

# **Development Credit Bank Limited**

# **Investor Presentation - Q1 FY11**

July, 2010



# Background

**Branch and ATM Network** 

**Products and Services** 

**Shareholding Pattern** 

Financial Highlights

**Key Strategies** 

### Development Credit Bank Ltd. - In India since 1930's



- Development Credit Bank Ltd (DCB) <a href="http://www.dcbl.com">http://www.dcbl.com</a> 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) <a href="http://www.akdn.org/akfed">http://www.akdn.org/akfed</a>. 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 at a Glance



- 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, ICRA
- 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

### **Our Key Alliances**































VISA















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

# Our Values



Treat Everyone with Dignity	Respect
Do What is Right	Ethical
Be Open & Transparent	Fair
Sense of Urgency, Passion & Energy	Dynamic
Go the Extra Mile, Find Solutions	Stretch
Improve Continuously	Excellence
Play as a Team, to Win	Team Work
Support the Society	Contribute



# Background

# **Branch and ATM Network**

**Products and Services** 

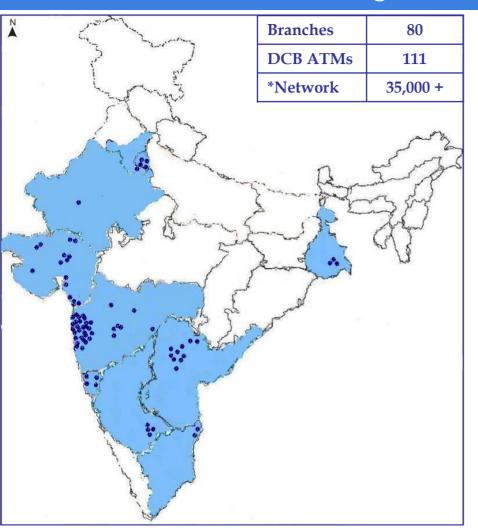
**Shareholding Pattern** 

**Financial Highlights** 

**Key Strategies** 

# 80 Branches in 28 Cities, Strong Presence in Western Region





In the month of July,2010 DCB has received permission from RBI to open two new Rural/Semi-Urban branches at Netrang (Bharuch District) & Mandvi (Surat District) in Gujarat.

#### **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**

Gurgoan (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)



# Background Branch and ATM Network

# **Products and Services**

Shareholding Pattern
Financial Highlights
Key Strategies

### **DCB Offers Wide Range of Products**



# **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** 

# DCB Offers Wide Range of Products



# 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

### DCB has Innovative and Unique Offers



- 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
- "DCB Elite" bespoke account numbers for Current Accounts and Saving Accounts



Background
Branch and ATM Networks
Products and Services

# **Shareholding Pattern**

Financial Highlights Key Strategies

# Share Holding Pattern as on June 30, 2010

DC	D
UU	D

	Share Capital		Rs. 200.07 Cr	,	
	Shareholder's Ed	quity	Rs. 595.97 Cr		
	<b>Book Value Per</b>	Share		Rs. 26.87	7
	Share Price			Rs. *45.90 per share	
	Market Capital a	pproximate	ely	Rs. 918.31 Cr	
Categories		0/0	Major Shareholders		0/0
Promoters		23.09	AKFED & Platinum Jubilee Inve (Promoter and Promoter Group)		23.09
Bodies Corp	porate	19.98	AL Bateen Investment Co L.L.C.		3.69
Foreign Ho Promoters)	Foreign Holding (Other than Promoters)		TATA Capital Ltd.		3.29
Domestic Ir	nstitutions	3.37	DCB Investments Ltd. (SVG Cap	oital)	2.65
	mestic Holders	39.60	Housing Development Finance Corporation Ltd.		2.02
	aring Members (2.42%),		Copthall Mauritius Investment	Ltd.	1.62
holding norma	al share capital up to Rs	. 0.1 Mn	ICICI Prudential Life Insurance Company Ltd.		1.51
(approximately (approximately	y 29.32%) and above Rs. y 7.86%)	. 0.1Mn	Khattar Holdings Pvt. Ltd.		1.49
(upproximately 10070)		India Capital Opportunities 1 Ltd.		1.41	
BSE (code 532772) and NSE (code DCB)		Religare Securities Ltd.		1.36	
*NSE closing as on June 30, 2010		Edelweiss Securities Ltd.	1.14		
			Other (s)		56.73
Private & Confu	dential				100.00



Background

**Branch and ATM Network** 

**Products and Services** 

**Shareholding Pattern** 

Financial Highlights

**Key Strategies** 

# Q1 FY 2011 - Highlights



- DCB Net Loss for Q1 FY 11 was **Rs. 2.9 Cr.** as against Q4 FY 10 Net Loss of **Rs. 8.2 Cr.** and Q1 FY 10 Net Loss **Rs. 35.3 Cr.**
- CASA book grew by **8.8**% as compared to last quarter. CASA ratio as on June 30, 2010 stands at **36.0**% as against **35.3**% as on March 31, 2010 and **33.5**% as on June 30, 2009
- Retail Deposits (Retail CASA and Retail Term Deposits) continued to show good results. Retail Deposits were at 80.4% of Total Deposits as on June 30, 2010 as against 81.5% as on March 31, 2010 and 78.7% as on June 30, 2009
- Net Advances grew to **Rs. 3,479 Cr.** as on June 30, 2010 from **Rs. 3,460 Cr.** as on March 31, 2010 and **Rs. 3,103 Cr.** as on June 30, 2009
- Balance Sheet as on June 30, 2010 was Rs. 6,373 Cr. as against Rs. 6,137 Cr. March 31, 2010 and Rs. 5,798 Cr. as on June 30, 2009
- Net Interest Margin was at 3.12% for Q1 FY 11 as against 3.27% for Q4 FY 10 as against 2.76% for Q1 FY 10
- Basel II Capital Adequacy Ratio (CAR) remained strong at **13.80**% as on June 30, 2010 with Tier I at **11.40**% and Tier II at **2.40**%. Under Basel I CAR was **14.71**% as on March 31, 2010

# Pursuing growth in chosen area



(Rs. in Cr.)	March 31, 2009	March 31, 2010	June 30, 2010	Variance Q-O-Q
CASA	1,438	1,691	1,840	+149
Retail Term Deposits	1,813	2,306	2,403	+97
Home Loans	263	412	472	+60
SME + Micro SME	448	600	628	+28
*AMRB	571	858	814	-44
Corporate Banking	933	1,110	1,194	+84

# Financials

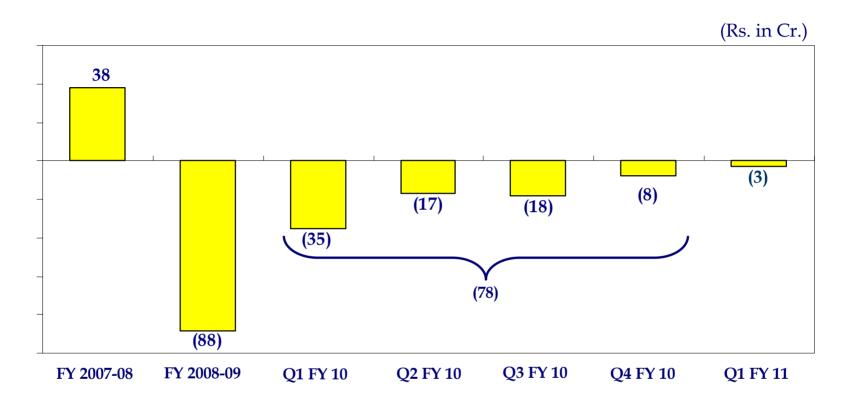


(Rs. in Cr.)

Profit & Loss	FY 2008-09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	FY 2009-10	Q1 FY11
Net Interest Income	197	35	32	32	42	142	43
Other Income	120	23	34	26	25	107	30
Total Income	317	58	66	58	67	249	73
Operating Expenses	(242)	(52)	(50)	(51)	(48)	(201)	(51)
Operating Profit	75	6	16	8	19	48	22
Total Provisions	(163)	(41)	(33)	(26)	(27)	(126)	(25)
PAT	(88)	(35)	(17)	(18)	(8)	(78)	(3)

Balance Sheet	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010
Advances	3,274	3,103	2,963	3,139	3,460	3,479
Investments	1,622	1,929	1,909	1,701	2,018	2,006
Shareholder's Equity	596	563	547	607	599	596
Deposits	4,647	4,571	4,503	4,482	4,787	5,115
Total Assets	5,943	5,798	5,591	5,702	6,137	6,373
Gross NPA Ratio	8.4%	10.5%	11.2%	11.0%	8.7%	8.5%
Net NPA Ratio	3.9%	4.9%	4.7%	4.3%	3.1%	2.5%
Coverage Ratio	56.2%	55.7%	61.1%	63.4%	70.0%	75.2%



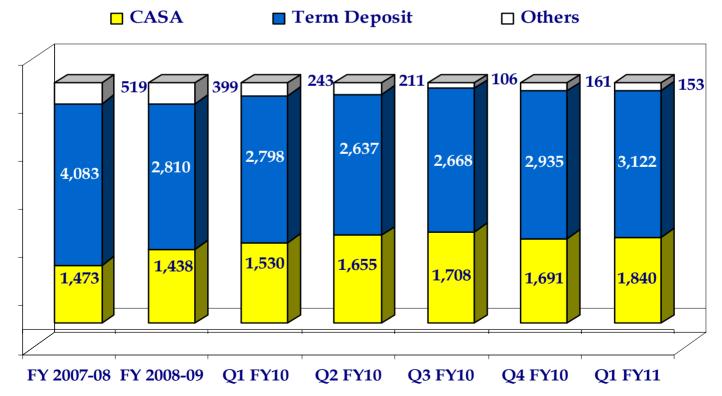


# Retail Deposits Contributes 80.4% of Total Deposits



(Rs. in Cr.)

	March 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010
<b>Total Deposits</b>	6,075	4,647	4,571	4,503	4,482	4,787	5,115
Retail Deposits/ Total Deposits	53.0%	67.9%	78.7%	82.6%	83.9%	81.5%	80.4%
CASA Ratio	24.2%	30.9%	33.5%	36.8%	38.1%	35.3%	36.0%



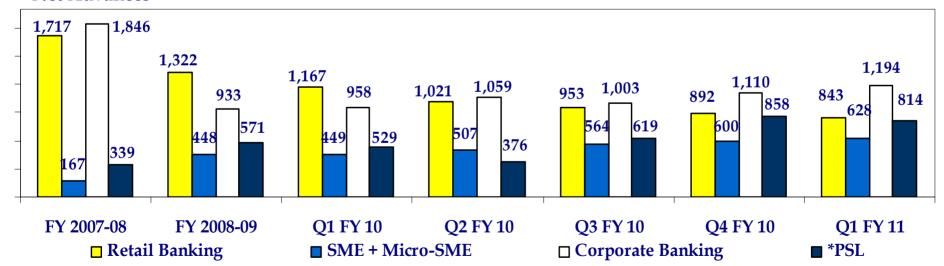
# Advances



(Rs. in Cr.)

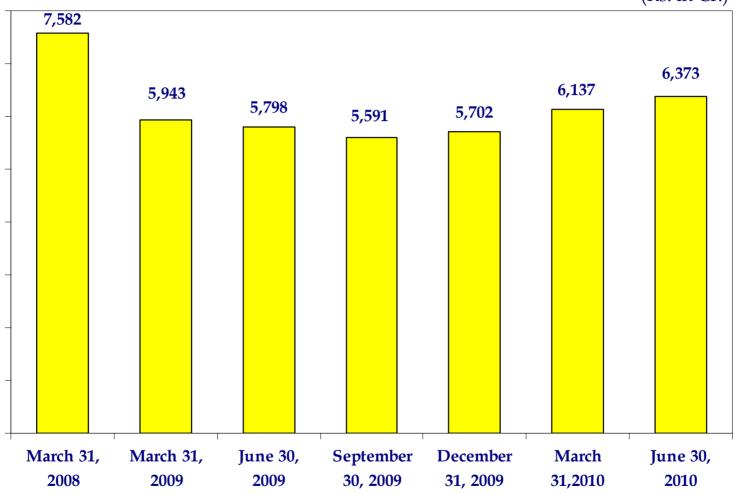
	March 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010
Gross Advances	4,255	3,437	3,297	3,182	3,376	3,673	3,706
Net Advances	4,069	3,274	3,103	2,963	3,139	3,460	3,479
Yield on Advances	13.3%	13.6%	12.4%	11.9%	11.5%	11.3%	10.9%

#### **Net Advances**





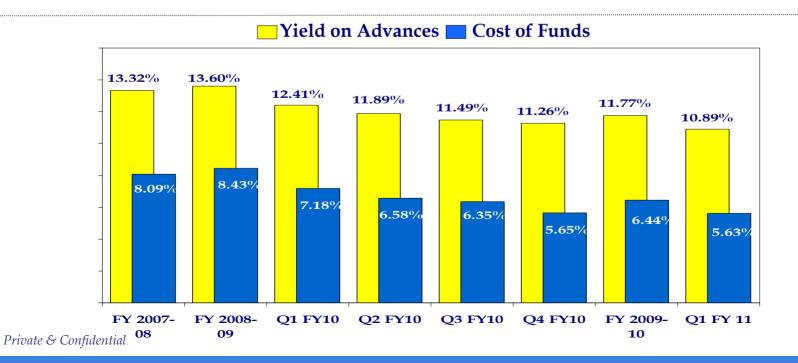




# Improvement in NIM, Yield on Advances and Cost of Funds





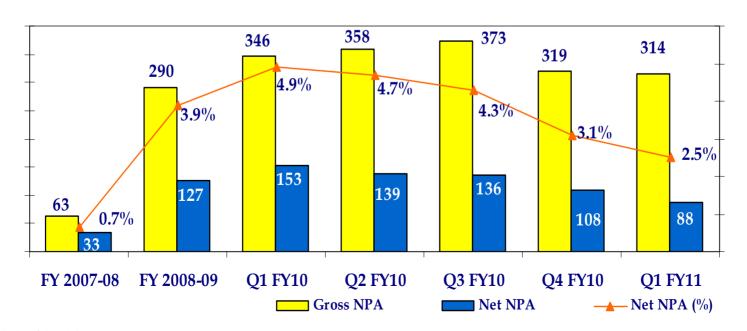


# **Strong Provision Coverage**



(Rs. in Cr.)

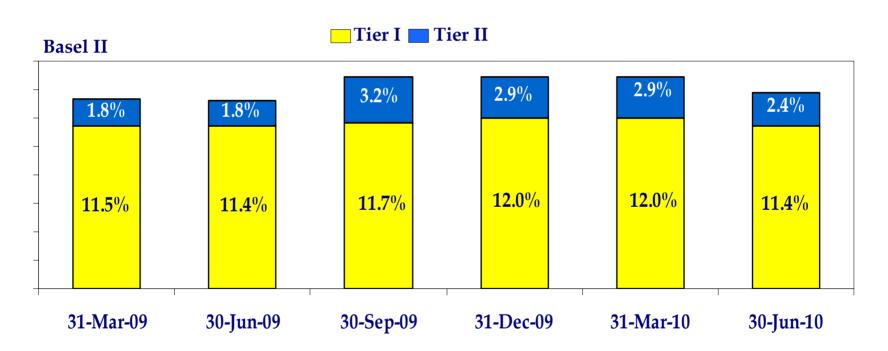
	FY 2007-08	FY 2008-09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11
PAN Bank NPA Coverage Ratio	48.4%	56.2%	55.8%	61.1%	63.4%	70.0%	75.2%
Unsecured *PL NPA Coverage Ratio	66.2%	82.5%	68.4%	68.9%	73.2%	82.5%	89.9%
Gross NPA	63	290	346	358	373	319	314
Net NPA	33	127	153	139	136	108	88



# Strong Capital Adequacy Ratio



	March 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010
Basel I	13.4%	13.4%	13.5%	15.9%	16.9%	15.4%	<b>14.7</b> %
Basel II	-	13.3%	13.2%	14.9%	14.9%	14.9%	13.8%



DCB has following approval for raising capital in future

- Issue of Shares on Rights basis not exceeding Rs. 200 Cr.
- Issue of QIP not exceeding Rs. 150 Cr.

# Treasury



(Rs. in Cr.)

As at June 30, 2010	Total Amount
SLR Investments	1,579
Non-SLR Investments	427
Total	2,006
HTM	1,759
AFS	202
HFT	45
Total	2,006



Background
Branch and ATM Network
Products and Services
Shareholding Pattern
Financial Highlights

**Key Strategies** 

# **Business Strategy**



- 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)

### Disclaimer



This presentation has been prepared by Development Credit Bank Limited (the "Bank") solely for your information and for your use and may not be taken away, reproduced, redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organization or firm) or published in whole or in part, for any purpose. By attending this presentation, you are agreeing to be bound by the foregoing restrictions and to maintain absolute confidentiality regarding the information disclosed in these materials.

The information contained in this presentation does not constitute or form any part of any offer, invitation or recommendation to purchase or subscribe for any securities in any jurisdiction, and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction. The information contained in these materials has not been independently verified. No representation or warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in these materials. Any forward-looking statements in this presentation are subject to risks and uncertainties that could cause actual results to differ materially from those that may be inferred to being expressed in, or implied by, such statements. Such forward-looking statements are not indicative or guarantees of future performance. Any forward-looking statements, projections and industry data made by third parties included in this presentation are not adopted by the Bank and the Bank is not responsible for such third party statements and projections. This presentation may not be all inclusive and may not contain all of the information that you may consider material. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed. Neither the Bank nor any of its affiliates, advisers or representatives accepts liability whatsoever for any loss howsoever arising from any information presented or contained in these materials.

THIS PRESENTATION IS NOT AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ELSEWHERE.



# Thank you