

## DCB Bank Limited

Instrument/Facility	Amount in INR Crores	Rating Action (March 2016)
Basel III Tier II Debt Programme	100.00	[ICRA]A+(hyb) (Stable) Assigned
Basel III Tier II Debt Programme	200.00	[ICRA]A+(hyb) (Stable) Outstanding
Short Term Fixed Deposit Programme	-	[ICRA]A1+ Outstanding

ICRA has assigned the rating of [ICRA]A+(hyb) (Stable) (pronounced ICRA A plus hybrid with a stable outlook) for the Rs. 100 Crore Basel III Tier II Bonds Programme of DCB Bank Limited(DCB)†. The letters “hyb” in parenthesis suffixed to a rating symbol stand for “hybrid”, indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. The rated Tier-II bonds are expected to absorb losses once “Point of Non Viability” (PONV) trigger is invoked. ICRA also has a rating of [ICRA]A+(hyb) (Stable) (pronounced ICRA A plus hybrid with a stable outlook) for the Rs. 200 Crore Basel III Tier II Bonds Programme and the rating of [ICRA]A1+ (pronounced ICRA A one plus) outstanding against the Short Term Fixed Deposit Programme of the Bank.

The rating factors in the continued improvement in profitability and asset quality matrices of the bank over the last few years, its stable top management team and the low exposure of its loan book to sensitive sectors. The rating also notes the adequate capitalization of the bank at 13.04% as on December 31, 2015 with Tier I of 12.33% and the high concentration of portfolio towards the mortgage segment, a relatively safer asset class. The bank’s ability to protect its profit margins, improve its CASA profile while maintaining sound asset quality indicators will be a key rating sensitivity.

### About the Bank

Incorporated in the year 1995, DCB Bank was formed by the merger of Ismaila Co-operative Bank Limited and the Masalawala Co-operative Bank. Aga Khan Fund for Economic Development (AKFED) and group companies is the largest shareholder in the bank as on December 31, 2015 with a stake of 16.27% while Foreign Institutional investors and Foreign Portfolio Investors held 16.53% stake in the bank. As on Dec-15, the bank operated out of 176 branches and 397 ATMs. The Bank reported a PAT of Rs 191.18 Crore in FY2015 over a Total income of Rs 1588.14 Crore compared to a PAT Rs 151.36 Crore over a Total Income of Rs 1266.91 Crore in FY2014. The Total Assets of the bank stood at Rs 16,132 Crore as on March’15 with a Networth of Rs 1,537 Crore.

### Recent Results

During Q4FY2016, DCB reported a PAT of Rs. 69.5 Crore with a Net Interest Income of Rs. 168.7 Crores vis-a-vis a PAT of Rs. 41.2 Crores with a Net Interest Income of Rs. 160.5 Crores during Q3FY2016. The bank maintained its asset quality with Gross NPA% of 1.51% and a CRAR of 14.11% as on Mar-16 as compared to Gross NPA% of 1.98% and a CRAR of 13.04% as on Dec-15.

**March 2016**

***For a detailed rationale, please refer to ICRA’s previous press release of January 2016***

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† For complete rating scale and definitions please refer to ICRA’s Website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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