

Investor Presentation – Q3 FY 2011

January 2011

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Development Credit Bank – Overview

Recent Events

Business Strategy & Financials

Annexure

DCB – at a glance

- Development Credit Bank Ltd (DCB) <http://www.dcbi.com> is a modern emerging new generation private sector bank. Present since 1930s, DCB is the only co-operative bank in India to have been converted into a private sector commercial bank in 1995
- Distribution network of 80 branches across 28 cities and 125 ATMs (as on December 31, 2010)

Comprehensive product range & scalable infrastructure

- Business model focused on achieving a balance between Retail, Micro SME (MSME), SME, Agri/Microfinance and mid-Corporate
- Comprehensive range of banking products across all businesses
- Modern systems and infrastructure to support growth- Finacle, FinnOne, CMS, Internet and Mobile banking

Traditional loyal customer base

- Traditional sticky customer base helped by presence of branch network in select areas of Maharashtra, Gujarat & AP
- Provides DCB access to low cost deposits

Continued focus on building low cost franchise

- Continued focus on building a low cost deposit franchise with strong capital position
- CASA of 33.10% and CRAR of 13.39% under Basel II (as on December 31, 2010)

Steady improvement in credit ratings

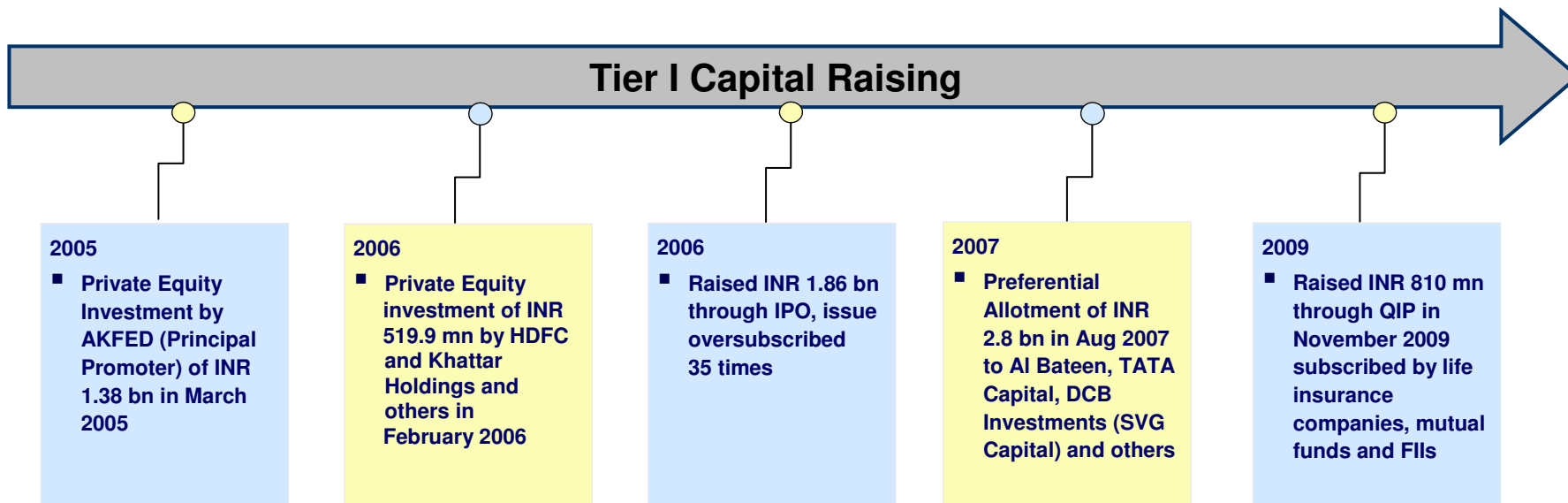
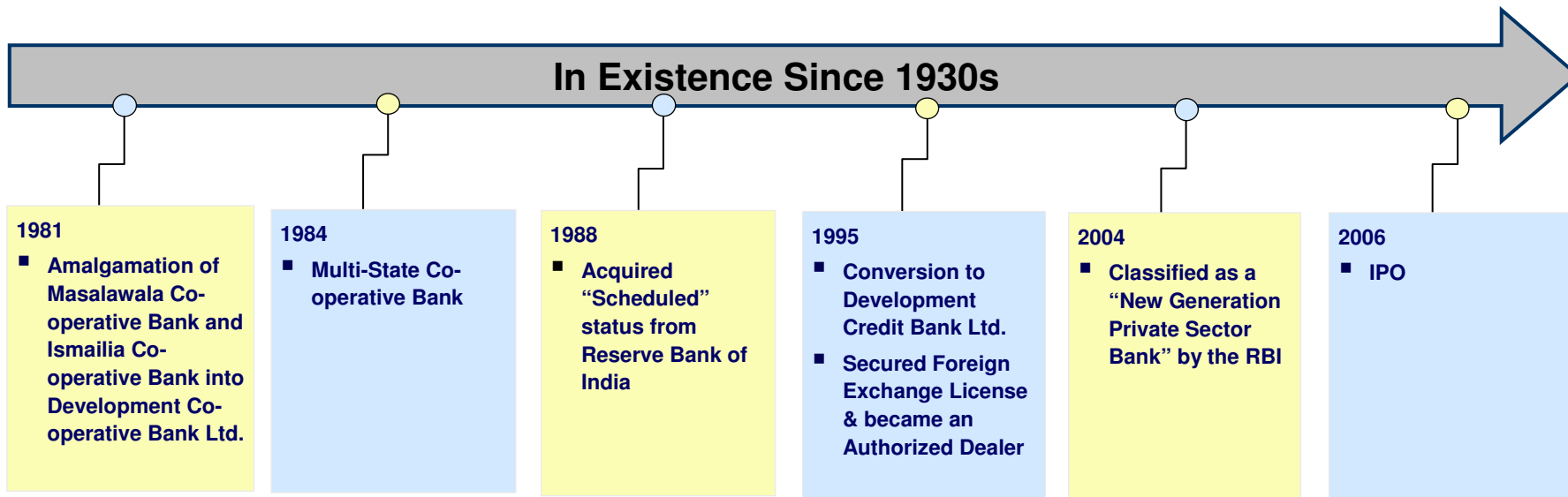
- Rating agencies have upgraded the rating guidelines for DCB
- Crisil rating (Long term): BBB + / Stable, Crisil rating (Short term): P1 and Fitch rating: BBB / Stable

Robust Promoter background

- DCB's promoter, Aga Khan Fund for Economic Development (AKFED) <http://www.akdn.org/akfed> is present in 16 countries employing over 30,000 people
- Promoter group holds 23.08% stake in DCB (as on December 31, 2010)

Pedigreed board and experienced Management team

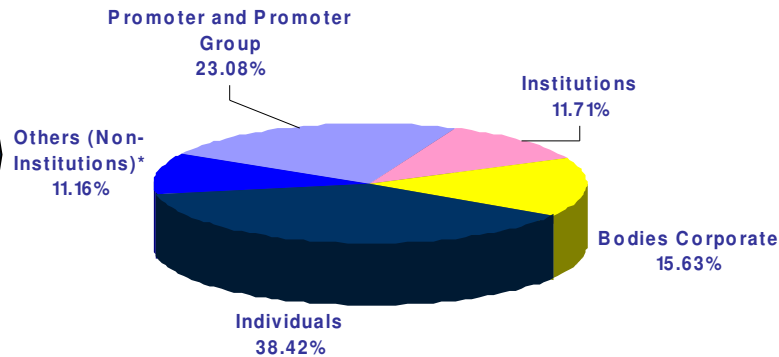
- Nasser Munjee, Chairman: Ex- Executive Director – HDFC, instrumental in setting up IDFC & sits on the boards of many large Indian companies
- Murali M. Natrajan, MD & CEO: worked in Standard Chartered Bank (Global Head – SME Banking), Citibank, American Express; strong Retail & SME experience in India & abroad



Shareholding Pattern (December 31, 2010)



Shareholding Pattern



*Includes Clearing Members (1.91%), Non Resident Indians (2.89%), Foreign Corporate Bodies (6.34%), Directors and their relatives

Key non-promoter shareholders

- Al Bateen Investment Co LLC: 3.69%
- Tata Capital Ltd: 3.29%
- DCB Investments Ltd. (SVG Capital): 2.65%
- The India Fund, INC: 2.31%
- HDFC Ltd: 2.02%
- Satpal Khattar: 1.62%
- Sundaram BNP Paribas Mutual Fund: 1.47%
- ICICI Prudential Life Insurance Co Ltd: 1.42%
- Macquarie Bank Ltd.: 1.17%



Aga Khan Fund for Economic Development

Principal Promoter

- 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
- AKFED operates as a network of affiliates with more than 90 separate project companies employing over 30,000 people. The Fund is active in 16 countries in the developing world

Nasser Munjee

Non- Executive Chairman

Ex- Executive Director – HDFC, instrumental in setting up IDFC. Sits on 15 corporate Boards in India including HDFC, Tata Motors etc

Murali M. Natrajan

Managing Director & CEO

Standard Chartered Bank, Citibank, American Express – *27 yrs exp.

Sukh Dev Nayyar

Associated with ANZ Grindlays Bank plc for over 30 yrs. Last assignment with Grindlays as Head - Corporate Banking & Investment Banking, India

Independent Director on the boards of Diamond Trust Bank Kenya and Greaves Cotton

Amir Sabuwala

Specializes in Small Scale Industries. Set up several small-scale industries over the past 32 years which include - Premier Chemicals, Asian Industries, Life Technologies, etc

Suhail Nathani

Founder Partner of Economic Laws Practice, a law firm. Serves as an Independent Director on the Board of Phoenix Mills, India Advisory Board of Duke University etc.

Board of Directors

DCB | DEVELOPMENT
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Darius Udwadia

Solicitor & Advocate of the Bombay High Court and Solicitor of the Supreme Court of England and Wales. Founder Partner of Udwadia & Udeshi. Independent Director on the Boards of several corporate entities

Shabir Kassam

Certified Public Accountant from Australia and a Fellow of the Association of Chartered Accountants, United Kingdom. Banking consultant for the last eight years

Narayan Seshadri

Specialization in the field of agriculture, SSI & Rural economy. Corporate consultant and is on the Board of a number of companies

Rajab Momin

Bachelor of Commerce and Fellow of Institute of Chartered Accountants of India. Experience in the field of accounting and audit

Nasim Devji

Fellow of the Institute of Chartered Accountants of England & Wales (FCA). Currently working as Managing Director of Diamond Trust Bank Kenya & Group CEO of Diamond Trust Banks in East Africa

Bharat Sampat

Chief Financial Officer

ABN Amro Bank, Standard Chartered Bank, ANZ Banking Group, Hoechst India – *25 yrs exp.

Murali M. Natrajan

Managing Director & CEO

Standard Chartered Bank, Citibank, American Express – *27 yrs exp.

Praveen Kutty

Head- Retail, SME Banking

Citibank – *19 yrs exp.

R. Venkatesh

Head - HR, IT & Operations

Standard Chartered Bank, ANZ Grindlays Bank, Hindustan Petroleum – 20 yrs exp.

Anoop Prabhakar

Head - Corporate Banking

State Bank of India – * 33 yrs exp.

Rajesh Verma

Head - Treasury

State Bank of India – *31 yrs exp.

Management

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J. K Vishwanath

Chief Credit Officer

Fullerton India, Citigroup and Eicher Group – 17 yrs exp.

Abhijit Bose

Head – Retail Assets

Standard Chartered Bank, Citibank, Eldeco Housing Industries and GIC Housing – *18 yrs exp.

Sridhar Seshadri

Financial Controller

ICICI Bank, Syndicate Bank and State Bank of India – 28yrs exp.

Ravi Kumar

Chief Internal Auditor

Samba Financial Group, Ernst & Young – *13 yrs exp.

Gaurav Mehta

Head – Marketing, Corporate

Communication & Public Relations
HSBC India, Convergys, GE Capital and Taj Group of Hotels – 15 yrs exp.

Sachin Patange

Chief Compliance Officer

Reserve Bank of India – 20 yrs exp.

Manoj Joshi

Business Head – SME

ICICI Bank, Epcos Ferrites and Uniworth Group – 15 yrs exp.

Hemant Barve

Company Secretary

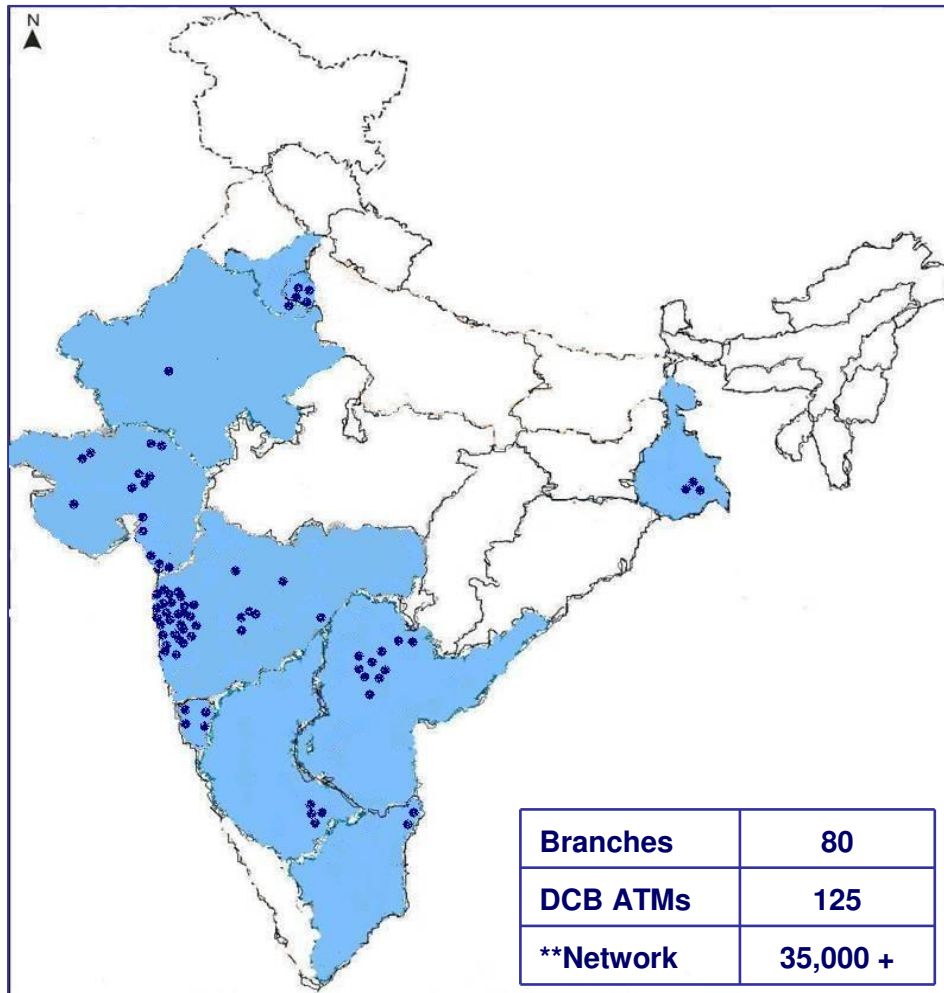
Ritchie Steuart Investments and Union Bank of India – 36 yrs exp.

Narendranath Mishra

Head - AMRB

ICICI Bank and Rallis India – 11 yrs exp.

Geographic Footprint *



* Branch locations as shown on the map are approximate may not represent the exact location

** Tie up with Euronet enables DCB customers to 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)

July-10:DCB received permission from RBI to open 2 new Rural/Semi-Urban branches at Netrang (Bharuch Distt.) & Mandvi (Surat Distt.) in Gujarat

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, NBFCs, 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

Treasury, NBFCs, Co-operative Banks

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

DCB offers a comprehensive range of products and services

*Offered to existing customers only ** DCB has tie up with HDFC Bank and Axis Bank to provide customers with cash management facilities at over 500 locations across india

*** Launched on trial basis

Development Credit Bank - Overview

Recent Events

Business Strategy & Financials

Annexure

Key challenges since mid 2008

- Increase in NPAs and provisions mainly on account of unsecured personal loans, commercial vehicle, construction equipment and a few corporate loans
- Decrease in size of balance sheet negatively impacting core income
- Cost structure created to support accelerated retail loans growth
- Rating downgrades impacting borrowing
- Top heavy organization
- Dependence on bulk deposits

Strategic initiatives / Actions

- Substantial reduction in unsecured personal loans, CV and CE portfolio
- Stabilization of NPAs through intensive collections and recovery efforts. Coverage ratio of 84.73% as on December 31, 2010
- Reduction in cost base
- Implementation of new business strategy resulting in steady balance sheet growth
- Launch of new deposit products
- Increase in CASA and retail term deposits to lower cost of funds and improve NIMs
- Rating upgrades
- Strengthening of Credit, Operations and Internal Audit
- Leaner organization structure, improvement in staff morale and retention
- Raising of Tier I (INR 810 mn) and Tier II (INR 650 mn) capital in FY10 to support growth in advances

	Feb 28, 2009	Jul 31, 2009	Sep 30, 2010
CRISIL			
- Long Term	-	BBB/ Stable	BBB +/Stable
- Short Term	P1	P1	P1
FITCH	BBB/ Negative	BBB/ Negative	BBB/ Stable
Brickworks	-	BWR A-/ Stable	BWR A-/ Stable

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- Grow Retail Mortgages, 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, Loan Against Term Deposit (LATD))
 - Micro SME
 - Traditional customer base
 - Third party fee income

- Treasury – Liquidity 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

Approach

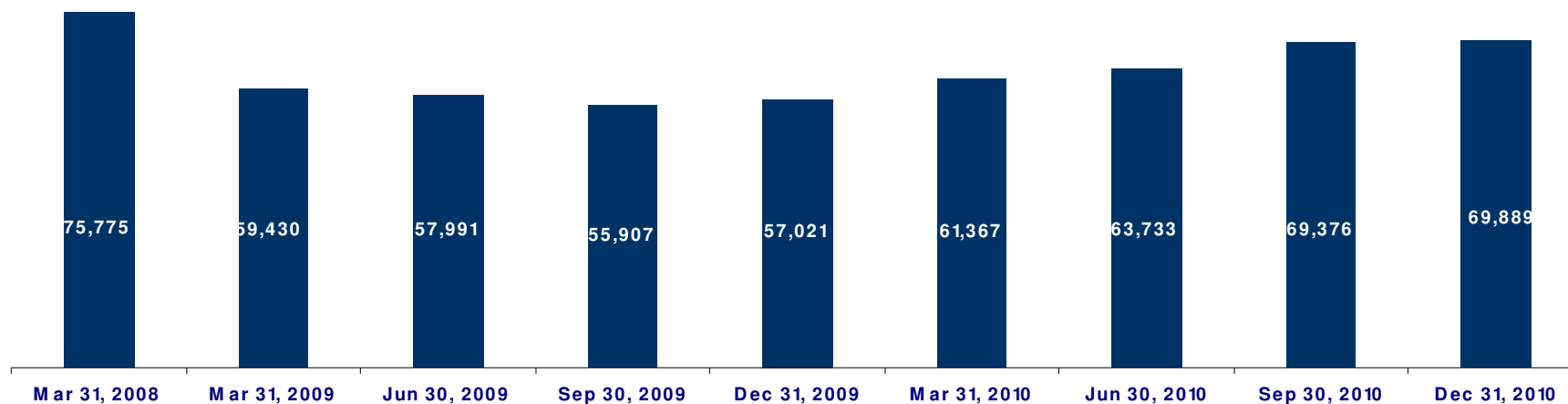
- Calibrated growth, diversified portfolio with emphasis on secured lending
- Focus on retail deposits to lower funding cost
- Enhance fee income
- “Income before costs”
- Discipline in execution (strategy / credit / operations / costs)

Goal

- Increase balance sheet size
- Improve cost / Income ratio
- Improve ROA and ROE

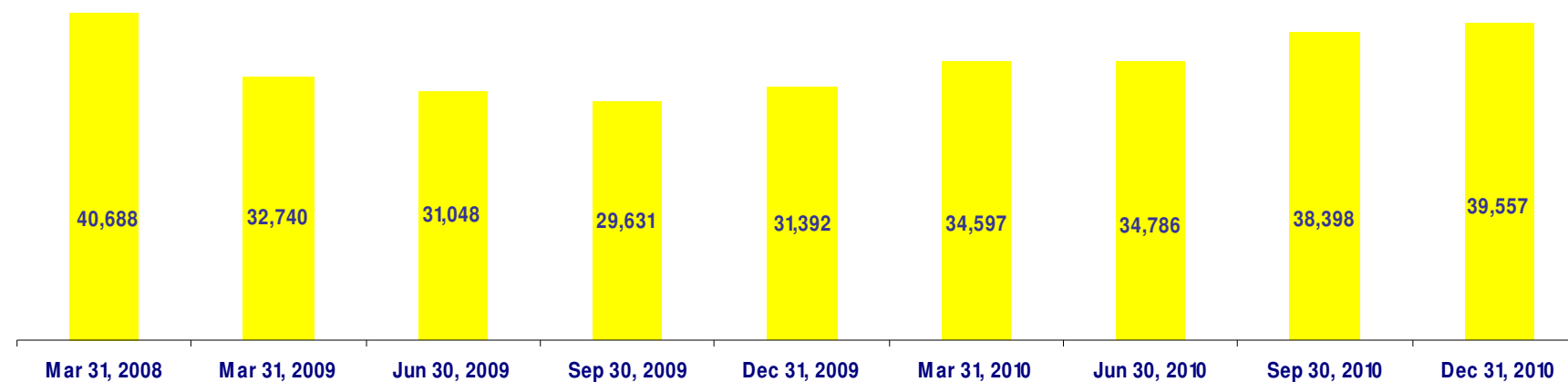
Total Assets

INR mn



Net Advances*

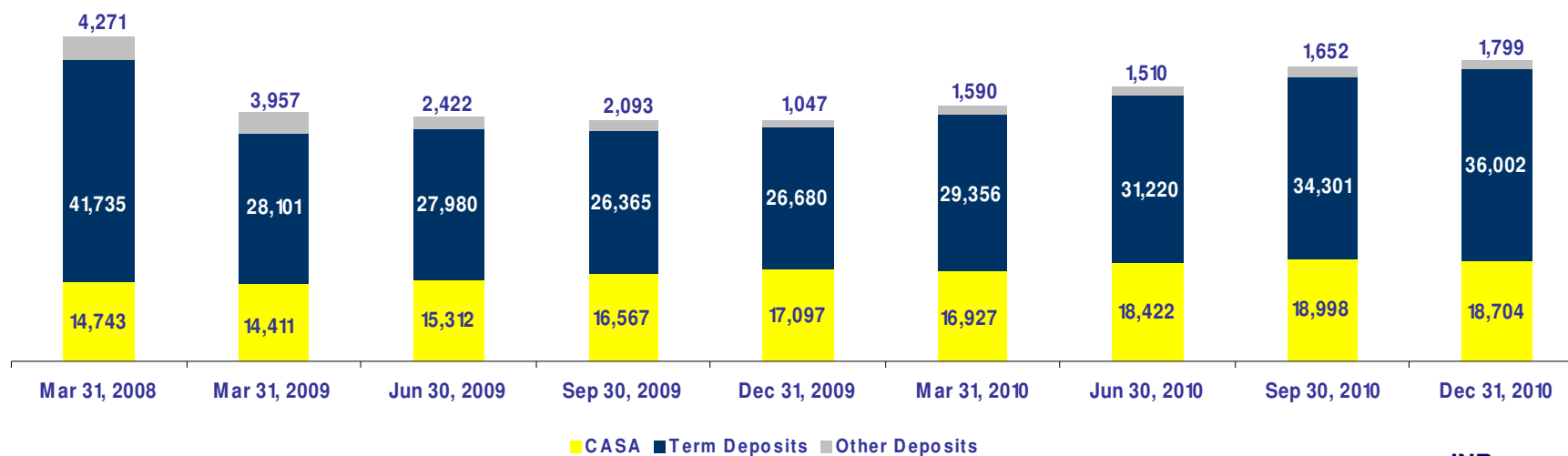
INR mn



Note: Financial numbers are rounded off to nearest whole number
* Net Advances – Gross advances less (net of) provisions

Building Stable Low Cost Funding Base

Deposits INR mn



INR mn

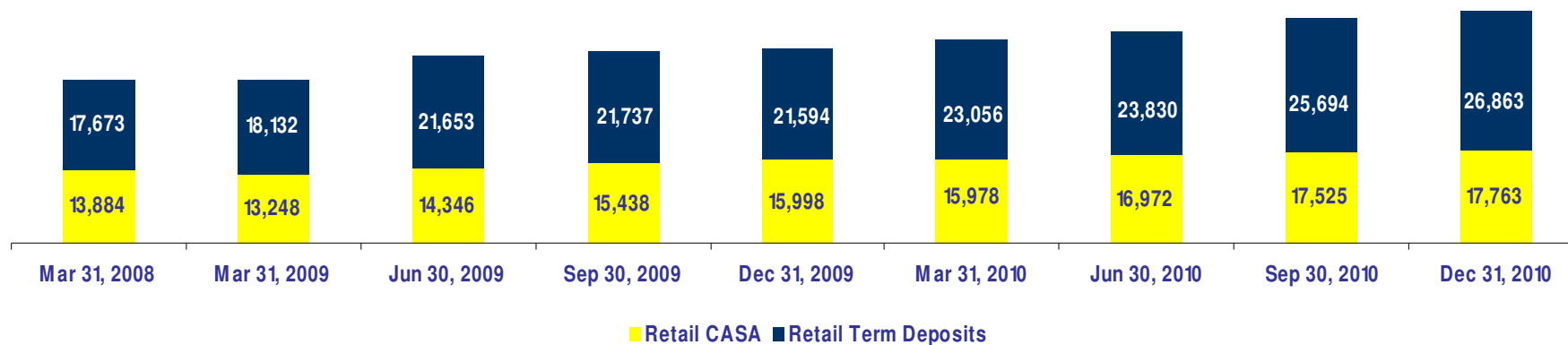
	Mar 31, 2008	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010
Retail Deposits/ Total Deposits	51.95%	67.53%	78.75%	82.56%	83.87%	81.54%	79.77%	78.65%	78.98%
CASA Ratio	24.27%	31.01%	33.49%	36.80%	38.14%	35.36%	36.02%	34.57%	33.10%

Access to low cost stable funding source to support advance growth without undue reliance on volatile wholesale funding

Thrust on Low Cost Deposits through Branch Network

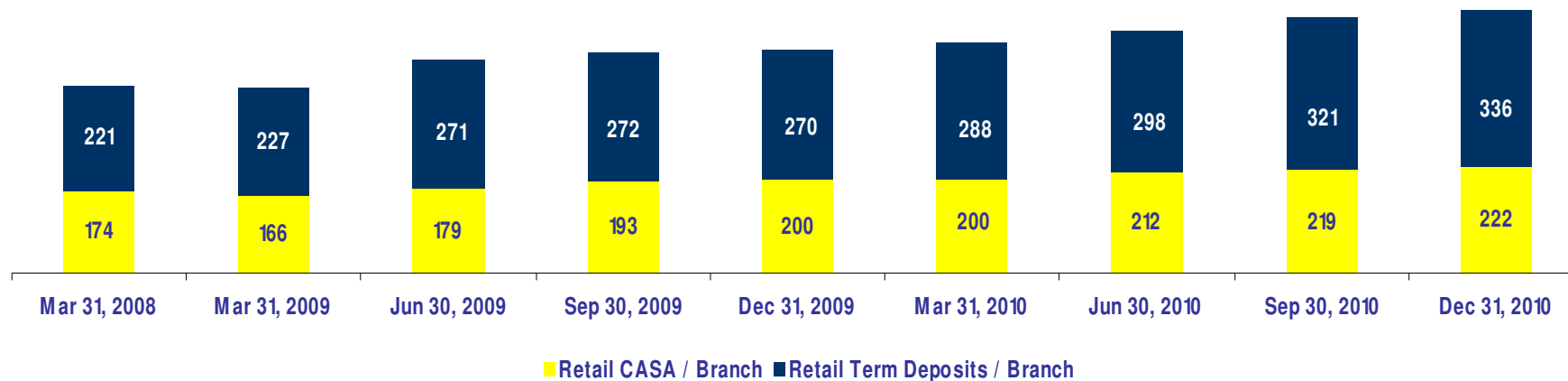
Retail CASA & Retail Term Deposits

INR mn



Retail Deposits / Branch

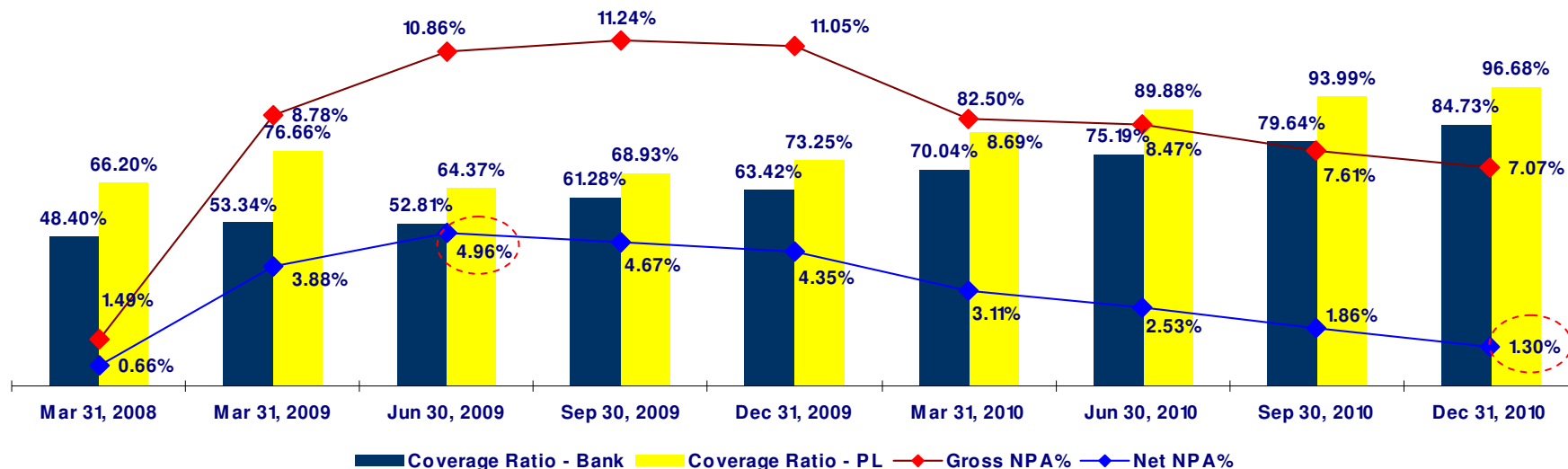
INR mn



Note: Financial numbers are rounded off to nearest whole number

Increased Provisions with Adequate Coverage

Key Ratios



INR mn	Mar 31, 2008	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010
Personal Loans	338	1,326	1,641	1,665	1,715	1,694	1,659	1,617	1,586
CV/CE/STVL*	71	533	592	620	640	599	584	540	496
Corporate	162	988	1,150	1,065	1,064	594	590	654	617
Others	63	209	257	226	311	305	307	296	274
Gross NPA	634	3,056	3,640	3,576	3,730	3,192	3,140	3,107	2,973
Net NPA**	270	1,270	1,540	1,385	1,364	1,076	878	714	515

Note: Financial numbers are rounded off to nearest whole number / Net NPAs are net of provisions

* CV / CE / STVL represents Commercial Vehicle, Construction Equipment and Small Ticket Vehicle Loan

** Net NPA = Gross NPA – (Balance in Interest Suspense account + DICGC/ECGC claims received and held pending adjustment + Part payment received and kept in suspense account + total provisions held)

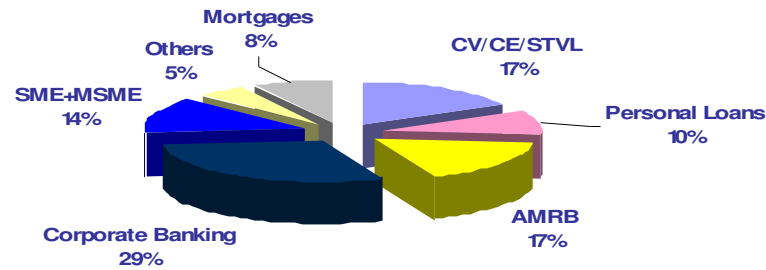
Calibrated Growth with Focus on Select Areas

INR mn	Mar 31, 2009	Dec 31, 2009	Mar 31, 2010	Dec 31, 2010	Variance Y-O-Y
CASA	14,411	17,097	16,927	18,704	1,607
Retail Term Deposits	18,132	21,594	23,056	26,863	5,269
Mortgages (sourced & acquired)	2,626	3,587	4,118	10,167	6,580
SME + Micro SME	4,483	5,643	6,004	8,459	2,816
Agri / Microfinance & Rural Banking	5,710	6,186	8,583	6,996	810
Corporate Banking	9,327	10,033	11,095	10,422	389

Note: Financial numbers are rounded off to nearest whole number

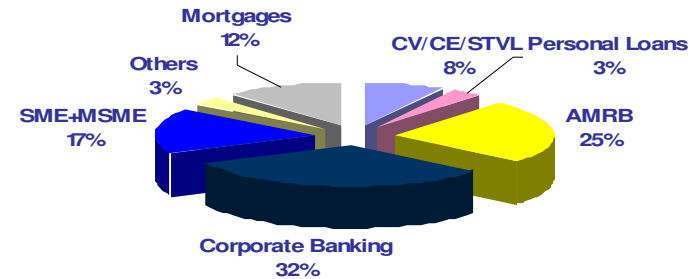
Portfolio* as on Mar 31, 2009

Retail Banking - 40%



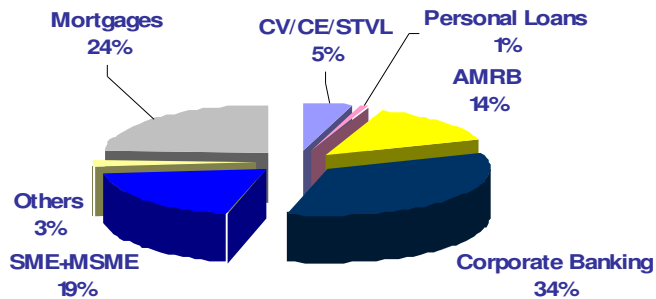
Portfolio* as on Mar 31, 2010

Retail Banking - 26%



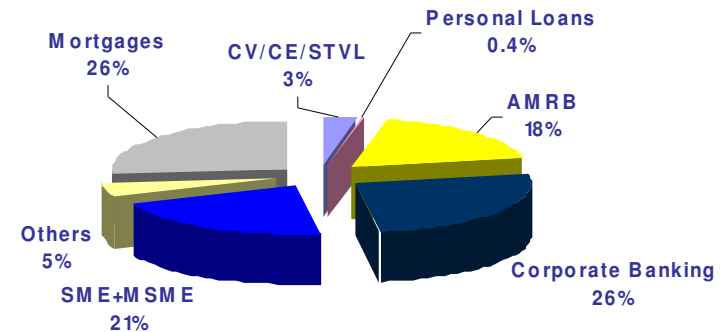
Portfolio* as on Sep 30, 2010

Retail Banking - 33%



Portfolio* as on Dec 31, 2010

Retail Banking - 35%

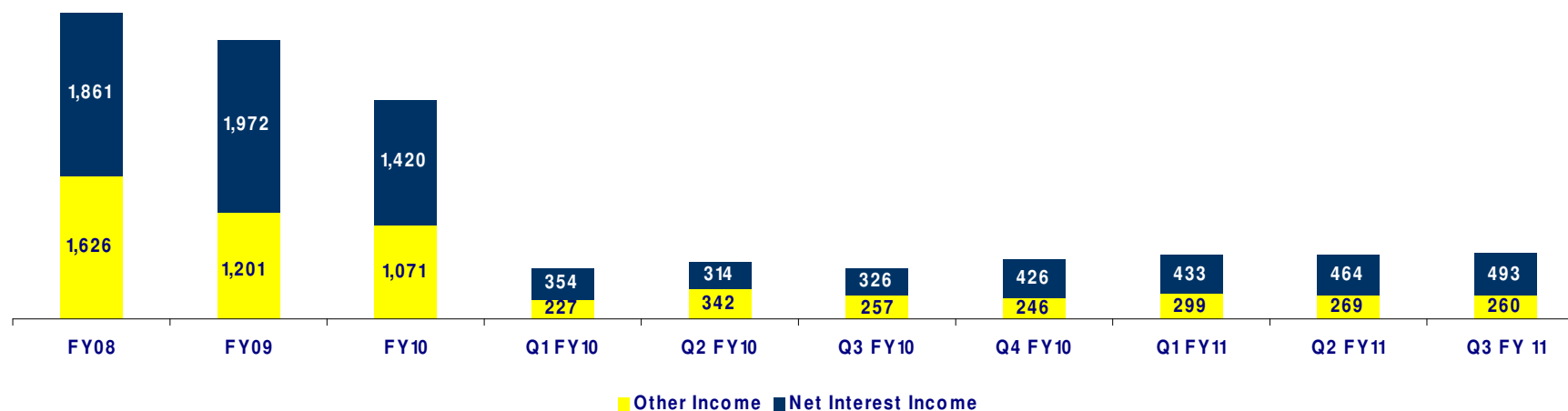


Note: Financial numbers are rounded off to nearest whole number

* AMRB – Agri / Microfinance / Rural, MSME – Micro SME, CV / CE / STVL – Commercial Vehicle, Corporate Equipment and Small Ticket Vehicle Loan

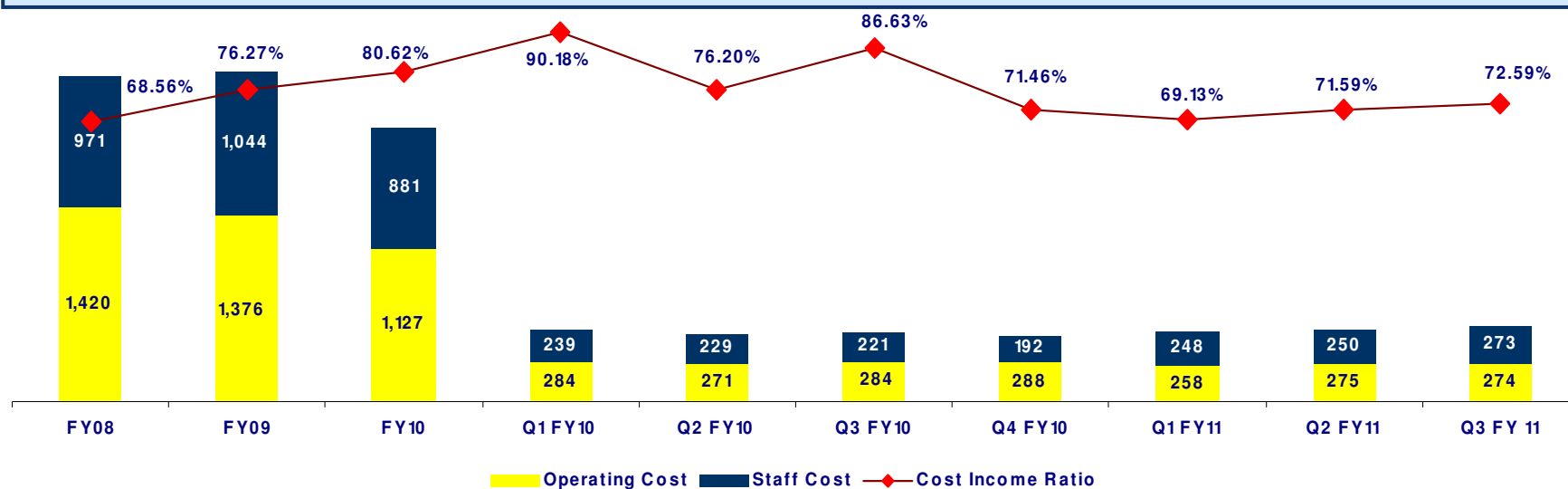
Operating Income

INR mn



Operating Cost

INR mn

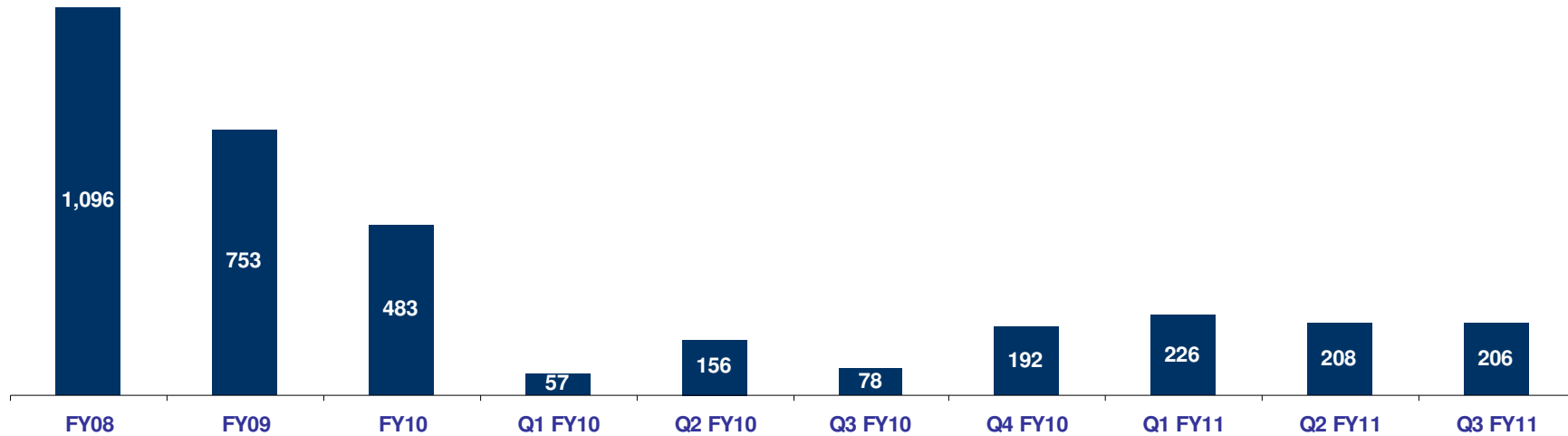


Note: Financial numbers are rounded off to nearest whole number

Improvement in Operating Performance

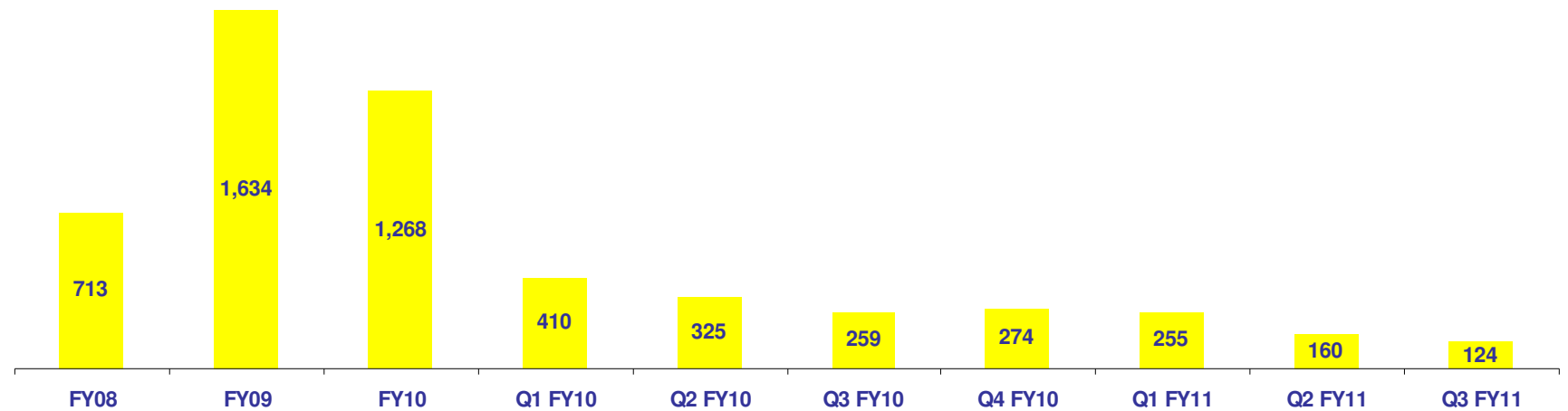
Operating Profit

INR mn



Provisions

INR mn

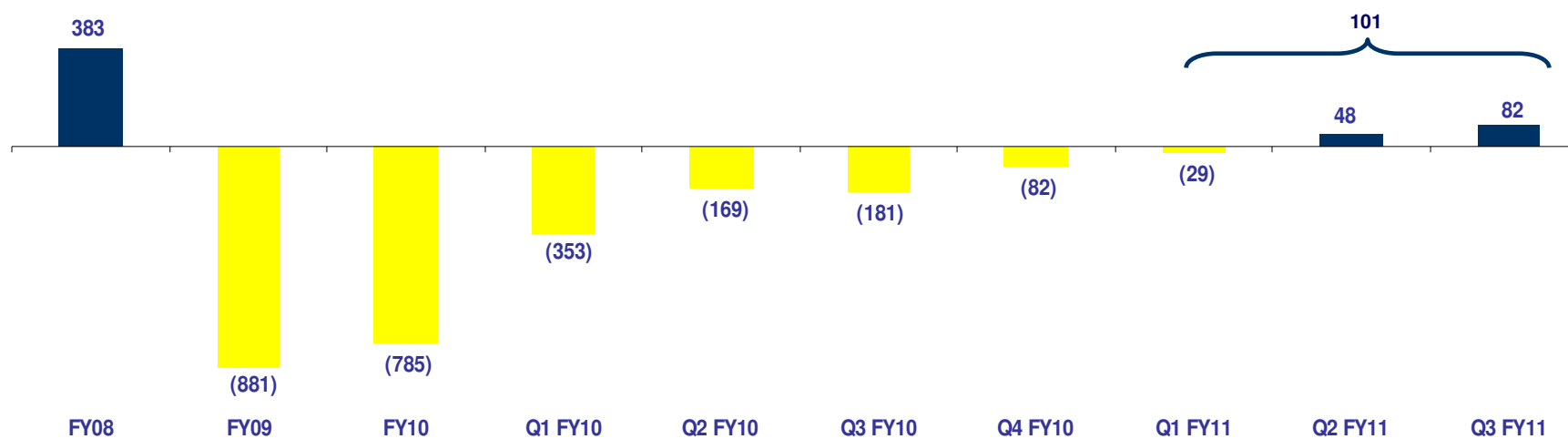


Note: Financial numbers are rounded off to nearest whole number

* Provisions include provisions for NPAs, standard assets, income tax, fringe benefit tax, other assets, restructured advances etc
Provisions also includes depreciation on investments and sacrifice of one time settlement

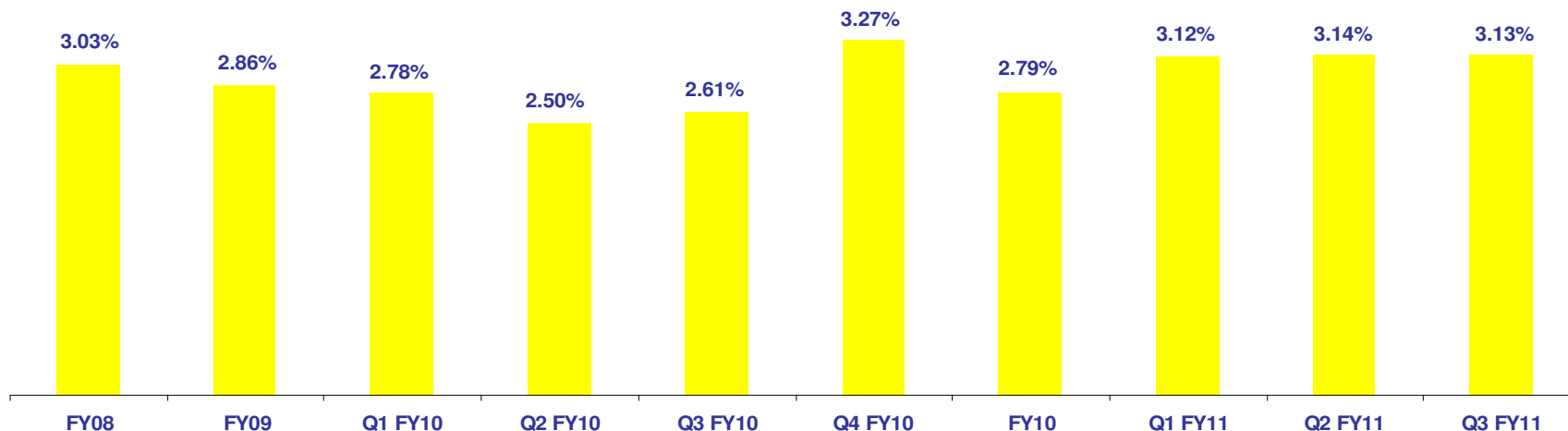
Net Profit / Loss *

INR mn

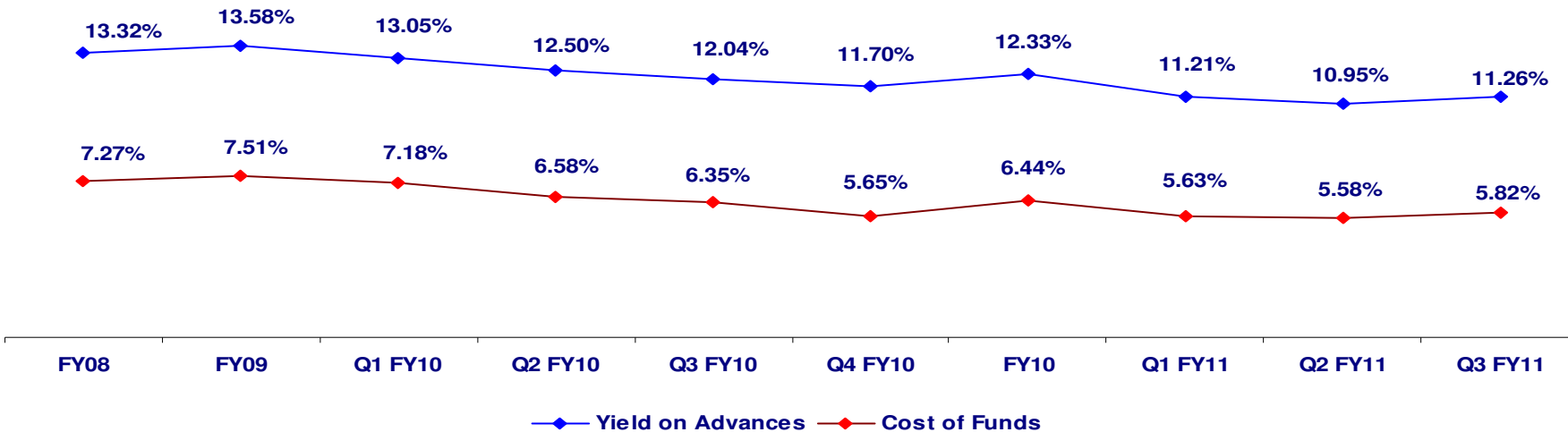


Note: Financial numbers are rounded off to nearest whole number
* Net Profit / (loss) represents post tax numbers

Net Interest Margin INR mn



Yield on Advances & Cost of Funds



Note: Financial numbers are rounded off to nearest whole number

Other Income

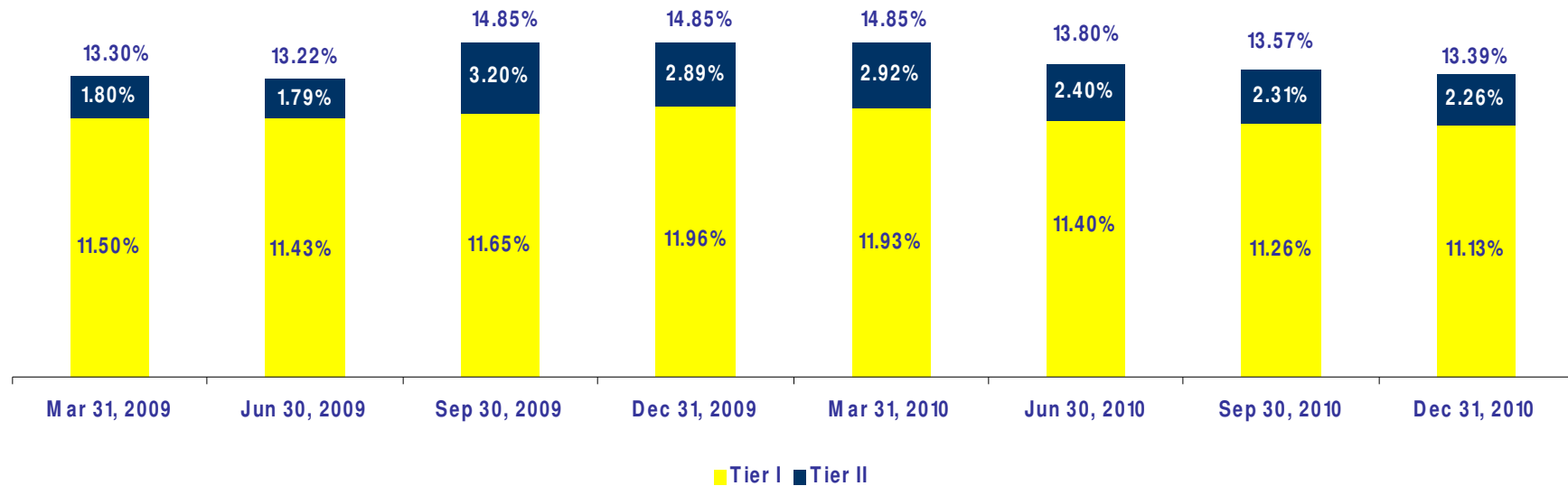
INR mn	FY08	FY09	FY10	Q1FY11	Q2FY11	Q3FY11
Commission, exchange and brokerage	845	768	664	156	175	165
Sale of investments	15	20	178	86	36	57
Sale of land, buildings and other assets	102	47	(3)	(2)	(2)	(1)
Exchange transactions	229	224	64	19	29	17
Lease income	7	-	9	-	-	-
Miscellaneous income	428	142	159	40	31	22
Total	1,626	1,201	1,071	299	269	260

INR mn	Mar 31, 2009	Mar 31, 2010	Dec 31, 2010
SLR	12,675	15,789	17,312
Non-SLR	3,542	4,390	4,458
Total Investments *	16,217	20,179	21,770
HTM	10,808	16,890	18,711
AFS	4,630	3,263	2,809
HFT	779	26	250
Total Investments *	16,217	20,179	21,770

Note: Financial numbers are rounded off to nearest whole number

* Represents Net investments (HTM – Held To Maturity, AFS – Available For Sale, HFT For Trading)

Capital Adequacy Ratios – Basel II



DCB has following approvals for raising capital in the future:

- Tier I – QIP not exceeding INR 1,500 mn
- Tier I – Rights not exceeding INR 2,000 mn

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INR mn	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010
Shareholder's Equity	5,957	5,633	5,469	6,073	5,990	5,960	6,003	6,086
Deposits	46,469	45,714	45,025	44,824	47,873	51,152	54,951	56,506
Borrowings ¹	3,455	3,264	1,488	2,108	5,035	3,840	5,648	4,534
Other Liabilities & Provisions ¹	3,523	3,352	3,898	3,997	2,447	2,754	2,747	2,736
Cash, Inter-bank, etc	6,534	3,939	3,703	5,113	3,324	5,647	6,177	5,162
Investments	16,217	19,287	19,087	17,011	20,179	20,057	20,975	21,771
Advances	32,740	31,048	29,631	31,392	34,597	34,786	38,398	39,557
Fixed Assets	1,489	1,457	1,418	1,378	1,358	1,326	1,308	1,294
Other Assets	2,450	2,260	2,068	2,127	1,909	1,918	2,518	2,106
Credit Deposit Ratio	70.46%	67.92%	65.81%	70.03%	72.27%	68.00%	69.88%	70.00%

INR mn	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010
CASA	14,411	15,312	16,567	17,097	16,927	18,422	18,998	18,704
Other Deposits	32,058	30,402	28,458	27,727	30,946	32,730	35,953	37,802
Total Deposits	46,469	45,714	45,025	44,824	47,873	51,152	54,951	56,506
CASA Ratio	31.01%	33.49%	36.80%	38.14%	35.36%	36.02%	34.57%	33.10%

Note: Financial numbers are rounded off to nearest whole number

¹ : Subordinated debt included in borrowings since March 31, 2010 as per RBI guidelines, same included in other liabilities and provisions in earlier periods

Profit & Loss

INR mn	FY09	Q1FY10	Q2FY10	Q3FY10	Q4FY10	FY10	Q1FY11	Q2FY11	Q3FY11
Net Interest Income	1,972	354	314	326	426	1,420	433	464	493
Other Income	1,201	227	342	257	246	1,071	299	269	260
Operating Income	3,173	581	656	583	672	2,491	732	733	753
Operating Expenses	(2,420)	(523)	(500)	(505)	(480)	(2,008)	(506)	(525)	(547)
Operating Profit	753	57	156	78	192	483	226	208	206
Total Provisions	(1,634)	(410)	(325)	(259)	(274)	(1,268)	(255)	(160)	(124)
PAT	(881)	(353)	(169)	(181)	(82)	(785)	(29)	48	82
Cost Income Ratio	76.27%	90.18%	76.20%	86.63%	71.46%	80.62%	69.13%	71.59%	72.59%

Note: Financial numbers are rounded off to nearest whole number

Thank you