

Investor Presentation – Q4 FY 2011

April 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 134 ATMs (as on March 31, 2011)

Comprehensive product range & scalable infrastructure

- Business model focused on achieving a balance between Retail Mortgages, 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 35.2% and CRAR of 13.25% under Basel II (as on March 31, 2011)

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

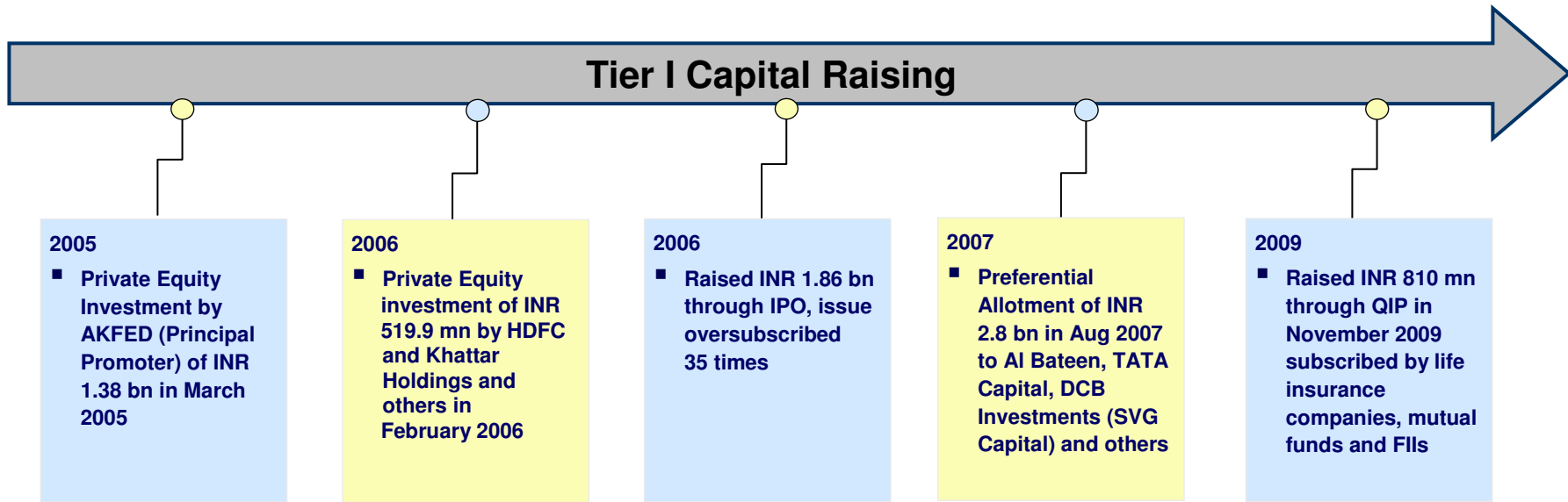
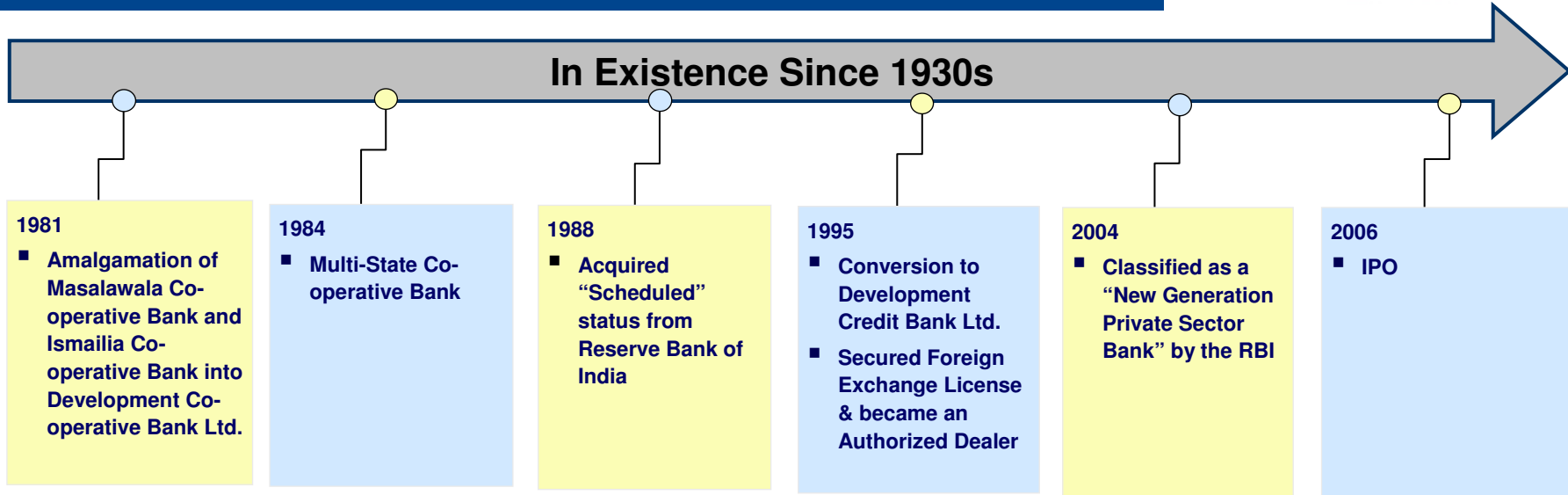
- DCB's promoter, Aga Khan Fund for Economic Development (AKFED) <http://www.akdn.org/akfed> is present in 16 countries employing over 30,000 people
- Promoter group holds 23.08% stake in DCB (as on March 31, 2011)

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 Banking & SME experience in India & abroad

Key Milestones

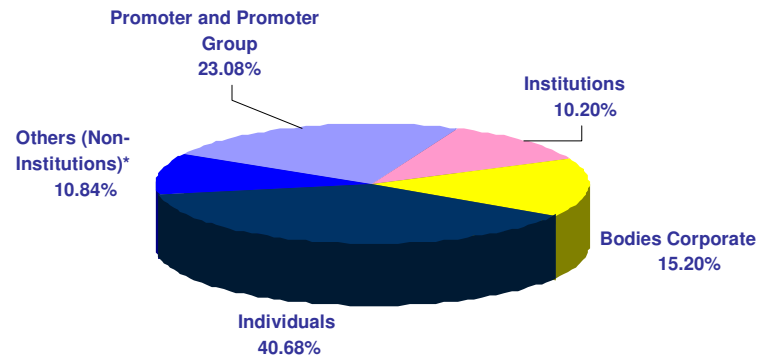
DEVELOPMENT CREDIT BANK



Shareholding Pattern (March 31, 2011)

DEVELOPMENT CREDIT BANK

Shareholding Pattern



*Includes Clearing Members (1.53%), Non Resident Indians (2.95%), Foreign Corporate Bodies (6.34%), Directors and their relatives (0.02%)

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.: 2.17%
- HDFC Ltd.: 2.02%
- Satpal Khattar: 1.62%
- Sundaram BNP Paribas Mutual Fund: 1.47%
- Girdharilal Lakhi: 1.26%
- Macquarie Bank Ltd.: 1.13%



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

Note: Numbers are rounded off upto two decimal places

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Experienced Board

DEVELOPMENT CREDIT BANK

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

DEVELOPMENT CREDIT BANK

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

Strong Management Team

DEVELOPMENT CREDIT BANK

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

DEVELOPMENT CREDIT BANK

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.

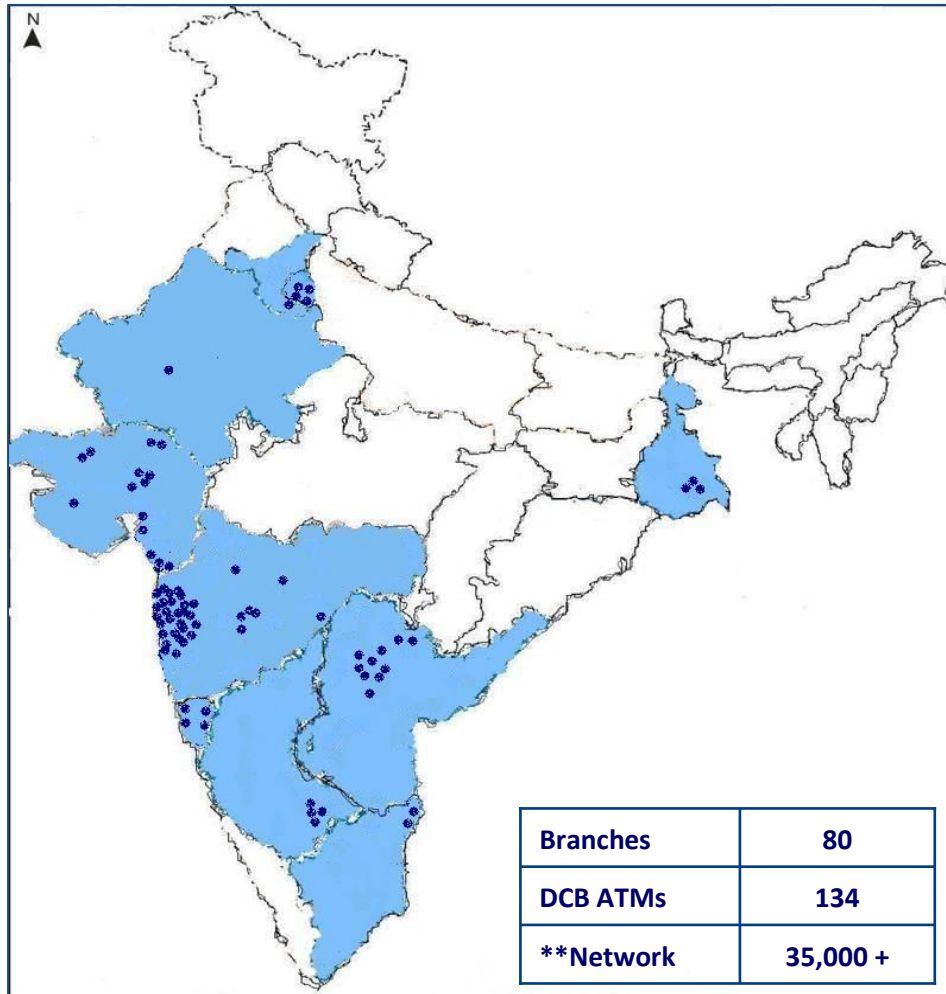
Narendranath Mishra

Head - AMRB

ICICI Bank and Rallis India – 11 yrs exp.

80 Branches, Strong Presence in the Western Region

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 (3)
- Ankleshwar (1)
- Bhuj (1)
- Daman (1)
- Dediapada (1)
- Gandhinagar (1)
- Rajkot (1)
- Sidhpur (1)
- Silvassa (1)
- Surat (1)
- Vadodara (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

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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 87.64% as on March 31, 2011
- 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

Ratings

DEVELOPMENT CREDIT BANK

	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 & Inclusive Banking 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)
 - 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)

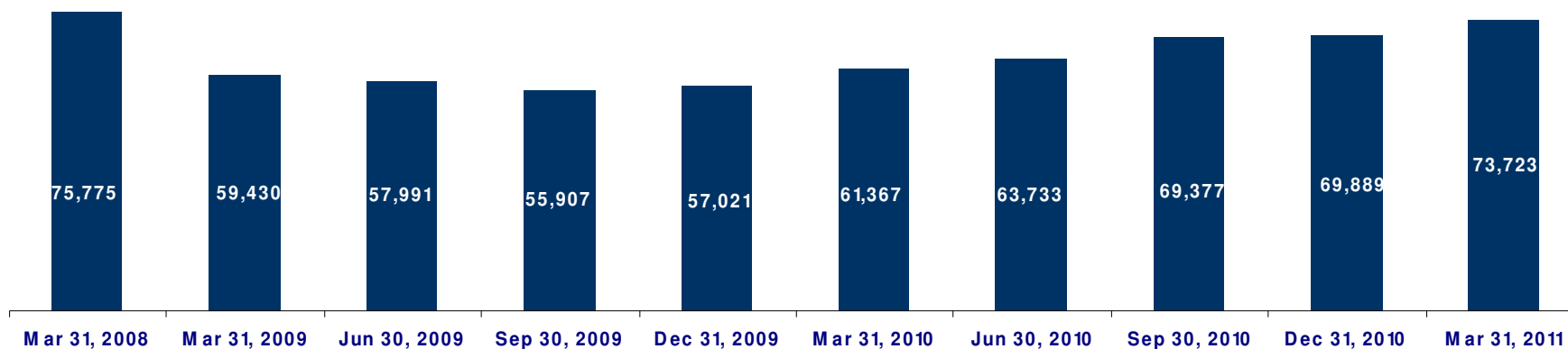
Goal

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

Calibrated Growth in Balance Sheet

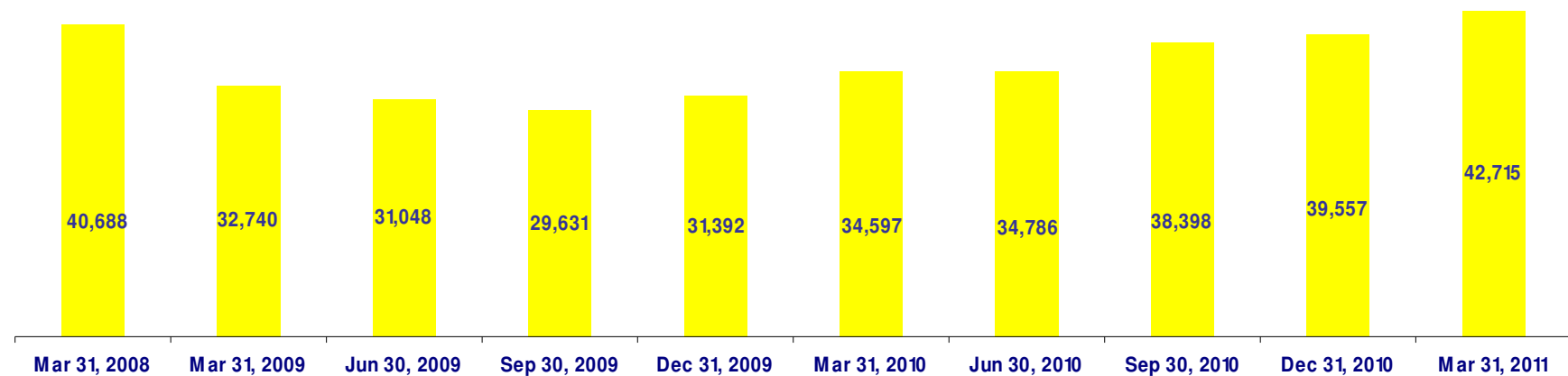
Total Assets

INR mn



Net Advances*

INR mn



Note: Financial numbers are rounded off to nearest whole number

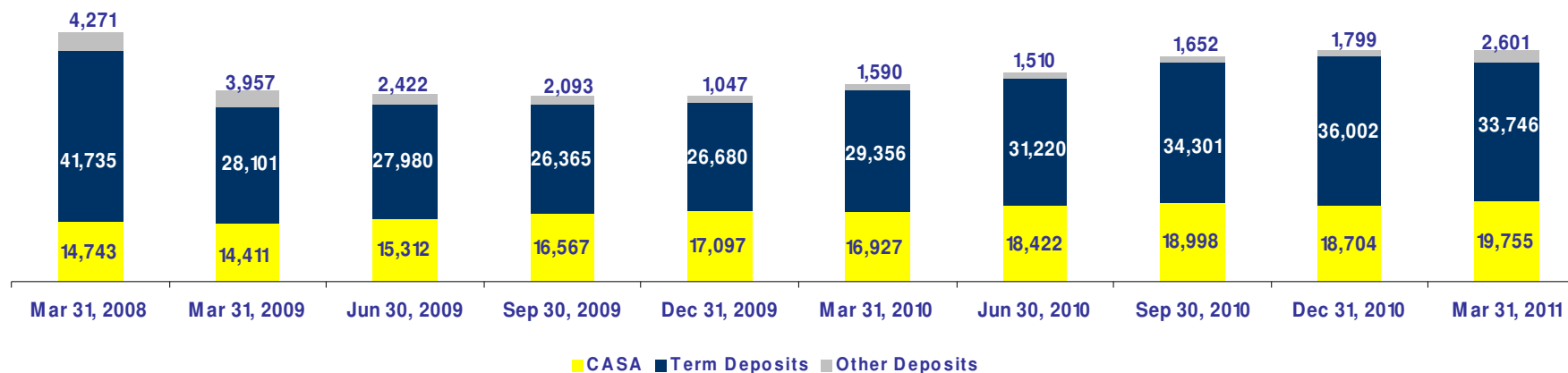
* Net Advances – Gross advances less (net of) provisions

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Building Stable Low Cost Funding Base

Deposits

INR mn



INR mn

	Mar 31, 2008	Mar 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011
Retail Deposits/ Total Deposits	51.95%	67.53%	81.54%	79.77%	78.65%	78.98%	81.17%
CASA Ratio	24.27%	31.01%	35.36%	36.02%	34.57%	33.10%	35.21%

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

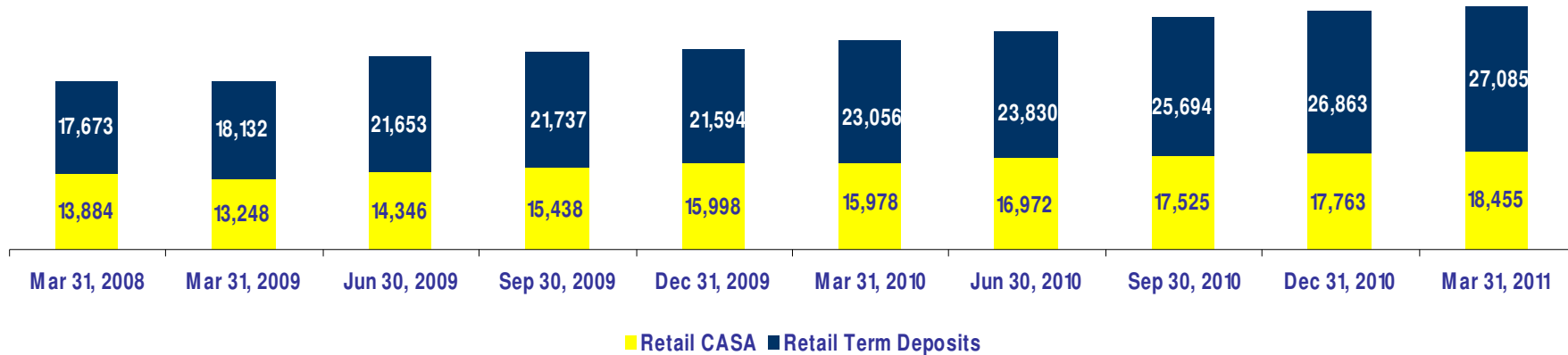
Note: Financial numbers are rounded off to nearest whole number

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Thrust on Low Cost Deposits through Branch Network

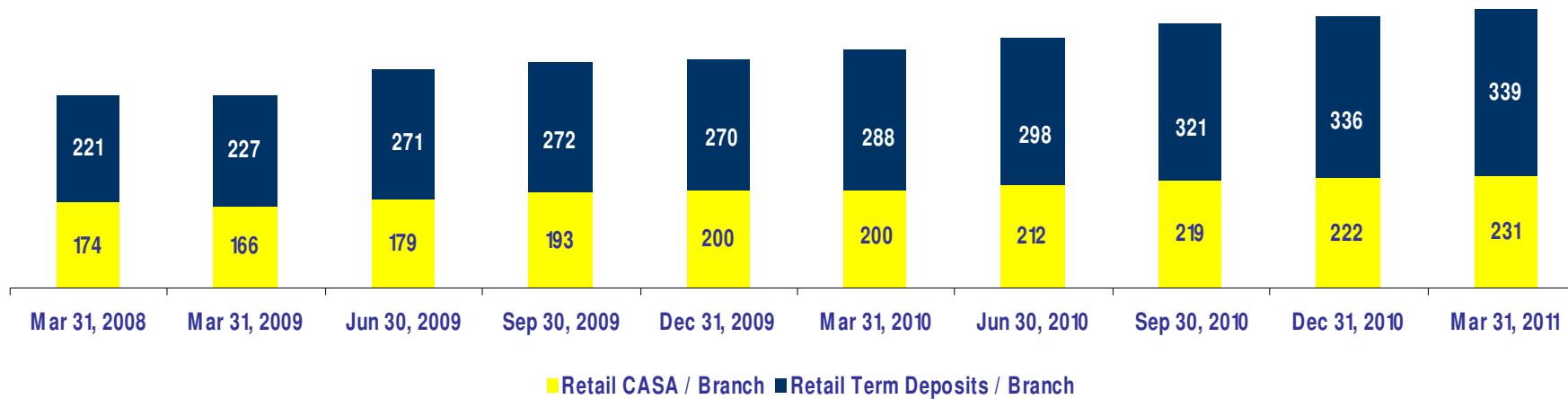
Retail CASA & Retail Term Deposits

INR mn



Retail Deposits / Branch

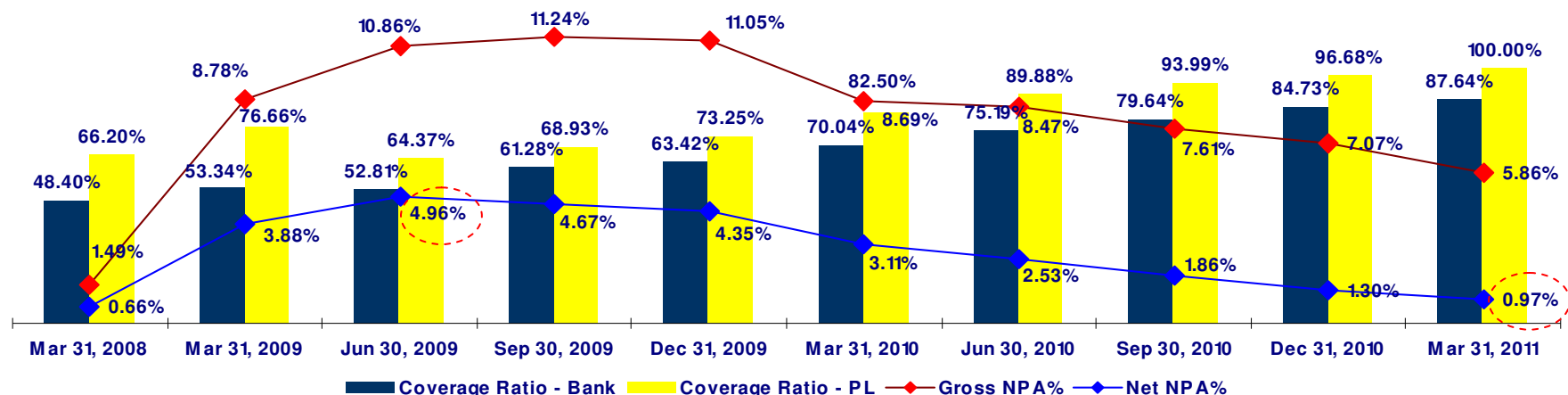
INR mn



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	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011
Personal Loans	338	1,326	1,694	1,659	1,617	1,586	1,293
CV/CE/STVL*	71	533	599	584	540	496	452
Corporate	162	988	594	590	654	617	588
Others	63	209	305	307	296	274	303
Gross NPA	634	3,056	3,192	3,140	3,107	2,973	2,636
Net NPA**	270	1,270	1,076	878	714	515	412

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

DEVELOPMENT CREDIT BANK

INR mn	Mar 31, 2008	Mar 31, 2009	Mar 31, 2010	Mar 31, 2011
CASA	14,743	14,411	16,927	19,755
Retail Term Deposits	17,502	18,132	23,056	27,085
Mortgages (sourced & acquired)	2,464	2,626	4,118	10,811
SME + Micro SME	1,673	4,483	6,004	10,219
Agri & Inclusive Banking	3,390	5,710	8,583	8,502
Corporate Banking	18,458	9,327	11,095	11,051

Note: Financial numbers are rounded off to nearest whole number

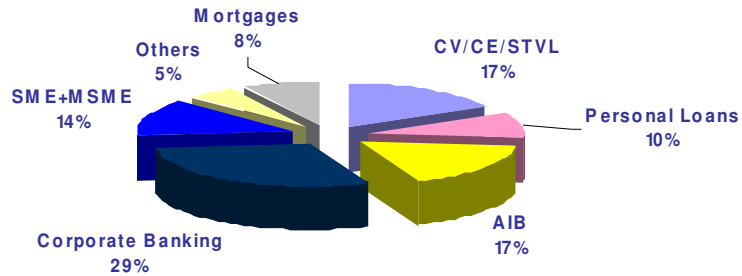
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Diversified Portfolio

DEVELOPMENT CREDIT BANK

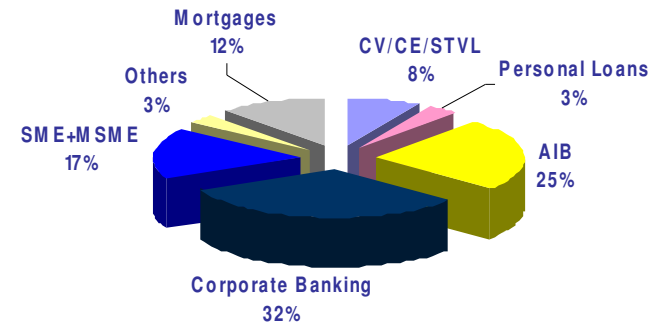
Portfolio* as on Mar 31, 2009

Retail Banking - 40%



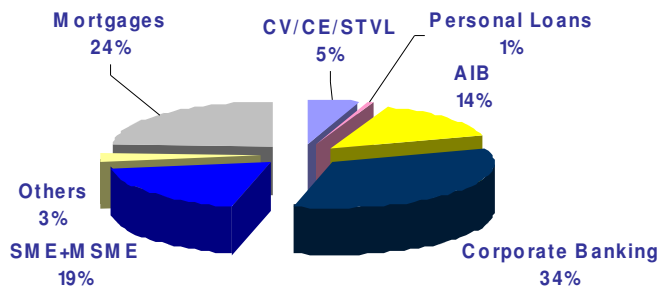
Portfolio* as on Mar 31, 2010

Retail Banking - 26%



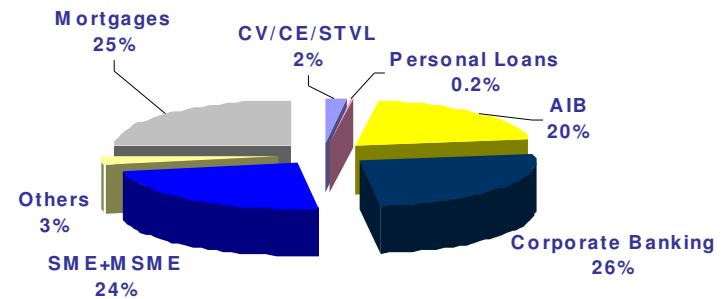
Portfolio* as on Sep 30, 2010

Retail Banking - 33%



Portfolio* as on Mar 31, 2011

Retail Banking - 30%



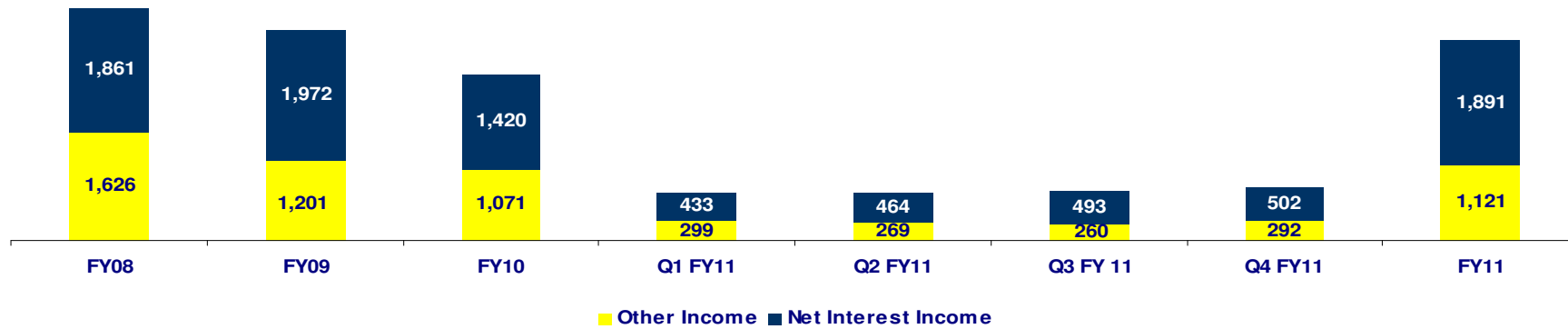
Note: Financial numbers are rounded off to nearest whole number

* AIB – Agri & Inclusive Banking, MSME – Micro SME, CV / CE / STVL – Commercial Vehicle, Corporate Equipment and Small Ticket Vehicle Loan

Focus on Cost Management

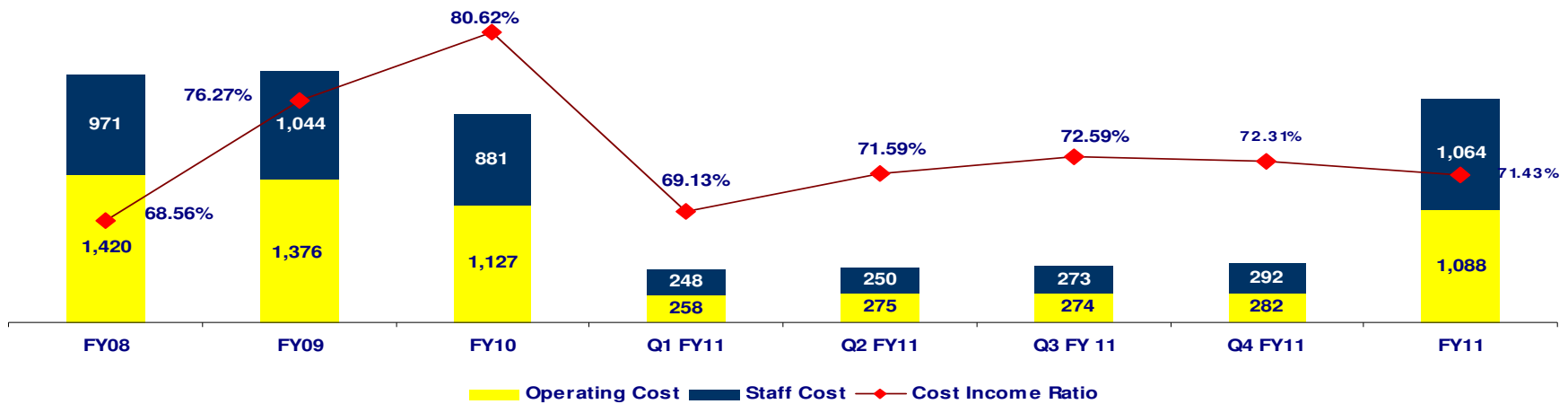
Operating Income

INR mn



Operating Cost

INR mn

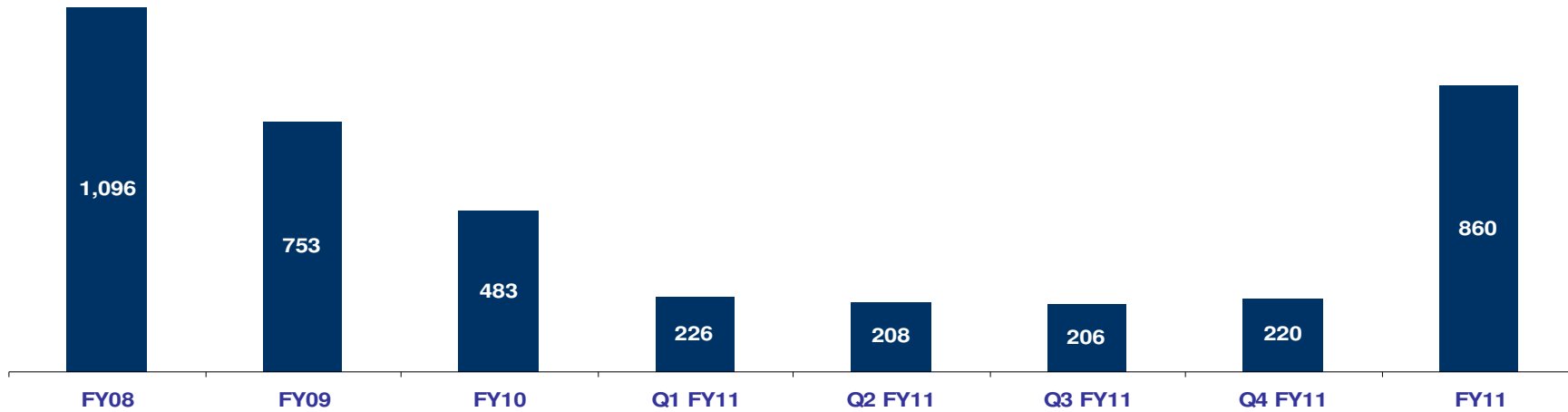


Note: Financial numbers are rounded off to nearest whole number

Improvement in Operating Performance

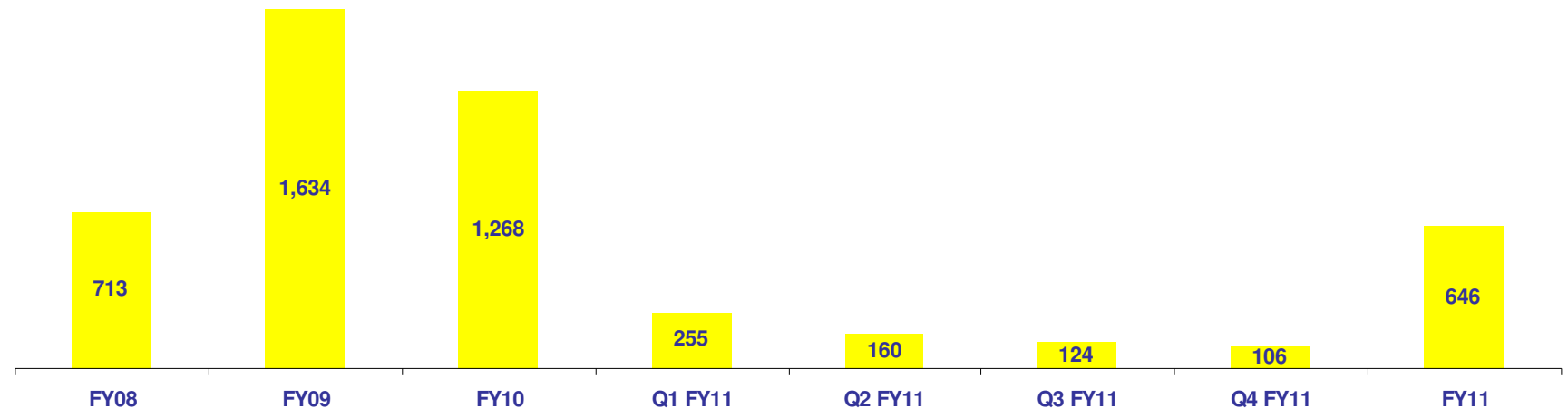
Operating Profit

INR mn



Provisions

INR mn



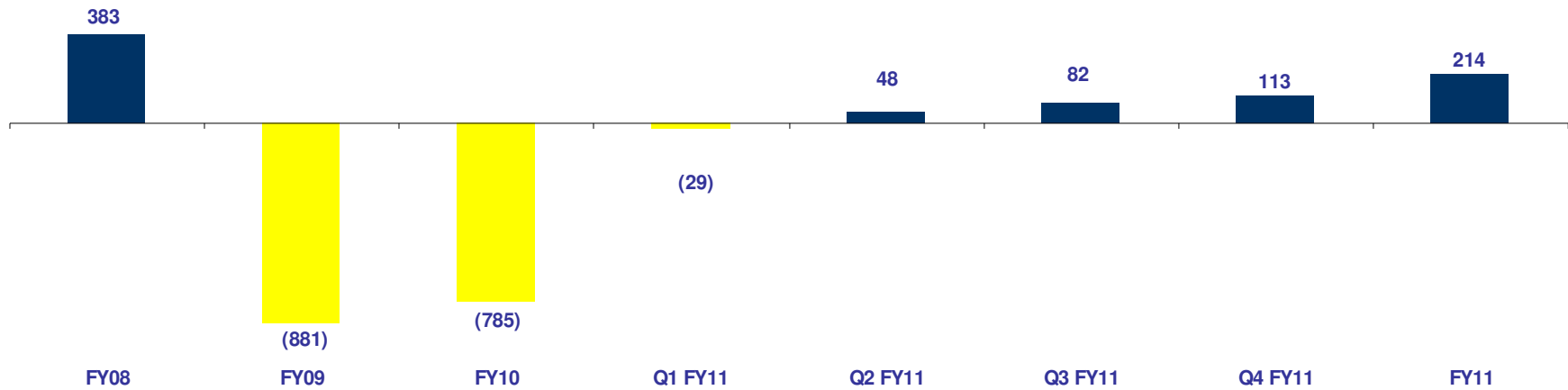
Note: Financial numbers are rounded off to nearest whole number

* 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

Bottom Line Improvement

Net Profit / Loss *

INR mn

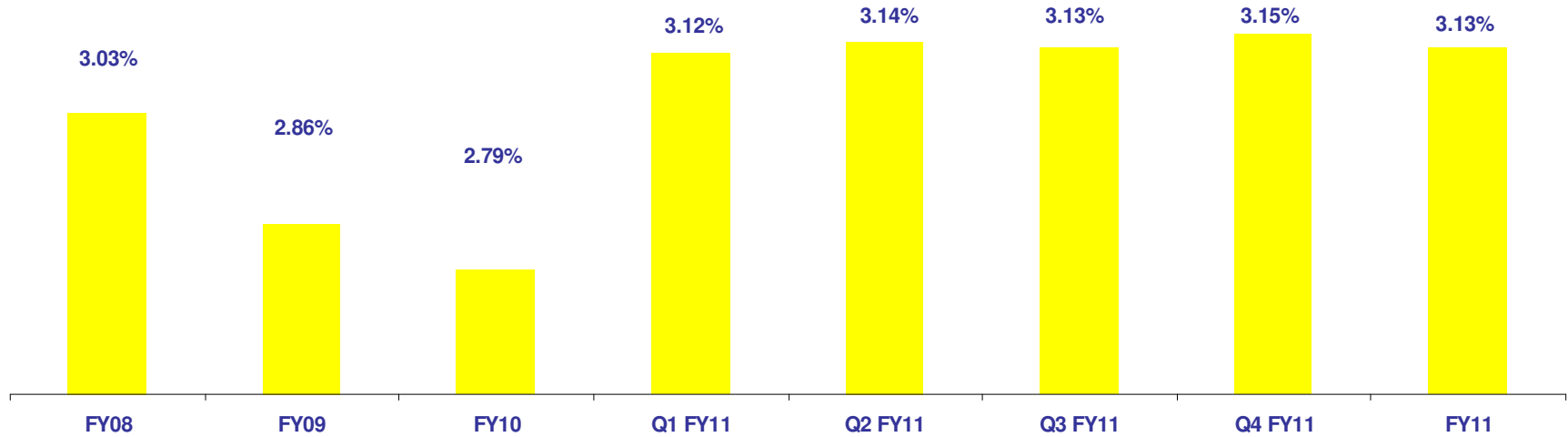


Note: Financial numbers are rounded off to nearest whole number

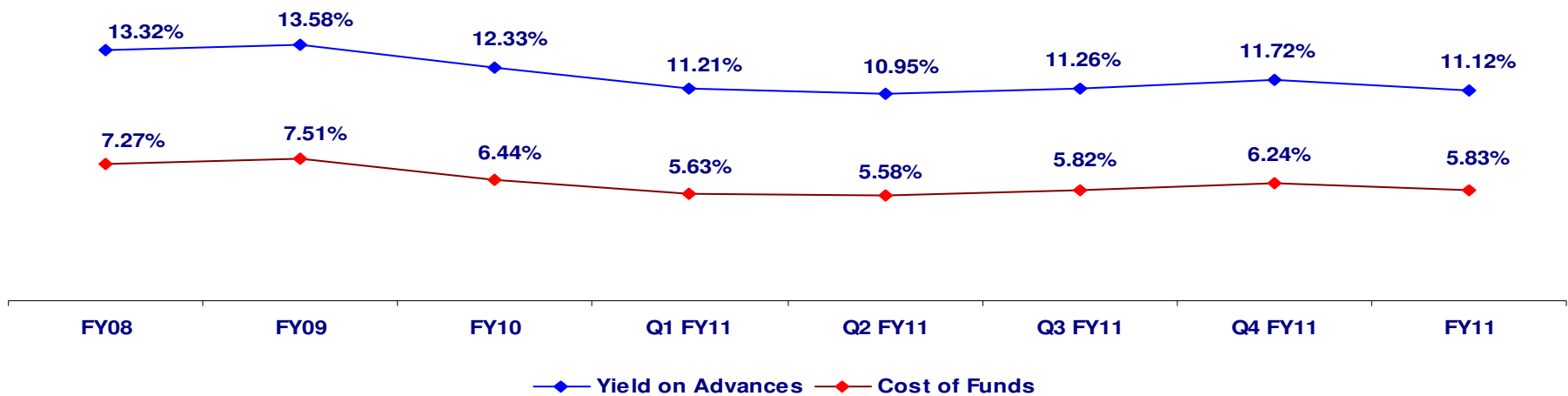
* Net Profit / (loss) represents post tax numbers

NIM, Yield on Advances and Cost of Funds

Net Interest Margin INR mn



Yield on Advances & Cost of Funds



Note: Financial numbers are rounded off to nearest whole number

Other Income

DEVELOPMENT CREDIT BANK

INR mn	FY08	FY09	FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	FY11
Commission, exchange and brokerage	845	768	664	156	175	165	166	661
Sale of investments	15	20	178	86	36	57	74	253
Sale of land, buildings and other assets	102	47	(3)	(2)	(2)	(1)	16	11
Exchange transactions	229	224	64	18	29	17	25	90
Lease income	7	-	9	-	-	-	-	-
Miscellaneous income	428	142	159	41	31	22	12	106
Total	1,626	1,201	1,071	299	269	260	293	1,121

Note: Financial numbers are rounded off to nearest whole number

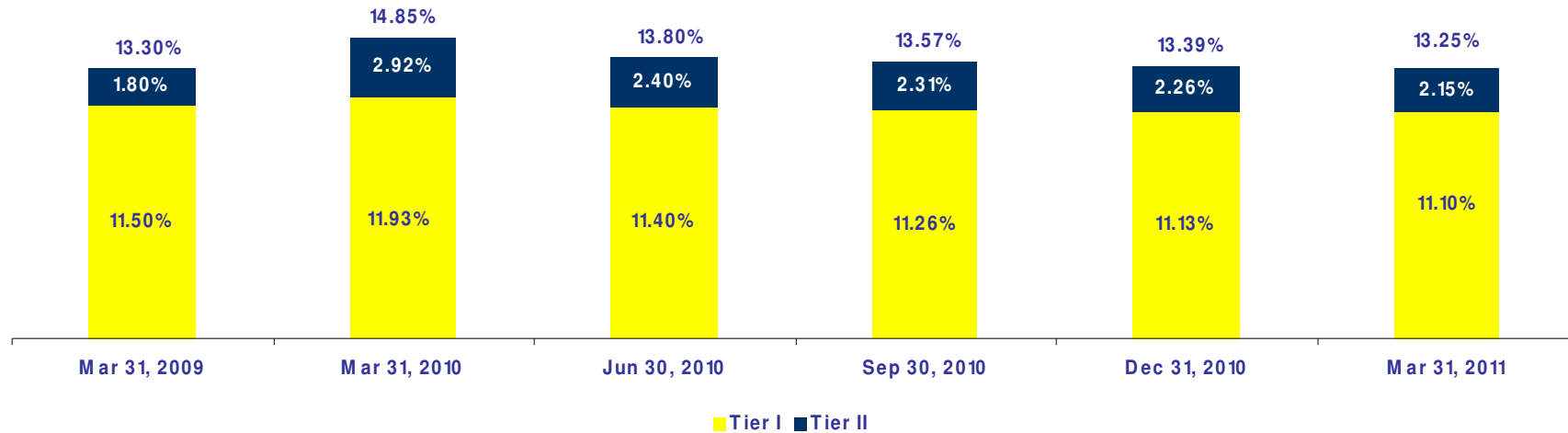
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INR mn	Mar 31, 2008	Mar 31, 2009	Mar 31, 2010	Mar 31, 2011
SLR	17,145	12,675	15,789	17,512
Non-SLR	4,201	3,542	4,390	5,439
Total Investments *	21,346	16,217	20,179	22,951
HTM	7,688	10,808	16,890	18,847
AFS	12,585	4,630	3,263	3,029
HFT	1,072	779	26	1,075
Total Investments *	21,346	16,217	20,179	22,951

Note: Financial numbers are rounded off to nearest whole number

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

Note: Financial numbers are rounded off to nearest whole number

Development Credit Bank – Overview

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Business Strategy & Financials

Annexure

Balance Sheet

DEVELOPMENT CREDIT BANK

INR mn	Mar 31, 2008	Mar 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011
Shareholder's Equity	6,343	5,957	5,990	5,960	6,003	6,086	6,187
Deposits	60,749	46,469	47,873	51,152	54,951	56,506	56,102
Borrowings ¹	4,268	3,455	5,035	3,840	5,648	4,534	8,607
Other Liabilities & Provisions ¹	4,361	3,523	2,447	2,754	2,747	2,736	2,800
Cash, Inter-bank, etc	10,615	6,534	3,324	5,647	6,177	5,162	4,871
Investments	21,346	16,217	20,179	20,057	20,975	21,771	22,951
Advances	40,688	32,740	34,597	34,786	38,398	39,557	42,715
Fixed Assets	998	1,489	1,358	1,326	1,308	1,294	1,275
Other Assets	2,128	2,450	1,909	1,918	2,518	2,106	1,912
Credit Deposit Ratio	66.98%	70.46%	72.27%	68.00%	69.88%	70.00%	76.14%

INR mn	Mar 31, 2008	Mar 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011
CASA	14,743	14,411	16,927	18,422	18,998	18,704	19,755
Other Deposits	46,006	32,058	30,946	32,730	35,953	37,802	36,347
Total Deposits	60,749	46,469	47,873	51,152	54,951	56,506	56,102
CASA Ratio	24.27%	31.01%	35.36%	36.02%	34.57%	33.10%	35.21%

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

DEVELOPMENT CREDIT BANK

INR mn	FY08	FY09	FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	FY11
Net Interest Income	1,861	1,972	1,420	433	464	493	502	1,891
Other Income	1,626	1,201	1,071	299	269	260	292	1,121
Operating Income	3,487	3,173	2,491	732	733	753	794	3,012
Operating Expenses	(2,391)	(2,420)	(2,008)	(506)	(525)	(547)	(574)	(2,152)
Operating Profit	1,096	753	483	226	208	206	220	860
Total Provisions	(713)	(1,634)	(1,268)	(255)	(160)	(124)	(107)	(646)
PAT	383	(881)	(785)	(29)	48	82	113	214
Cost Income Ratio	68.56%	76.27%	80.62%	69.13%	71.59%	72.59%	72.31%	71.43%

Note: Financial numbers are rounded off to nearest whole number

Private & Confidential

Thank you