

Development Credit Bank Ltd. Annual Results – FY 2008-09

June 24, 2009

Marine Plaza, Mumbai

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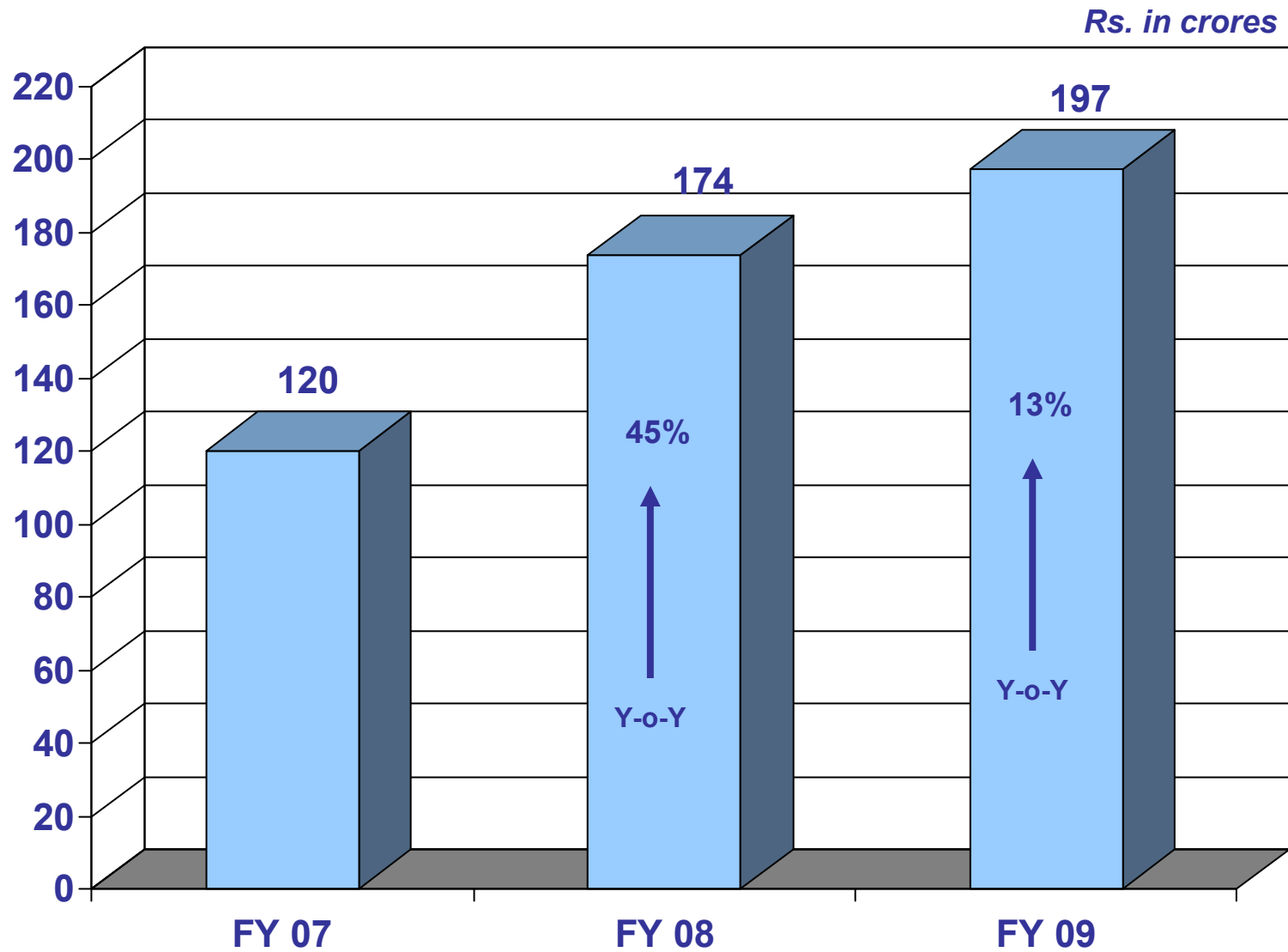
- In India since 1930, deep roots
- Dependable customer base in Retail, SME and mid Corporate
- Ismaili community loyalty
- 80 branches in 28 cities. (Favors SME)
- Comprehensive product range
- Strong management team and board
- Modern systems and infrastructure to support growth (Finnacle, Finone, CMS, Internet and Mobile)
- Strong promoter AKFED (26 % stake) present in 16 countries employing over 30,000 people

Share Holding Patterns

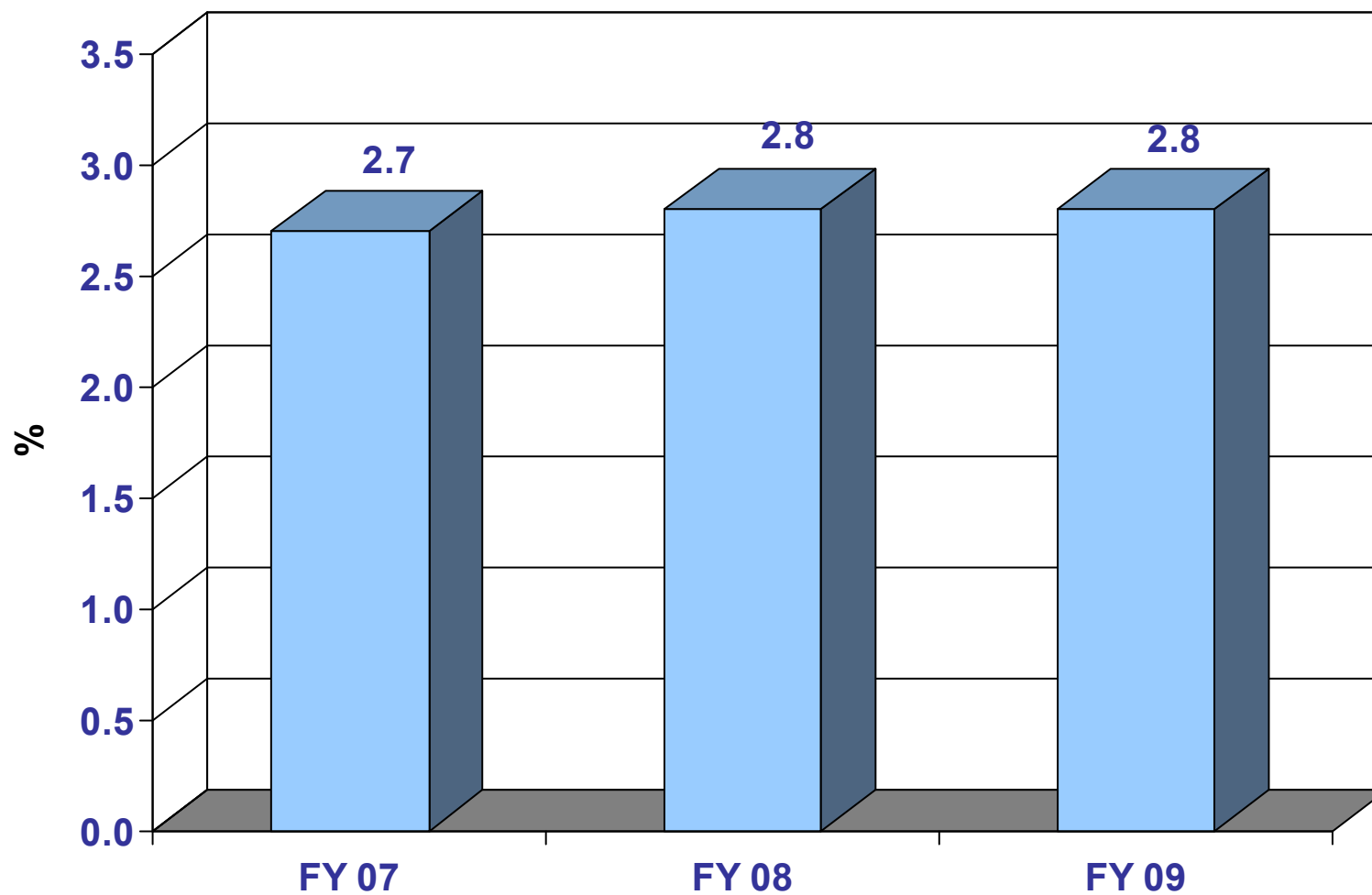


Sr.	Category	As on 31-Mar-2009		As on 31-Mar-2008	
		No. of Shareholders	% of Paid-up Capital	No. of Shareholders	% of Paid-up Capital
I	FOREIGN HOLDING				
a	AKFED	2	25.10	2	25.10
b	FOREIGN INST. INVESTORS	15	5.65	35	30.03
c	FOREIGN COMPANIES	3	9.00	3	9.23
d	NON RESIDENT INDIANS	739	1.14	586	1.07
	<i>SUB TOTAL I</i>	<i>759</i>	<i>40.89</i>	<i>626</i>	<i>65.44</i>
II	DOMESTIC HOLDING				
a	DOMESTIC COMPANIES	1,790	21.23	1,489	13.67
b	OTHER RESIDENT SHAREHOLDERS	1,52,667	37.88	1,06,114	20.89
	<i>SUB TOTAL II</i>	<i>1,54,457</i>	<i>59.11</i>	<i>1,07,603</i>	<i>34.56</i>
	GRAND TOTAL (I+II)	1,55,216	100.00	1,08,229	100.00

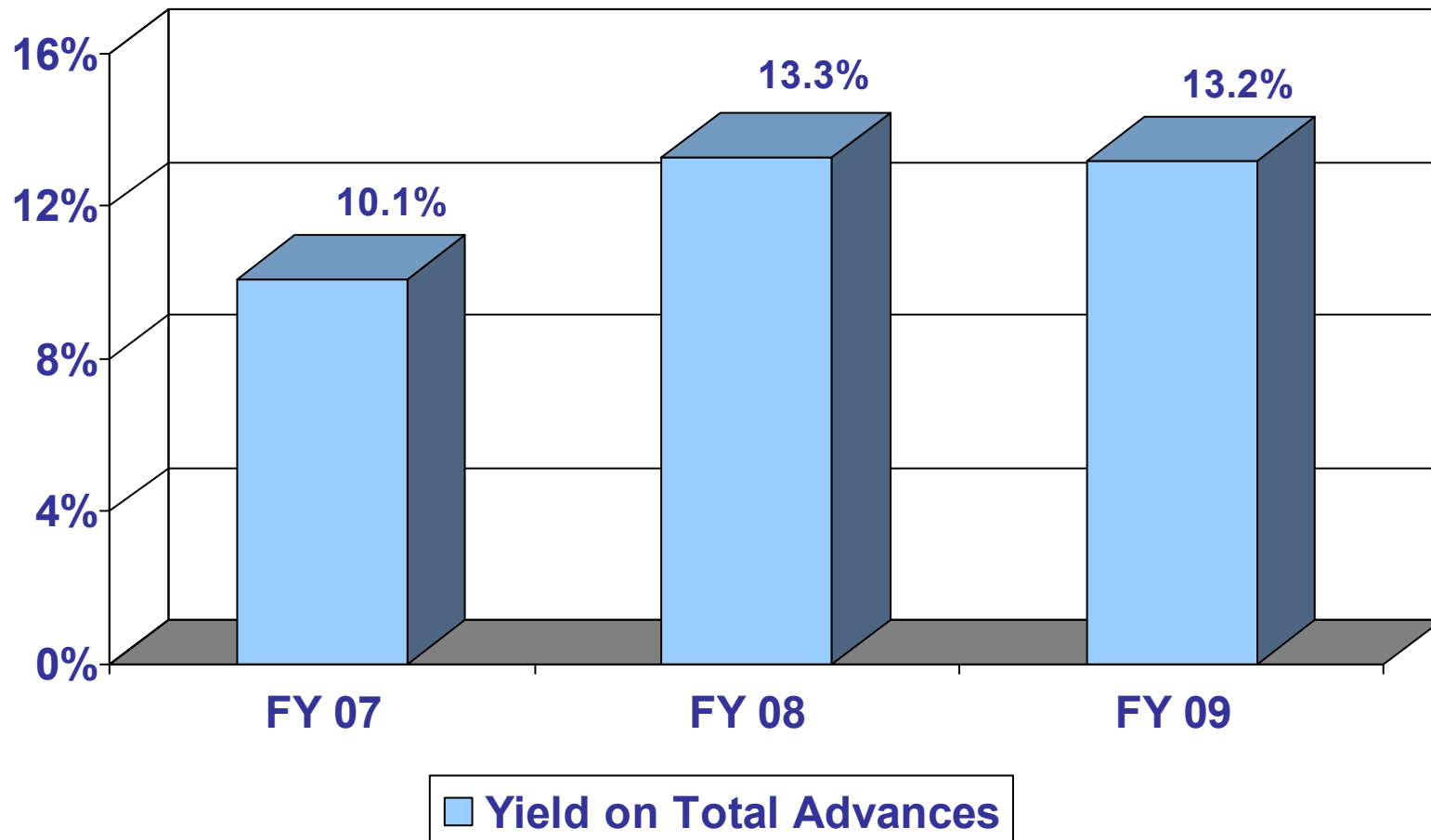
Net Interest Income (NII)



Net Interest Margin (%)



Yield on Total Advances (%)



Rs. in crores

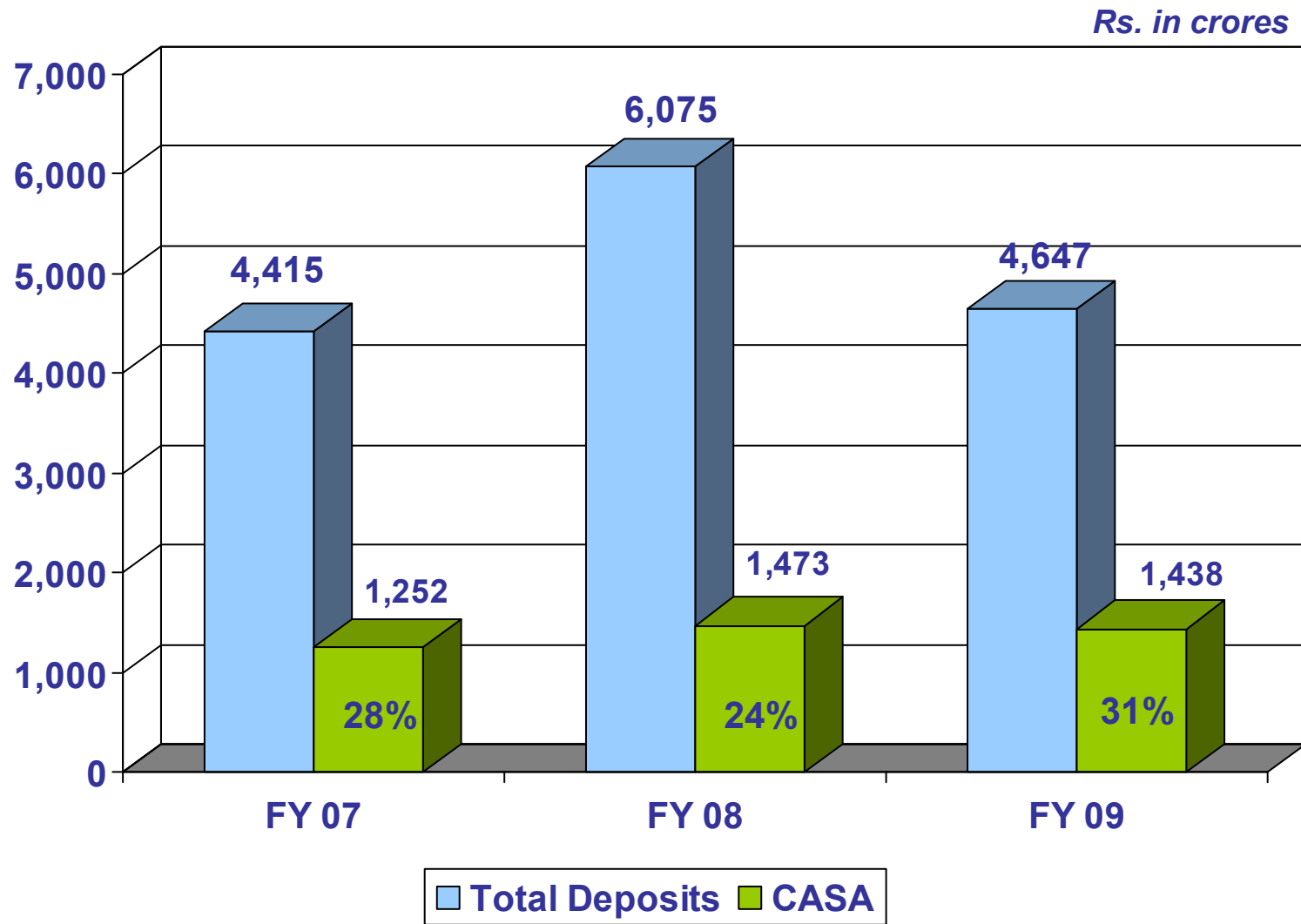
	Q4 FY 09	Q4 FY 08	Growth	FY 09	FY 08	Growth
Commission, fees & brokerage	13.1	13.2	(7.2)	59.0	67.3	(12.2)
Commission on Life Insurance	3.8	3.2	23.2	15.6	10.7	45.2
Commission from Mutual Fund	0.1	2.3	(94.3)	2.2	7.3	(69.6)
Profit on sale of investments/IPO	0.2	1.9	(8.1)	2.0	18.1	(89.2)
Profit on sale of property	(0.0)	8.3	-	4.7	10.2	(53.9)
Profit on exchange transactions	2.9	0.8	259.4	22.4	17.2	30.0
Misc Income (incl. net lease income)	4.8	29.7	(83.4)	14.2	42.8	(66.8)
Total	24.9	59.4	(58.1)	120.1	173.6	(30.8)

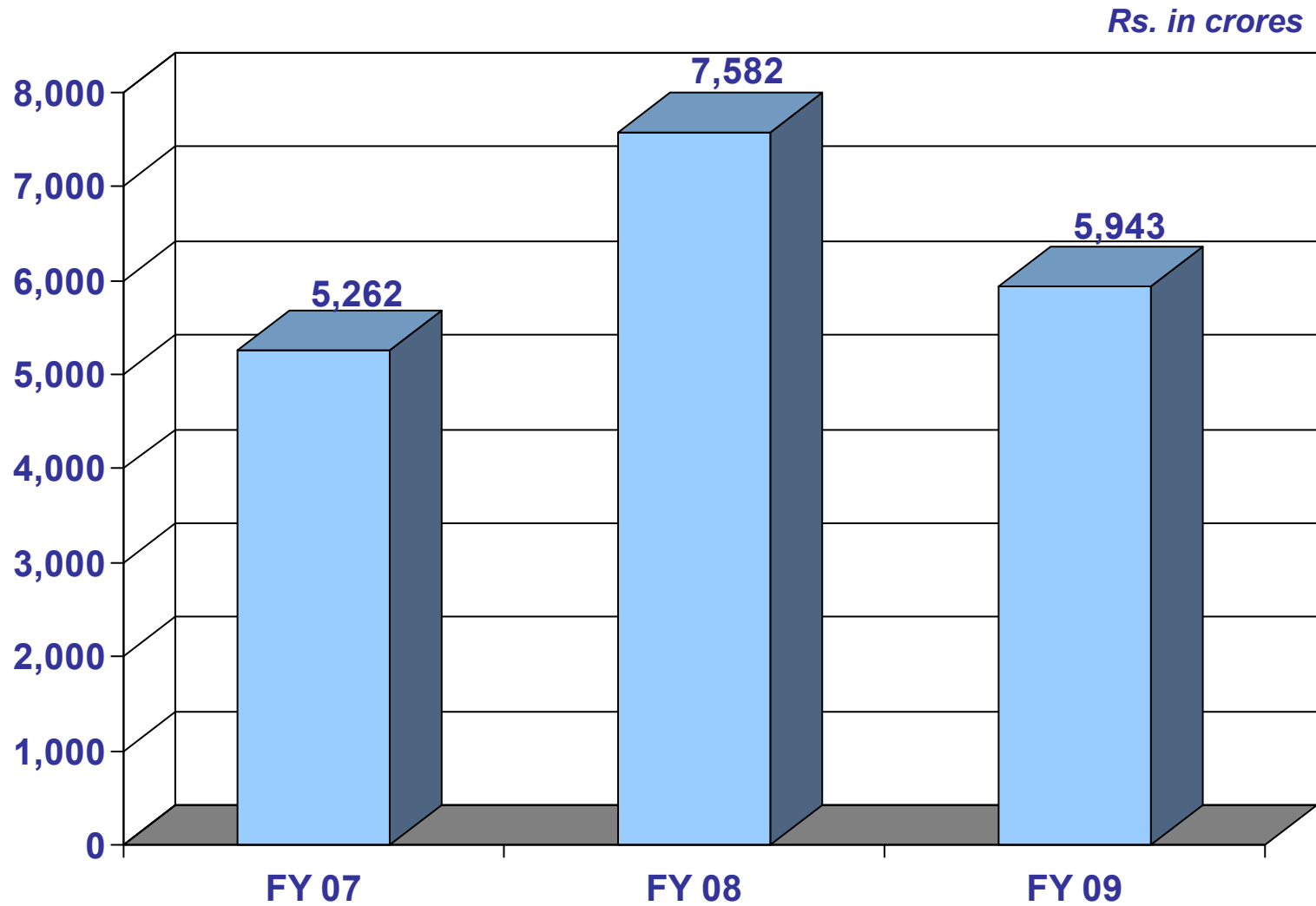
Deposit Composition



Rs. in crores

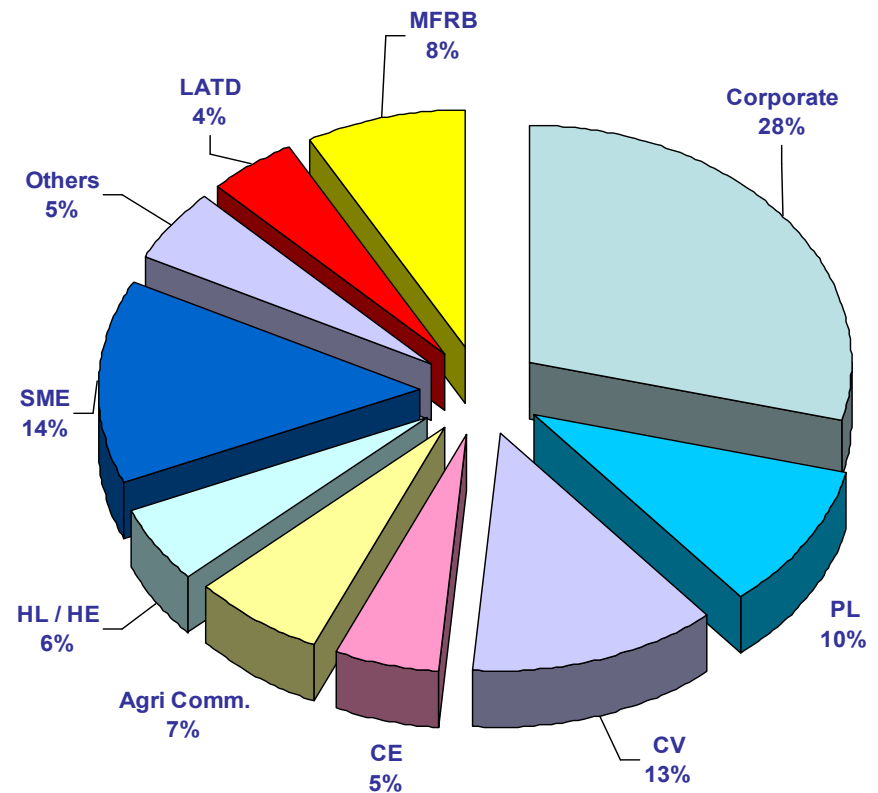
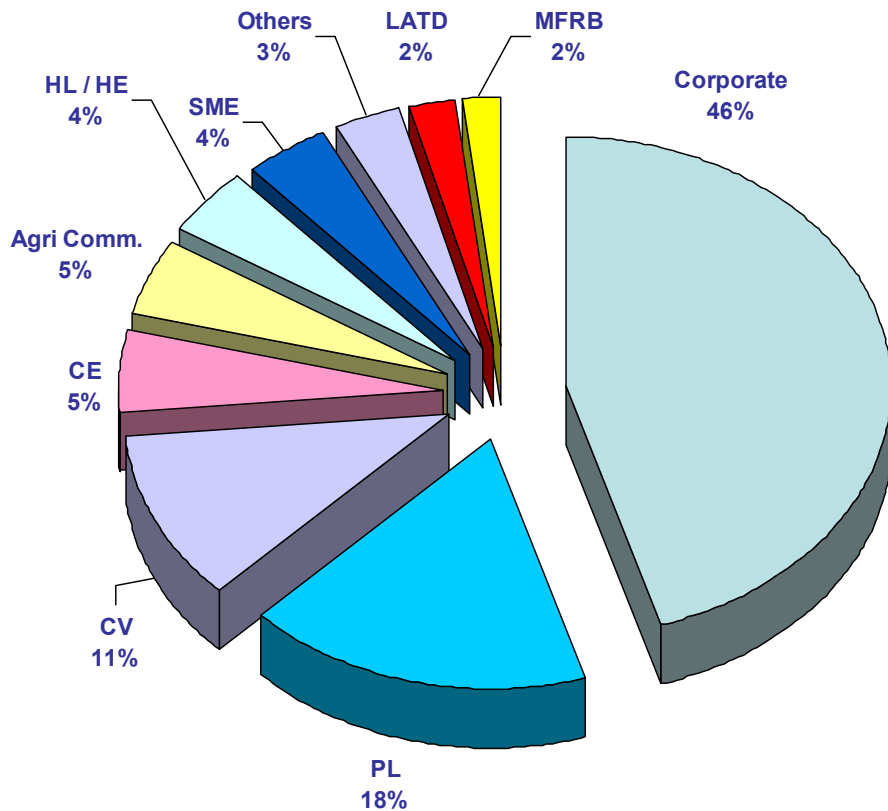
	31-Mar-08	31-Mar-09
CASA	1,473	1,438
Term Deposit	4,084	2,810
Others	519	399
Total Deposits	6,075	4,647
Retail Deposit / Total Deposit	51.9%	67.9%
CASA Ratio	24.2%	30.9%





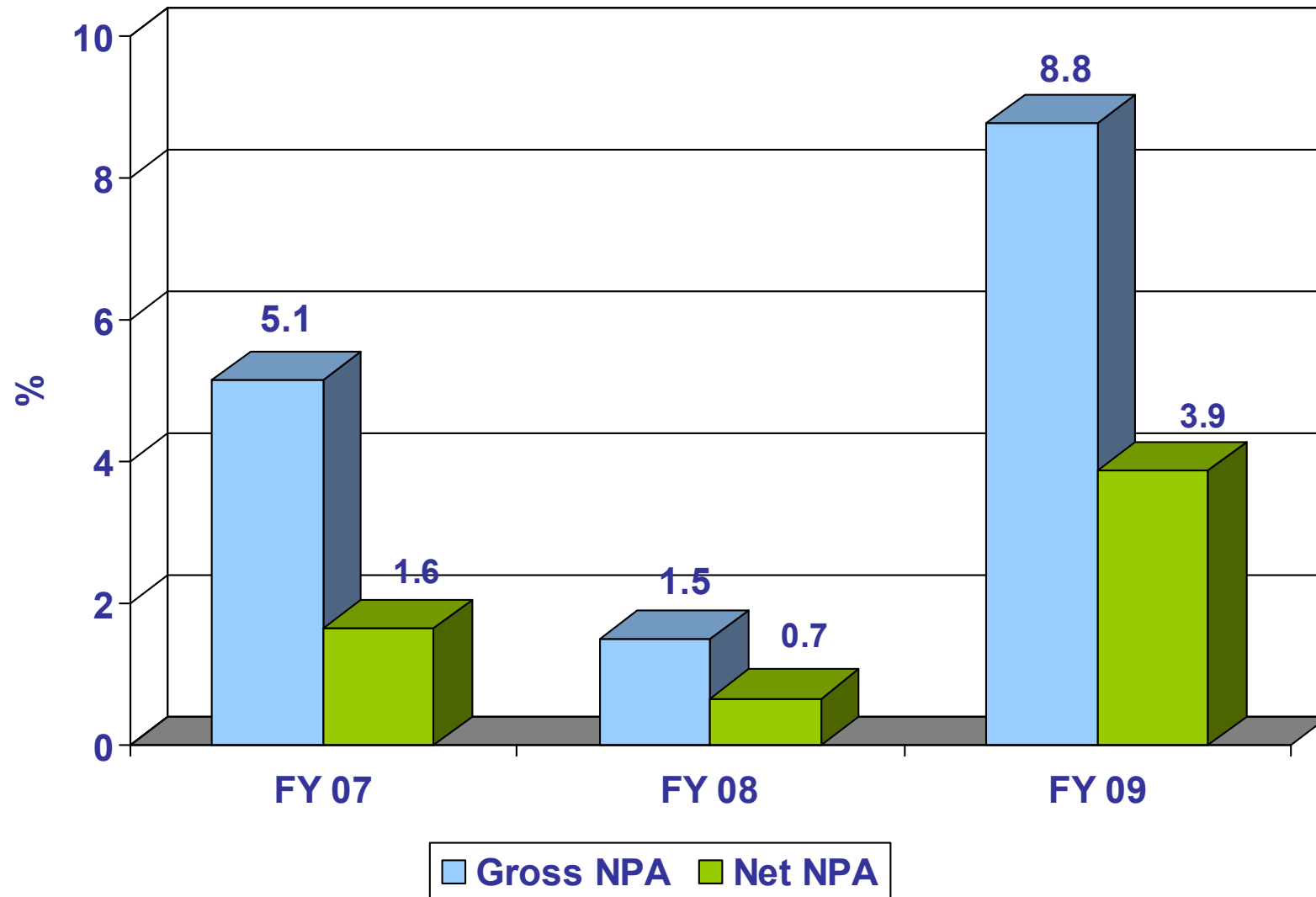
as on Mar. 31, 2008

as on Mar. 31, 2009



	Mar. 31, 2008	Mar 31, 2009
Retail Advances / Total Advances	46%	47%
Retail Unsecured / Total Retail	37%	22%

Non Performing Assets (%)

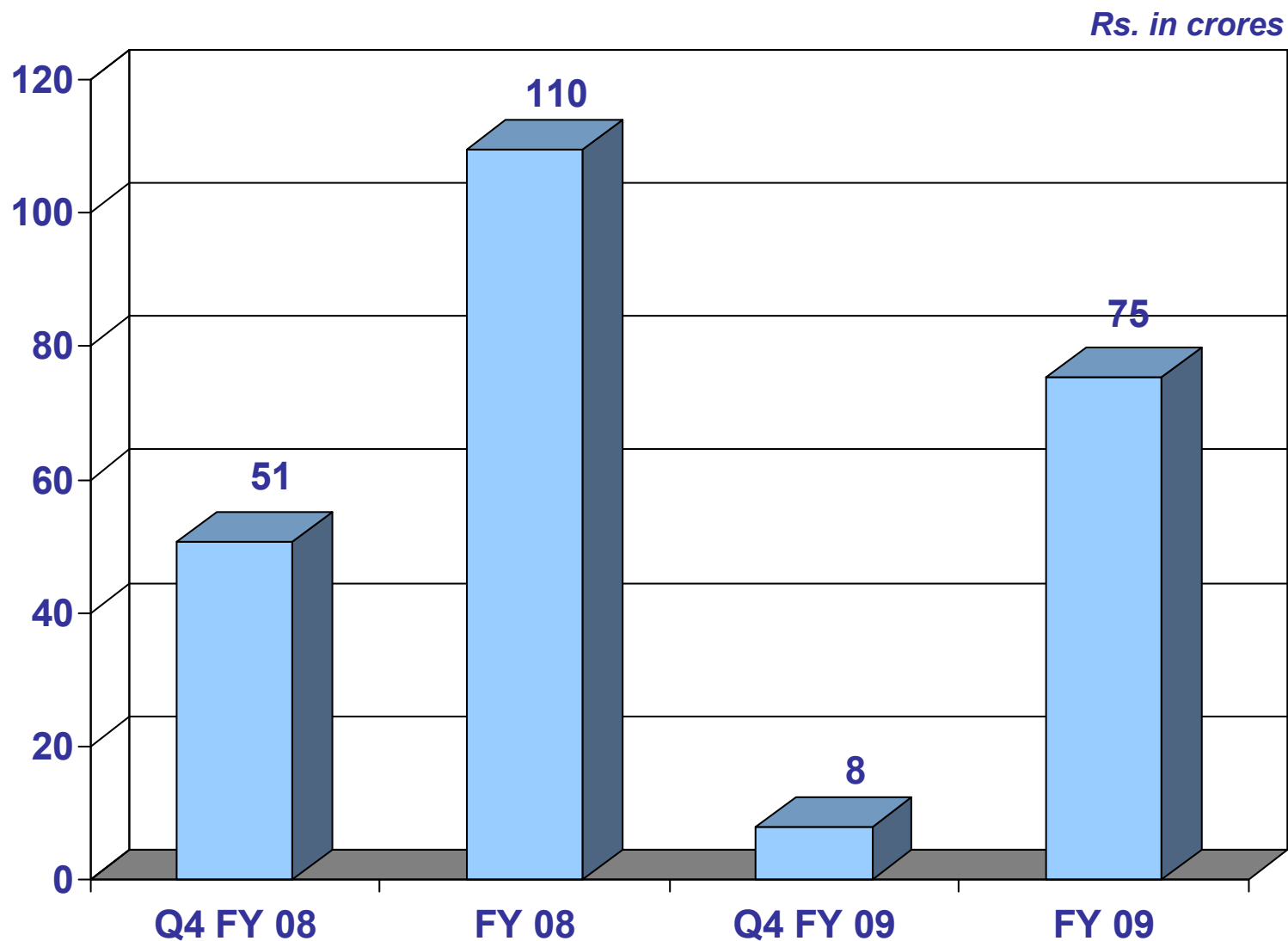


Rs. in crores

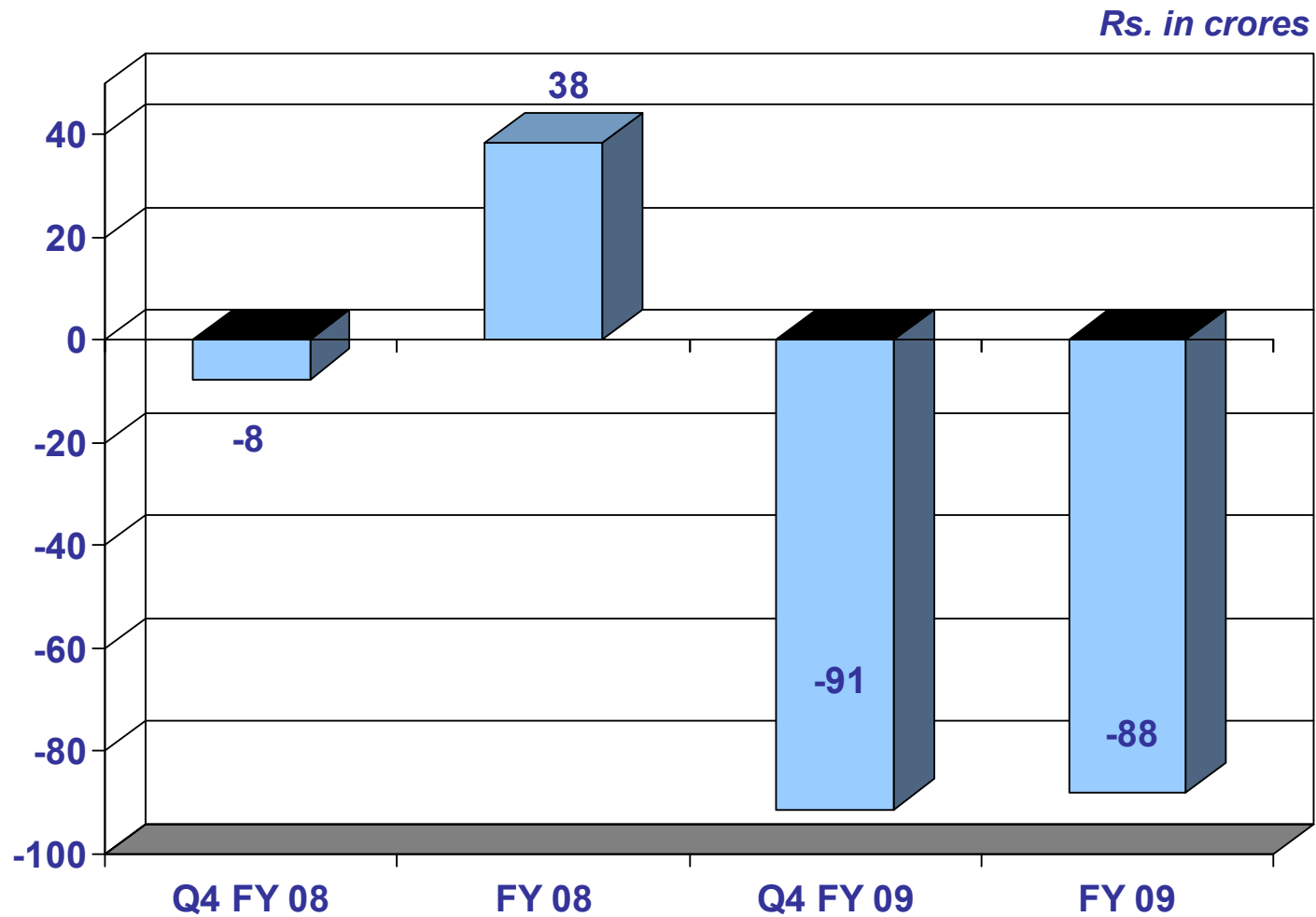
	31-Mar-08	31-Mar-09
Gross Advance (excluding Bills Rediscounted)	4,105	3,480
NPA Provision	36	206
Net Advance	4,069	3,274
NPA Coverage Ratio	48.4%	53.4%
Unsecured PL NPA Coverage Ratio	66.2%	76.4%

* Standard Assets provisioning surplus of Rs. 11 crs. as on 31st March 09

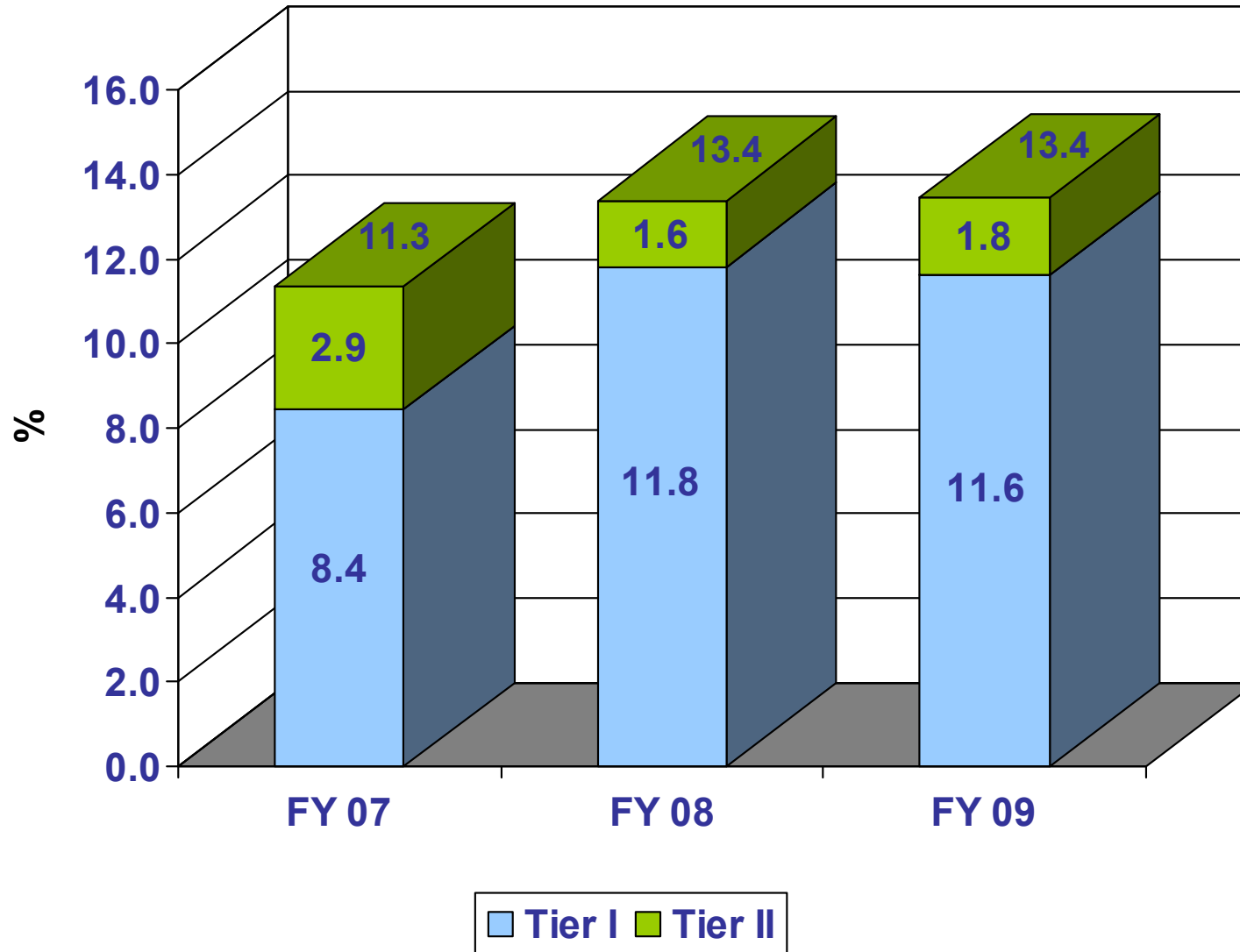
Operating Profit

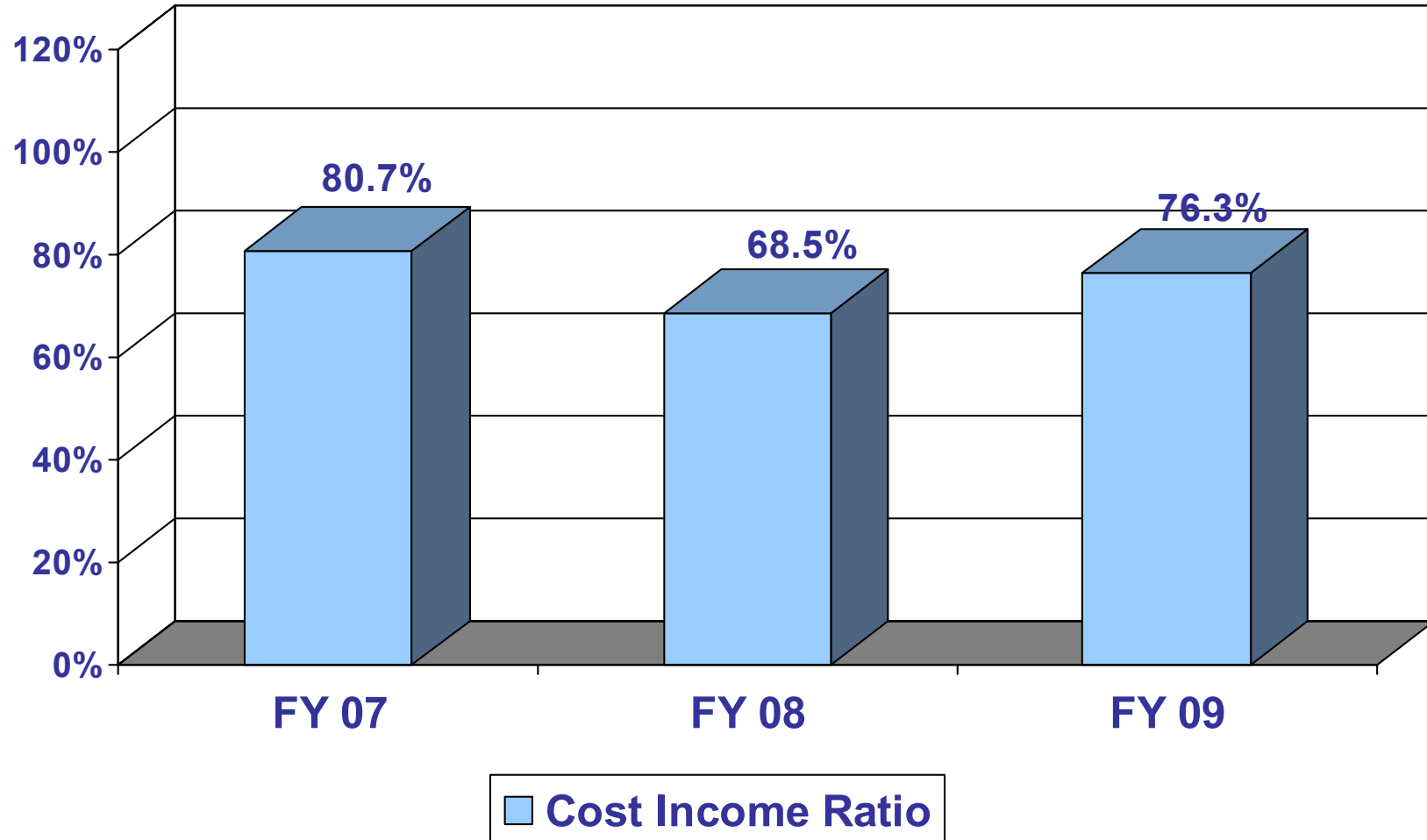


Net Profit After Tax



Capital Adequacy Ratio (%)





Rs. in crores

	Q4 FY 09	Q4 FY 08	Growth	FY 09	FY 08	Growth
Total Advances	3,274.0	4,068.8	(19.5%)	3,274.0	4,068.8	(19.5%)
Total Deposits	4,646.9	6,074.9	(23.5%)	4,646.9	6,074.9	(23.5%)
Net Interest Income	40.2	60.7	(33.8%)	197.2	173.9	13.4%
Non Interest Income	24.9	59.4	(58.1%)	120.1	173.7	(30.8%)
Total Income	65.1	120.1	(45.8%)	317.3	347.6	(8.7%)
Operating Expenses	57.3	69.5	(17.5%)	242.0	238.0	1.7%
Operating Profit	7.8	50.6	(84.6%)	75.3	109.6	(31.3%)
Provision Contingencies	90.0	41.8	115.5%	162.0	73.5	120.4%
Net Profit before Tax	(82.2)	8.9	(1028.4%)	(86.6)	36.1	(339.6%)
Provision for Taxes (<i>FBT & DTA</i>)	9.1	16.5	(44.6%)	1.5	(2.2)	(168.2%)
Net Profit after Tax	(91.3)	(7.6)	(1100.8%)	(88.1)	38.3	(329.8%)

Rs. in crores

As at 31st March, 2009	Total Amount
SLR Investments	1,268
Non-SLR Investments	354
Total	1,622
AFS	463
HFT	78
HTM	1,081
Total	1,622

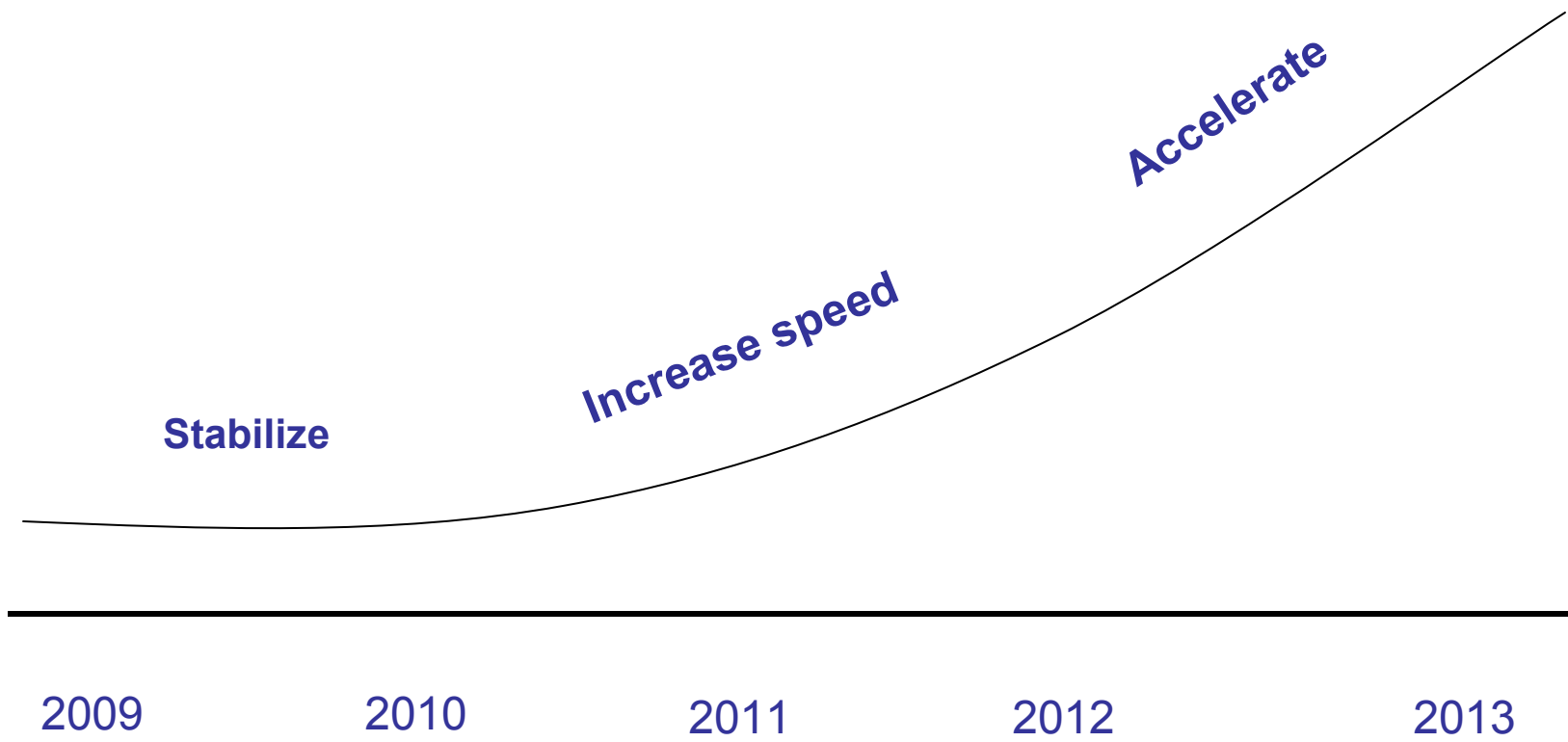
Modified duration of HTM is 2.80

Modified duration of AFS+HFT is 0.19

What went well?	<ul style="list-style-type: none">• NIM maintained at 2.8%• CASA ratio improved to 30.9% up from 24.2%• Robust bancassurance business – up 45% year on year• Retail deposits contribution increased from 52% to 68%, liquidity well managed• Strong performance in lending to Agri / Microfinance• Retail unsecured / Total Retail advances down to 22% from 37%• Collection and recovery actions• Capital adequacy at 13.44% (Tier I – 11.62%)• Costs trending down, declined by 18% in Q4 09 vs Q4 08. Reduction in headcount
What did not?	<ul style="list-style-type: none">• Increase in NPAs and provisions• Drop in income due to balance sheet contraction

- Sudden change in environment in mid-2008 resulted in increase in provisions for NPAs. Unsecured personal loans largest contributor to the increase. Also, DCB has adopted stringent provisioning norms in unsecured personal loans
- Bank acted quickly to de-risk balance sheet, exited retail loans and anxiety corporate accounts. This resulted in slow down of income. Further, non funded income affected by reduction in trade volumes
- Strong capital position and underlying attributes enabled DCB to endure net loss of Rs 88.1 Cr in 2008-09

- Month on month personal loan provisions is expected to stabilize and then start to decline by end of 2009-10
- Cost reduction initiatives will take effect
- Initially, month on month income is expected to decline before trending up as assets start to build up
- Operating profit will narrow and is expected to expand in later part of the year
- Capital released from declining asset products (eg. personal loans) will be used to grow home loans, SME and mid Corporate
- If necessary, both Tier I and Tier II options can be pursued to support further growth



Strategy
<ol style="list-style-type: none">1. Grow assets prudently - secured retail, SME, mid Corporate, Agri and Microfinance2. Deepen relationship with customers (Retail, SME and mid Corporate and Ismaili community)3. Further increase share of retail to total deposits, maintain CASA ratio around 25 to 30%4. Step up fee income – Bancassurance, Mutual Fund distribution, Trade, FX and Cash Management5. Address Cost / Income ratio6. Intensify recoveries
Target
Double balance sheet in 3 years Cost / Income Ratio 55% in 2 years ROE > 15%

Q & A