

DEVELOPMENT CREDIT BANK LTD

Q3 FY 09 and 9M FY 09 Results

HIGHLIGHTS

PROFIT & LOSS ACCOUNT

Strong underlying Operating Profits

- Operating Profit for 9M FY09 stood at Rs. 67.5 crores as against Rs. 59.0 crores for 9M FY08.
- Q3 FY 09 operating profit was Rs. 23.0 crores as against Q3 FY 08 operating profit of Rs.18.7 crores.
- Operating Profit for Q3 FY09 increased compared to Q3 FY08 on the back of increased NIM and reduced Operating Costs.
- NII for Q3 FY 09 at Rs.51.1 crores was 29% higher than Rs.39.5 crores for corresponding period last year.
- Provisions for 9M FY09 increased to Rs. 71.9 crores as compared to Rs. 31.7 crores corresponding period last year reflecting the tight economic and liquidity conditions. Higher provisions are also on account of conservative policy of the bank for provisioning on personal loans at 50% of the delinquent amount (as compared to 25% earlier), which is higher than the rate prescribed by RBI.

BALANCE SHEET

Reducing exposure to Unsecured Retail Lending

Greater funding of Balance Sheet through Retail Sources

- Bank is presently focusing on consolidating its balance sheet. Total assets at Rs.6,350 crores as at Dec 2008 are 4% lower than a year ago position. Similarly net advances at Rs. 3491 crores are lower by 4 % than a year ago.
- Over same period Retail Advances have grown by 5% to Rs.1,872 crores. Composition of retail advances has improved with unsecured Retail Asset book running down from Rs.788 crores (44% of total retail advances) to Rs.519 crores (28% of total retail advances).
- Ratio of Gross NPAs to Gross Advances increased from 3.9% to 4.7%. Ratio of Net NPAs to Net Advances has increased from 0.2% to 2.0%. This reflects difficult business environment impacting Retail Asset Book.
- Reduction in Total Deposits is mainly on account of reduction in Inter bank Deposits to Rs. 1,661 crores, 50% lower than in Dec 07 indicating higher reliance on stable retail deposits.
- CASA has increased from 25.2% of Total Deposits as at Dec 2007 to 28.2% as at Dec 2008.
- Capital Adequacy Ratio as at Dec 08 is 14.1%. Corresponding ratio as at Dec 07 was 13.7%.

Business Initiatives in Q3 FY 09

- DCB is the 1st bank to launch a Single Customer Care number across India.
- Thane and Andheri Branches relocated to new and spacious premises providing greater convenience to customers.
- Headcount reduced by 11.7% to 1,976 as at Dec 08 from 2,234 as at Sep 2008.

Summary Results & Prior Period Comparison

(Rs.in Crores)

	Q3 FY 09	Q3 FY 08	Growth	9M FY 09	9M FY 08	Growth
Net Interest Income	51.06	39.50	29%	157.03	113.24	39%
Non Interest Income	27.54	38.19	(28%)	95.22	114.23	(17%)
Total Income	78.60	77.69	1.2%	252.25	227.47	11%
Operating Expenses	55.64	59.03	(5.7%)	184.74	168.48	10%
Operating Profit	22.96	18.66	23%	67.51	58.99	14%
Provisions & Contingencies	26.18	(7.05)		64.29	13.04	393%
Net Profit/(Loss)	(3.22)	25.71		3.22	45.95	(93%)

Other Income

(Rs.in Crores)

	Q3 FY09	Q3 FY08	Growth	9M FY09	9M FY08	Growth
Commission, Fees & Brokerage	11.69	14.83	(21.2%)	45.92	53.26	(13.78%)
Commission on Insurance	3.74	3.41	9.68%	11.76	7.49	57.0%
Commission from Mutual fund	0.34	2.55	(86.7%)	2.08	5.02	(58.6%)
Profit on sale of Investments/IPO	0.61	5.14	(88.1%)	1.81	16.29	(88.9%)
Profit on sale of property	(0.05)	(0.32)	115.6%	4.77	1.93	147.2%
Profit on Exchange Transactions	9.41	7.38	27.5%	19.49	16.42	18.7%
Miscellaneous Income	1.80	5.19	(65.3%)	9.39	13.82	(32.1%)
Total	27.54	38.18	(27.9%)	95.22	114.23	(16.6%)

Summarised Balance Sheet & Prior Period Comparison*(Rs in Crores)*

	Dec 31,2008	Sept 30,2008	June 30,2008	March 31,2008	Dec 31,2007	Growth % 9M FY09 Over 9M FY08
Assets						
Advances	3491.0	4,260.6	3,815.0	4,068.8	3,628.3	(4%)
Investments	1809.3	1,975.1	2,004.1	2,134.6	1,866.1	(3%)
Other Assets	1050.6	1,189.0	1,286.7	1,374.1	1,127.1	(7%)
Total Assets	6349.9	7,424.7	7,105.8	7,577.5	6,621.5	(4%)
Liabilities						
Shareholders' Funds	639.12	638.4	637.6	634.4	645.7	(1%)
Deposits	4979.0	6,006.4	5,640.4	6,074.9	5,303.8	(6%)
Borrowings	344.7	383.2	467.8	426.8	241.1	43%
Other Liabilities	387.1	396.7	360.0	441.4	430.9	(9%)
Total Liabilities	6349.9	7,424.7	7,105.8	7,577.5	6,621.5	(4%)