

March 30, 2023

DCB Bank Limited: Rating withdrawn; Fixed deposit rating put on Notice of Withdrawal for six months.

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Basel III Tier II bond programme	13.4	0.0	[ICRA]A+ (Positive); Withdrawn
Short-term fixed deposit programme	-	-	[ICRA]A1+; Rating put on notice of withdrawal for six months
Total	13.4	0.0	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating assigned to the Basel III Tier II bond programme of DCB Bank at the bank's request as no amount is outstanding against these bonds. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The short-term rating on the fixed deposits has been placed on notice for withdrawal for six months, in line with ICRA's policy on the withdrawal of ratings. The key rating drivers and their description, liquidity position, rating sensitivities, and key financial indicators have not been captured as the related instrument has been withdrawn. The previous detailed rating rationale is available at the following link : [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Banks and Financial institutions ICRA's Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of DCB Bank

About the company

Incorporated in 1995, DCB Bank was formed through the merger of Ismailia Co-operative Bank Limited and Masalawala Cooperative Bank. The Aga Khan Fund for Economic Development (AKFED) and Group companies are the largest shareholders in the bank with a combined stake of 14.85% as on December 31, 2022. DCB Bank had a network of 418 branches and 385 ATMs as on December 31, 2022.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S No	Name of Instrument	Type	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years		
			Rated Amount	Amount Outstanding	Mar 30, 2023	Feb 21, 2023	Date & Rating in FY2022	Date & Rating FY2021	Date & Rating FY2020
			(Rs. crore)	(Rs. crore)			Feb 21, 2022	Feb 26, 2021	Jan 31, 2020
1	Short-term fixed deposits	Short term	-	-	[ICRA]A1+; Put on notice of withdrawal for six month	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Basel III Tier II bonds programme	Long term	-	-	-	[ICRA]A+ (Positive); Withdrawn	[ICRA]A+ (Stable)	[ICRA]A+(hyb) (Stable)	[ICRA]A+(hyb) (Stable)
3	Basel III Tier II bonds programme	Long term	13.4	-^	[ICRA]A+ (Positive); Withdrawn	[ICRA]A+ (Positive)	[ICRA]A+ (Stable)	[ICRA]A+(hyb) (Stable)	[ICRA]A+(hyb) (Stable)

^ Balance yet to be placed

Complexity level of the rated instrument

Instrument	Complexity Indicator
Basel III Tier II bond programme	Highly Complex
Short-term fixed deposit programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Unplaced	Basel III Tier II bonds [^]	NA	NA	NA	13.40	[ICRA]A+ (Positive) ; withdrawn
NA	Short-term fixed deposits	NA	NA	NA	NA	[ICRA]A1+; Put on notice of withdrawal for six month

Source: DCB Bank; [^] Basel III Tier II bonds are unplaced

Key features of rated debt instruments

The servicing of the Basel III Tier II bonds is expected to absorb losses once the point of non-viability (PONV) trigger is invoked by the Reserve Bank of India (RBI). The Basel III Tier II bonds have equity-like loss-absorption features. Such features may translate into higher loss severity vis-à-vis conventional debt instruments.

Annexure II: Not applicable

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About ICRA Limited:

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Branches



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