

Development Credit Bank Limited

Investor Presentation – FY10

April, 2010

Background

Branch and ATM Network

Products and Services

Shareholding Pattern

Financial Highlights

Key Strategies

- Development Credit Bank Ltd (DCB) <http://www.dcbi.com> is a modern emerging new generation private sector bank. It is a scheduled commercial bank regulated by the Reserve Bank of India. It is professionally managed and governed
- In India since 1930's, DCB is promoted by the Aga Khan Fund for Economic Development (AKFED) <http://www.akdn.org/akfed>. AKFED is an international development enterprise. It is dedicated to promoting entrepreneurship and building economically sound companies. It has around 150 companies in 15 countries and employs over 30,000 people with a turnover of approximately US\$ 2 Bn. AKFED had co-promoted HDFC in India in the late 70's

- DCB has contemporary technology and infrastructure including state of the art internet banking for personal as well as business banking customers
- DCB's business segments are Retail, micro-SMEs, large SMEs, mid-Corporate, MFIs, Agriculture, Commodities, Government, Public Sector, Indian Banks, Co-operative Banks and NBFCs. DCB has approximately 600,000 customers
- DCB has strong business alliances with reputed financial institutions to provide value to customers. Some of the key alliance are: Birla Sun Life Life Insurance, ICICI Lombard General Insurance, India Infoline, Axis Bank, HDFC Bank, Wells Fargo (formerly Wachovia), Euronet, CMS Securitas Ltd., FIS, Venture Infotek, VISA, NFS, Cashnet, MCX, NCDEX and ICX, Bank of New York Mellon
- DCB has a strong management team and Board with Mr. Nasser Munjee a Chairman (worked in HDFC; instrumental in setting up IDFC; sits on the boards of many large Indian companies). Mr. Murali M Natrajan, appointed as the Managing Director & CEO April 29, 2009 (previously worked with Standard Chartered Bank, Citibank and American Express, in India and abroad). Strong Retail and SME experience. Previous assignment Global Head for SME, Standard Chartered Bank



To be the most innovative and responsive neighbourhood community Bank in India serving entrepreneurs, individuals and businesses.



Background

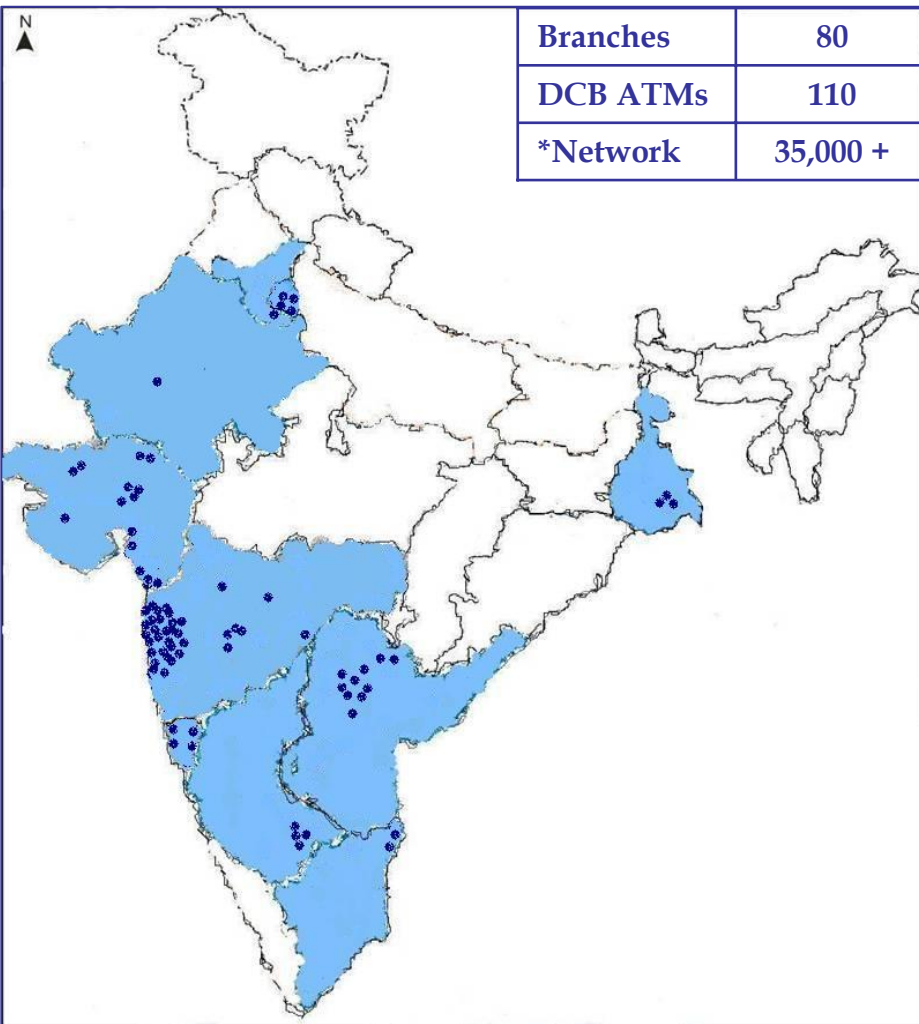
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*DCB is tied up with Euronet in India. DCB customers can access VISA ATMs across the world

GOA

- Mapusa (1)
- Margao (1)
- Panaji (1)
- Vasco - Da - Gama (1)

GUJARAT

- Ahmedabad (4)
- Ankleshwar (1)
- Bhuj (1)
- Daman (1)
- Dediapada (1)
- Gandhinagar (1)
- Rajkot (1)
- Sidhpur (1)
- Silvassa (1)
- Surat (1)
- Vapi (1)

MAHARASHTRA

- Aurangabad (1)
- Mumbai & Its Suburbs (28)
- Nanded (1)
- Nashik (1)
- Pune (4)

ANDHRA PRADESH

- Hyderabad (8)
- Warangal (2)

HARYANA

- Gurgaon (1)

KARNATAKA

- Bengaluru (4)

NEW DELHI

- Chandni Chowk (1)
- Connaught Place (1)
- Greater Kailash II (1)
- Kapashera Road (1)
- Kondli (1)
- Preet Vihar (1)

RAJASTHAN

- Jodhpur (1)

TAMIL NADU

- Chennai (2)

WEST BENGAL

- Kolkata (3)

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Retail Banking

Deposit Products:

- Current and Savings
- Term Deposits
- NRI Deposits
- Corporate Salary
- POS Terminals
- Lockers

Cards:

- ATM Card
- Debit Card
- Travel Card
- Secured Card
- Gift Card
- Credit Card*

Payments:

- Remittances
- Bill / Utility Payments
- RTGS / NEFT
- On-line Share Trading/Demat
- Tax Payments

Loans:

- Auto Loans*
- Commercial Vehicle*
- Construction Equipment*
- Gold Loans
- Home Loans
- Loan Against Property
- Loan Against Shares

Wealth Management:

- Investment Advice
- Mutual Funds
- Life Insurance and General Insurance

Services:

- 24/7 Phone Banking
- Any Branch Banking

Privilege Banking

Internet and Mobile Banking

SME, Corporate Banking, MFIs, NBFCs and Co-operative Banks

- Current Account
- Trade Current Account
- Working Capital
- Term Loans
- Supply Chain
- Portfolio Buyout
- Import /Export

- Bills Collection
- Foreign Exchange
- Letters of Credit
- Guarantees

- Cash Management**
- RTGS /NEFT
- Internet Banking

**DCB has tie-ups with Axis Bank and HDFC Bank to provide customers with Cash Management facilities at over 500 locations across India

Treasury

- Statutory Reserves Management
- Liquidity Management
- Trading in Government Securities
- Foreign Exchange
- Corporate Bonds
- CDs
- Equity Investment

Apart from a wide range of products at competitive rates, the Bank also offers:

- **One hour in principle approval for working capital limits**
- **Dedicated Relationship Managers**
- **Ease of documentation**
- **Flexibility in collateral requirements**

- **Free “Any Branch Banking”** for DCB Privilege Banking customers
- **Free Inward and Outward RTGS** for Current Accounts and Saving Accounts
- **Free Inward and Outward NEFT** for Current Accounts and Saving Accounts
- **Free unlimited usage of VISA network ATMs** for DCB customers
- **DCB Home Loans at attractive rate**
- **DCB Loan Against Property @ 10.95% p.a.** (fixed rate for the first year)
- **DCB Zero Balance Trade Current Account**, competitive charges and facilities
- **Free Mutual Fund Services**
 - Zero Fee in SIPs
 - Free Advisory
 - Free Portfolio Statements
 - Free Application Processing

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Share Capital	Rs. 199.99 Cr.
Shareholder's Equity	Rs. 601 Cr.
Book Value Per Share	Rs. 27.02
Share Price	Rs. 32.15
Market Capital approximately	Rs. 642.95 Cr.

Categories	%	Major Shareholders	%
Promoters	23.10	AKFED & Platinum Jubilee Investment Ltd. (Promoter and Promoter Group)	23.10
Bodies Corporate	18.36	AL Bateen Investment Co L.L.C.	3.70
Foreign Holding (Other than Promoters)	11.76	TATA Capital Ltd.	3.29
Domestic Institutions	8.08	ICICI Prudential Life Insurance Company Ltd.	2.93
*Other Domestic Holders	38.70	Bajaj Allianz Life Insurance Company Ltd.	2.91
		DCB Investments Ltd. (SVG Capital)	2.65
		Housing Development Finance Corporation Ltd.	2.02
		Birla Sun Life Insurance Company Ltd.	1.96
		Edelweiss Securities Ltd.	1.51
		Khattar Holdings Pvt. Ltd.	1.50
		India Capital Opportunities 1 Ltd.	1.41
		Other (s)	53.02
			100.00

*Includes Clearing Members (2.34%), Shareholders holding normal share capital up to Rs. 0.1 Mn (approximately 29.31%) and above Rs. 0.1Mn (approximately 7.03%)

BSE (code 532772) and NSE (code DCB)

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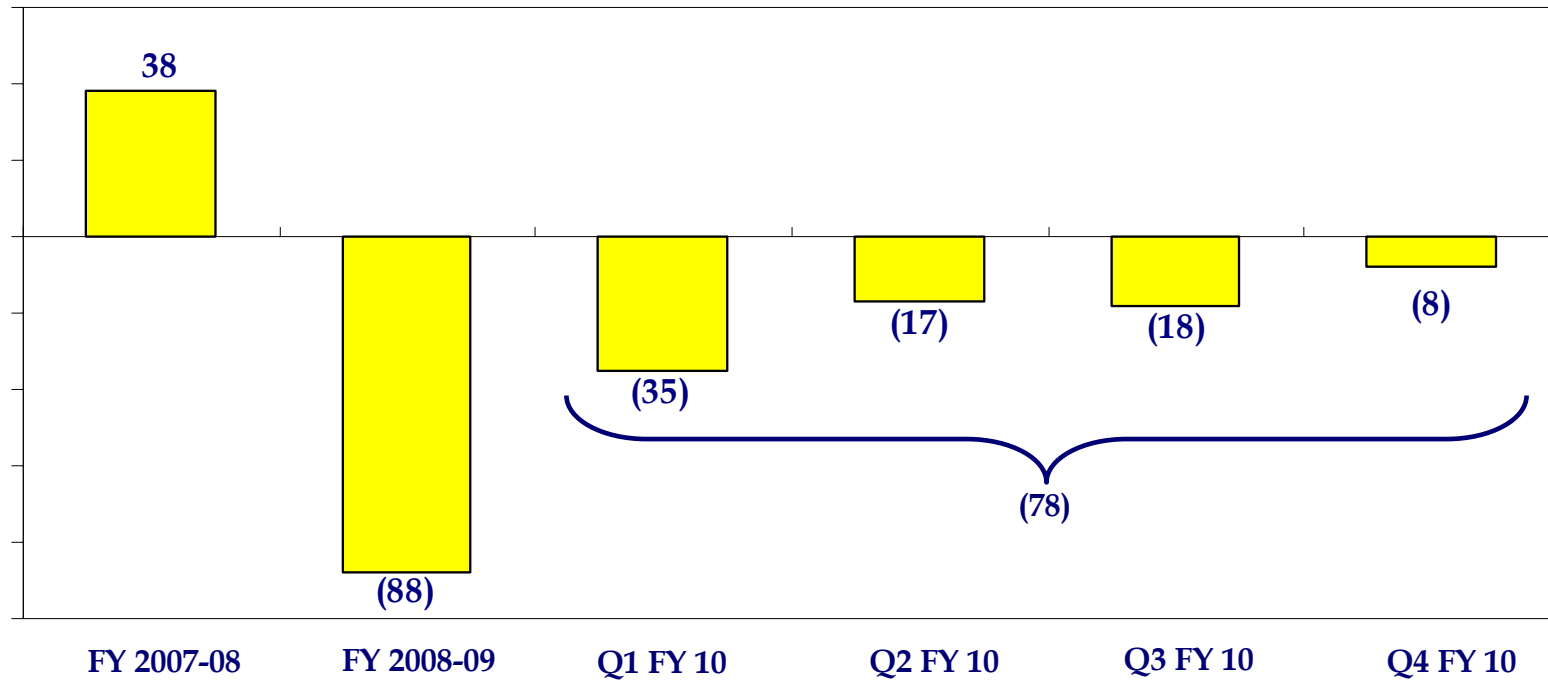
- DCB planned exit of unsecured Personal Loans, Commercial Vehicles and Construction Equipment was replaced by secured Advances in MSME, SME, Retail Mortgages, mid-Corporate and Agri, Microfinance and Rural Banking
- Balance Sheet has begun to grow in the last few months. Balance Sheet as on March 31, 2010 was **Rs. 6,137 Cr.** as against **Rs. 5,943 Cr.** as at March 31, 2009
- Net Advances grew to **Rs. 3,460 Cr.** as on March 31, 2010 from **Rs. 3,274 Cr.** as on March 31, 2009
- CASA book grew by **18%** year to year. CASA ratio as on March 31, 2010 stands at **35.3%** as against 30.9% as on March 31, 2009
- Retail Deposits (Retail CASA and Retail Term Deposits) continued to show good results. Retail Deposits were at **81.5%** of Total Deposits as on March 31, 2010 as against **67.9%** as on March 31, 2009
- Net Interest Margin was at **2.79%** for FY 2009-10 as against **2.86%** for FY 2008-09
- Unsecured Personal Loans portfolio substantially reduced and stood at **Rs. 95 Cr.** as on March 31, 2010 as against **Rs. 330 Cr.** as on March 31, 2009
- DCB full year Net Loss for FY 2009-10 was **Rs. 78 Cr.** as against FY 2008-09 Net Loss **Rs. 88 Cr.**
- Capital Adequacy Ratio (CAR) remained strong at **15.4%** as on March 31, 2010 with Tier I at 12.4% and Tier II at 3.0% under Basel I. Under Basel II CAR was **14.9%** as on March 31, 2010

(Rs. in Cr.)	March 31, 2010	March 31, 2009	Variance
CASA	1,691	1,438	+ 253
Retail Term Deposits	2,306	1,813	+ 493
Home Loans	412	263	+ 149
SME + Micro SME	600	448	+ 152
AMRB	858	571	+ 287
Corporate Banking	1,110	933	+ 177

Profit & Loss 2009-10 (Rs. in Cr.)	FY 2008-09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	FY 2009-10
Net Interest Income	197	35	32	32	42	142
Other Income	120	23	34	26	25	107
Total Income	317	58	66	58	67	249
Operating Expenses	(242)	(52)	(50)	(51)	(48)	(201)
Operating Profit	75	6	16	8	19	48
Total Provisions	(163)	(41)	(33)	(26)	(27)	(126)
PAT	(88)	(35)	(17)	(18)	(8)	(78)

Balance Sheet 2009-10 (Rs. in Cr.)	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010
Advances	3,274	3,105	2,963	3,139	3,460
Investments	1,622	1,929	1,909	1,701	2,018
Shareholder's Equity	598	566	550	609	601
Deposits	4,647	4,571	4,503	4,482	4,787
Total Assets	5,943	5,799	5,591	5,702	6,137
Gross NPA Ratio	8.4%	10.5%	11.2%	11.0%	8.7%
Net NPA Ratio	3.9%	4.9%	4.7%	4.3%	3.1%
Coverage Ratio	56.2%	55.8%	61.1%	63.4%	70.0%

(Rs. in Cr.)

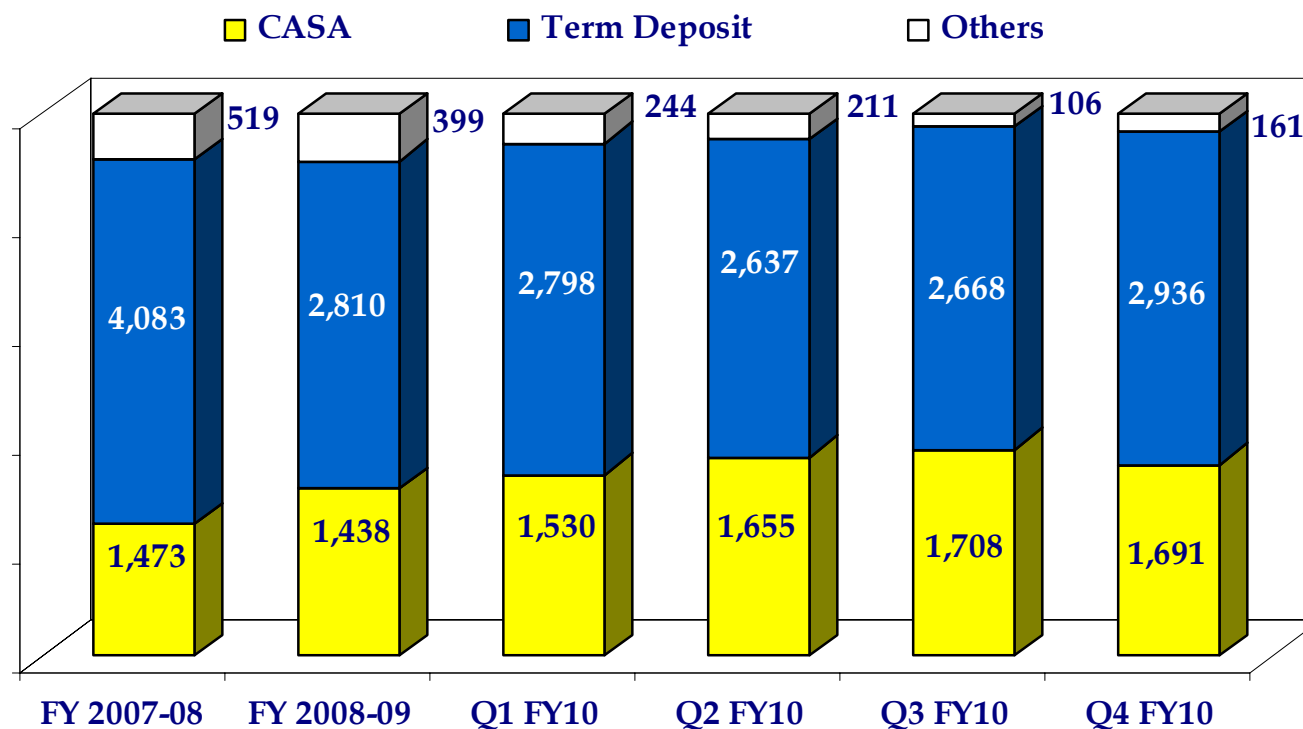


Retail Deposits Contributes 82% of Total Deposits



(Rs. in Cr.)

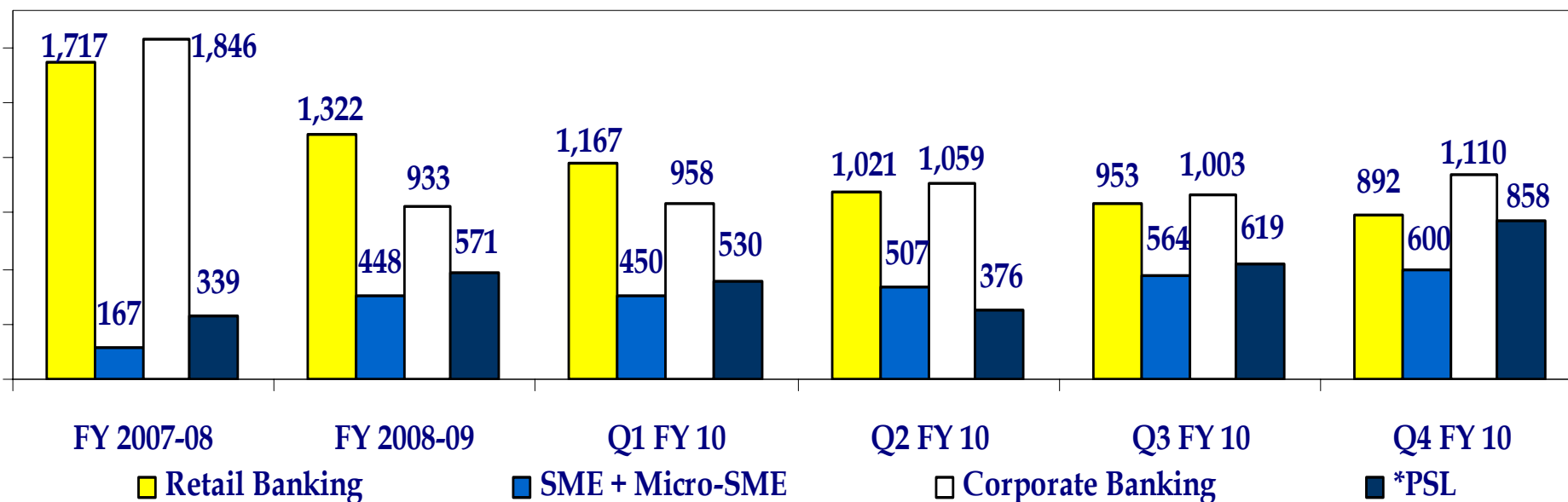
	March 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010
Total Deposits	6,075	4,647	4,571	4,503	4,482	4,787
Retail Deposits / Total Deposits	53.0%	67.9%	78.7%	82.6%	83.9%	81.5%
CASA Ratio	24.2%	30.9%	33.5%	36.8%	38.1%	35.3%



(Rs. in Cr.)

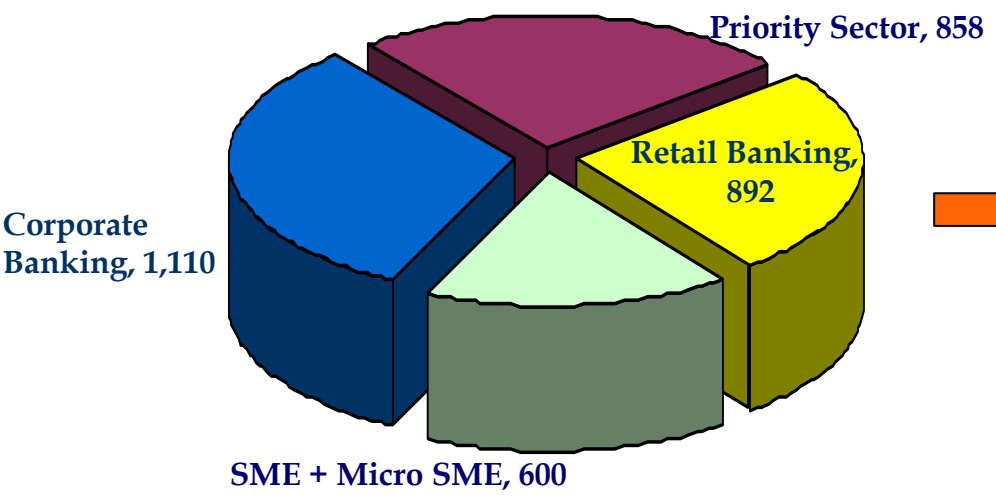
	March 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010
Gross Advances	4,255	3,437	3,298	3,182	3,376	3,673
Net Advances	4,069	3,274	3,105	2,963	3,139	3,460
Yield on Advances	13.3%	13.6%	13.1%	12.5%	12.0%	11.7%

Net Advances

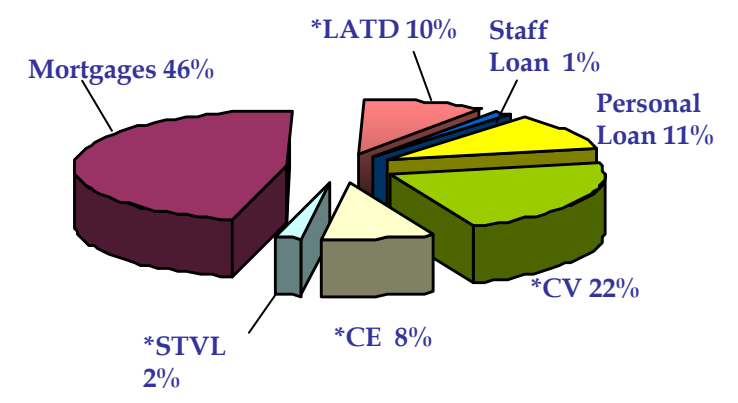


(Rs. in Cr.)

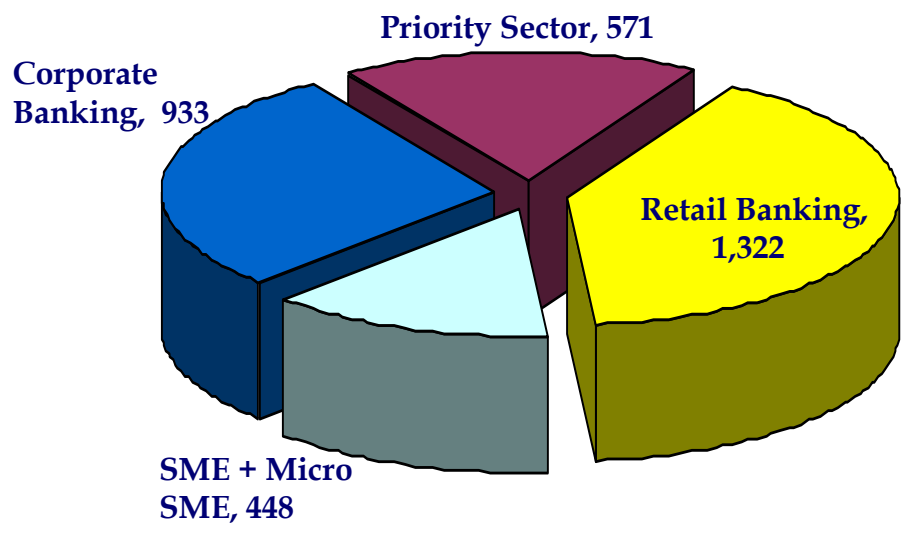
Net Advances - March 31, 2010



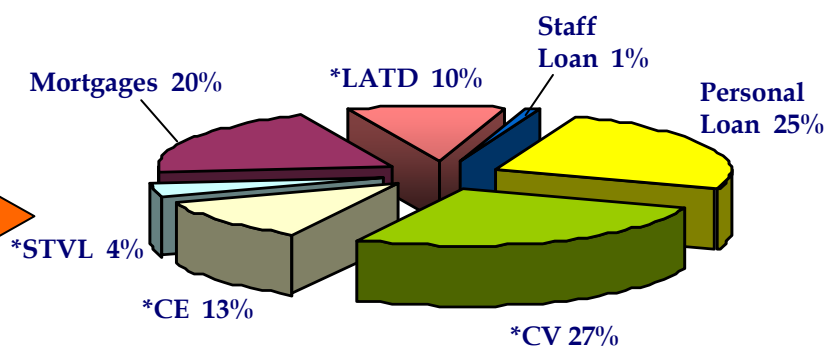
Retail Banking - March 31, 2010



Net Advances - March 31, 2009

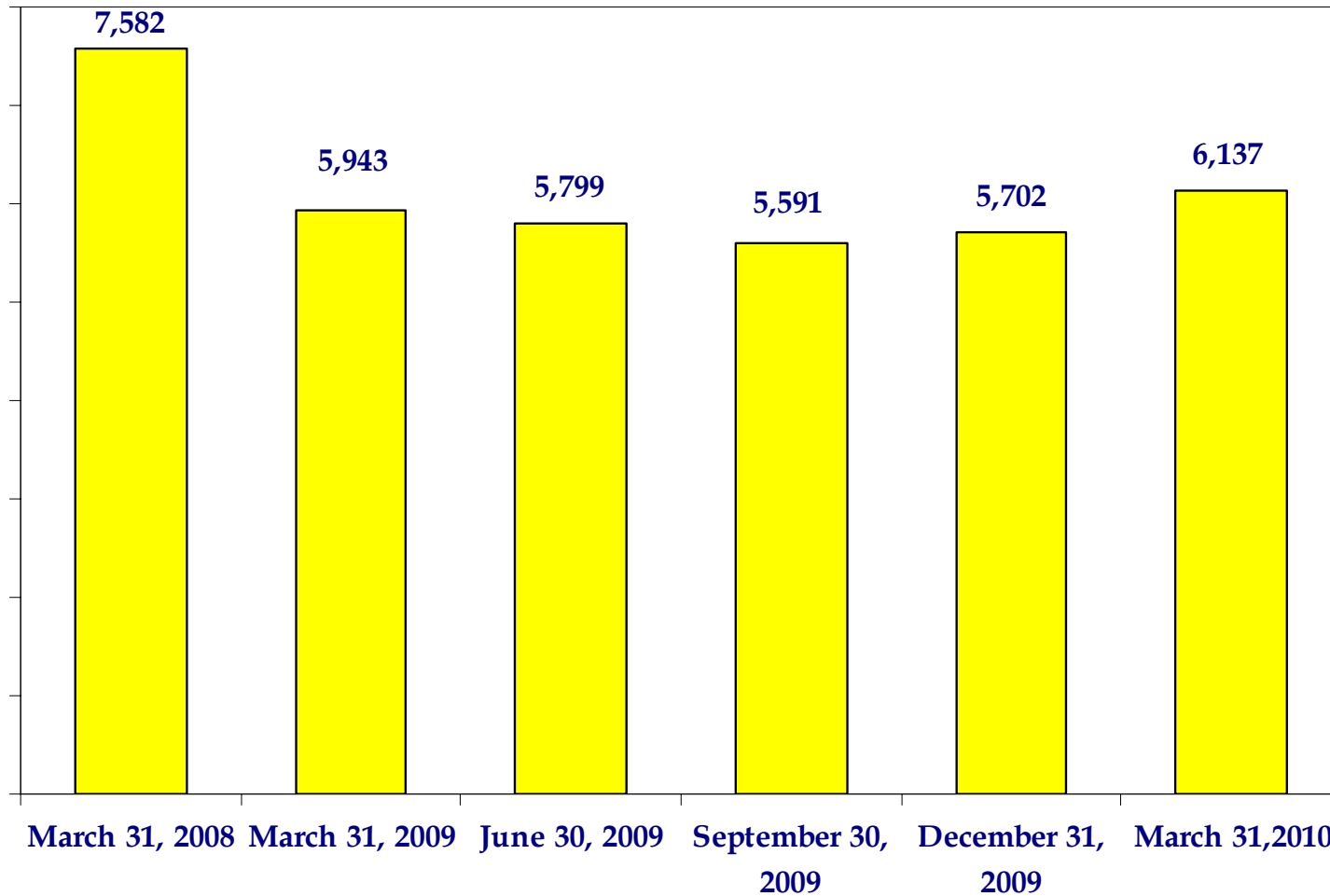


Retail Banking - March 31, 2009

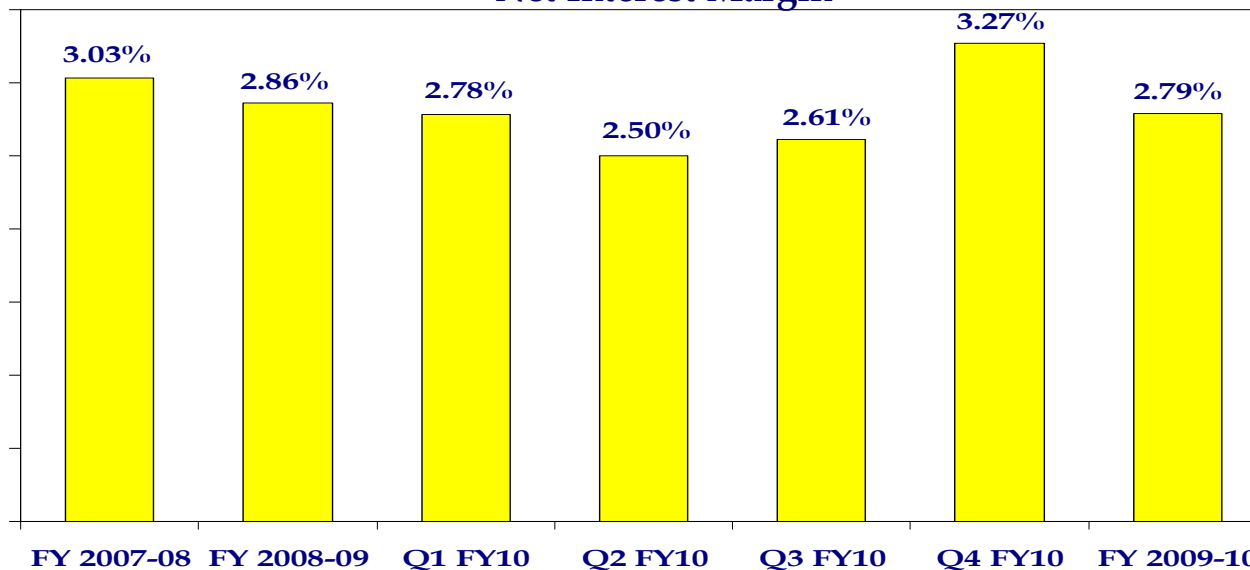


*CV - Commercial Vehicle, *CE - Construction Equipment *STVL - Small Ticket Vehicle Loan, *LATD - Loan Against Term Deposit

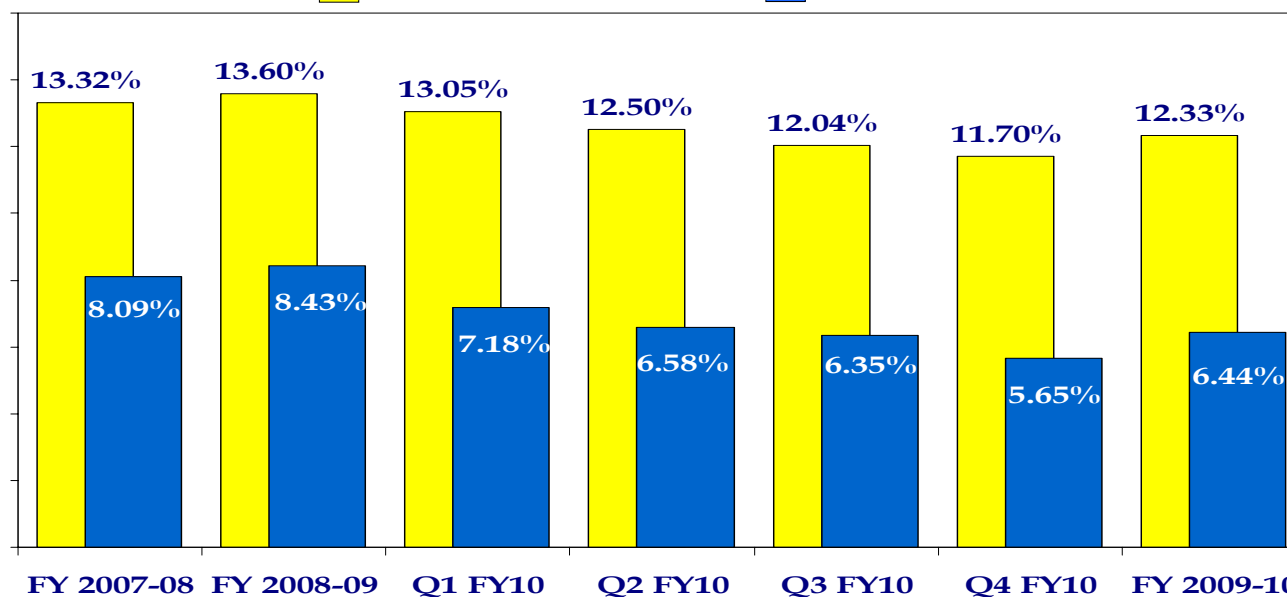
(Rs. in Cr.)



Net Interest Margin

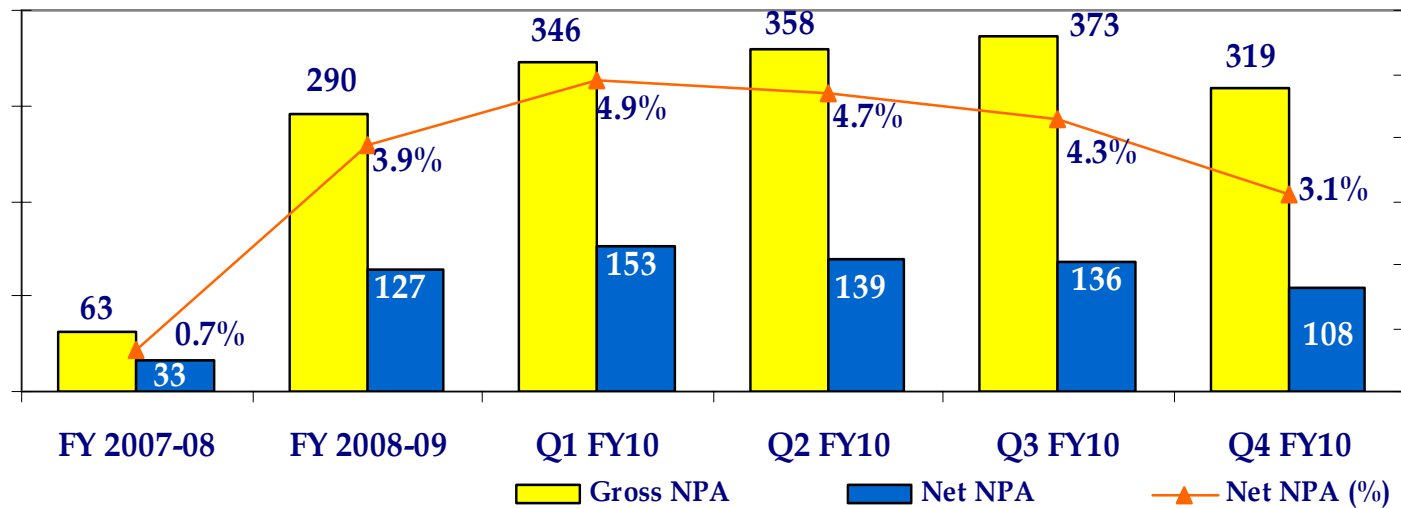


Yield on Advances and Cost of Funds

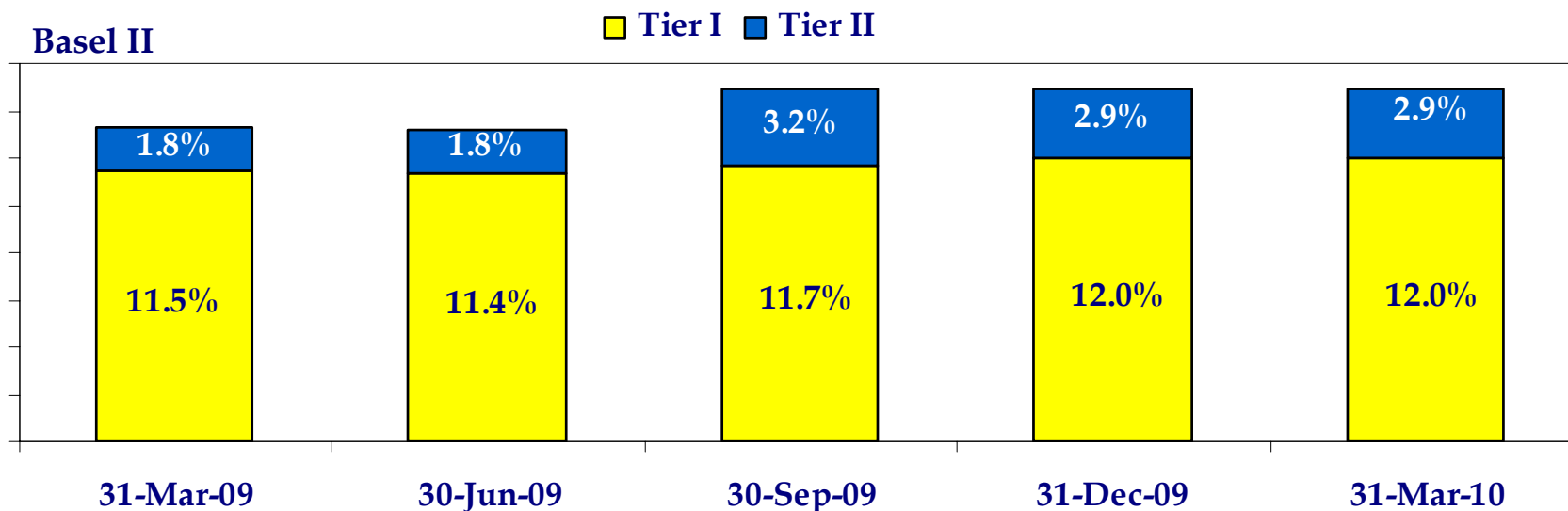


(Rs. in Cr.)

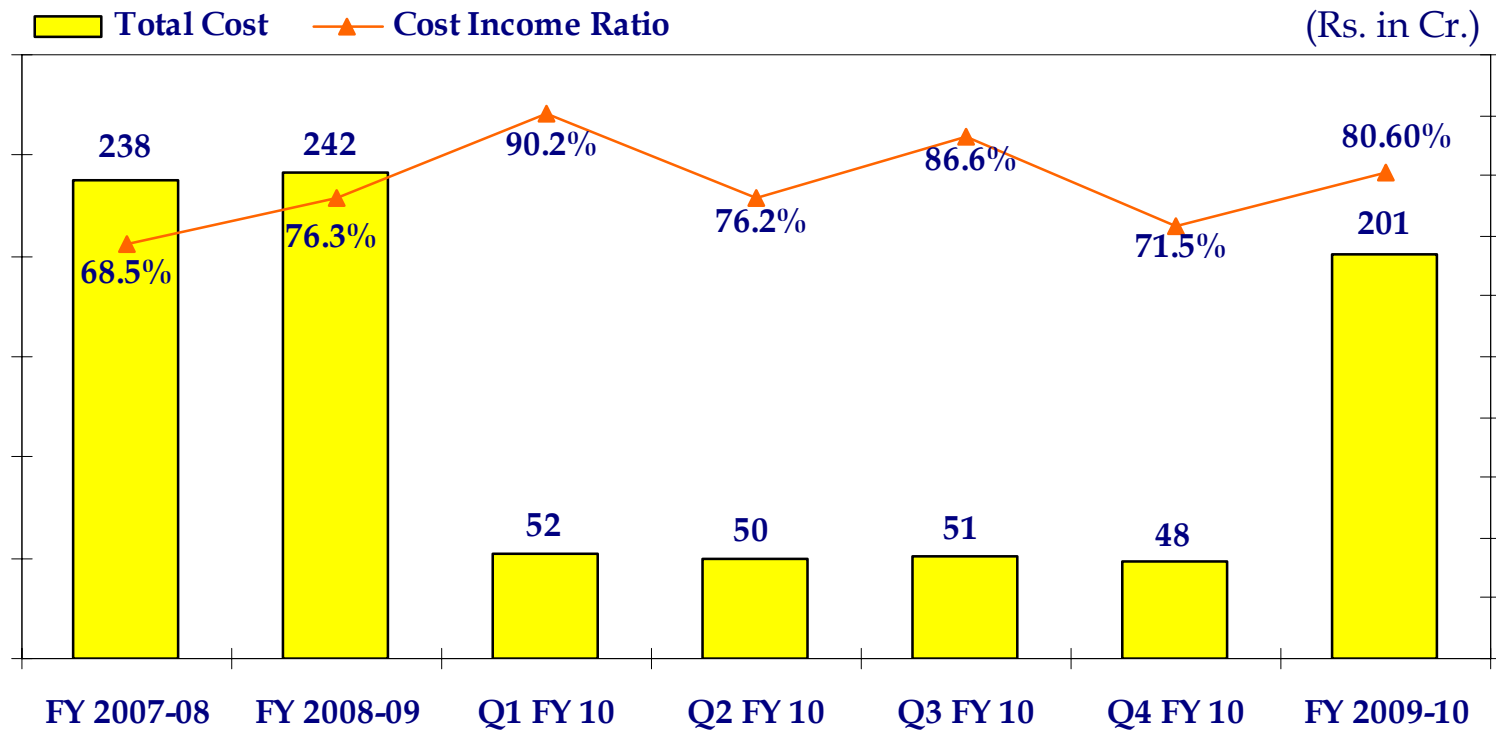
	FY 2007-08	FY 2008-09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10
PAN Bank NPA Coverage Ratio	48.4%	56.2%	55.8%	61.1%	63.4%	70.0%
Unsecured *PL NPA Coverage Ratio	66.2%	82.5%	68.4%	68.9%	73.2%	82.5%
Gross NPA	63	290	346	358	373	319
Net NPA	33	127	153	139	136	108



	March 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010
Basel I	13.4%	13.4%	13.5%	15.9%	16.9%	15.4%
Basel II	-	13.3%	13.2%	14.9%	14.9%	14.9%



During the year 2009-10, DCB raised Capital in August 2009 by issuance of lower Tier II Subordinated Debt (Series IV) in the nature of promissory notes aggregating Rs. 65 Cr and also in November 2009 issued 23,725,835 equity shares at the rate of Rs.34.14 per share to Qualified Institutional Buyers (QIBs) and raised Rs. 81 Cr. of Tier I Capital.



(Rs. in Cr.)

As at March 31, 2010	Total Amount
SLR Investments	1,579
Non-SLR Investments	439
Total	2,018
HTM	1,689
AFS	326
HFT	3
Total	2,018

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Key Strategies

- Grow Retail, micro SME, SME, mid- Corporate and Agri / Microfinance with a “customer centric approach”. Concentrate on secured lending & diversified portfolio

- Retail – Branch Centric
 - Low cost deposits (CASA / Term)
 - Secured lending (Home Loans, Loan Against Property, LATD)
 - Micro SME
 - Traditional customer base
 - Third party fee income

- Treasury – Balance Sheet management, opportunity for gains within acceptable risks

- Relentless focus on Costs / Income Ratio and Service

- Stringent mechanism for managing Credit and Operational risks

- Continuously improve people quality and delivery

Goal

- Return to month on month Profit
- Increase Balance Sheet size
- Improve Cost / Income ratio
- To improve ROE numbers

Approach

- Sensible growth. Balance portfolio mix with emphasis on secured lending
- Focus on Retail Deposits
- Income before Costs
- Discipline in execution (Strategy / Credit / Operations / Costs)

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