DCB BANK

October 30, 2015

DCB Bank Update on 150+ additional branches roll out plan

This update is in continuation to our previous communication dated October 15, 2015.

DCB Bank has come a long way in the last few years. We have made satisfactory progress on all fronts. Our Q2 FY 2016 financial performance was in line with our expectations and we hope to continue to perform as per our plan in the remaining period of FY 2016.

DCB Bank has been successful in business expansion. A simple comparison of Q2 FY 2016 (latest quarter) with Q2 FY 2014 may help understand that the cost investments made in additional branches and headcount over the two year period has delivered reasonable financial performance.

(Rs. In Crores)	Q2 FY 2014	Q2 FY 2016
Operating Income	118	194*
Operating Expenses	78	121
Operating Profit	40	73*
No. of Branches	103	160
Headcount	2,401	3,674
Net Advances`	6,677	11,181

* Excluding interest on income tax refund of Rs.5 crs.

As seen above, during this two year period, Total Income (excluding one-offs) has grown by Rs. 76 Crs and Operating Profit has grown by Rs.33 Crs. Net Advances have grown by 67% with stable asset quality. *(For further details please refer to Investor Presentation(s) on our website).*

Building further on this experience, our plan is to roll out 150+ additional branches in a cautious, prudent and calibrated manner over a period of 24 months. We believe this will spread the cost and benefits over a longer period of time and going forward will support our ambition of doubling our Balance Sheet in 33 to 36 months.

DCB BANK LIMITED CS Dept. CO-MUMBAI

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Based on our understanding and expectation of economic situation, interest rate environment and market conditions and also depending on the pace of implementation of 150+ branch rollout :

a) As we begin the 150+ branch roll out implementation, there will be an increase in Cost / Income ratio and dip in ROA / ROE from the current levels. The intention of the management is to take reasonable care to ensure that the Cost / Income ratio does not increase beyond 3% to 5% from current levels over next 6 to 9 months. We are confident that as the new branches and additional headcount start to yield positive results, step by step improvement in Cost / Income Ratio, ROA and ROE can be achieved. Our intention is to target Cost / Income Ratio below 63% and ROE close to 10% towards the end of FY 2017.

b) Upon execution of 150+ branch rollout as per our plan, we would like to target:

   (i) Cost / Income ratio in the range of 55% towards the end of FY 2019
   (ii) ROE of approximately 14% towards the end of FY 2019

We have assumed some NIM compression on account of economic conditions, competition and base rate methodology change. This is likely to become clear in the coming months.

Beyond FY 2019, our intention is to steadily improve Cost / Income Ratio, ROA and ROE while continuing to execute business expansion in a calibrated manner.

We once again thank our investors for their support, guidance and feedback.

DCB BANK LIMITED ★ CS Dept. ★ CO-MUMBAI

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