

Development Credit Bank Limited

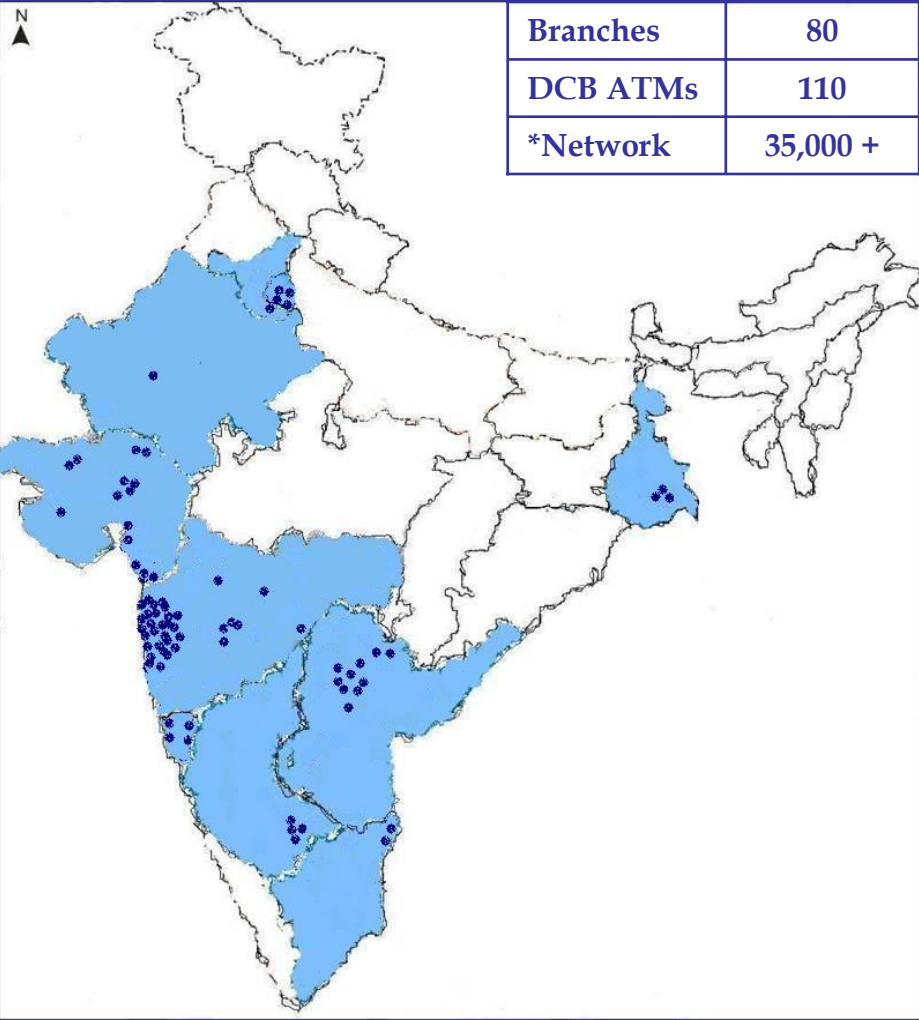
Investor Presentation – Q3 FY10 **February 2010**

- 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 the 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 partners 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
- DCB has a strong management team and Board with Mr. Nasser Munjee as 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.





*DCB has 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)

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 Loan @ 7.95% p.a.** (fixed rate for the first year)
- **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

| | |
|---|---------------------|
| Share Capital (as on December 31, 2009) | Rs. 199.9 Cr. |
| Shareholder's Equity (as on December 31, 2009) | Rs. 607.3 Cr. |
| Book Value Per Share (as on December 31, 2009) | Rs. 27.43 |
| Share Price (as on January 31, 2010) | Rs. 35.95 per share |
| Market Capital approximately (as on January 31, 2010) | Rs. 718.73 Cr. |

| Categories (as on January 29, 2010) | % |
|-------------------------------------|-------|
| Promoters | 23.11 |
| Bodies Corporate | 17.87 |
| Foreign Holding | 12.64 |
| Domestic Institutions | 9.26 |
| *Other Domestic Holders | 37.12 |

*Includes Clearing Members (2.97%), Shareholders holding normal share capital up to Rs. 0.1 Mn (approximately 27.65%) and above Rs. 0.1Mn (approximately 6.50%)

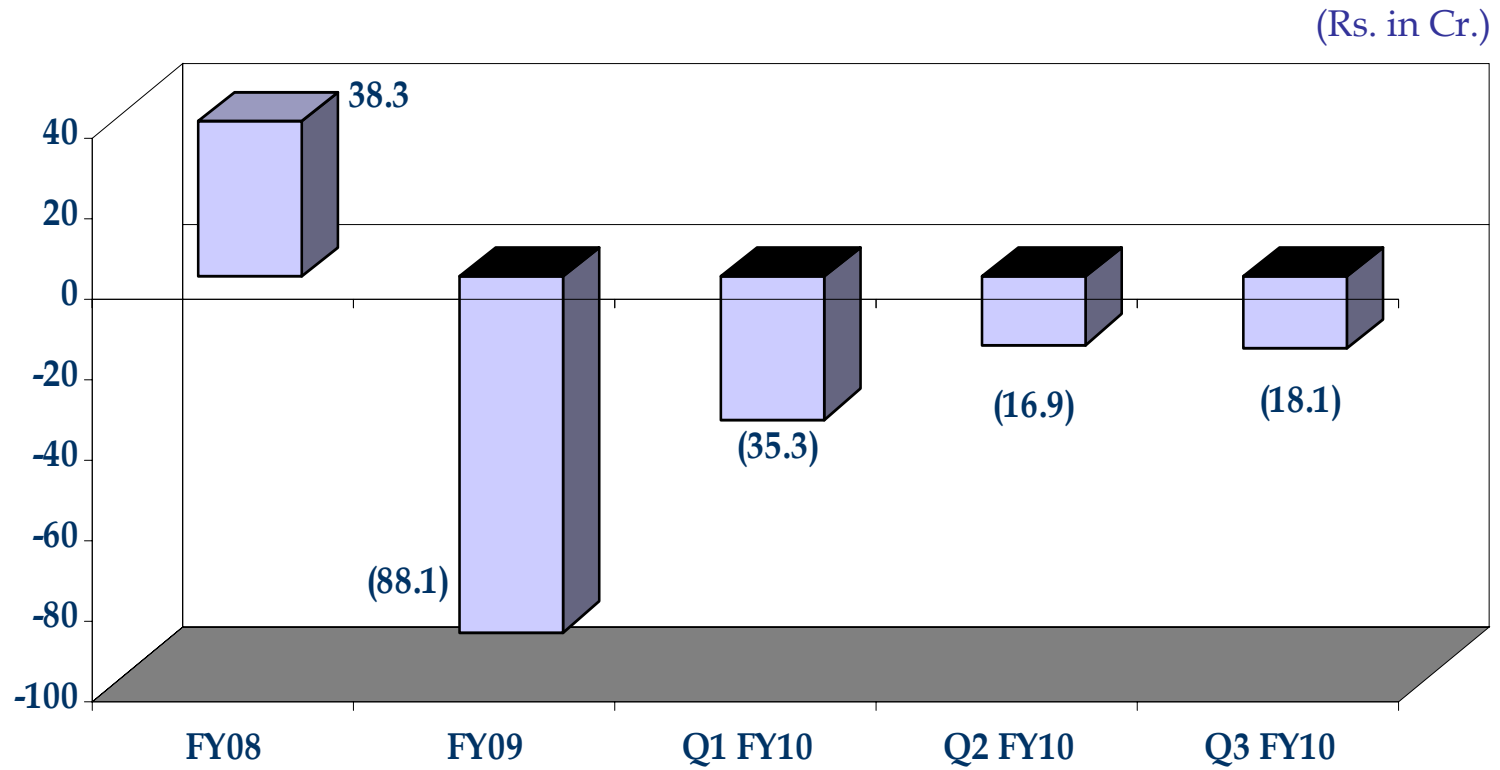
BSE (code 532772) and NSE (code DCB)

| Major Shareholders (as on January 29, 2010) | % |
|---|--------|
| AKFED & Platinum Jubilee Investments Ltd. (Promoter and Promoter Group) | 23.11 |
| AL Bateen Investment Co. L.L.C. | 3.69 |
| TATA Capital Limited | 3.29 |
| Bajaj Allianz Life Insurance Company Ltd. | 3.16 |
| ICICI Prudential Life Insurance Company Ltd. | 2.93 |
| DCB Investments Ltd. (SVG Capital) | 2.65 |
| Birla Sun Life Insurance Company Ltd. | 2.24 |
| Housing Development Finance Corporation Ltd. | 2.02 |
| Khattar Holdings Private Limited | 1.49 |
| India Capital Opportunities 1 Ltd. | 1.41 |
| Other(s) | 54.01 |
| | 100.00 |

- Retail Deposits (Retail CASA + Retail Term) continued to grow, stands at 83.9% of Total Deposits
- CASA book grew by 3% for the quarter and 19% for the nine months ended December 31, 2009. CASA ratio at 38.1%
- Asset growth was strong for the last quarter. Net Advances increased to Rs. 3,139 Cr. from Rs. 2,963 Cr.
- Net Interest Margin improved to 2.61% for Q3 FY 10 as against 2.51% for Q2 FY 10
- In August, 2009 DCB issued lower Tier II subordinated bonds (Series – IV) in the nature of promissory notes aggregating Rs. 65 Cr.
- DCB raised Rs. 81 Cr. Tier I capital that has helped to strengthen Balance Sheet and facilitate growth. Capital Adequacy Ratio (CAR) is strong. Tier I at 13.6% and Tier II CAR at 3.3%

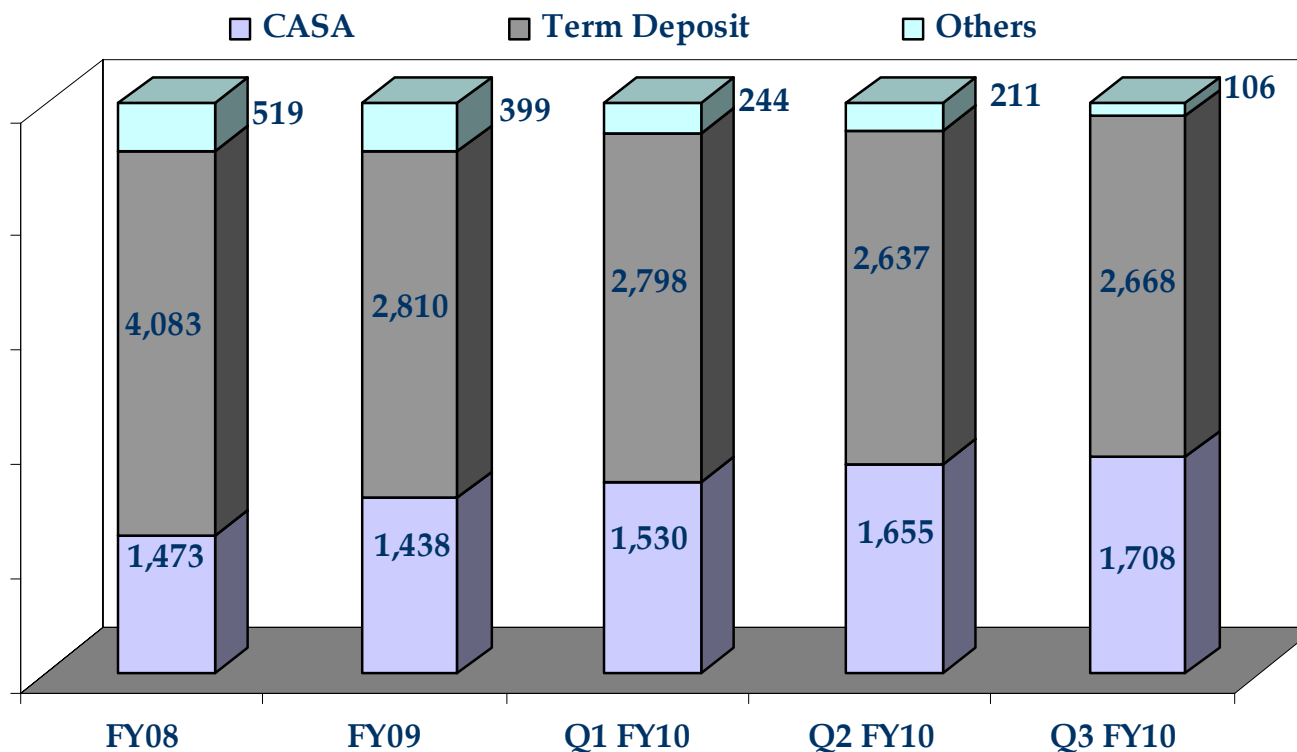
| Profit & Loss 2009-10 (Rs. in Cr.) | FY 09 | Q1 FY10 | Q2 FY10 | Q3 FY10 | YTD FY 10 |
|------------------------------------|-------|---------|---------|---------|-----------|
| Net Interest Income | 197 | 35 | 31 | 33 | 99 |
| Other Income | 120 | 23 | 34 | 26 | 83 |
| Total Income | 317 | 58 | 66 | 58 | 182 |
| Operating Expenses | (242) | (52) | (50) | (51) | (153) |
| Operating Profit | 75 | 6 | 16 | 8 | 29 |
| Total Provisions | (162) | (40) | (32) | (25) | (97) |
| PAT | (88) | (35) | (17) | (18) | (70) |

| Balance Sheet 2009-10 (Rs. in Cr.) | FY 09 | Q1 FY10 | Q2 FY10 | Q3 FY10 |
|------------------------------------|-------|---------|---------|---------|
| Advances | 3,274 | 3,105 | 2,963 | 3,139 |
| Investments | 1,622 | 1,929 | 1,909 | 1,701 |
| Shareholder's Equity | 596 | 563 | 547 | 607 |
| Deposits | 4,647 | 4,571 | 4,503 | 4,482 |
| Total Assets | 5,943 | 5,799 | 5,591 | 5,702 |
| Gross NPA Ratio | 8.4% | 10.9% | 11.2% | 11.1% |
| Net NPA Ratio | 3.9% | 5.0% | 4.7% | 4.4% |
| Coverage Ratio | 53.4% | 52.8% | 61.3% | 63.4% |



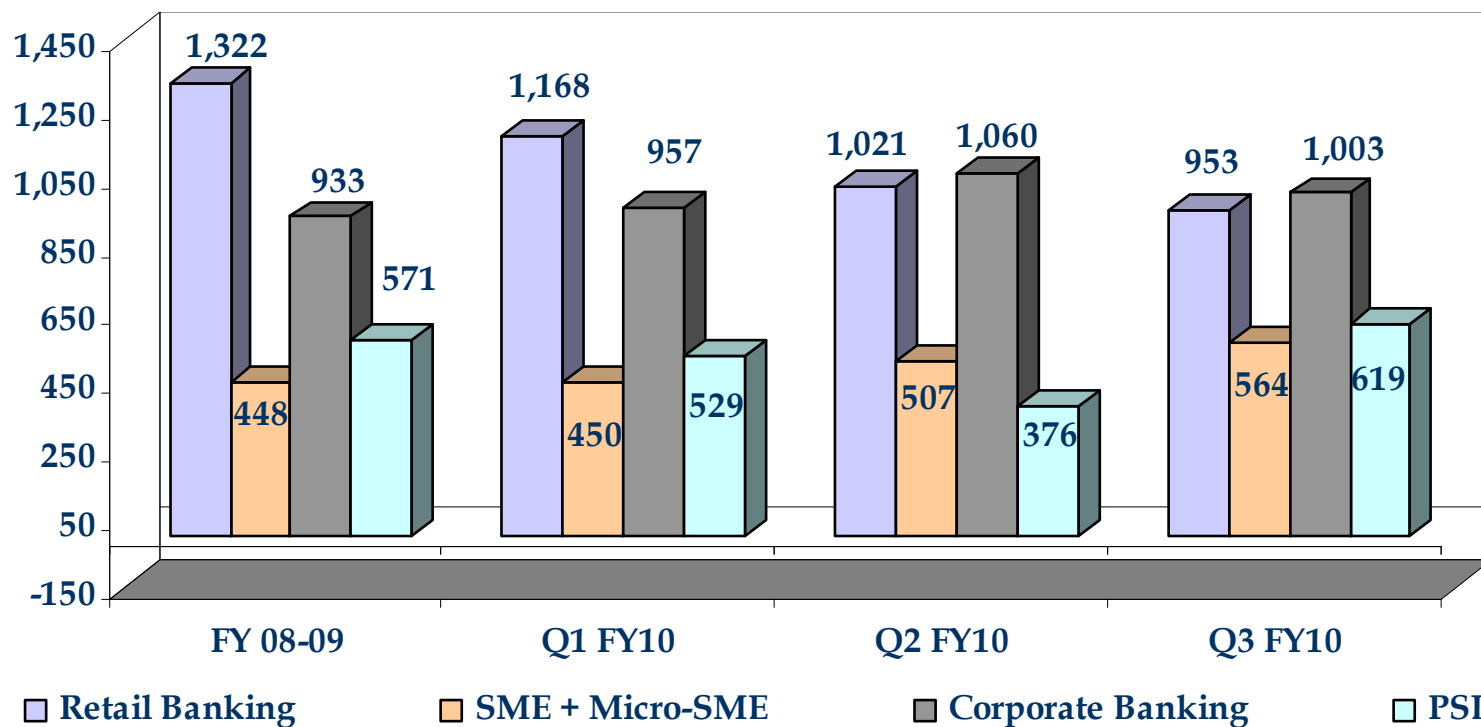
(Rs. in Cr.)

| | FY08 | FY09 | Q1 FY10 | Q2 FY10 | Q3 FY10 |
|---|-------|-------|---------|---------|---------|
| Total Deposits | 6,075 | 4,647 | 4,571 | 4,503 | 4,482 |
| Retail Deposits / Total Deposits | 51.9% | 67.5% | 78.8% | 81.3% | 83.9% |
| CASA Ratio | 24.2% | 30.9% | 33.5% | 36.8% | 38.1% |



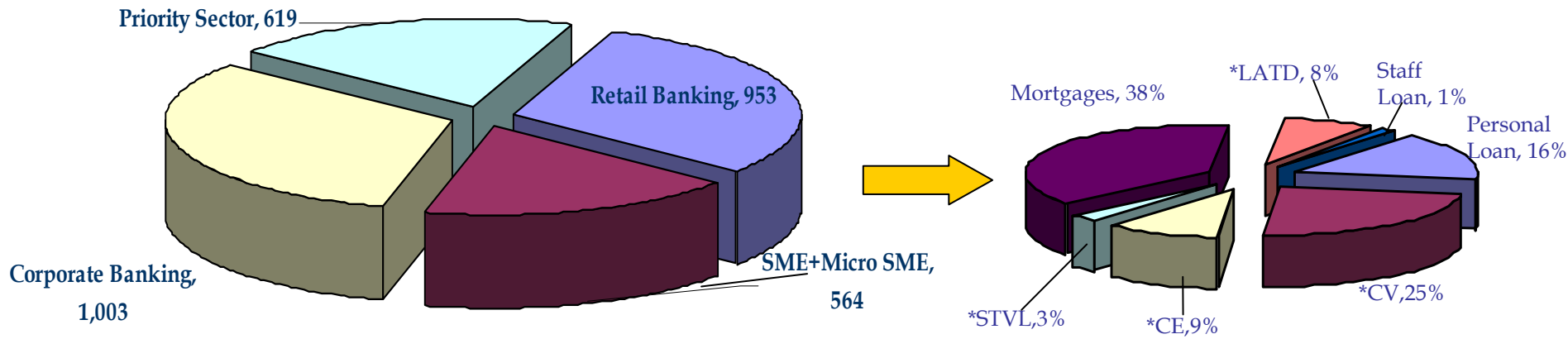
(Rs. in Cr.)

| | FY08 | FY09 | Q1 FY10 | Q2 FY10 | Q3 FY10 |
|-------------------|-------|-------|---------|---------|---------|
| Gross Advances | 4,255 | 3,437 | 3,352 | 3,182 | 3,376 |
| Net Advances | 4,069 | 3,274 | 3,105 | 2,963 | 3,139 |
| Yield on Advances | 13.3% | 13.6% | 11.7% | 12.8% | 12.0% |



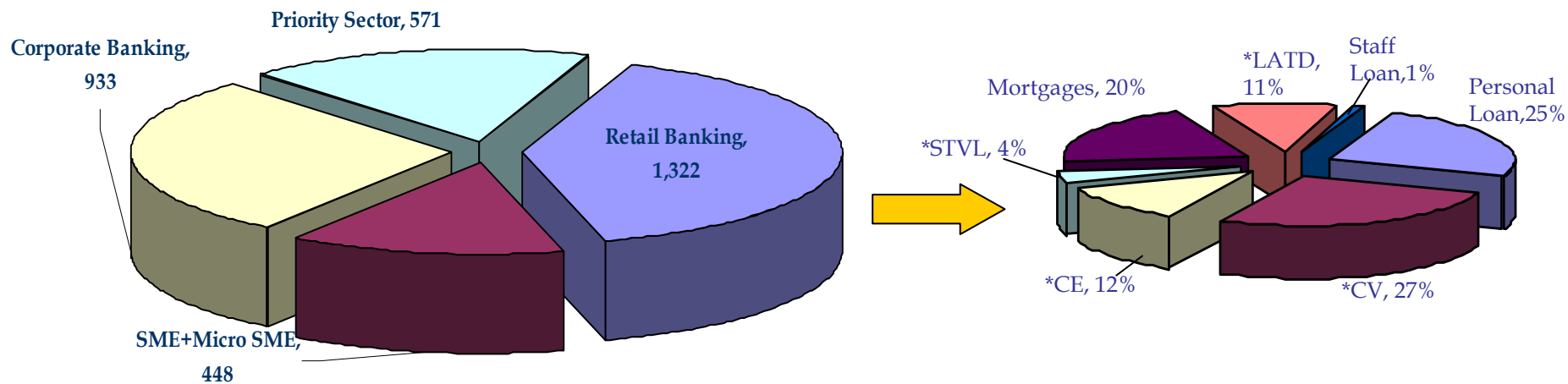
(Rs. in Cr.) Net Advances - December 31, 2009

Retail Banking - December 31, 2009

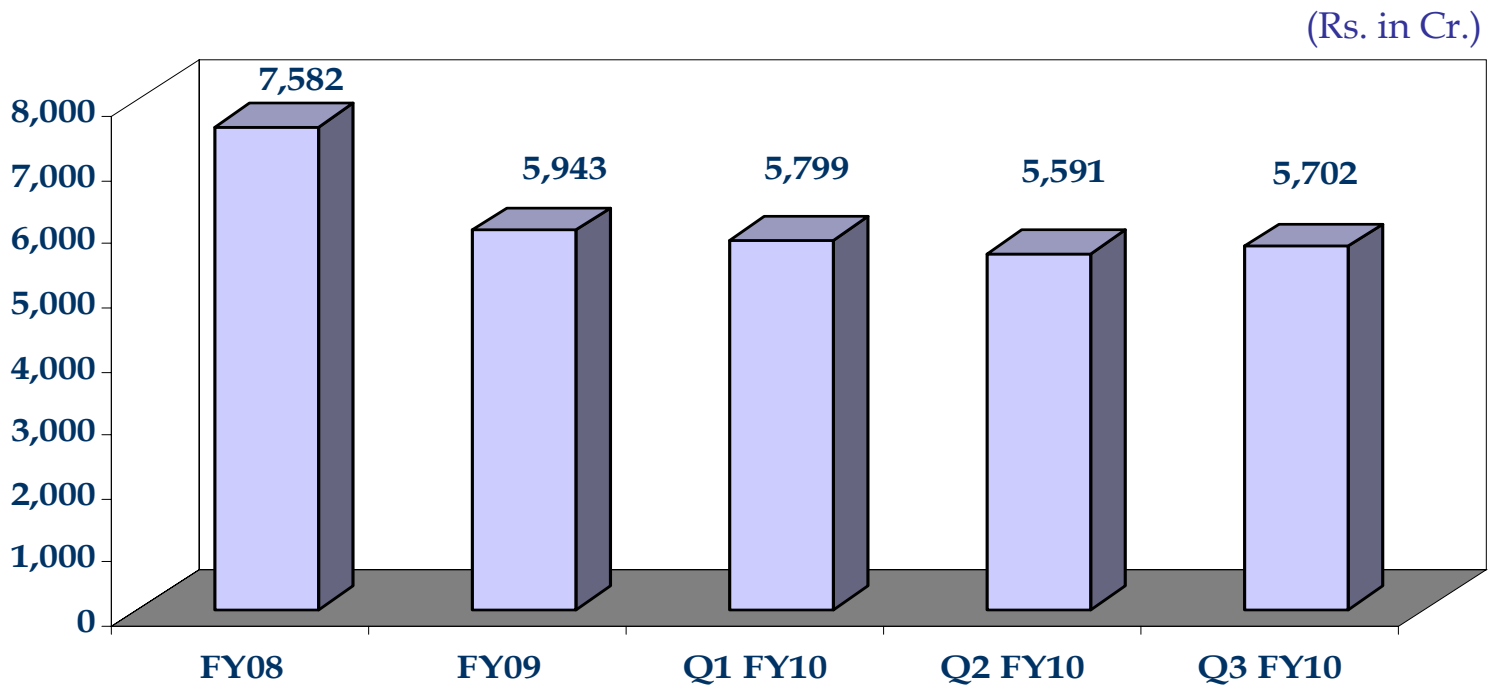


Net Advances - March 31, 2009

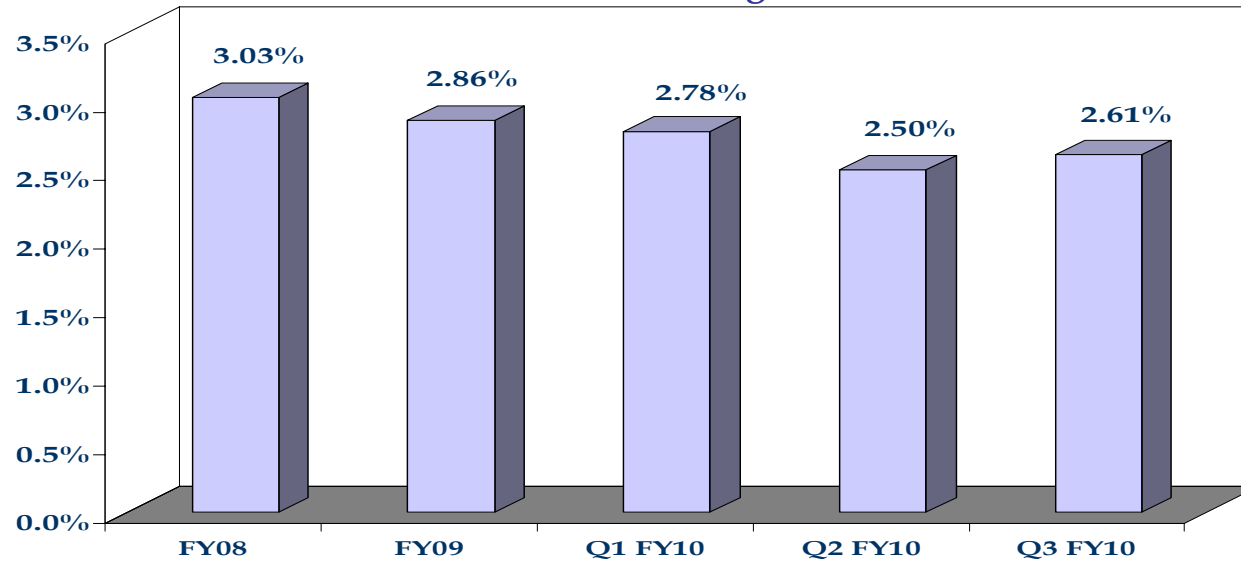
Retail Banking - March 31, 2009



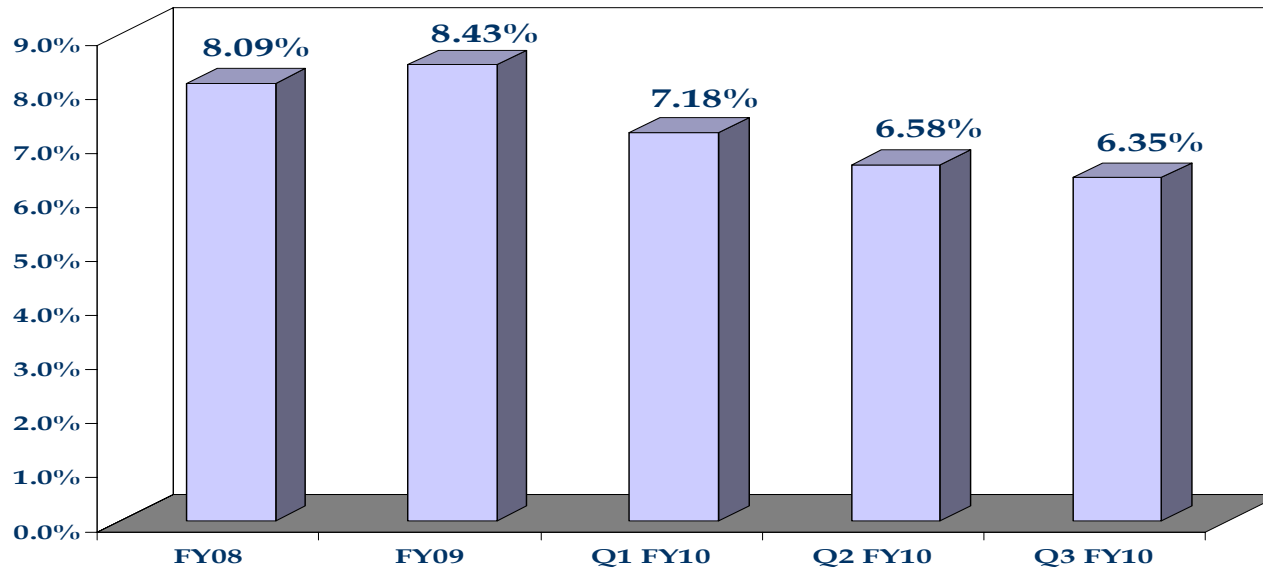
*CV - Commercial Vehicle, *CE - Construction Equipment *STVF - Small Ticket Vehicle Finance, *LATD - Loan Against Term Deposit



Net Interest Margin

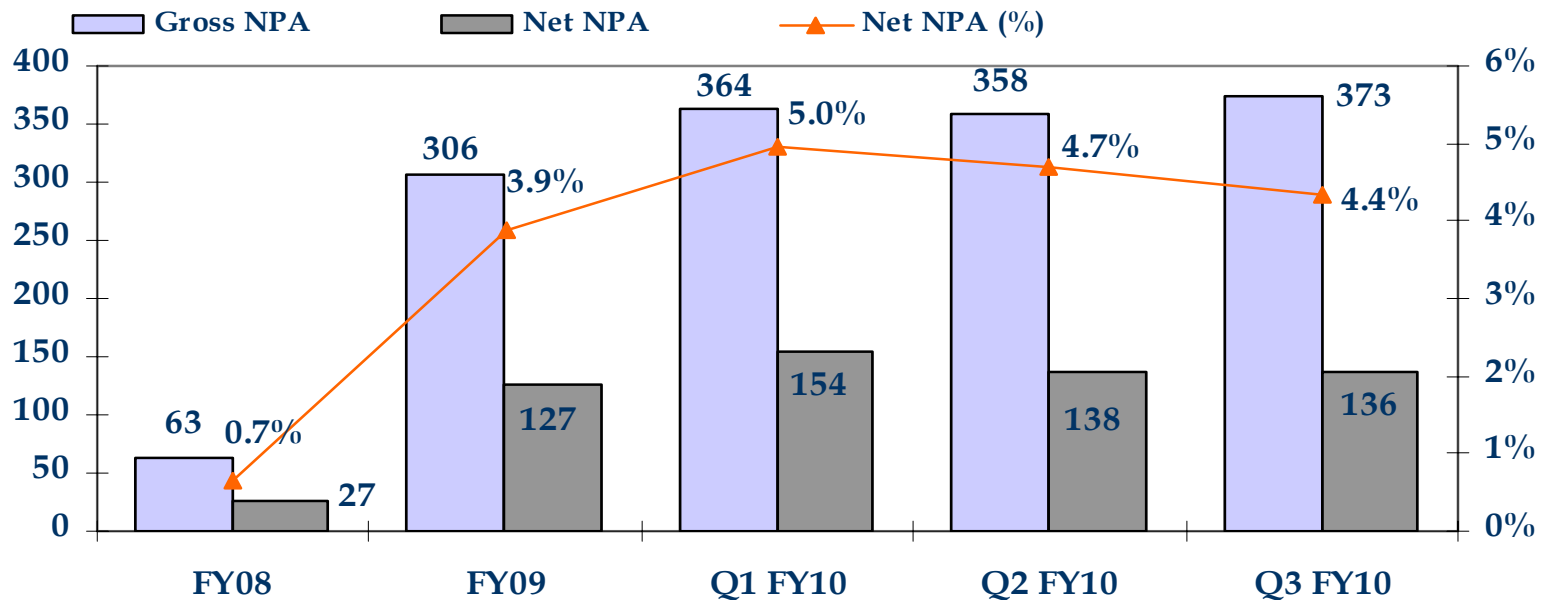


Cost of Funds

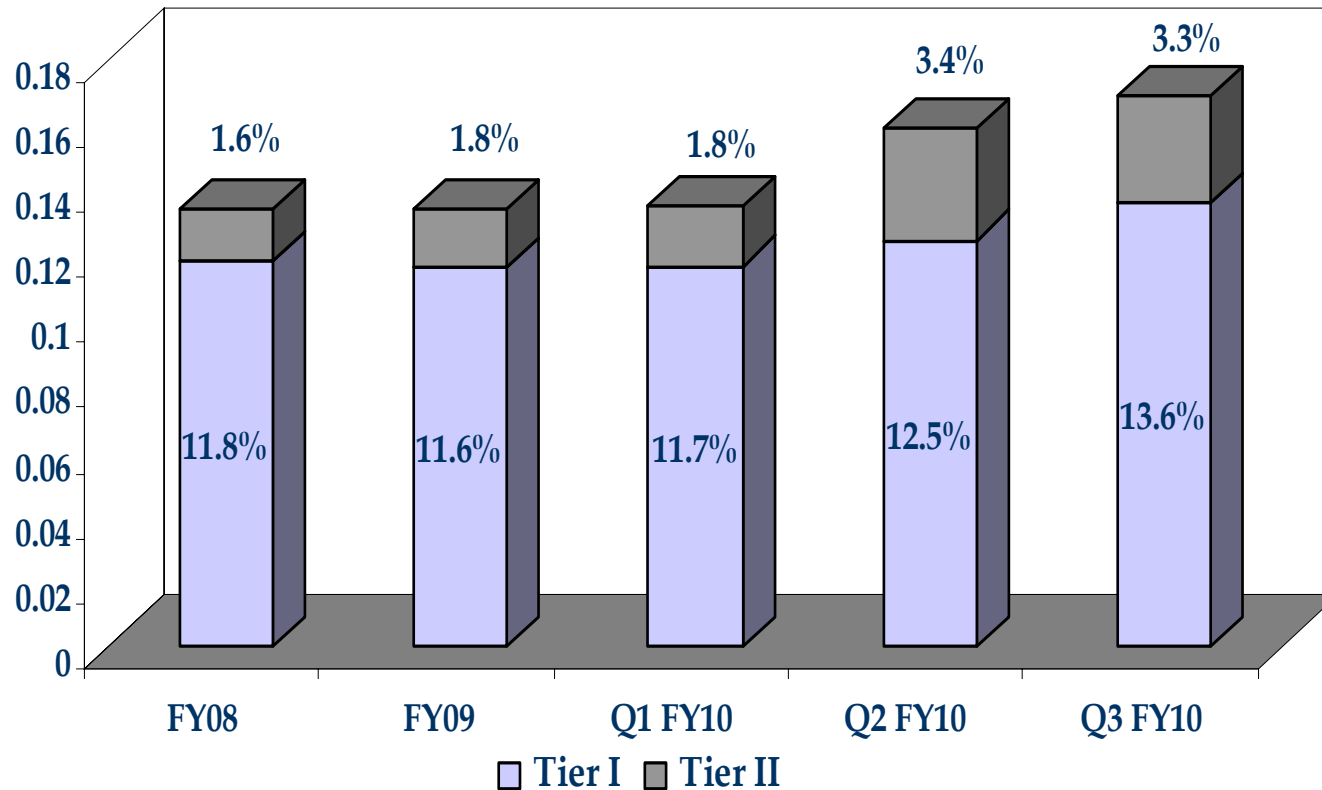


(Rs. in Cr.)

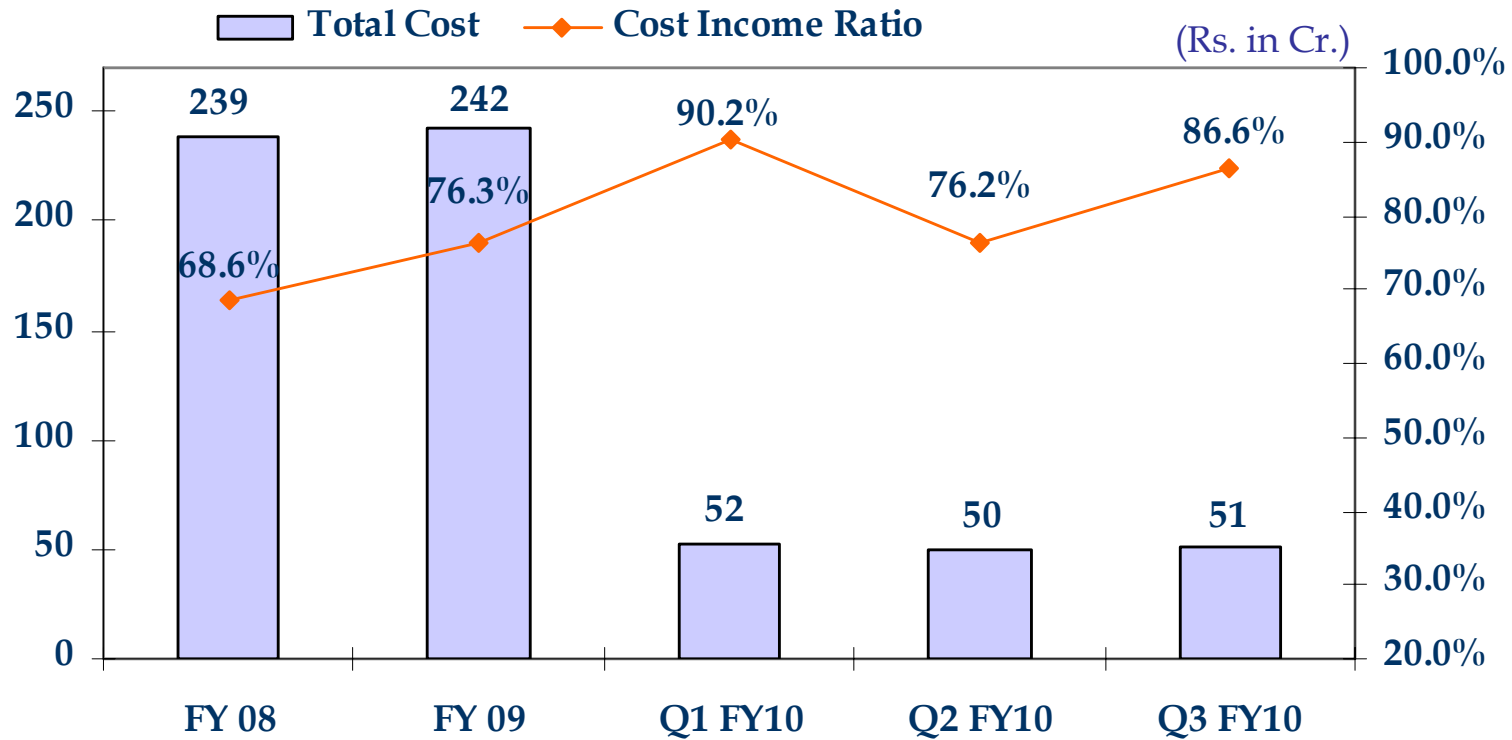
| | FY 08 | FY09 | Q1 FY10 | Q2 FY10 | Q3 FY10 |
|--|--------------|--------------|--------------|--------------|--------------|
| Pan Bank NPA Coverage Ratio | 48.4% | 53.4% | 52.8% | 61.3% | 63.4% |
| Unsecured PL NPA Coverage Ratio | 66.2% | 76.4% | 64.4% | 68.9% | 73.3% |



| | FY 08 | FY09 | Q1 FY10 | Q2 FY10 | Q3 FY10 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Capital Adequacy Ratio | 13.4% | 13.4% | 13.5% | 15.9% | 16.9% |

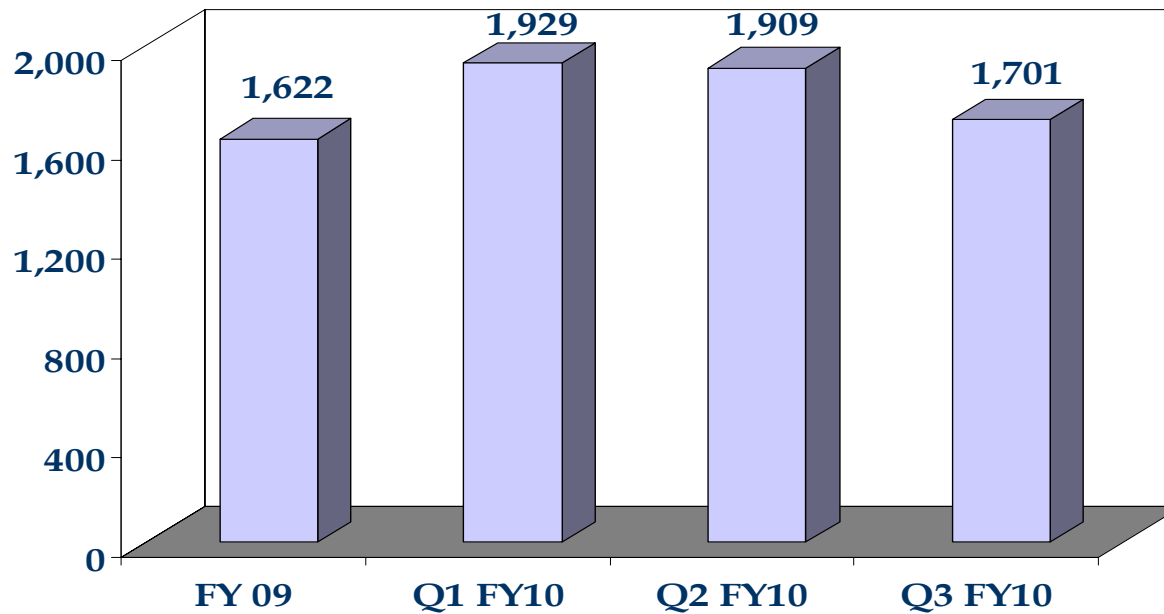


Tier I Capital enhanced by Rs. 81 Cr. through QIP to strengthen Balance Sheet and enable asset growth



| As at December 31, 2009 (Rs. in Cr.) | Total Amount |
|--------------------------------------|----------------|
| SLR Investments | 1,351.6 |
| Non-SLR Investments | 349.6 |
| Total | 1,701.1 |
| HTM | 1,369.4 |
| AFS | 326.0 |
| HFT | 5.7 |
| Total | 1,701.1 |

Total Investments



- 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 Cost / Income Ratio

- Stringent mechanism for managing Credit and Operational risk

- Continuously improve People quality and Service 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 Cost
- Discipline in execution (Strategy / Credit / Operations / Cost)

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