35%	84.25%	79.06%
CASA Ratio	25.38%	21.69%	22.85%	23.07%	22.43%
Credit Deposit Ratio	84.52%	83.31%	87.39%	87.67%	86.46%

### DCB Bank Unaudited Results for the Quarter ended September 30, 2021

Rs. Cr.	Q2 FY 2021-22	Q2 FY 2020-21	Inc / Dec %	Q1 FY 2021-22	FY 2020-21
Interest Income	869	878	(1%)	846	3,458
Interest Expense	(546)	(544)	0.3%	(537)	(2,171)
<b>Net Interest Income</b>	<b>323</b>	<b>334</b>	<b>(3%)</b>	<b>309</b>	<b>1,287</b>
Non-Interest Income	98	81	21%	121	446
<b>Total Income</b>	<b>421</b>	<b>415</b>	<b>2%</b>	<b>430</b>	<b>1,733</b>
Operating Expenses	(246)	(202)	(22%)	(228)	(847)
<b>Operating Profit</b>	<b>175</b>	<b>213</b>	<b>(18%)</b>	<b>202</b>	<b>886</b>
Provisions other than Tax	(86)	(101)	15%	(156)	(433)
<b>Net Profit Before Tax</b>	<b>89</b>	<b>112</b>	<b>(21%)</b>	<b>46</b>	<b>453</b>
<b>Tax</b>	<b>(24)</b>	<b>(30)</b>	<b>19%</b>	<b>(12)</b>	<b>(117)</b>
<b>Net Profit After Tax</b>	<b>65</b>	<b>82</b>	<b>(21%)</b>	<b>34</b>	<b>336</b>

Note: The amounts / ratios for the period / year have been regrouped / reclassified pursuant to the requirements of 'Master Direction on Financial Statements – Presentation and Disclosures' issued by RBI date August 30, 2021 and wherever considered necessary.

### About DCB Bank

DCB Bank Limited is a new generation private sector bank with 356 branches across India. 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, internet banking for personal as well as business banking customers and mobile banking app.

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](http://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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