

Investor Presentation – Q2 FY 2011

October 15, 2010

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DCB Overview

Financials / Progress Update

Business Strategy & Way Forward

▪ **Deep roots in India**

- ☞ Development Credit Bank Ltd (DCB) <http://www.dcbl.com> is a modern emerging new generation private sector bank. Present since 1930s as a co-operative bank, converted into a private sector commercial bank in 1995
- ☞ Only co-operative bank in India to have been converted into a commercial bank
- ☞ Distribution network of 80 branches across 28 cities and 112 ATMs

▪ **Strong promoter- Aga Khan Fund for Economic Development (AKFED) <http://www.akdn.org/akfed>.**

- Present in 15 countries employing over 30,000 people with a turnover of approximately US\$ 2 Bn
- Promoter group holds 23.1% stake in DCB (as on September 30, 2010)

▪ **Comprehensive product range and infrastructure**

- ☞ Business model focused on achieving a balance between Retail, 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**

- ☞ High correlation between DCB branch network and presence of traditional customer base in India - Maharashtra, Gujarat & AP
- ☞ Provides access to low cost deposits

▪ **Continued focus on building a low cost deposit franchise with strong capital position (as on September 30, 2010)**

- ☞ CASA of 34.6% and CRAR of 13.6 % under Basel II

▪ **Strong management team and board**

- ☞ 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

In Existence Since 1930s

1981

- Amalgamation of Masalawala Co-operative Bank and Ismailia Co-operative Bank into Development Co-operative Bank Ltd.

1984

- Multi-State Co-operative Bank

1988

- Acquired "Scheduled" status from Reserve Bank of India

1995

- Conversion to Development Credit Bank Ltd.
- Secured Foreign Exchange License & became an Authorized Dealer

2004

- Classified as a "New Generation Private Sector Bank" by the RBI

2006

- IPO

Tier I Capital Raising

2006

- Private Equity investment of INR 519.9 mn by HDFC and Khattar holdings in February 2006

2006

- Raised INR 1.86 bn through IPO, issue oversubscribed 35 times

2007

- Preferential Allotment of INR 2.8 bn in Aug 2007

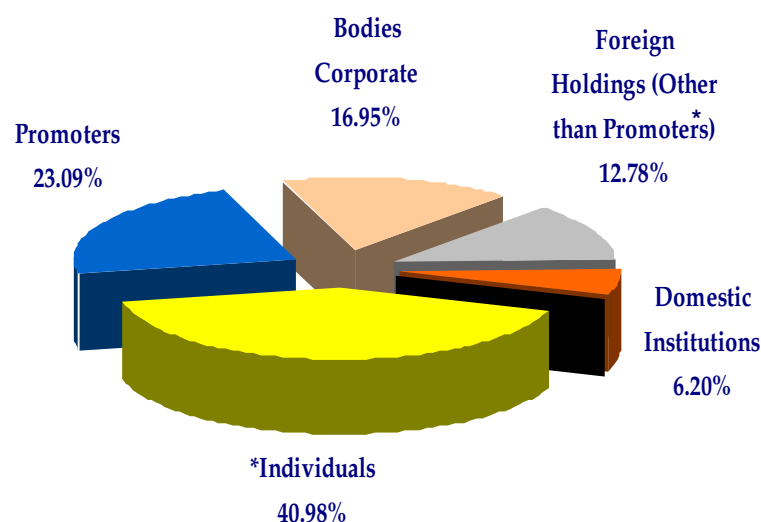
2010

- Raised INR 810 mn through QIP in November 2009

In August 2009, DCB also raised INR 650 mn through issuance of Tier II subordinated debt

Shareholding as on September 30, 2010

	INR mn
Share Capital	2,001
Shareholder's Equity	6,003
Book Value Per Share	INR 27.11 per share
Share Price	INR *58.40 per share
Market Capital approximately	11,686



**Includes Clearing Members (4.47%), Shareholders holding normal share capital up to Rs. 0.1 Mn (approximately 28.08%) and above Rs. 0.1Mn (approximately 8.38%)

Major Shareholders	%
AKFED & Platinum Jubilee Investment Ltd. (Promoter)	23.09
AL Bateen Investment Co L.L.C.	3.69
TATA Capital Ltd.	3.29
DCB Investments Ltd. (SVG Capital)	2.65
Housing Development Finance Corporation Ltd.	2.02
Sundaram BNP Paribas Mutual Fund	1.70
Birla Sunlife Life Insurance Company Ltd.	1.65
Khattar Holdings Pvt. Ltd.	1.50
ICICI Prudential Life Insurance Company Ltd.	1.42
Edelweiss Securities Ltd.	1.04
Other (s)	57.95
	100.00

*NSE closing as on September 30, 2010

	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

DCB Business Alliances



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

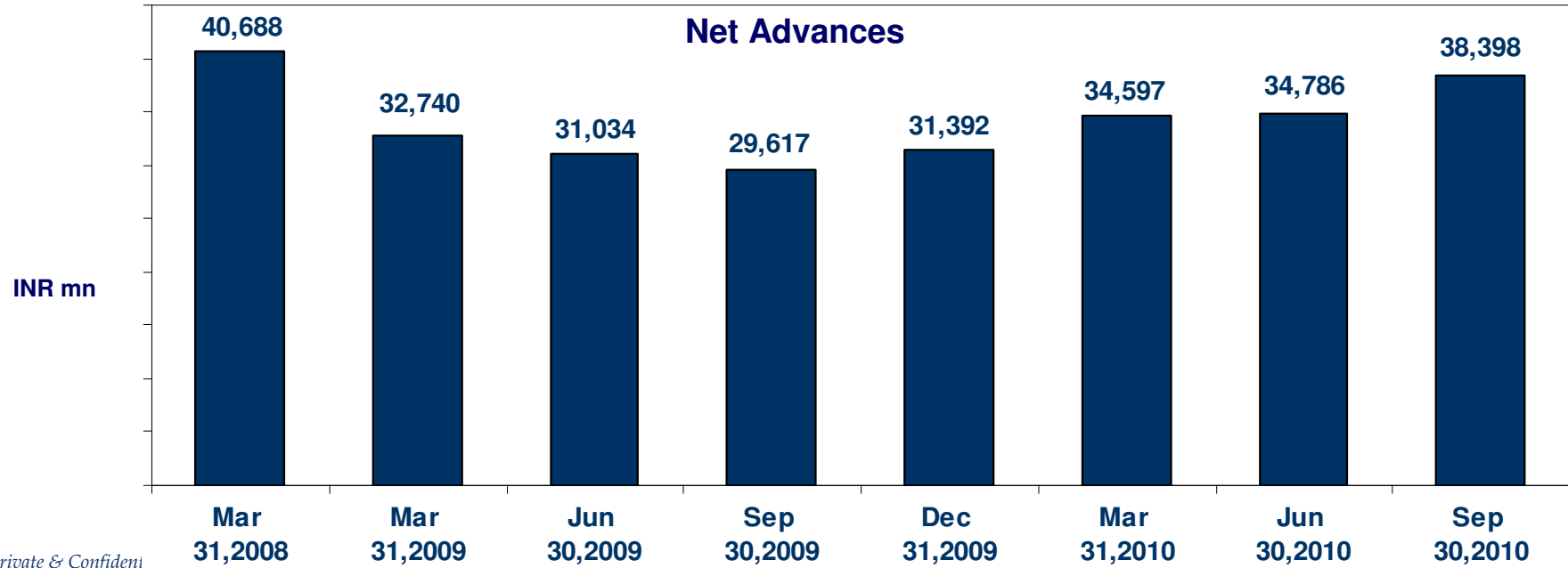
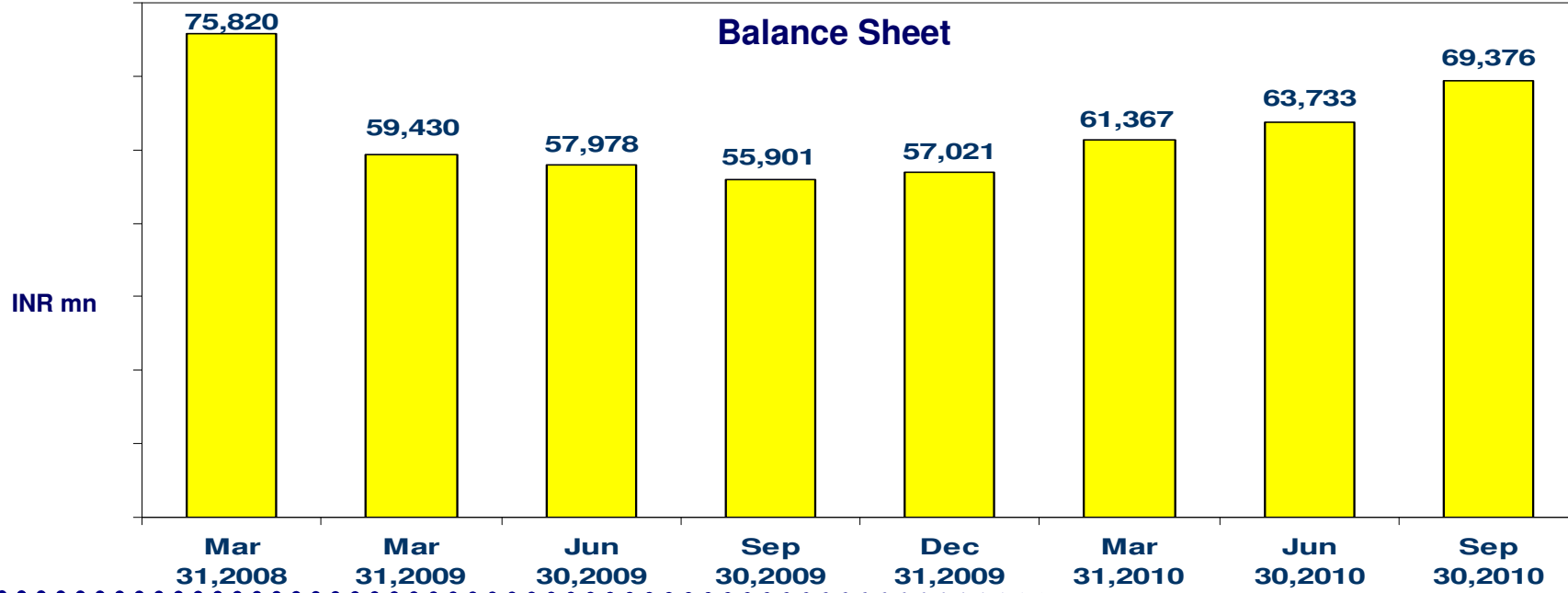
- **Free Mutual Fund Services**
 - Zero Fee in SIPs
 - Free Portfolio Statements
 - Free Application Processing

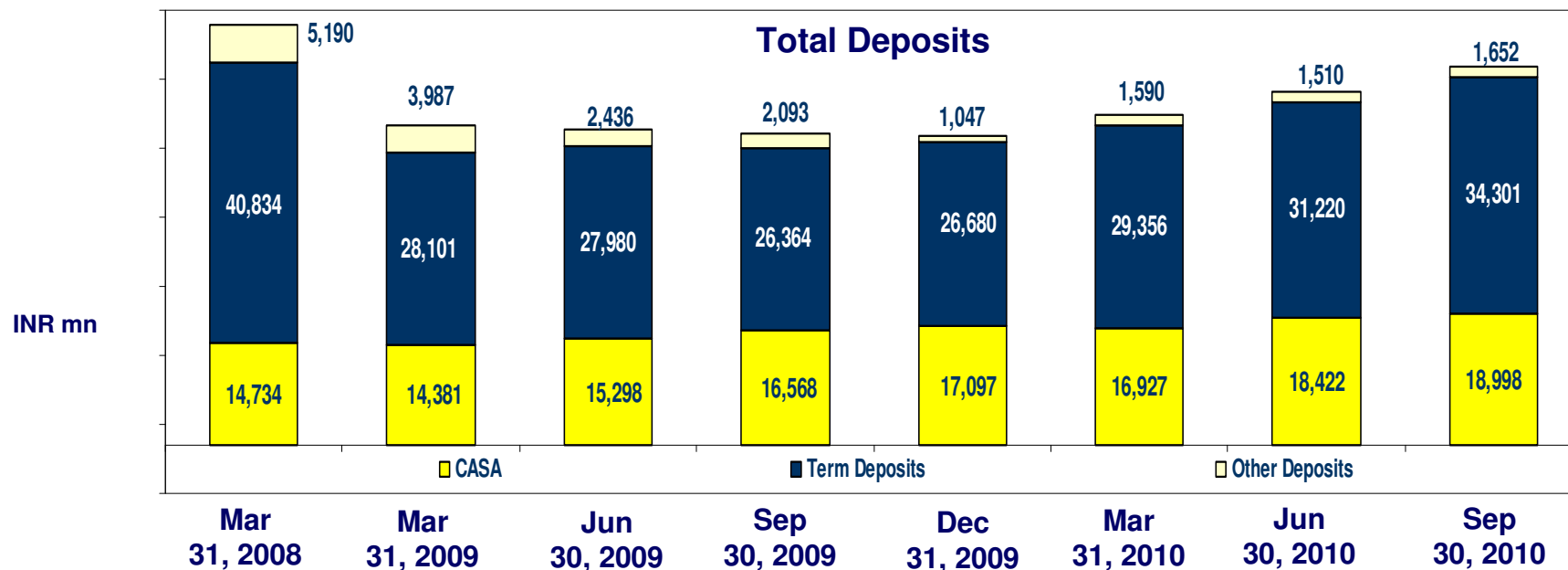
- **“DCB Elite”** bespoke account numbers for Current Accounts and Saving Accounts

DCB Overview

Financials / Progress Update

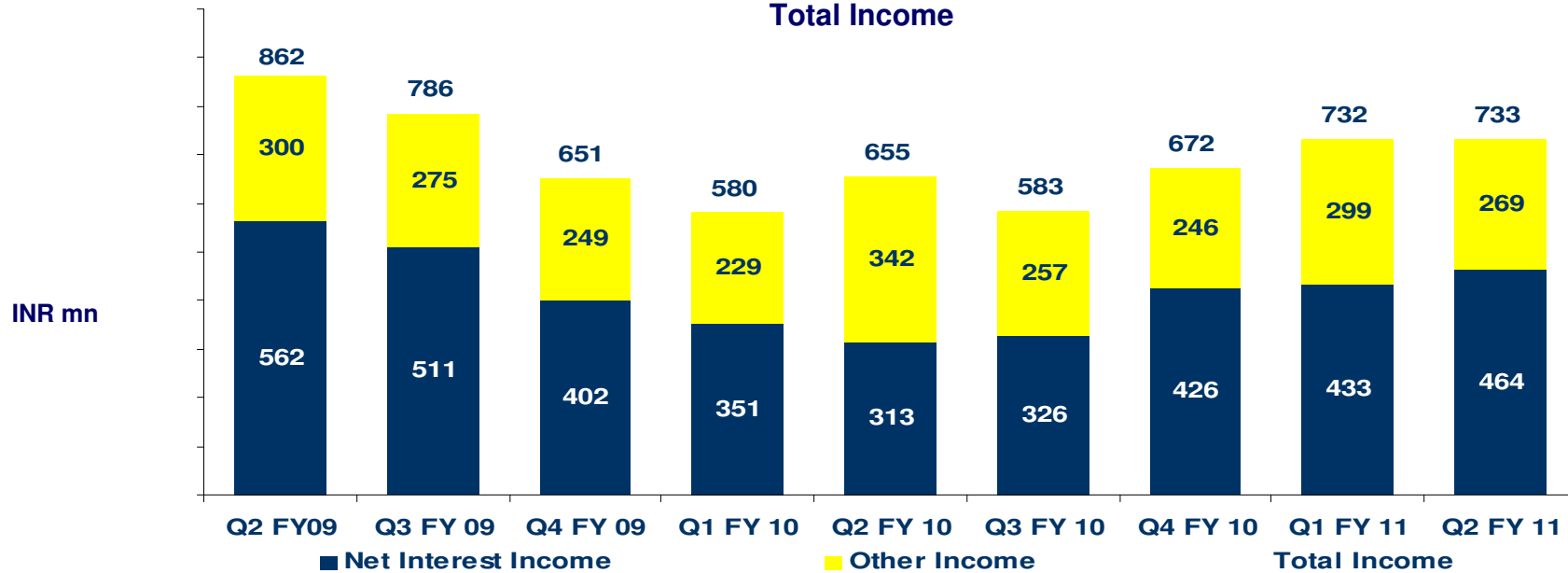
Business Strategy & Way Forward



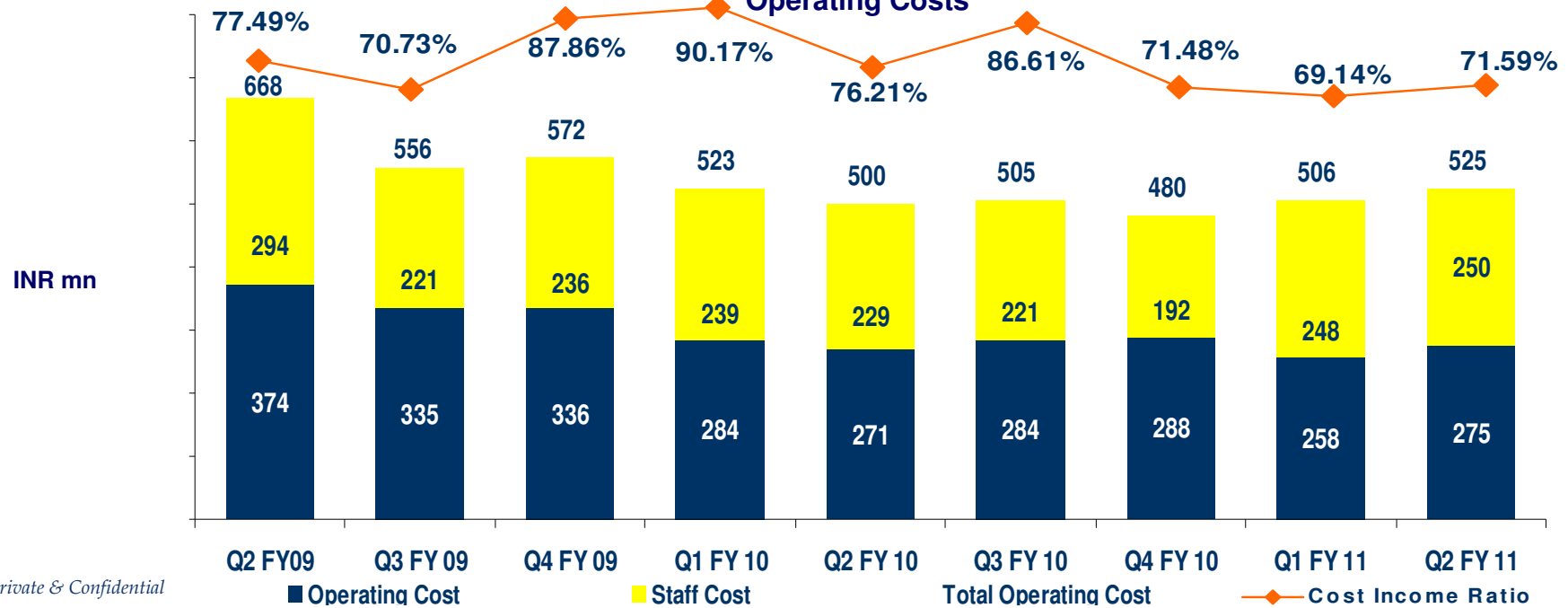


	Mar 31, 2008	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010
Retail Deposits/ Total Deposits	53.0%	67.9%	78.7%	82.5%	83.9%	82.6%	79.8%	78.7%
CASA Ratio	24.2%	30.9%	33.5%	36.8%	38.1%	35.4%	36.0%	34.6%

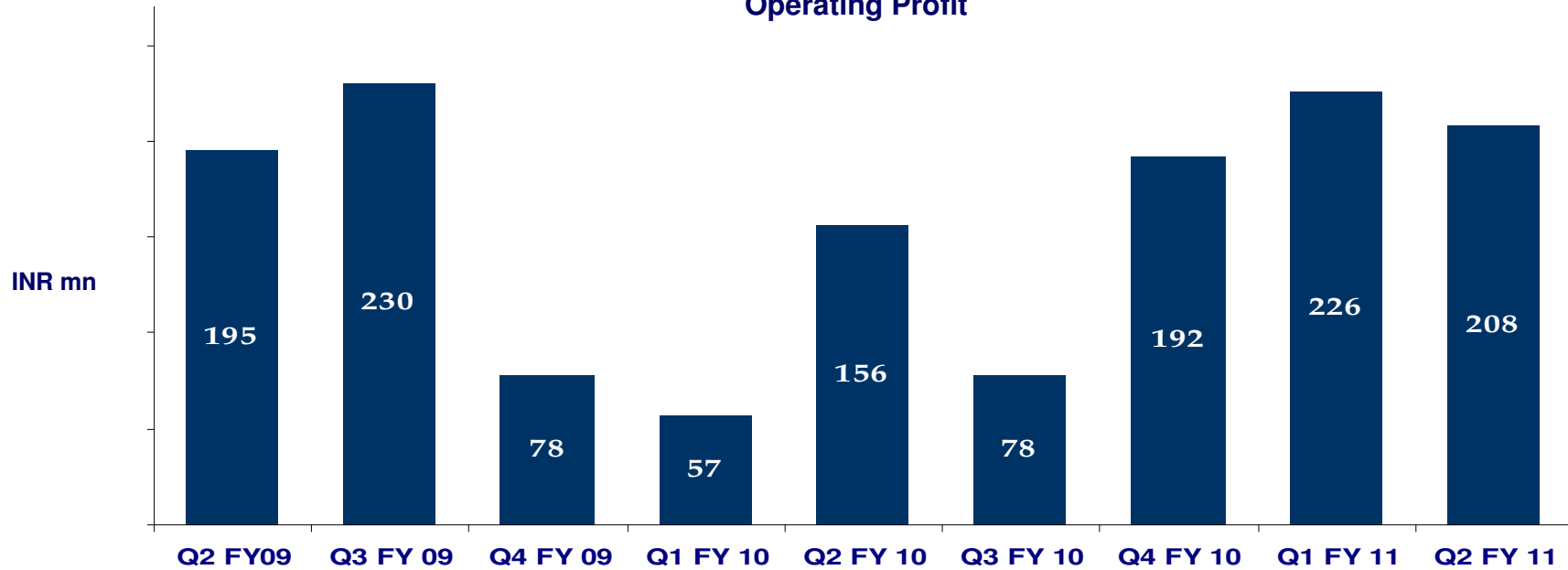
Total Income



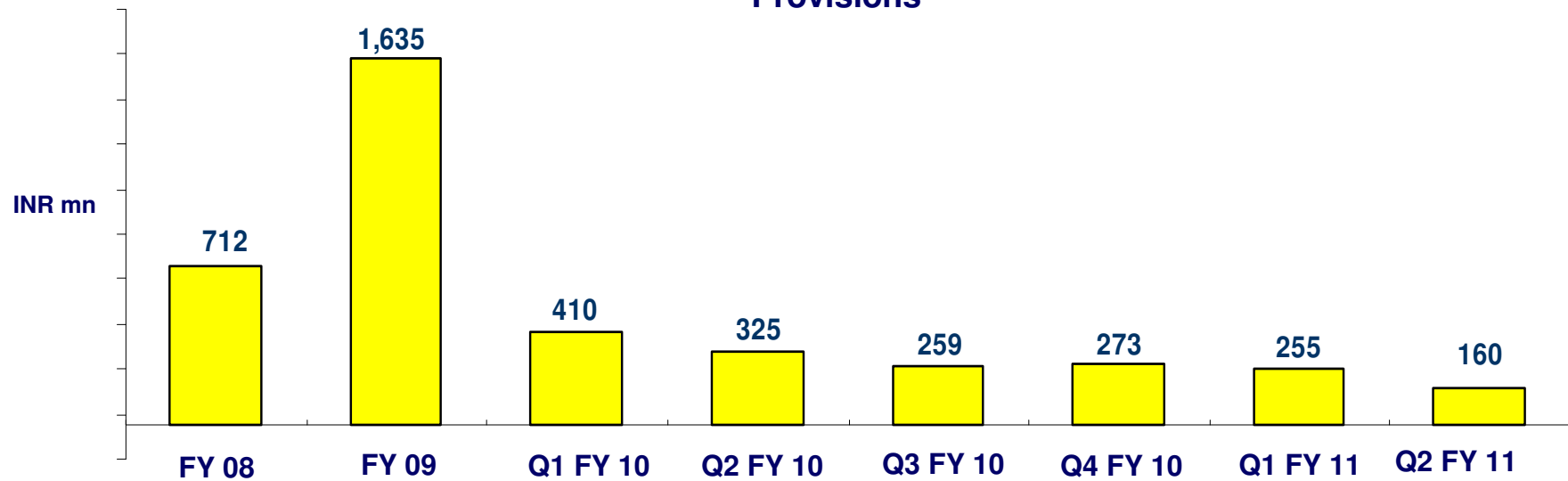
Operating Costs



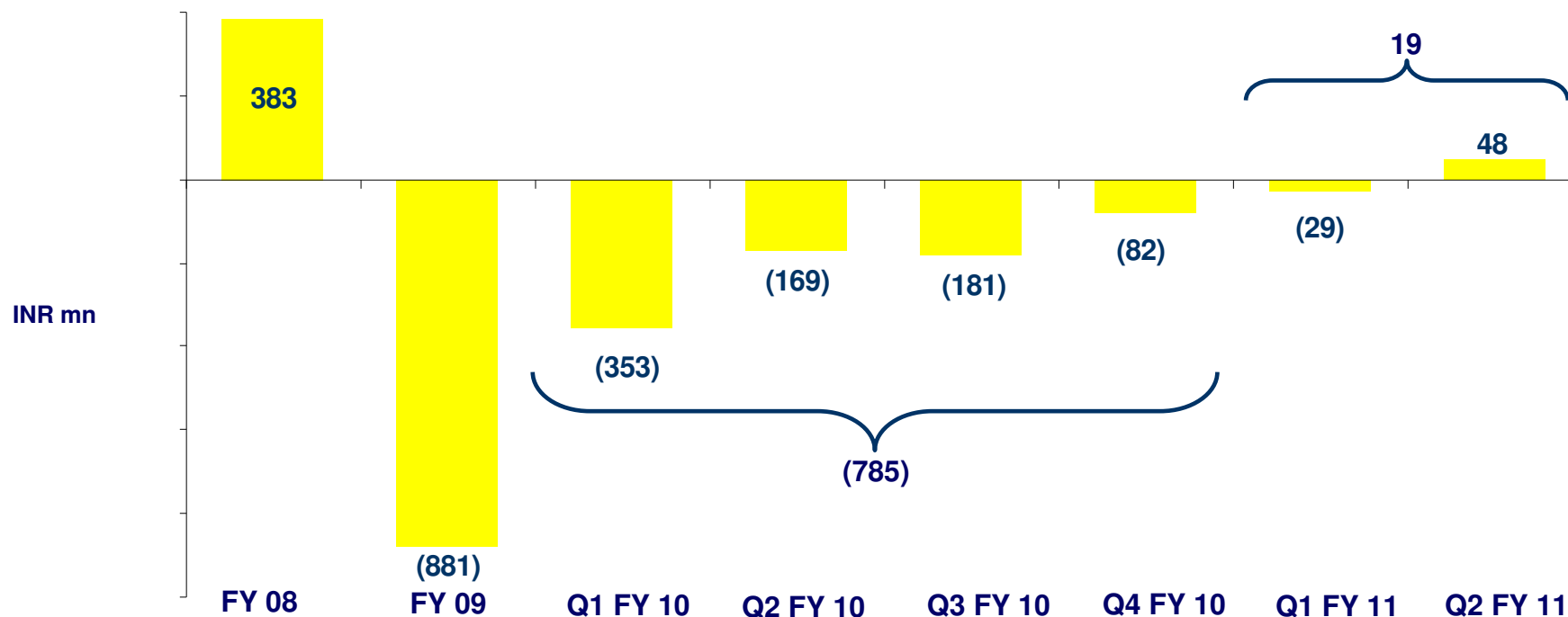
Operating Profit



Provisions

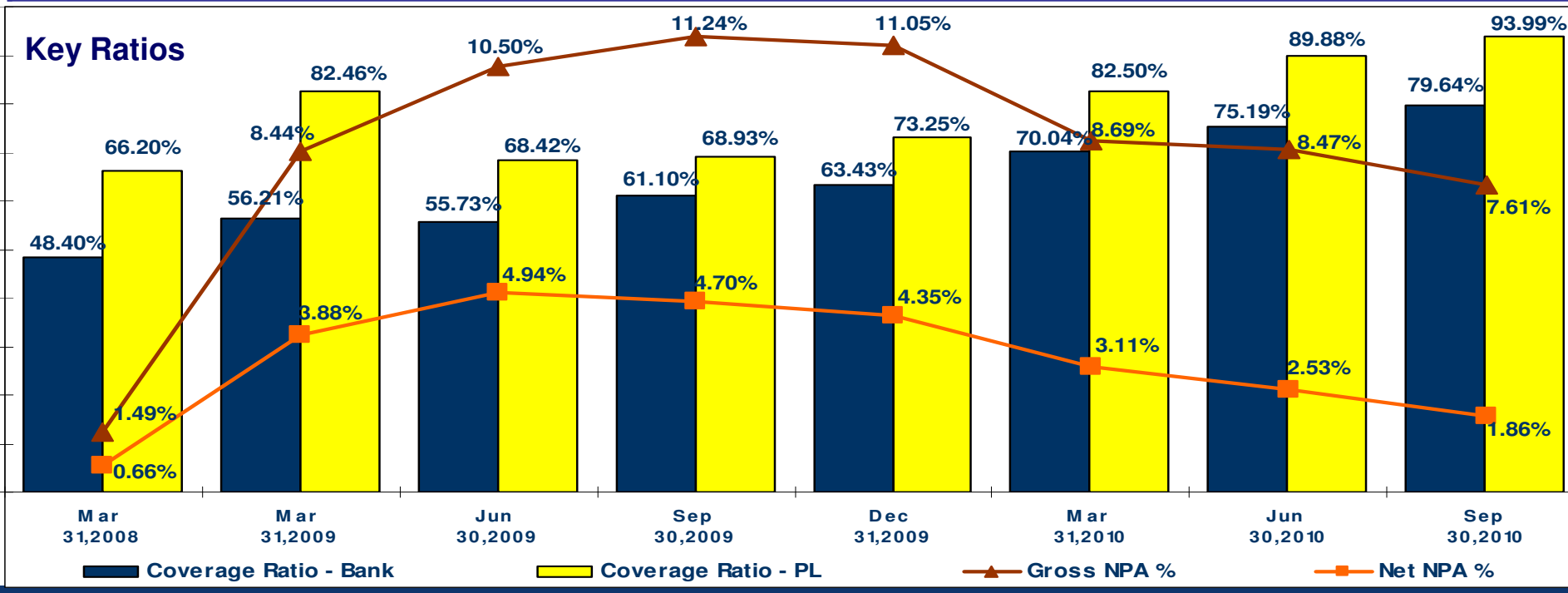


Net Profit/Loss



Provision Coverage

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
Personal Loan	338	1,232	1,544	1,665	1,716	1,694	1,659	1,617
*CV/CE /STVL	71	509	558	620	640	599	584	540
Corporate	162	957	1,112	1,065	1,064	594	590	654
Others	63	202	248	226	310	305	307	296
GNPA	634	2,900	3,462	3,576	3,730	3,192	3,140	3,107
Net NPA	327	1,270	1,533	1,391	1,364	1,076	878	714



Pursuing Growth in Chosen Areas

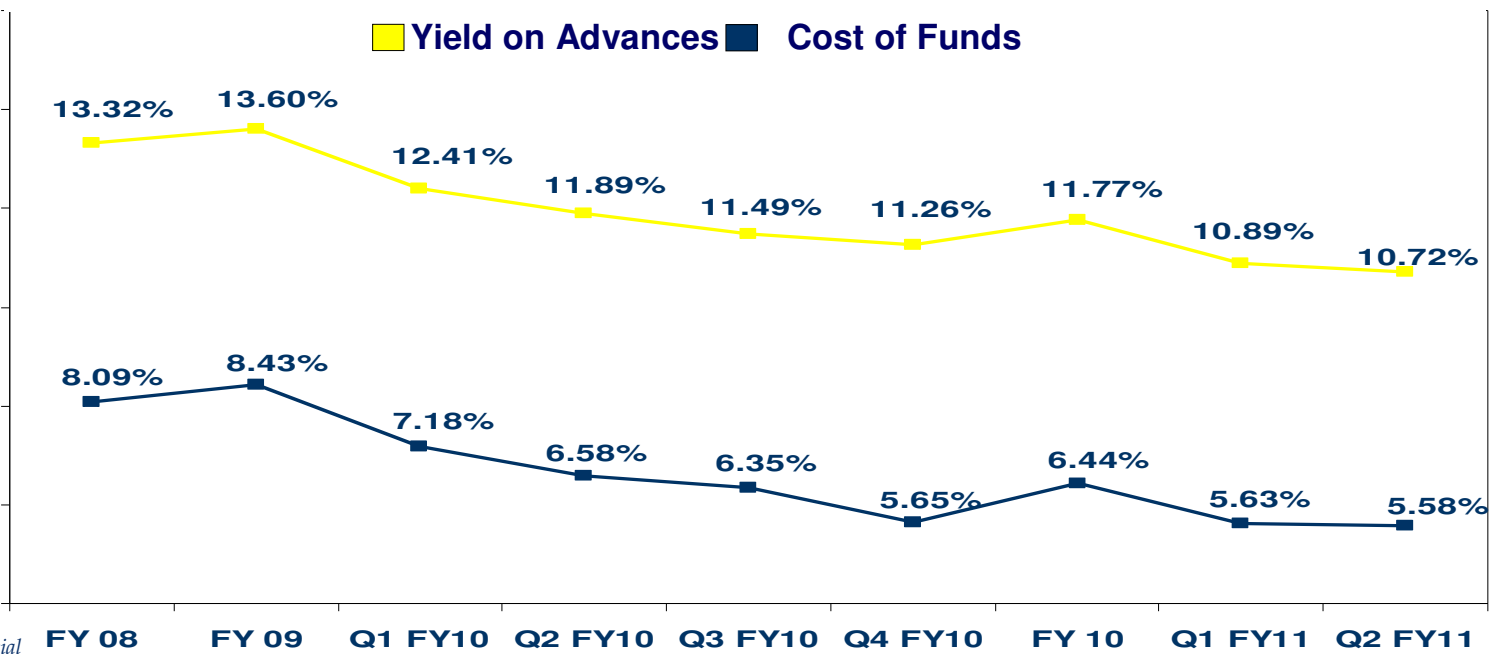
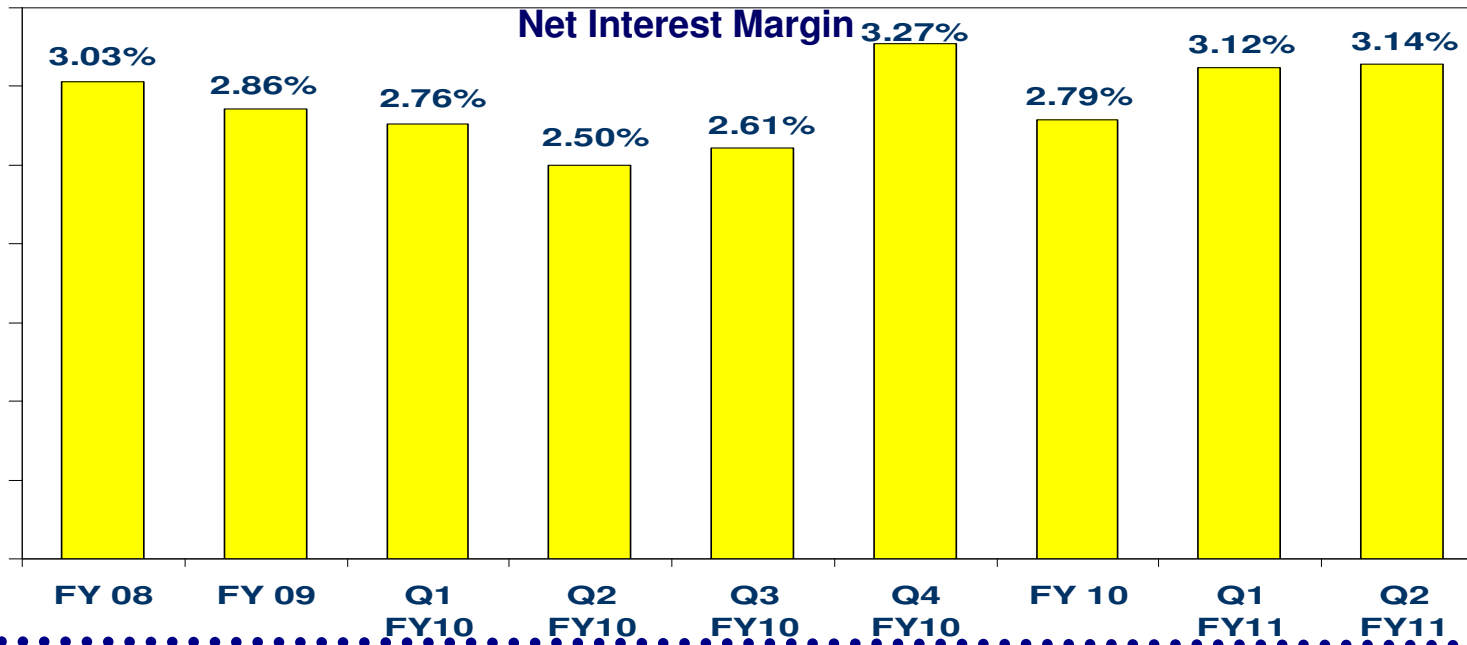
INR mn	Mar 31, 2009	Mar 31, 2010	Sep 30, 2010	Variance H2 vs H1
CASA	14,380	16,927	18,998	2,070
Retail Term Deposits	18,132	23,056	25,694	2,638
Mortgages - sourced by DCB	2,120	2,939	4,622	1,683
Mortgages - acquired since April 2009	501	1,179	4,562	3,383
SME + Micro SME	4,483	6,004	7,362	1,358
Agri / Microfinance & Rural Banking	5,710	8,583	5,588	(2,995)
Corporate Banking	9,327	11,095	12,866	1,771

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
Gross Advances	42,553	34,374	32,982	31,808	33,758	36,726	37,061	40,804
Net Advances	40,688	32,740	31,034	29,617	31,392	34,597	34,786	38,398

Net Advances

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
Retail Banking	17,168	13,220	11,670	10,208	9,530	8,915	8,427	12,581
SME + MSME	1,673	4,483	4,488	5,068	5,643	6,004	6,280	7,362
Corporate Banking	18,457	9,327	9,582	10,583	10,033	11,095	11,937	12,867
Agri/Microfinance/Rural	3,390	5,710	5,294	3,757	6,186	8,583	8,142	5,588
Total	40,688	32,740	31,034	29,617	31,392	34,597	34,786	38,398

NIM, Yield on Advances and Cost of Funds



INR mn	FY 2008	FY 2009	FY 2010	Q1 FY 11	Q2 FY 11
Commission, Exchange and Brokerage	845	768	664	156	175
Sale of Investments	182	20	178	86	36
Sale of Land, Buildings and Other Assets	102	47	(3)	(2)	(2)
Exchange Transactions	172	224	64	18	29
Lease Income	7	-	9	-	-
Miscellaneous Income	429	142	163	41	31
Total	1,737	1,201	1,075	299	269

Profit & Loss

INR mn	FY 2008-09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	FY 2009-10	Q1 FY11	Q2 FY11
Net Interest Income	1,973	351	313	326	426	1,416	433	464
Other Income	1,201	229	342	258	246	1,075	299	269
Total Income	3,173	580	655	584	672	2,491	732	733
Operating Expenses	(2,420)	(523)	(500)	(505)	(480)	(2,008)	(506)	(525)
Operating Profit	753	57	156	78	192	483	226	208
Total Provisions	(1,634)	(410)	(325)	(259)	(274)	(1,268)	(256)	(160)
PAT	(881)	(353)	(169)	(181)	(82)	(785)	(29)	48
Cost Income Ratio	76.3%	90.2%	76.2%	86.6%	71.5%	80.6%	69.1%	71.6%

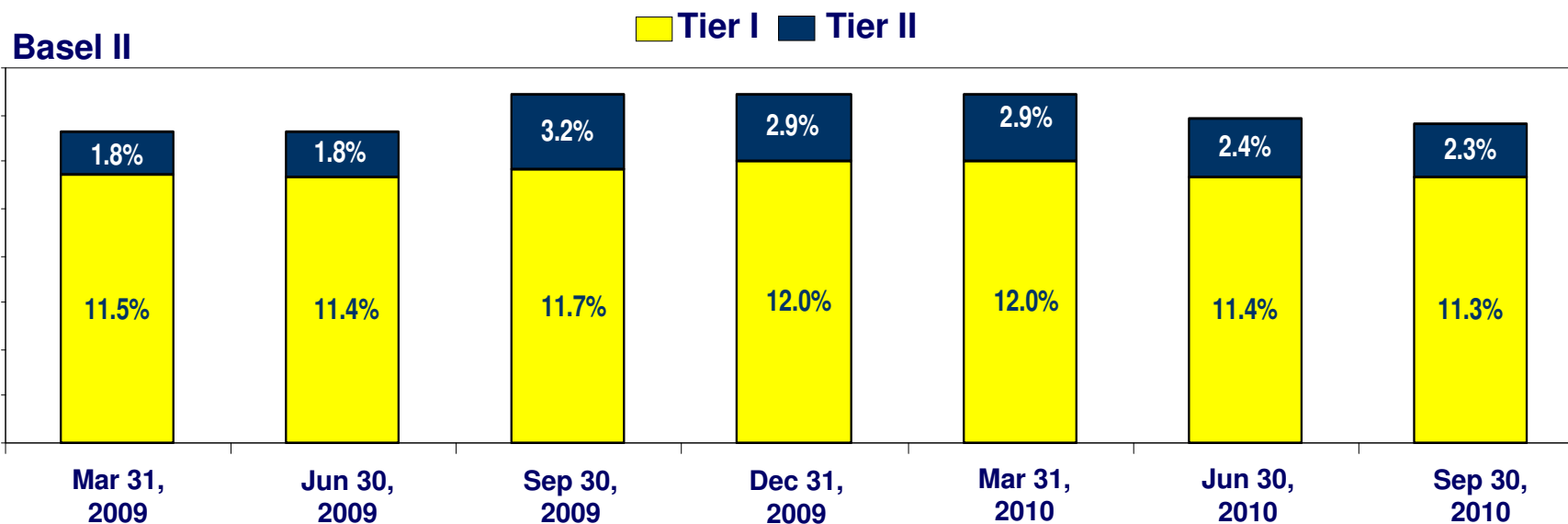
Balance Sheet

INR mn	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010
Shareholder's Equity	5,957	5,633	5,469	6,073	5,990	5,960	6,003
Deposits	46,469	45,714	45,025	44,824	47,873	51,152	54,951
Borrowings	3,455	3,264	1,488	2,108	3,565	2,830	4,638
Other Liabilities & Provisions	2,523	2,520	2,422	2,527	2,447	2,755	2,747
Cash, Inter-bank, etc	6,534	4,051	3,801	5,114	3,324	5,647	6,177
Investments	16,722	19,287	19,087	17,011	20,179	20,057	20,975
Advances	32,740	31,034	29,617	31,392	34,597	34,786	38,398
Fixed Assets	1,489	1,457	1,418	1,378	1,358	1,326	1,308
Other Assets	2,450	2,150	1,971	2,127	1,909	1,918	2,518
Credit Deposit Ratio	70.5%	67.9%	65.8%	70.0%	72.3%	68.0%	69.9%

INR mn	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010
CASA	14,381	15,298	16,568	17,097	16,927	18,422	18,998
Other Deposits	32,088	30,416	28,457	27,727	30,946	32,730	35,953
Total Deposits	46,469	45,714	45,025	44,824	47,873	51,152	54,951
CASA	30.9%	33.5%	36.8%	38.1%	35.4%	36.0%	34.6%

Capital Adequacy Ratios

	Mar 31, 2008	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010
Basel I	13.4%	13.4%	13.5%	15.9%	16.9%	15.4%	14.7%	13.6%
Basel II	-	13.3%	13.2%	14.9%	14.9%	14.9%	13.8%	13.6%



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

INR mn	Sep 30, 2010
SLR	16,639
Non-SLR	4,336
Total	20,975
HTM	18,542
AFS	2,178
HFT	255
Total	20,975

DCB Overview

Financials / Progress Update

Business Strategy & Way Forward

- 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

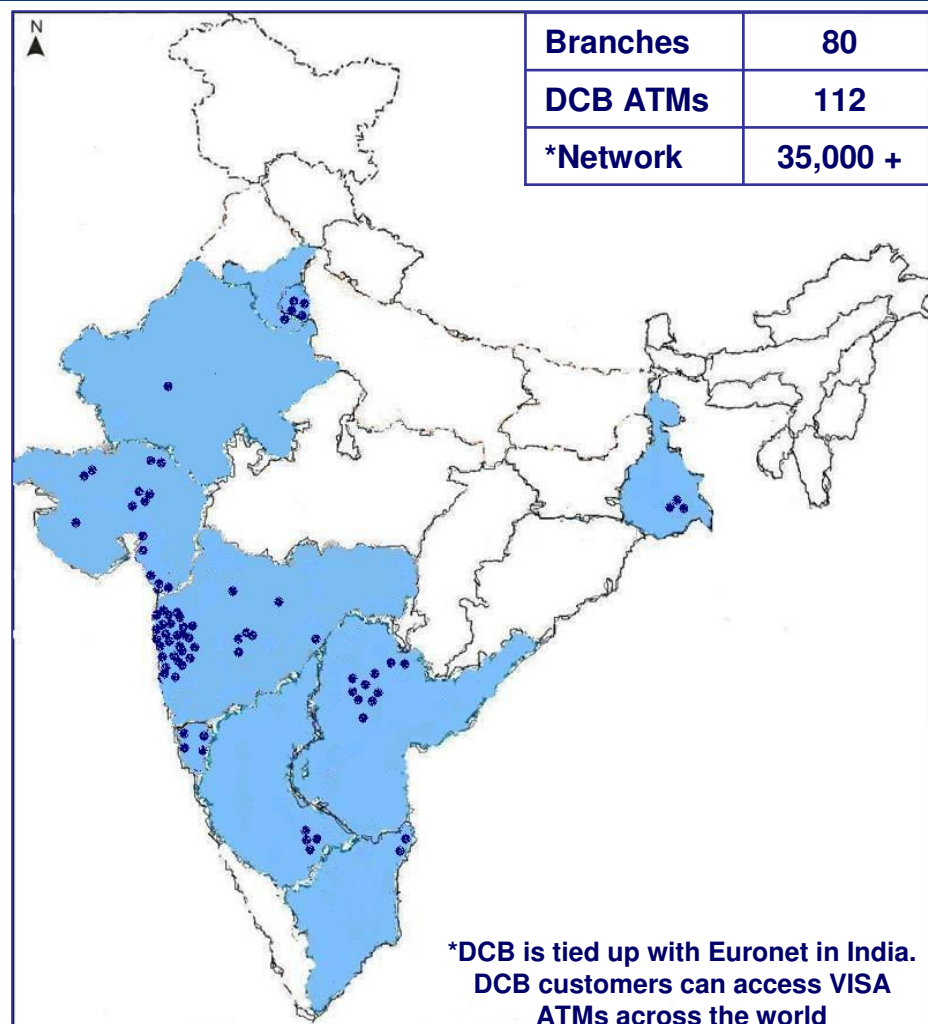
- Treasury – Liquidity management, opportunity for gains within acceptable risks

- Relentless focus on Costs / Income Ratio and Service

- Stringent mechanism for managing Credit and Operational risks

- Continuously improve people quality and delivery

80 Branches, Strong Presence in Western Region



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)

In July, 2010, the Bank received permission from RBI to open 2 new Rural/Semi-Urban branches at Netrang (Bharuch District) & Mandvi (Surat District) in Gujarat.

Goal

- Increase Balance Sheet size
- Improve Cost / Income ratio
- Improve ROA and ROE

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)

Thank you