



years of trust

Investor Presentation

September 2011

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Agenda

-  Overview - A Renewed Dhanlaxmi
-  A Well Balanced Franchise - Ready to Leapfrog
-  Financial Highlights
-  Business Strategy
-  Strong Industry Fundamentals
-  Annexure

DhanlaxmiBank
established 1927



A Renewed Dhanlaxmi



Dhanlaxmi: An Emerging Private Sector Bank

History

- Incorporated at Thrissur, Kerala in 1927

Growth

- Total asset base rose to Rs. 150 billion as at June 30, 2011 (+67%) on a y-o-y basis

Breadth

- A broad customer base of 1.6 million as at June 30, 2011

Reach

- A network of 275 branches & 452 ATMs spread across 140 locations in 14 states

Strength

- Capital adequacy of 11.4% with a Tier-I ratio of 9.3% as at June 30, 2011

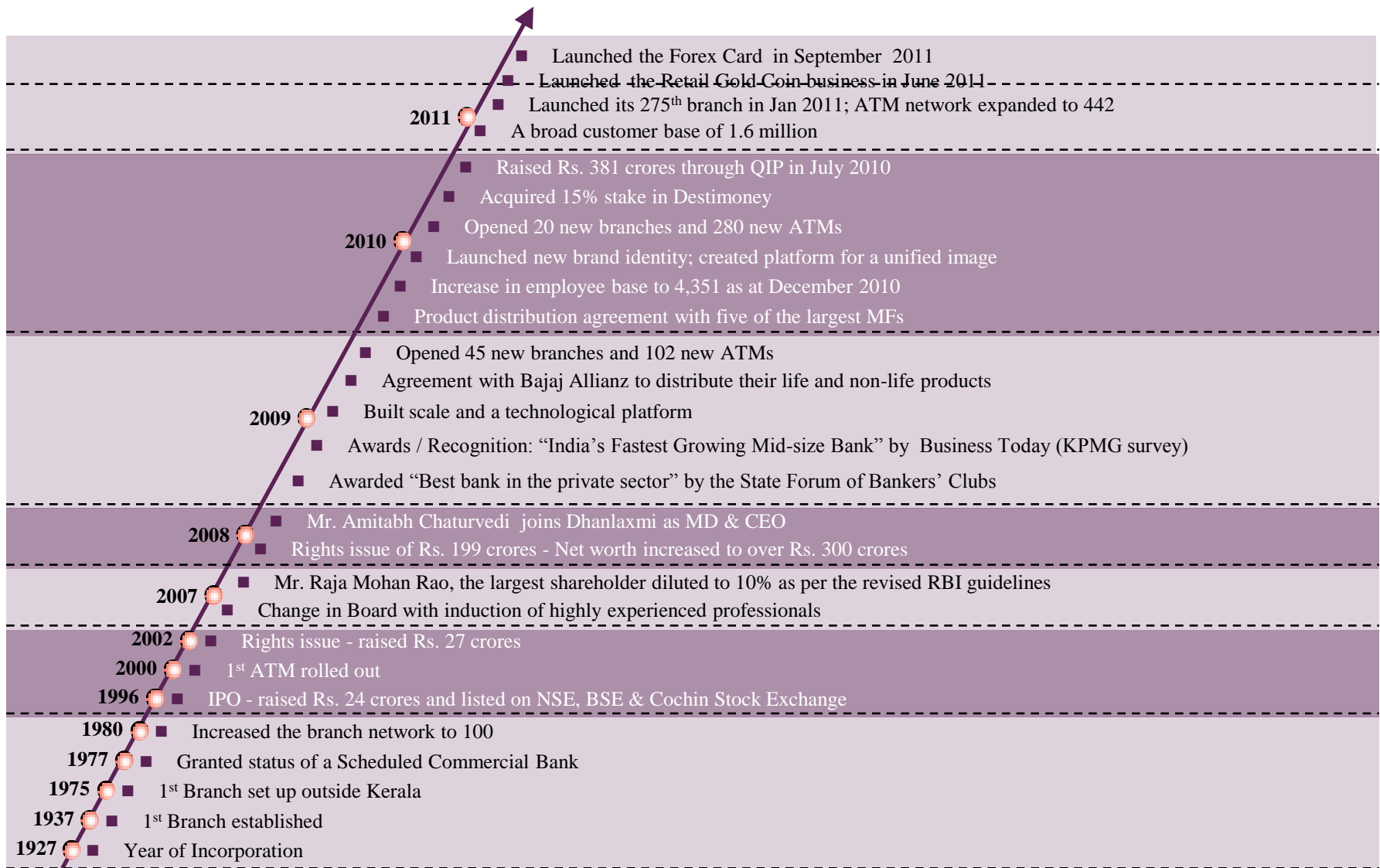
Capacity

- Employee strength increased from 1,402 as of Mar 31, 2009 to 4,744 as on June 30, 2011

Market Position

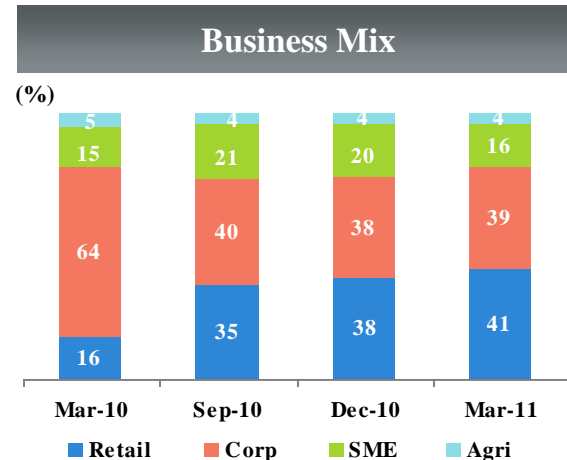
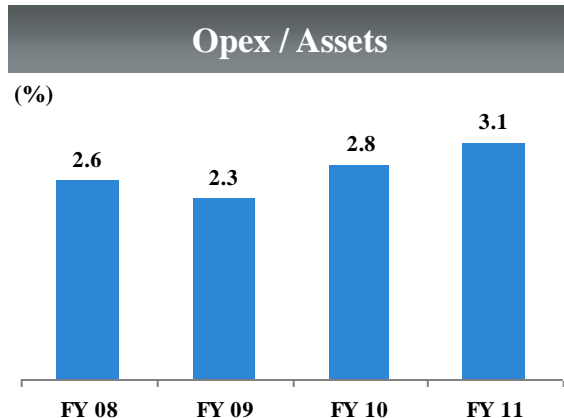
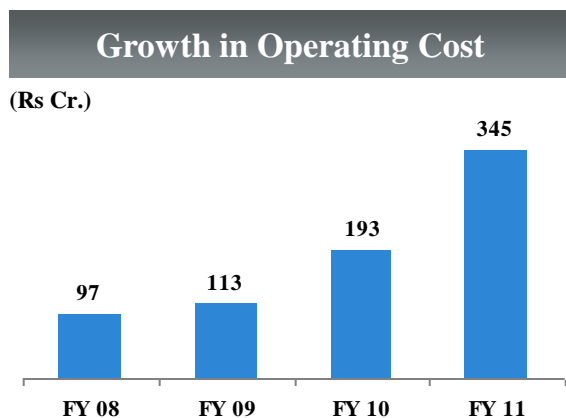
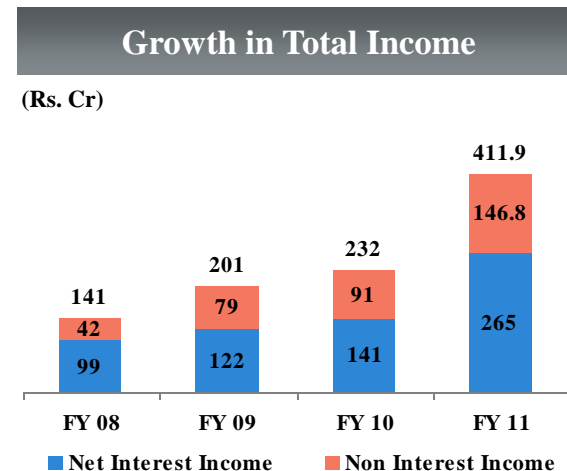
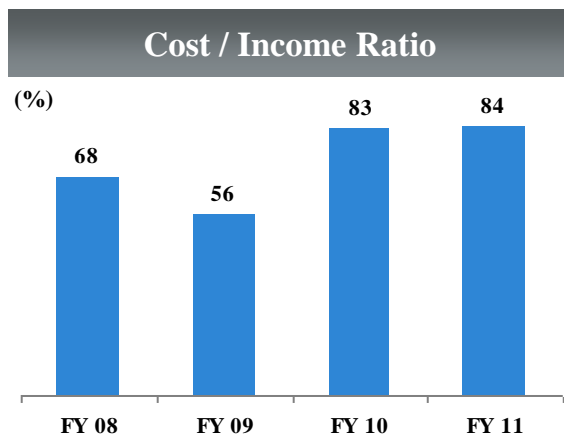
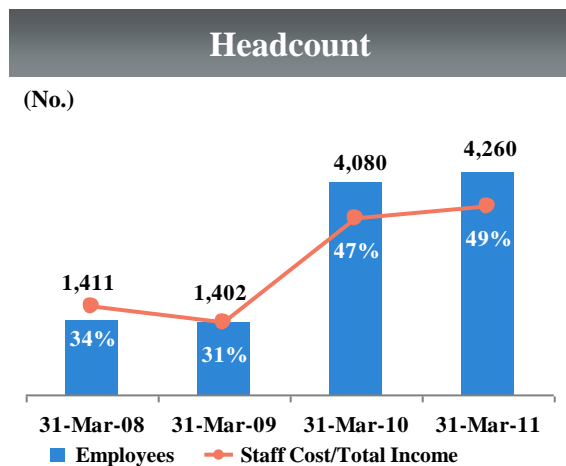
- Emerging nationwide banking franchise with retail, SME and corporate banking focus

A Rich History



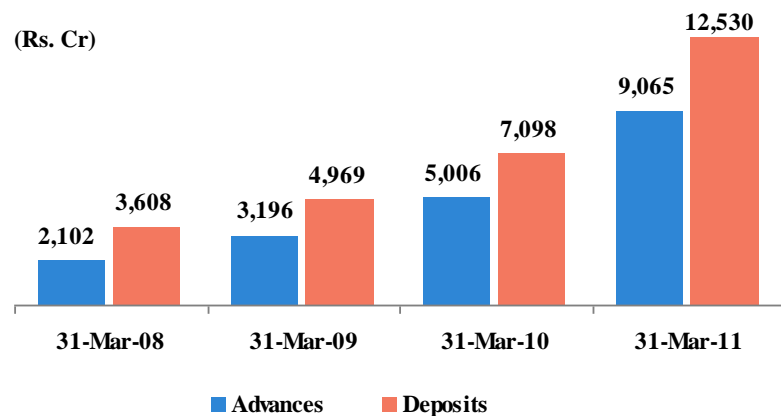
In Investment Mode

- Organization restructuring, branch expansion, technology upgradation and specialized staffing - ***Completed***
- Initiated & strengthened alternate channels since Mar'09 - ATMs, Internet Banking, Mobile Banking and IVR
- Investment in modern and aspirational branding exercise - ***Completed***

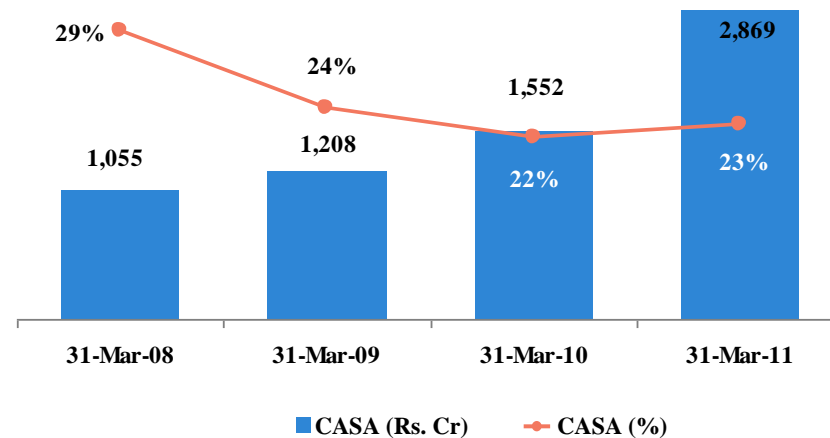


Re-Bootng the Franchise

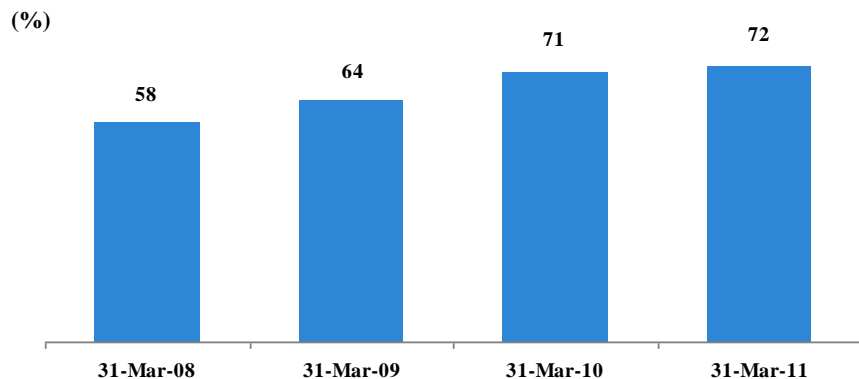
Advances and Deposits



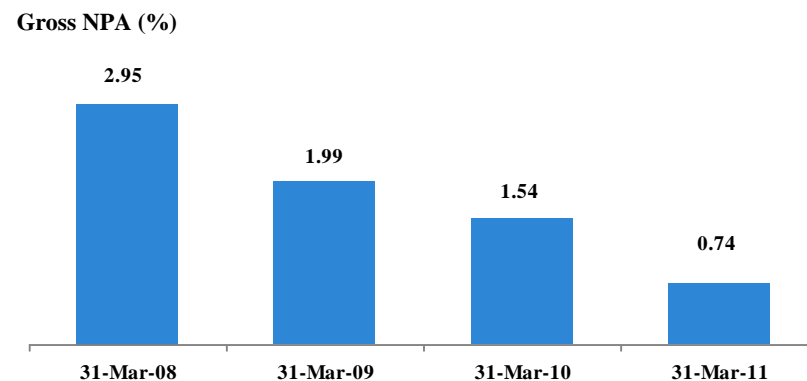
CASA



Credit Deposit Ratio



Asset Quality



Front-ended Investments to provide Long Term Structurally Strong Franchise

Product Suite - Created an Extensive Bouquet of Services

← Across Product Spectrum →

Retail Loans - Mortgages, Commercial Property, Loan against Property, CE Financing, Dealer Financing, Auto Loan, Loan against Gold / Securities

Wholesale Banking - Working Capital Finance, BGs, LCs, Bills Discounting, Term Loans, Project Finance

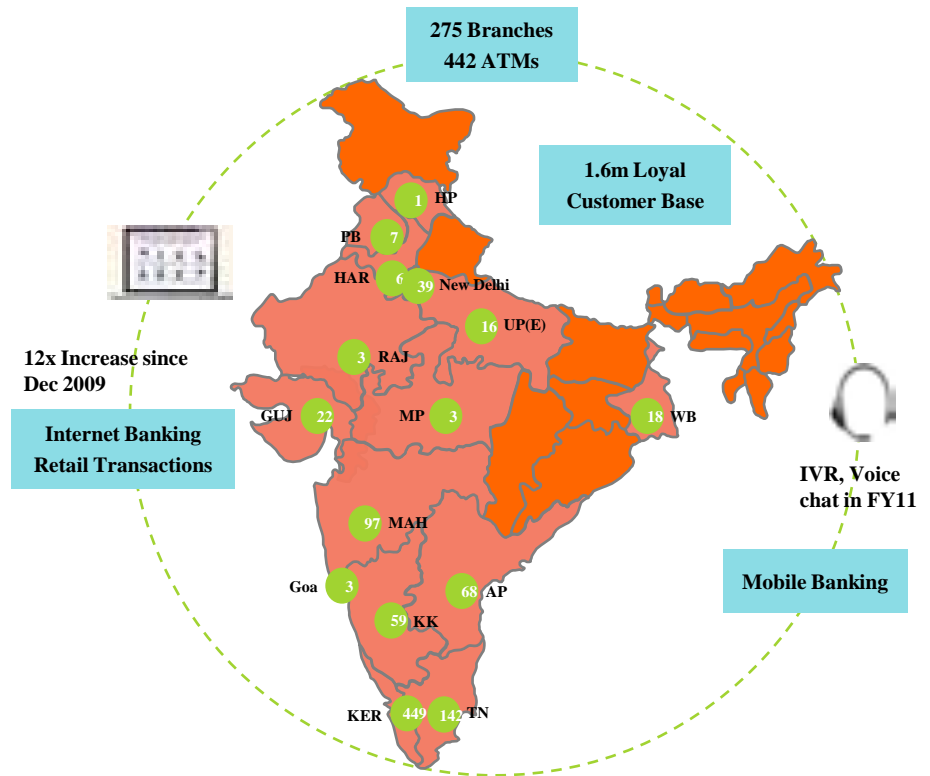
SME Group / Microfinance & Agriculture, Credit Card, Debit Card

Third-Party Products - MF, Insurance, Forex, Depository, Online Brokerage, Retail Gold Coins, Forex card etc.

Liabilities - Current, Saving, Term, Recurring, NRI, Roaming Account etc.

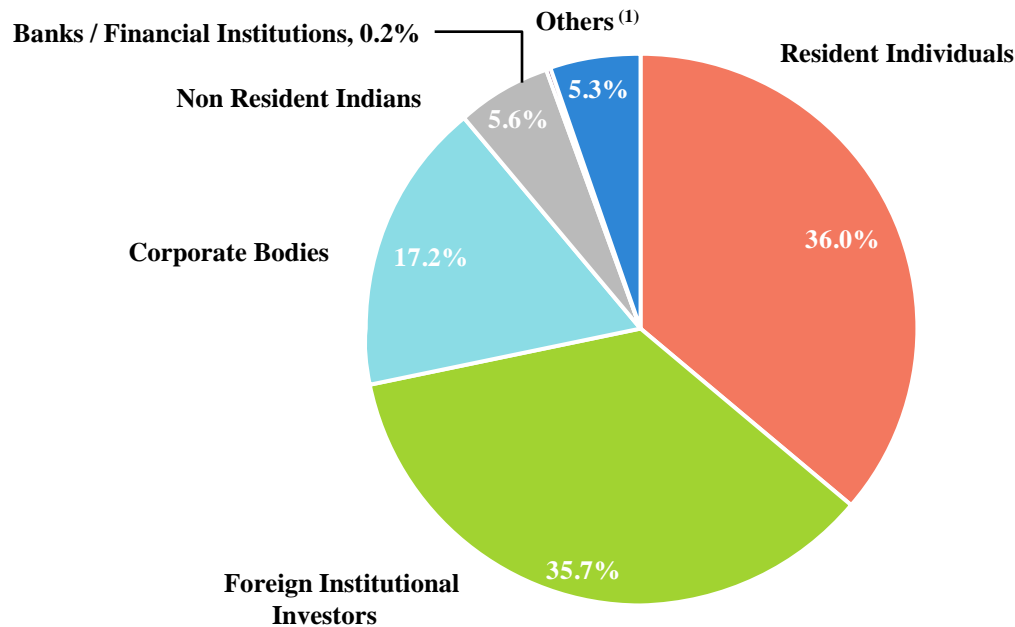
Payment Services - Bill Pay, Money Transfer, Charity, Religious Offerings, Mobile Banking etc.

Customer Touch Points
(Almost 3x in 18 Months)



Nearly 58,000 Shareholders Form Part of the Dhanlaxmi Family

Shareholding Pattern as at June 30, 2011



| Top FII Shareholders | % stake |
|----------------------------------------|---------|
| <i>Tiaa-CREF</i> | 4.2 |
| <i>Swiss Finance Corporation</i> | 3.9 |
| <i>India Max Investment Fund Ltd</i> | 3.6 |
| <i>Lotus Global Investment Ltd</i> | 3.5 |
| <i>Rhodes Diversified</i> | 3.3 |
| <i>Elara India Opportunities Fund</i> | 3.2 |
| <i>HSBC Indian Equity Mother Fund</i> | 2.5 |
| <i>Bessemer India Capital Partners</i> | 2.1 |
| <i>BNP Paribas Arbitrage</i> | 1.8 |
| <i>Jupiter India Fund</i> | 1.2 |

*Investment limits for FIIs / NRIs at 49% and 24% respectively
FIPB approval received – FDI limit at 74%*

(1) Includes insurance companies, Mutual funds, Trusts and Clearing members

DhanlaxmiBank
established 1927



**A Well Balanced Franchise
Ready to Leapfrog**

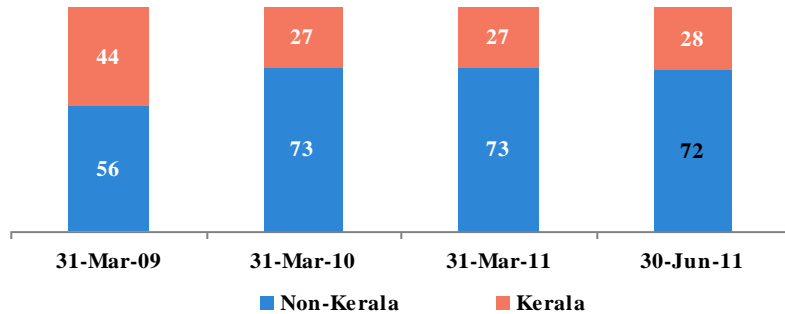


Reincarnation

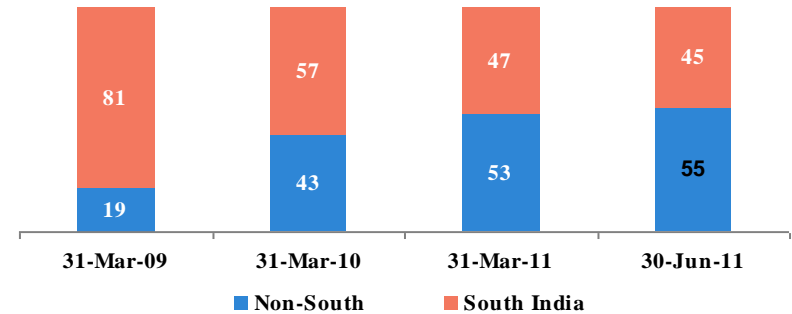
- 1 Perception change: From SME focused South India based Bank to a well diversified pan India bank**
- 2 Sharpening Focus: Well Defined Business Segments**
- 3 New brand identity with increase in customer touch points**
- 4 Change in management profile: A younger work force**
- 5 Revamped Risk organization**
- 6 Robust technology platform**
- 7 Ability to leverage multi-channel distribution network & strengthen fee income**

Loan Book

By State (%)

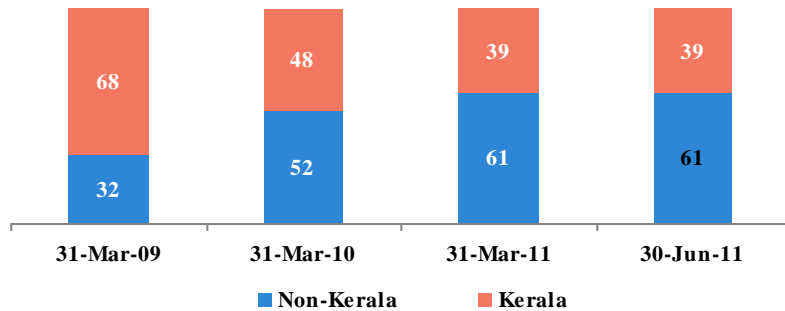


By Geographic Region (%)

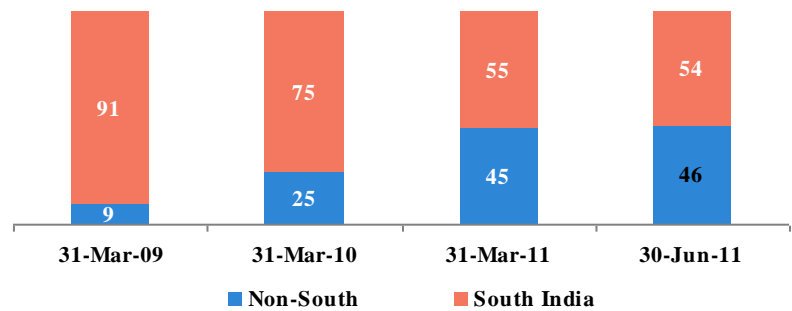


Deposits

By State (%)



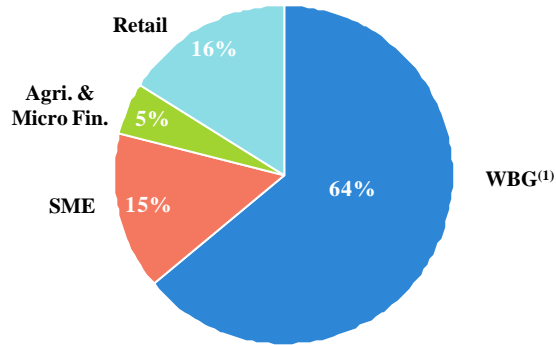
By Geographic Region (%)



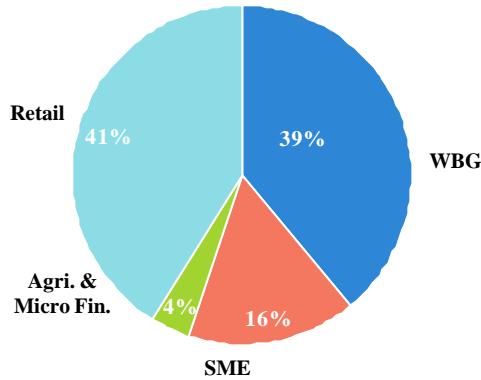


Revamp Towards a Favorable Business Mix on Track - Advances

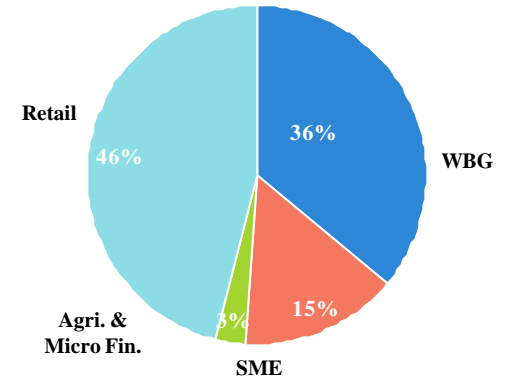
As at March 31, 2010



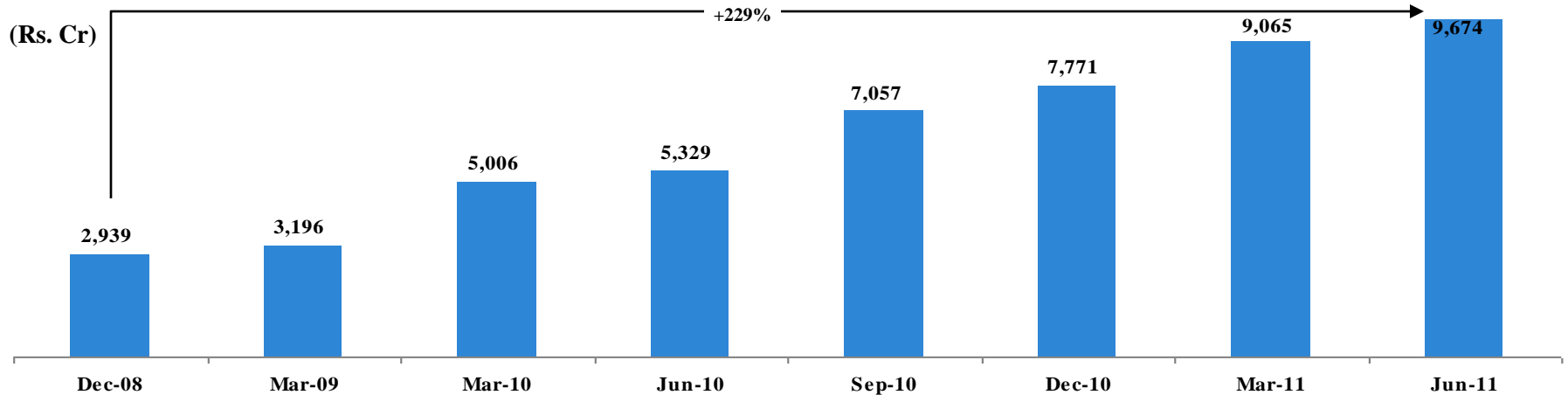
As at March 31, 2011



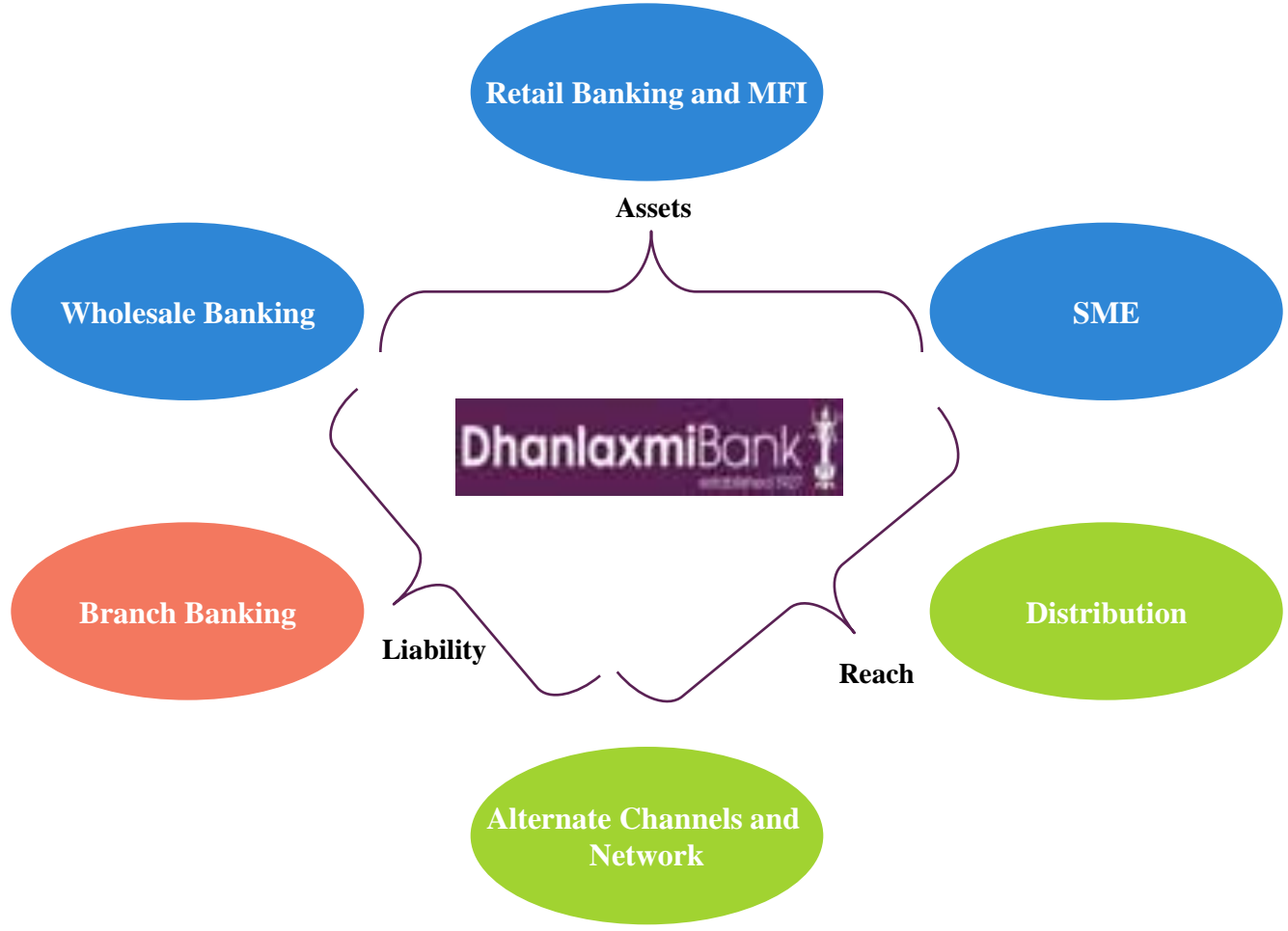
As at June 30, 2011



Total Advances



(1) Wholesale Banking Group;



Phase I: Establishing the Franchise

- Strategy based on targeting low risk, high volume business
- Customers with high credit worthiness
- Focus on geographical diversification

Phase II: Deep Mining of Existing Relationships

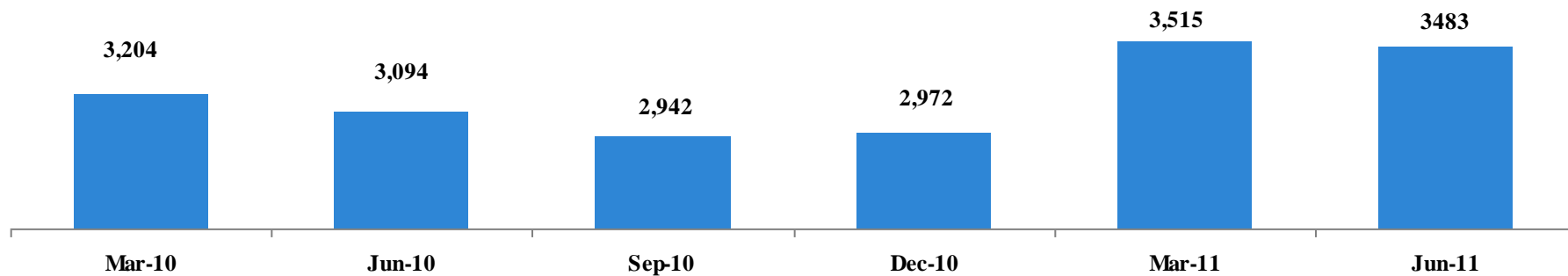
- Aimed to Replace Low income portfolio with High income products
- Cross sell of trade, forex and CMS
- Focus on Tier II companies

Phase III: Way Forward

- Measured risk with higher income
- Retain focus on cross sell
- Build High Margin, High Fee business but with measured risk

Wholesale Book Size⁽¹⁾

Rs. Cr



(1) Net book, adjusted for provisioning

Overview

Capability

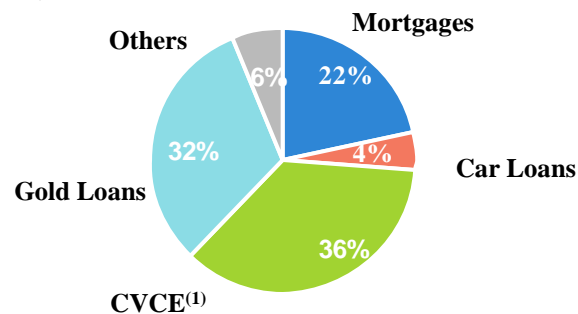
- Launched the complete suite of products under retail assets
- Infrastructure built across various cities covering 239 locations pan India
- Strong distribution network with 700+ channel partners
- Acquired quality manpower across all locations

Achievement

- Built a brand image among customers and channel partners as a rapidly emerging player
- Augmenting tie-up with builders for property loans & consumer finance
- Successfully enhanced book size of property loans by 228% by 31 March 2011 as compared to previous year; built a Rs 1500 Cr portfolio under CVCE⁽¹⁾, car loans and dealer financing from scratch during FY11
- Leading private sector bank in terms of monthly disbursal of gold loans

Split of Loan Book

As on June 30, 2011



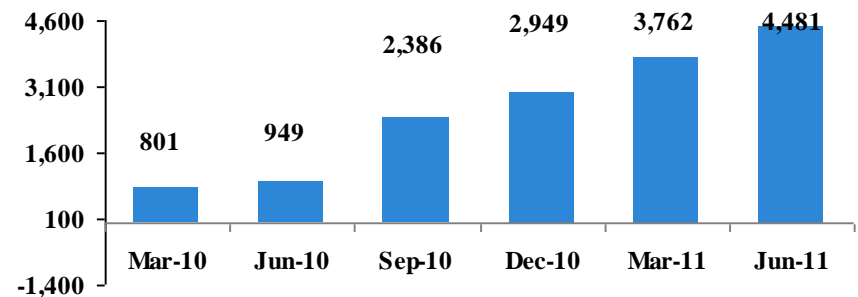
(1) CVCE: Commercial Vehicle & Construction Equipment

Strategy going forward

- Strengthened tie-ups with reputed manufacturers & dealers for vehicle equipment finance and dealer funding
- Unlock potential of nation wide branch presence by reach a wider customer base and building a low cost portfolio
- Focus on specific product mix tilted towards creating a secured portfolio under the self employed customer segment
- Higher penetration in high yielding product for better rate & Fee income
- Niche in self-employed segment
 - Higher ticket size
 - Lower loan-to-value
 - Superb cross sell customer
 - Not rate sensitive
 - Sticky loyal segment

Retail Book Size

(Rs. Cr)



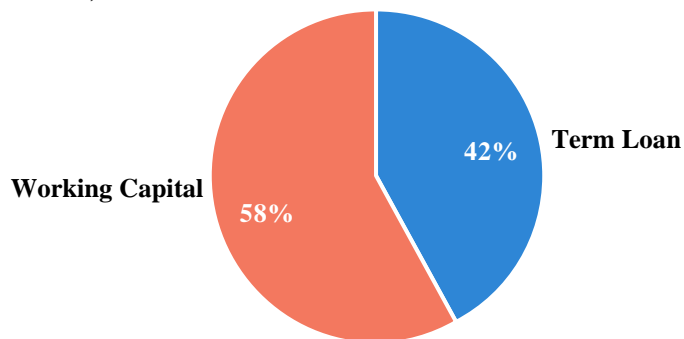


Quick Facts

- Dedicated new team of ~100 members in place
- Product-wise & customer-wise segmentation
- Focus on cross-selling and transaction banking opportunities
- Nationwide presence

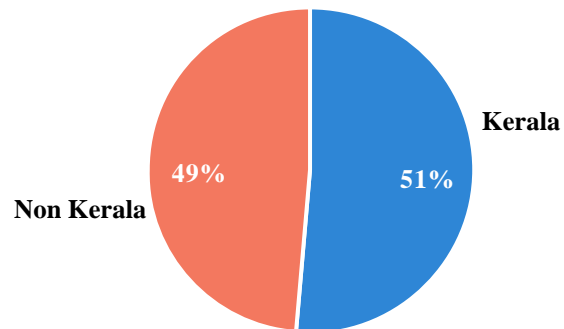
Product Segmentation

As on June 30, 2011

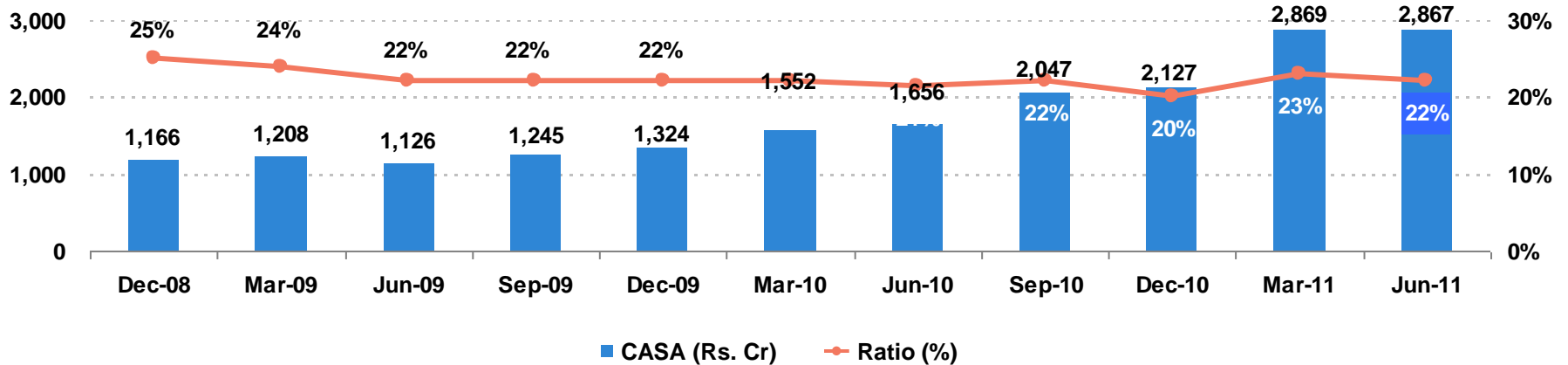


Portfolio : Region-Wise

As on June 30, 2011



Revamp Towards a Favorable Business Mix on Track - Liabilities



- 29% of the incremental liabilities have been contributed by the new branches (25% of the total branches)
- All alternate channels are operational (ATMs, internet / mobile banking, call centre)
- Share of premium accounts in overall CASA acquisition rose from 15% in FY 2010 to 69% in Q1FY 12
- Rate of New Customer Acquisition (NCA) rose to around 650 per day
- 46% of total deposit base are retail deposits (<Rs. 1 crore)



New brand identity with increase in customer touch points

Evolution into a Contemporary and Modern Brand Identity

Past

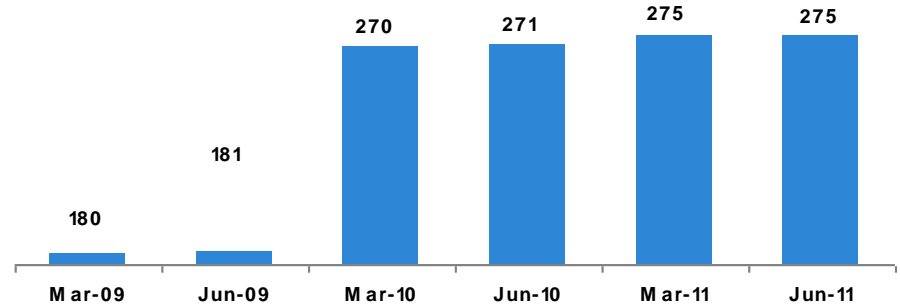


Re-Branded

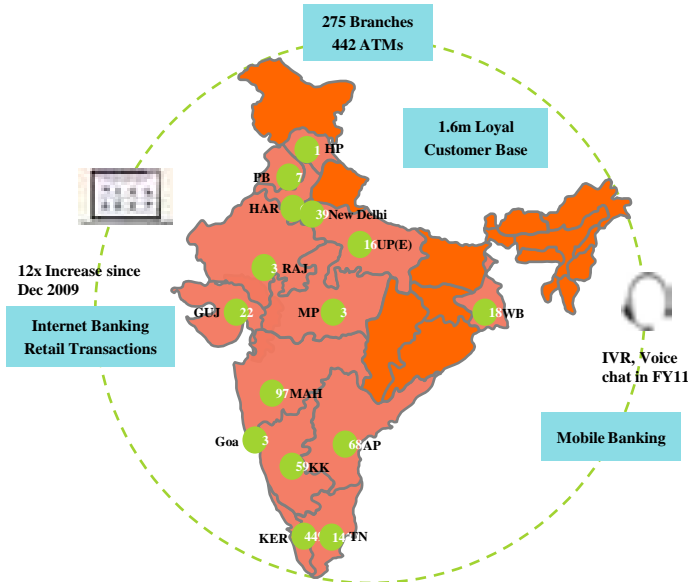
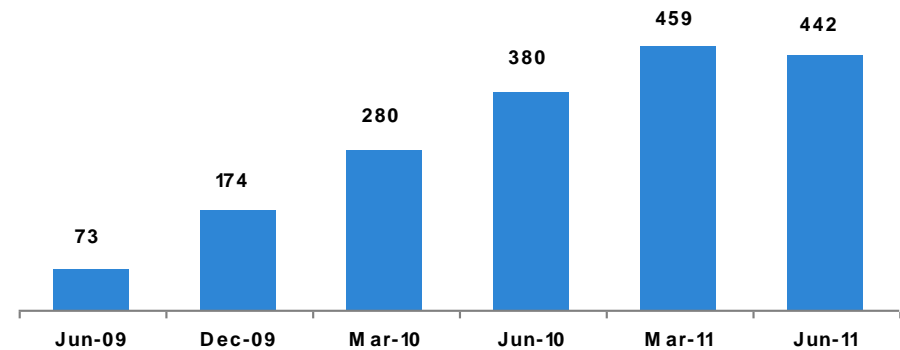




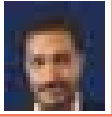

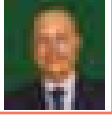

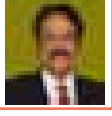
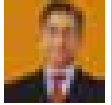
Customer Touch Points (Almost 3x in 18 Months)

Branches



ATMs



| | Name | Age | Total Work Experience |
|------------------------------------------------------------------------------------|------------------------------------------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Mr. G.N. Bajpai <i>Chairman</i> | 69 | <ul style="list-style-type: none"> ■ He has served as chairman of Life Insurance Corporation of India (LIC) and Securities Exchange Board of India (SEBI) |
|  | Mr. Amitabh Chaturvedi <i>MD & CEO</i> | 43 | <ul style="list-style-type: none"> ■ He has served as the Group President at Reliance Capital Limited ■ He was also earlier in charge of the Retail Banking group at ICICI |
|  | Mr. Sateesh Kumar Andra | 43 | <ul style="list-style-type: none"> ■ He is on the board of start-up s like Metromela Internet Services Private Limited, Ginger Soft Media Private Limited, Pressmart India Limited and Metrikus India Private Limited, started by young and first generation entrepreneurs ■ He was the Promoter and CEO of EUCLID software, a leading provider of Business Intelligence for IT ■ He is engaged as venture partner with DFJ (Draper Fisher Jurvetson) India, which lends support to enterprising entrepreneurs |
|  | Mr. Ghanshyam Dass | 59 | <ul style="list-style-type: none"> ■ He was the Managing Director of NASDAQQMX for Asia Pacific until February 2009 ■ He was also the CEO of British Bank of Middle East in India & Majan International Bank in the Sultanate of Oman. Currently, he is the Senior Advisor of KPMG and Advisor, Intel Capital |
|  | Mr. Shailesh Haribhakti | 55 | <ul style="list-style-type: none"> ■ A C.A. by qualification, he is the only Indian Member on the Standards Advisory council of the IASB. He is the Chairman of FPSB, India. He is a Committee member of Futures & Options segment of NSE, SEBI Committee on Disclosure and Accounting Standards, Managing Committees of ASSOCHAM & IMC, and Corporate Governance Committees of ASSOCHAM & CII. He has been a warded “The Best Non Executive Independent Director Award-2007” by the Asian Centre for Corporate Governance and IMC in Jan 2008 |
|  | Mr. S. Santhanakrishnan | 64 | <ul style="list-style-type: none"> ■ He retired as Deputy Managing Director of SBI after 36 years of service ■ He was also the executive Chairman of Credit Information Bureau (India) Limited (CIBIL) |
|  | Mr. K. S. Reddy | 58 | <ul style="list-style-type: none"> ■ He has been in Indian Civil Services for over 16 years and worked in Ministries of Planning and Programme Implementation, Food Processing Industries, Defense, Communications, Welfare and Tourism and Civil Aviation |
|  | Mr. Vidyadhara Rao Chalasani | 67 | <ul style="list-style-type: none"> ■ An additional/independent director on board ■ He has over three decades experience in financial services. Currently, he is the Director of Advice America (California, USA). During 1987-2000, he was the chief investment strategist of Wachovia Securities |

Delivery Focused Committed Senior Management - Bench Is Complete

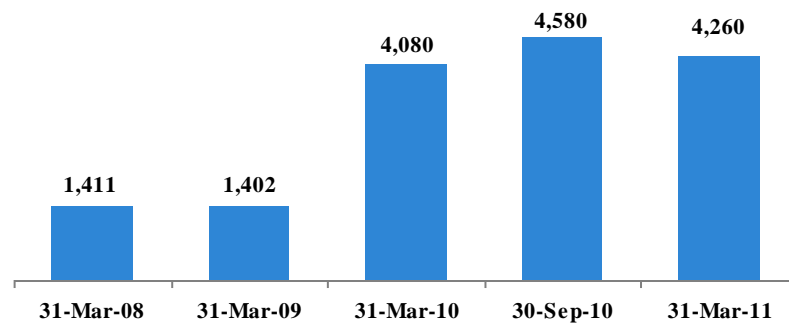
| Management Team | Designation | Previous Organization | Experience (yrs) |
|---------------------------|-------------------------------------------------|-----------------------------------------------------|------------------|
| Amitabh Chaturvedi | <i>Managing Director & CEO</i> | Reliance Capital, ICICI Bank | 20 |
| Bipin Kabra | <i>Chief Financial Officer</i> | Reliance Capital, ICICI Bank, SBI | 19 |
| Manish Kumar | <i>Head - HR & CSR</i> | ICICI Bank, Reliance Capital, IDFC Limited | 17 |
| Rajeev Deoras | <i>Chief Credit Officer</i> | Kotak Mahindra Bank, ICICI Bank, SBI | 25 |
| P. G. Jayakumar | <i>President</i> | - | 34 |
| Muralidharan R. | <i>Chief Operating Officer</i> | BRICS Online Services, ICICI Bank, SBI | 25 |
| Salil Datar | <i>Head - Branch Banking & NRI Business</i> | ICICI Bank | 19 |
| S. Balasubramanian | <i>Head – Wholesale Banking</i> | Kotak Mahindra Bank | 28 |
| Arvind Hali | <i>Head - Retail Assets & Credit Cards</i> | Reliance Capital, GE Money, Standard Chartered Bank | 12 |
| Manish Jaiswal | <i>Head – SME</i> | Fullerton Group, Citigroup | 19 |
| Asok Hastagiri | <i>Head - Integrated Risk Management</i> | Arthur Andersen & Co. | 25 |
| Sheran Mehra | <i>Head – Marketing</i> | Barclays, HSBC | 12 |
| Deepak Singh | <i>Head - Insurance & Gold</i> | HDFC | 15 |

Delivery Focused Committed Senior Management - Bench Is Complete

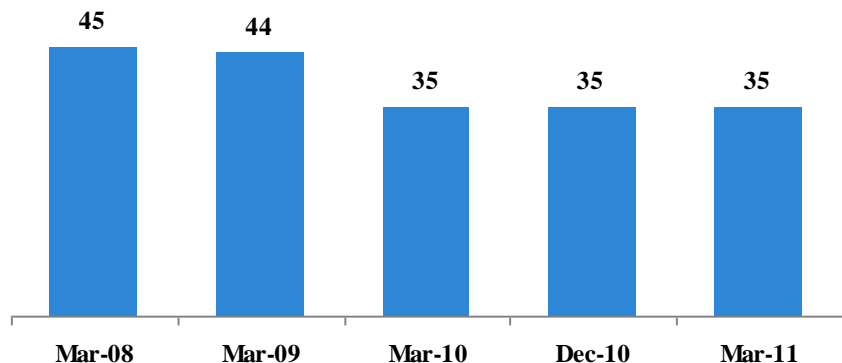
| Management Team | Designation | Previous Organization | Experience (yrs) |
|--------------------|-----------------------------------------|-----------------------------------|------------------|
| Gopikumar V. | Head - GFIG & Trade Finance - Sales | ICICI Bank | 28 |
| Mini Nair | Head - Finance & Accounts | Raheja QBE GIC | 14 |
| Jaya Janardhanan | Head - Banking Operations | BRICS Online Services, ICICI Bank | 15 |
| Ashwini Naik | Head - Retail Asset/Credit Card Ops. | ICICI Bank, IDBI | 14 |
| Sandeep Wirkhare | Head - Retail Credit & Policy | Reliance, ICICI Bank | 16 |
| D. A. Dhanajaya | Head - Broking, Mutual Funds, Forex | Reliance Money | 12 |
| Sachin Saraf | Head - Infrastructure & Admin | HSBC, ICICI Bank | 14 |
| Manish Sarraf | Head - Treasury | Citibank, Siemens | 18 |
| Anand K. Gupta | Head - Alternate Channels | ICICI Bank | 15 |
| Bimal Jain | Head - Trade Transactions & Liabilities | Royal Bank of Scotland, ICICI | 16 |
| Ramesh Padmanabhan | Head - Credit Mid-Office | ICICI Bank | 20 |
| Rajrishi Singhal | Head - Policy & Research | Economic Times | 25 |
| P. S. Ravikumar | Head - Inspection & Vigilance | - | 33 |
| Ravindran Warriar | Head - Company Secretary | Keltron | 25 |
| Sidhartha Routray | Head - Commodities, Capital mkt. & IPO | ICICI Bank | 18 |
| Sabyasachi Rath | Head - SME Credit | Commonwealth Bank of Australia | 10 |

- Increased work force to match growth in business
 - Adding product and functional experts, feet on street
- Average age brought down - re-energizing Dhanlaxmi
- Key functional heads brought in from leading Indian private sector bank / foreign banks
- No major recruitments expected in medium term
- Focus on improving the productivity of existing workforce

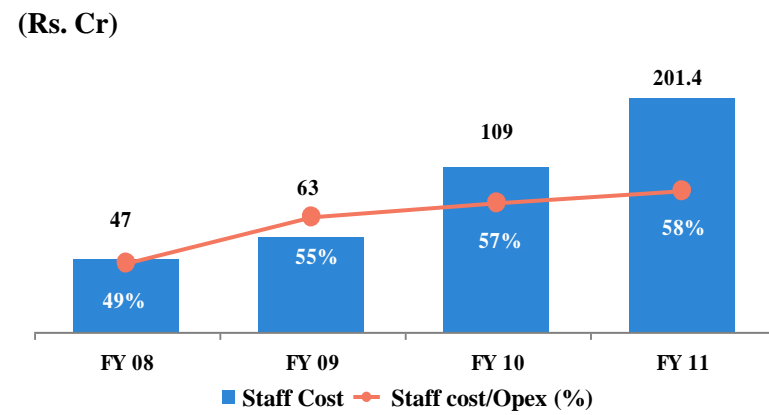
Increase in Employee Base



Age Profile



Staff cost / Opex



Risk Philosophy of Dhanlaxmi Bank

- Development of policies based on risk tolerance, revenue and profitability expectations
- Each Policy to be vetted through PPAC / CRMC / ORMC⁽¹⁾
- Establish clear Authority, Responsibility, Rules, Procedures for effective operation and administration of credit portfolio through usage of technology
- Effective technology enabled review, control and reporting mechanism
- Risk measurement and risk mitigation of individual assets
- Central v/s Decentralization keeping in consideration risk monitoring, control and business turnaround time
- Maker - checker concept introduced and implemented

Portfolio Monitoring

| MIS Reporting | Internal Audit | External Audit | Portfolio Triggers |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ■ Compliance Reporting ■ Trend Analysis ■ Exception Reporting ■ Senior Management Reporting ■ Process Quality Reporting | <ul style="list-style-type: none"> ■ Policy Adherence ■ Process Audit ■ Data Accuracy ■ Documentation / KYC ■ Hindsight Activities | <ul style="list-style-type: none"> ■ RBI Audit ■ Statutory Audit | <ul style="list-style-type: none"> ■ Product Exposure ■ Scheme Exposure ■ Collateral Exposure ■ Segment Exposure ■ Customer Exposure ■ Delinquency ■ Bounce ■ NPA |

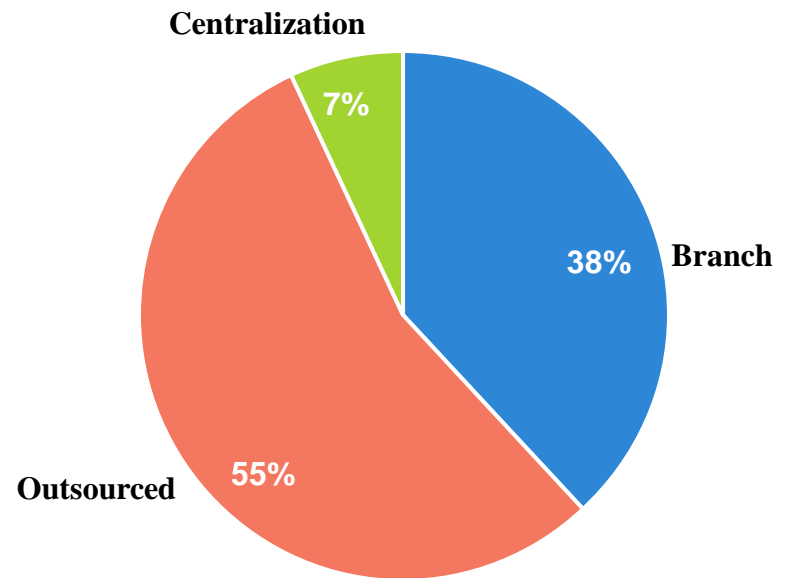
(1) PPAC: Product and Process Assessment Committee ; CRMC: Credit Risk Management Committee; ORMC: Operational Risk Management Committee



Revamp of Technology and Operational Processes

- **Moving to a Managed Data centre model to free branch time**
 - 62% of the branch time is now free to focus on customer acquisition and service
- **CBS architecture was already in place**
 - Upgraded to the latest version of Flex Cube
- **End-to-end online tracking system of account opening forms**
- **KYC compliance ensured for all past customers**
- **Centralization of CASA opening produced improvement in KYC compliance**
- **Bank carried out successful rollout of**
 - Loanflo software, Treasury and Risk Management software
 - Oracle Financial, Spine Payroll System etc.

Branch Activities Vs DCS / RPCs Centralized Activities



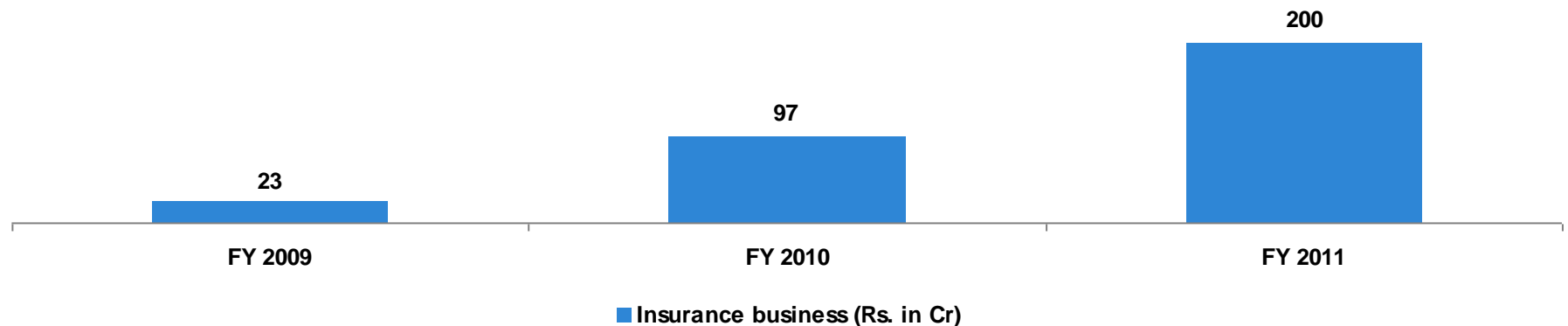
Mutual Fund

- Emerged as a leading private sector bank (distribution) in terms of fresh SIPs mobilized
- Products activated through all 275 branches
- Average balance in the account sourced from an SIP customer is 4x the overall CASA average balance

Insurance

- Continued focus on revenue along with the premiums
- Additional focus on "Health" variant in General Insurance
- Aggressive disbursements in CVs and CE segments will help in delivering the premium targets at a faster pace

Insurance Distribution tie up



Strengthened relationship with Destimoney Securities by acquisition of 15% stake in Oct 2010

DhanlaxmiBank
established 1927



Financial Highlights



Balance Sheet

| (Rs. in Crores) | Mar 31, 2008 | Mar 31, 2009 | Mar 31, 2010 | Mar 31, 2011 | Jun 30, 2011 |
|---------------------|--------------|--------------|--------------|---------------|---------------|
| Capital | 32 | 64 | 64 | 85 | 85 |
| Reserves | 140 | 360 | 376 | 759 | 762 |
| Deposits | 3,608 | 4,969 | 7,098 | 12,530 | 12,904 |
| Borrowings | 4 | - | 121 | 626 | 884 |
| Other Liabilities | 249 | 250 | 428 | 268 | 400 |
| Total | 4,033 | 5,643 | 8,087 | 14,268 | 15,035 |
| Cash / Bank balance | 692 | 686 | 750 | 935 | 993 |
| Investments | 1,075 | 1,567 | 2,028 | 3,640 | 3,705 |
| Advances | 2,102 | 3,196 | 5,006 | 9,065 | 9,674 |
| Fixed assets | 47 | 46 | 79 | 134 | 134 |
| Other Assets | 116 | 147 | 223 | 494 | 529 |
| Total | 4,033 | 5,643 | 8,087 | 14,268 | 15,035 |

Composition of the Investment Book

| Particulars | March 31, 2011 | | June 30, 2011 | |
|---------------------------|-----------------|---------------|-----------------|---------------|
| | (Rs. in Crores) | (%) | (Rs. in Crores) | (%) |
| Held-to-Maturity | 2,448 | 67.3% | 2,531 | 68.3% |
| <i>SLR</i> | 2,326 | 63.9% | 2,422 | 65.4% |
| <i>Non - SLR</i> | 122 | 3.4% | 101 | 2.9% |
| Available for Sale | 914 | 25.1% | 1,074 | 29.0% |
| <i>SLR</i> | 861 | 23.7% | 954 | 25.7% |
| <i>Non - SLR</i> | 53 | 1.5% | 128 | 3.3% |
| Held-for-Trading | 277 | 7.6% | 100 | 2.7% |
| Total | 3,640 | 100.0% | 3,705 | 100.0% |

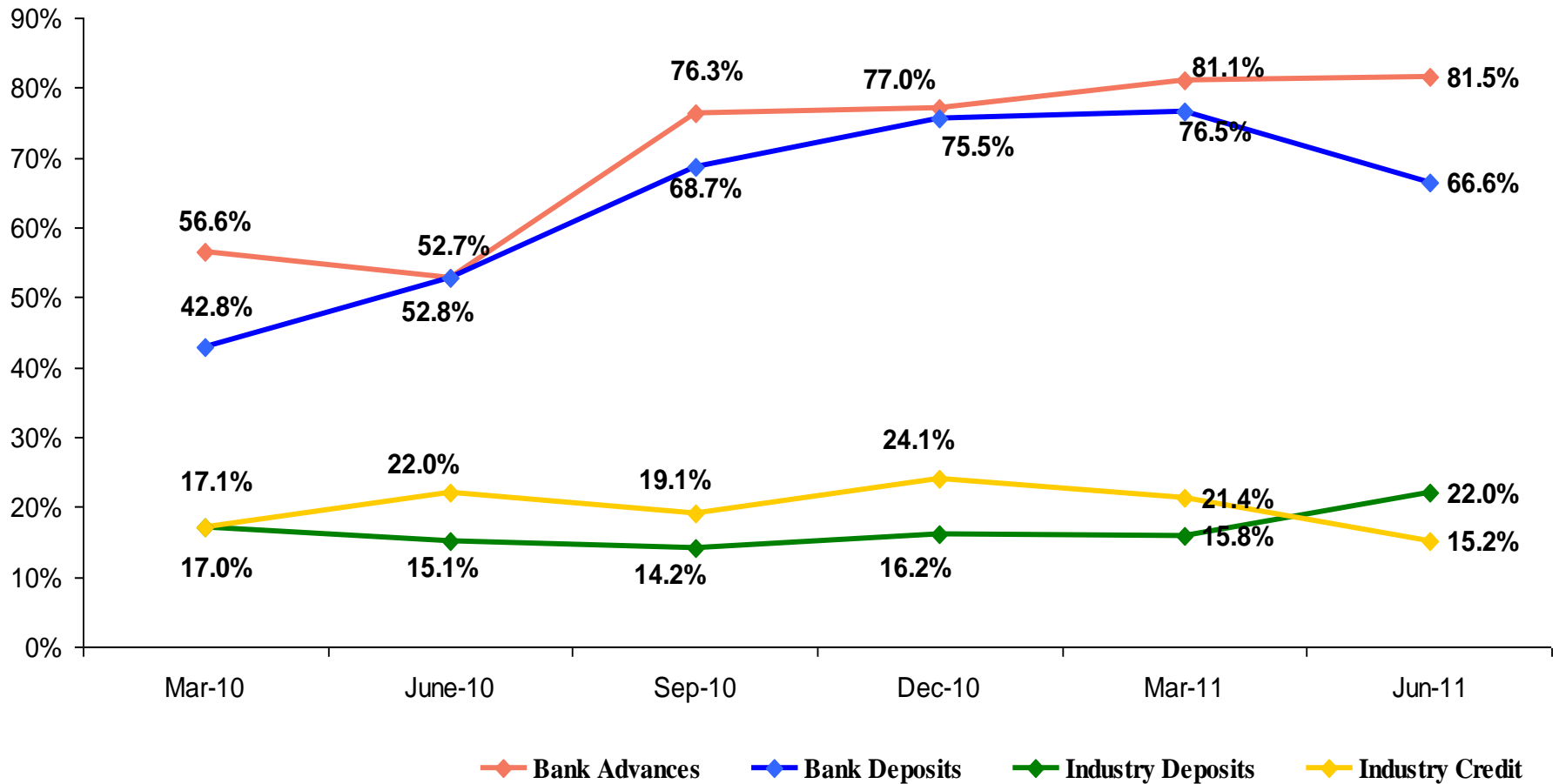
Profit and Loss Statement

| (Rs. in Crores) | FY 2008 | FY 2009 | FY 2010 | FY 2011 | Q1FY12 |
|----------------------------|-----------|------------|------------|------------|----------|
| Interest income | 313 | 408 | 535 | 906 | 316 |
| Interest expenses | 214 | 287 | 394 | 641 | 252 |
| Net interest income | 99 | 122 | 141 | 265 | 64 |
| Non Interest income | 42 | 79 | 91 | 147 | 55 |
| Operating expenses | 97 | 113 | 193 | 345 | 104 |
| <i>Staff cost</i> | <i>47</i> | <i>63</i> | <i>109</i> | <i>201</i> | 61 |
| Provisions | 6 | 8 | 11 | 28 | 10 |
| Profit before tax | 39 | 80 | 28 | 40 | 5 |
| Provisions for tax | 10 | 22 | 4 | 14 | 2 |
| Profit after tax | 28 | 57 | 23 | 26 | 3 |

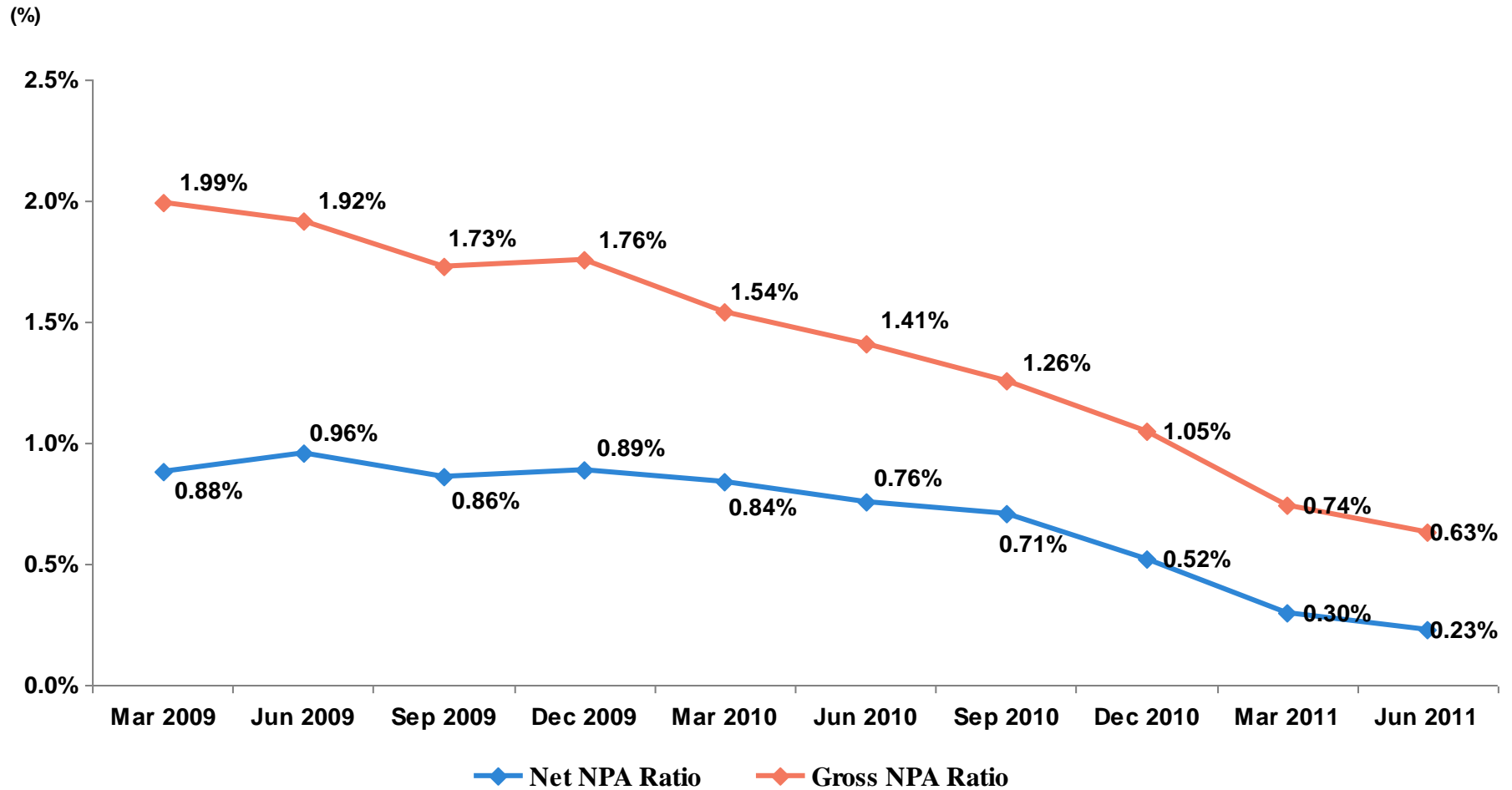
Key Ratios (%)

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | Q1FY12 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cost / Income ratio | 68.44 | 56.26 | 83.29 | 83.63 | 88.42 |
| Credit - Deposit ratio | 58.25 | 64.32 | 70.53 | 72.35 | 68.78 |
| Return on Equity | 17.62 | 20.44 | 5.30 | 3.60 | 5.42 |
| Return on Assets | 0.76 | 1.21 | 0.35 | 0.23 | 0.28 |
| | Mar 31, 2008 | Mar 31, 2009 | Mar 31, 2010 | Mar 31, 2011 | Jun 30, 2011 |
| Gross NPAs (Rs. in crores) | 63.21 | 64.43 | 77.50 | 67.09 | 61.46 |
| Net NPAs (Rs. in crores) | 18.56 | 28.24 | 41.94 | 27.47 | 21.84 |
| Basel I | | | | | |
| Capital adequacy | 9.21% | 14.44% | 12.47% | 10.81% | 10.18% |
| - Tier I | 6.56% | 12.90% | 8.45% | 8.62% | 8.33% |
| Basel II | | | | | |
| Capital adequacy | - | 15.38% | 12.99% | 11.80% | 11.40% |
| - Tier I | - | 13.75% | 8.80% | 9.41% | 9.33% |

Deposits - Advances Growth Better Than the Industry



Improved Asset Quality



DhanlaxmiBank
established 1907



Business Strategy



Way Forward - Sweating the Asset and Leveraging the Franchise

| National Franchise | ✓ | <ul style="list-style-type: none"> ■ Diversification away from South India ■ Enjoying dominant position in Kerala with pan India presence | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------|----------------------|----------------|--------------------------------|------|------|------|------------------------------|-----|-----|-----|------------------------------|-----|-----|-----|----------------------------|------|------|------|
| Capacity & Technology | ✓ | <ul style="list-style-type: none"> ■ Profit, return dilution reflects on-going capacity creation ■ Scope to improve productivity by increasing volume, generating fee and CASA | | | | | | | | | | | | | | | | | | | | |
| Balanced Book | ✓ | <ul style="list-style-type: none"> ■ Established high volume / low risk corporate banking group, helping build National assets ■ Developing strong fee (BG / LC) and flow (TF / CMS) businesses ■ Focus on high yielding SME / retail to offset funding cost ■ Margin expansion and improve fee income from processing and service charges ■ Credit risk in retail low - as largely secured book (Mortgages / CE ⁽¹⁾ / CV / Gold / Auto) ■ Focus on Other Income – Retail Gold Coins and Forex Card launched | | | | | | | | | | | | | | | | | | | | |
| Scale Leverage in Offering | ✓ | <ul style="list-style-type: none"> ■ Investment in human, physical and technological infrastructure – <u>Completed</u> ■ Successful implemented strategy to rapidly grow assets indicated by declining Opex / Assets ratio ■ Bank has established foundation and set for growth in income | | | | | | | | | | | | | | | | | | | | |
| Focus on Efficiency | | <table border="1"> <thead> <tr> <th></th> <th>Banking Sector in India</th> <th>Private Sector Banks</th> <th>Dhanlaxmi Bank</th> </tr> </thead> <tbody> <tr> <td>Business per Employee (Rs. mn)</td> <td>82.3</td> <td>98.7</td> <td>58.9</td> </tr> <tr> <td>Advances per Branch (Rs. mn)</td> <td>560</td> <td>666</td> <td>330</td> </tr> <tr> <td>Deposits per Branch (Rs. mn)</td> <td>732</td> <td>838</td> <td>456</td> </tr> <tr> <td>Cost per Employee (Rs. mn)</td> <td>0.79</td> <td>1.26</td> <td>0.81</td> </tr> </tbody> </table> | | Banking Sector in India | Private Sector Banks | Dhanlaxmi Bank | Business per Employee (Rs. mn) | 82.3 | 98.7 | 58.9 | Advances per Branch (Rs. mn) | 560 | 666 | 330 | Deposits per Branch (Rs. mn) | 732 | 838 | 456 | Cost per Employee (Rs. mn) | 0.79 | 1.26 | 0.81 |
| | Banking Sector in India | Private Sector Banks | Dhanlaxmi Bank | | | | | | | | | | | | | | | | | | | |
| Business per Employee (Rs. mn) | 82.3 | 98.7 | 58.9 | | | | | | | | | | | | | | | | | | | |
| Advances per Branch (Rs. mn) | 560 | 666 | 330 | | | | | | | | | | | | | | | | | | | |
| Deposits per Branch (Rs. mn) | 732 | 838 | 456 | | | | | | | | | | | | | | | | | | | |
| Cost per Employee (Rs. mn) | 0.79 | 1.26 | 0.81 | | | | | | | | | | | | | | | | | | | |

(1) Construction Equipment

Business Strategy

1

Focus on **3Ps**:



Profitability



Productivity



Profit per customer

2

Incremental asset creation in the retail and SME segments

3

Enhancing income from distribution of third party products

4

Increase in retail and low cost liabilities franchise

5

Growth in Non fund income

DhanlaxmiBank
established 1907

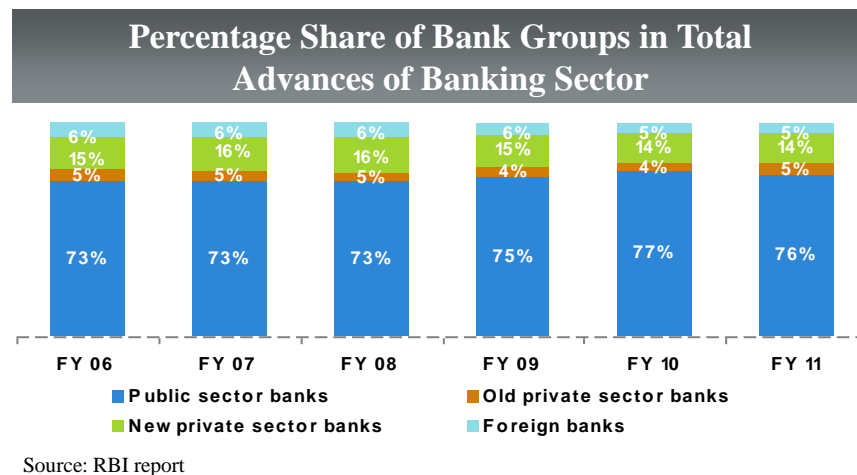
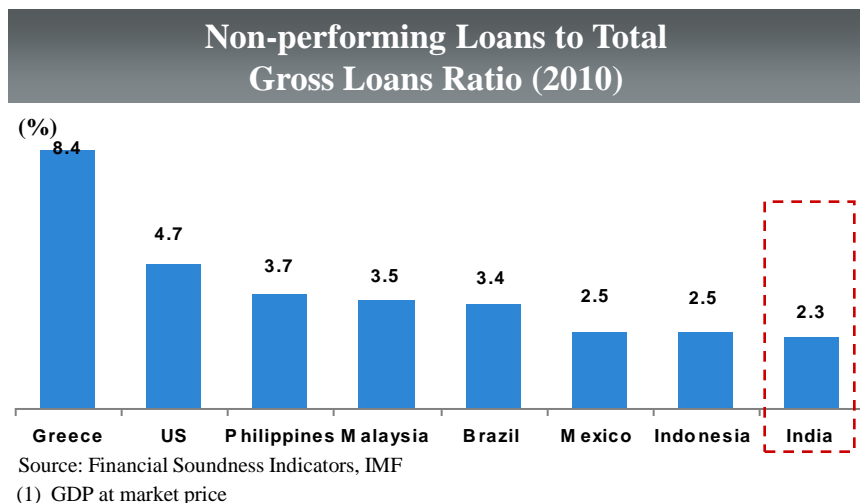
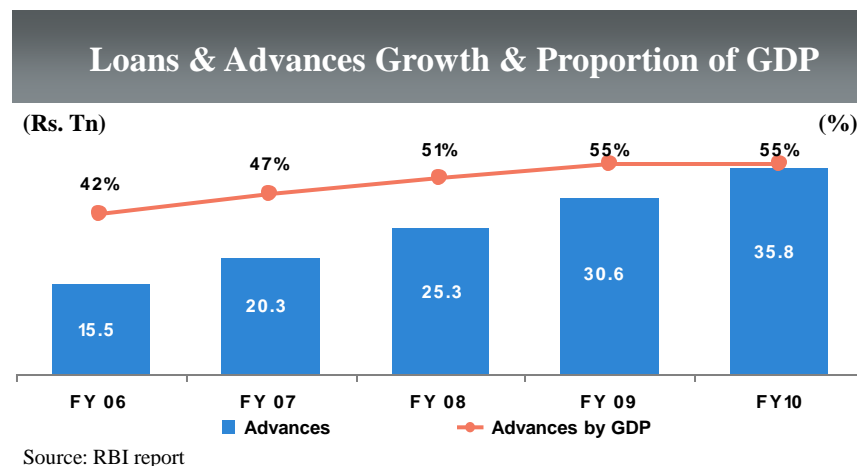
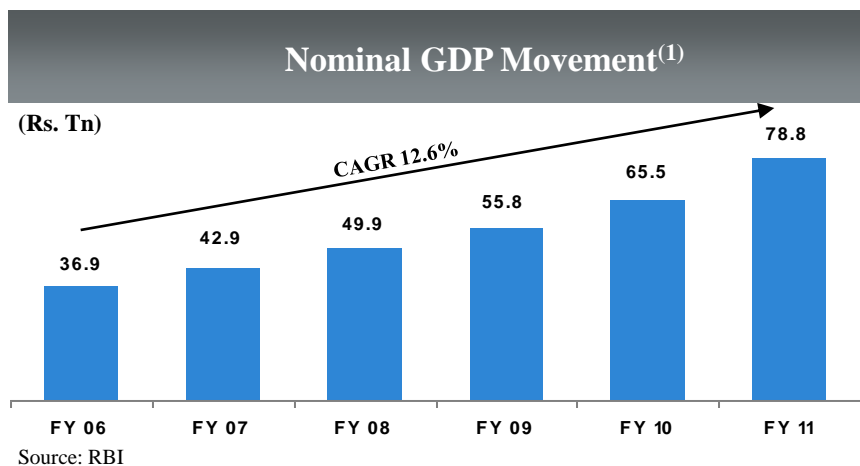


**Strong Industry
Fundamentals**



Strong Macro Growth Potential

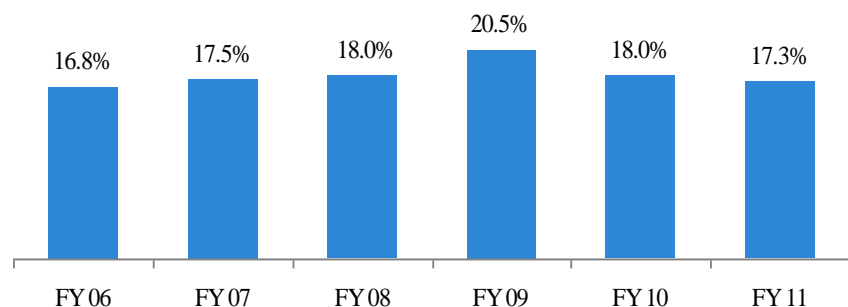
- Advances as proportion of GDP have shown an increasing trend
- India has one of the lowest NPA ratio's compared to its international peers
- Proportion of old private sector banks in total advances has remained constant over the years



India: Positive Investment Environment (contd.)...

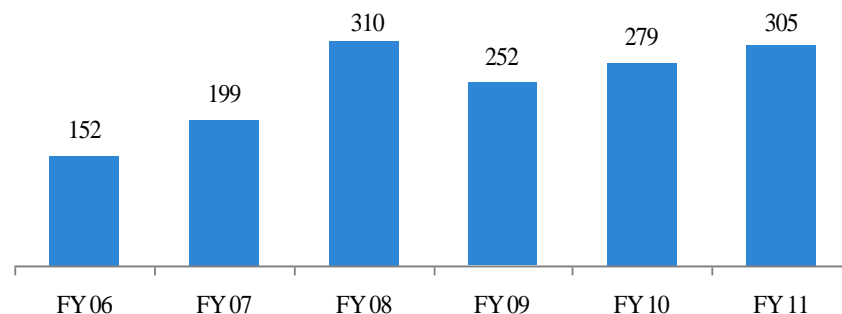
- Key economic metrics were affected post 2009-10 crisis, however
 - Lower impact on margins on account of strong banking system and regulatory environment
 - Return/improvement is expected to be rapid
- India's foreign currency debt rating by S&P, Moody's and Fitch are BBB-, Baa3, BBB (all investment grade)

Declining External Debt as a % of GDP⁽¹⁾ (%)



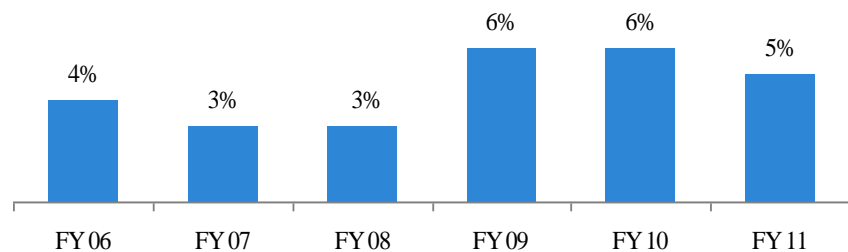
Source: RBI report

Return to Peak Foreign Currency Reserves (US\$ Bn)



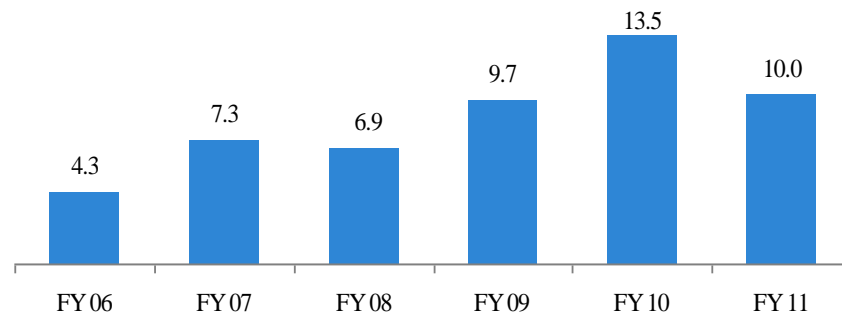
Source: RBI report

Gross Fiscal Deficit as a % of GDP⁽¹⁾ (%)



Source: RBI report

Consumer Price Index - Annual Variation⁽²⁾



Source: RBI report

(1) Nominal GDP at market price

(2) Median of annual average of month CPI valuation for industrial workers, urban non-manual employees and agricultural labourers

Thank You

DhanlaxmiBank
established 1927



Annexure

Retail Banking: Policy, Process & System

Policy, Process & System

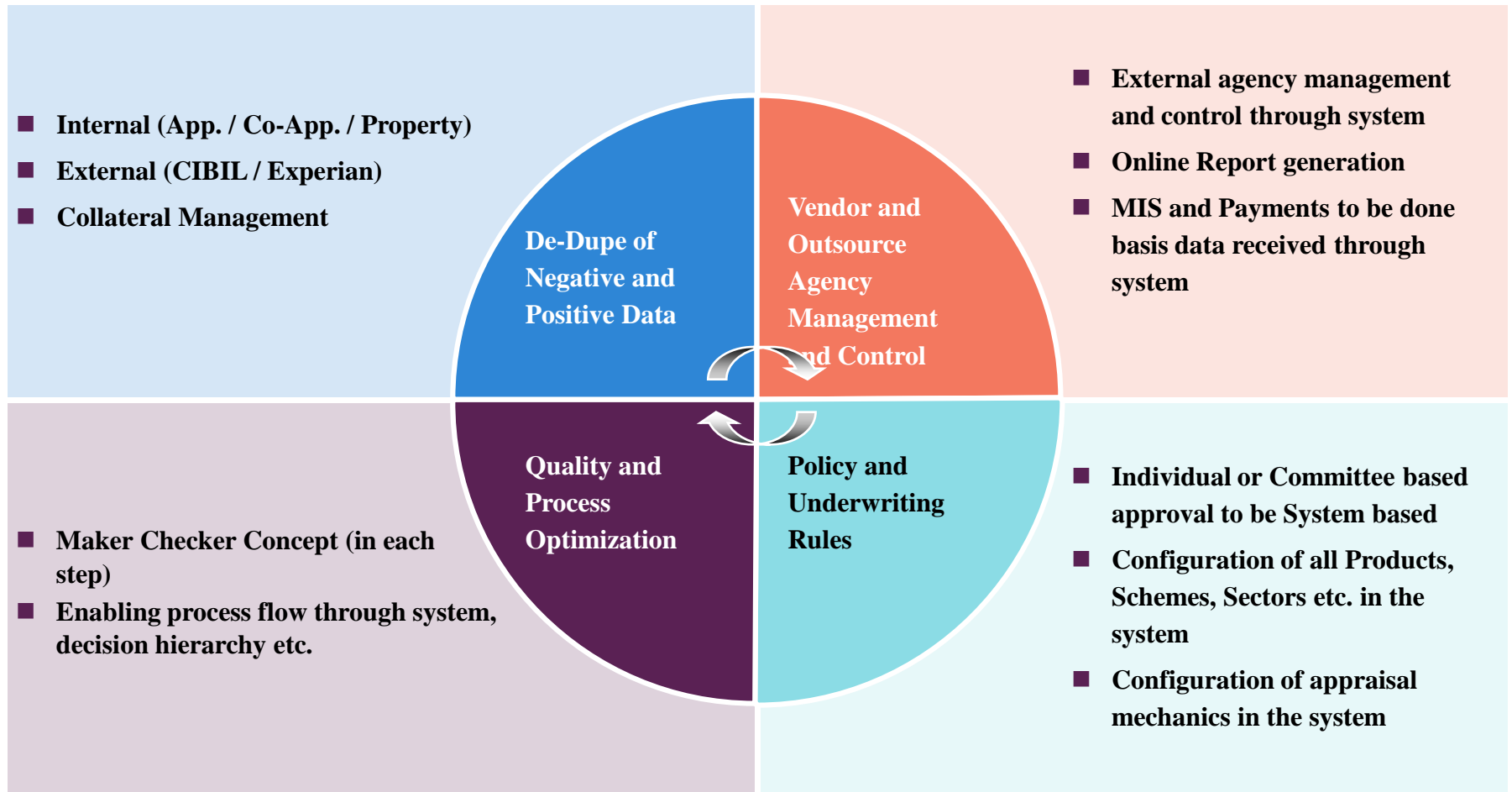
Current

| Product & Module | Policy Guideline | Process | System |
|----------------------------------------|------------------|---------|--------|
| Home Loans & Commercial Property loans | ✓ | ✓ | ✓ |
| Lease Rental discounting | ✓ | ✓ | ✓ |
| Loan Against property | ✓ | ✓ | ✓ |
| Construction Finance | ✓ | ✓ | ✓ |
| Inventory Finance | ✓ | ✓ | ✓ |
| Car Loans | ✓ | ✓ | ✓ |
| Commercial Vehicle | ✓ | ✓ | ✓ |
| Construction Equipment | ✓ | ✓ | ✓ |
| Credit Cards | ✓ | ✓ | ✓ |
| Loan Against Securities | ✓ | ✓ | ✓ |
| Education Loans | ✓ | ✓ | ✓ |
| Personal Loans | ✓ | ✓ | ✓ |
| Agri & Gold Loan | ✓ | ✓ | ✓ |
| Collections | N.A. | N.A. | ✓ |

Proposed Additions by March 2012

| Product & Module | Policy Guideline | Process | System |
|----------------------------------|------------------|---------|--------|
| Agri. supply chain | ✓ | ✓ | ✓ |
| Agri. process unit | ✓ | ✓ | ✓ |
| Retail Farm Loans | ✓ | ✓ | ✓ |
| Retail Business loan (secured) | ✓ | ✓ | ✓ |
| Retail Business loan (unsecured) | ✓ | ✓ | ✓ |

Usage of Technology



People and Knowledge Management

- “Strategies and practices to be used in order to identify, create, represent, distribute and enable adoption of insights and experiences leading towards improved performance, competitive advantage, innovation and continuous improvement of the organization”



Balance Sheet

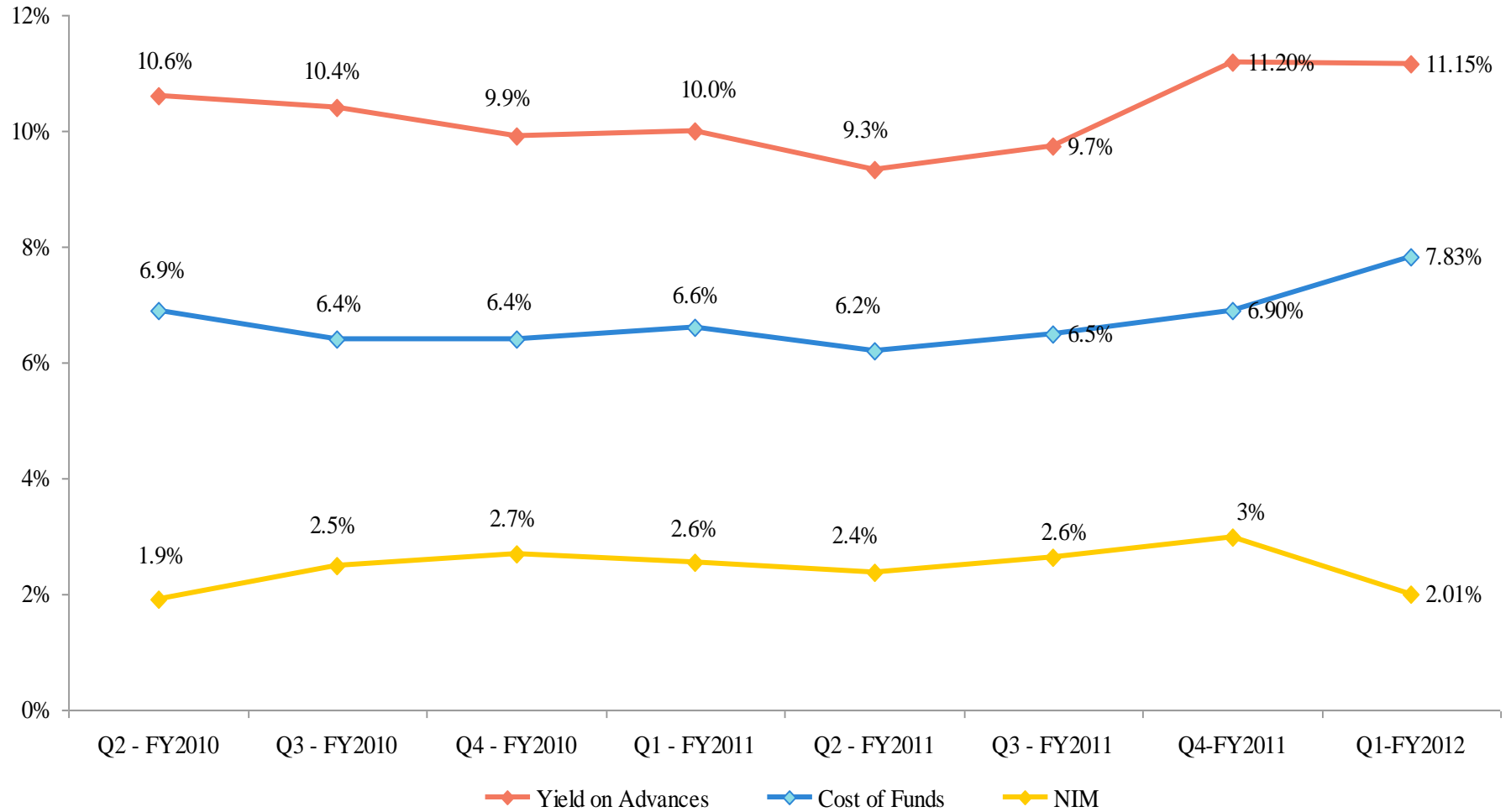
| (Rs. in Crores) | Jun 30, 2011 | Mar 31, 2011 | Sep 30, 2010 | Jun 30, 2010 | Mar 31, 2010 | Y-o-Y Growth* |
|---------------------|---------------|---------------|---------------|--------------|--------------|---------------|
| Capital | 85 | 85 | 85 | 64 | 64 | 32.6% |
| Reserves | 762 | 759 | 743 | 382 | 376 | 99.5% |
| Deposits | 12,904 | 12,530 | 9,497 | 7,747 | 7,098 | 66.6% |
| Borrowings | 884 | 626 | 350 | 398 | 121 | 48.6% |
| Other Liabilities | 400 | 268 | 737 | 436 | 428 | 67.4% |
| Total | 15,035 | 14,268 | 11,413 | 9,027 | 8,087 | 66.6% |
| Cash / Bank Balance | 993 | 935 | 1,230 | 920 | 750 | 7.9% |
| Investments | 3,705 | 3,640 | 2,711 | 2,474 | 2,028 | 49.8% |
| Advances | 9,674 | 9,065 | 7,057 | 5,329 | 5,006 | 81.5% |
| Fixed Assets | 134 | 134 | 111 | 86 | 79 | 55.9% |
| Other Assets | 529 | 494 | 304 | 218 | 223 | 142.9% |
| Total | 15,035 | 14,268 | 11,413 | 9,027 | 8,087 | 66.6% |

* For the twelve months ended June 30, 2011

Profit and Loss Statement

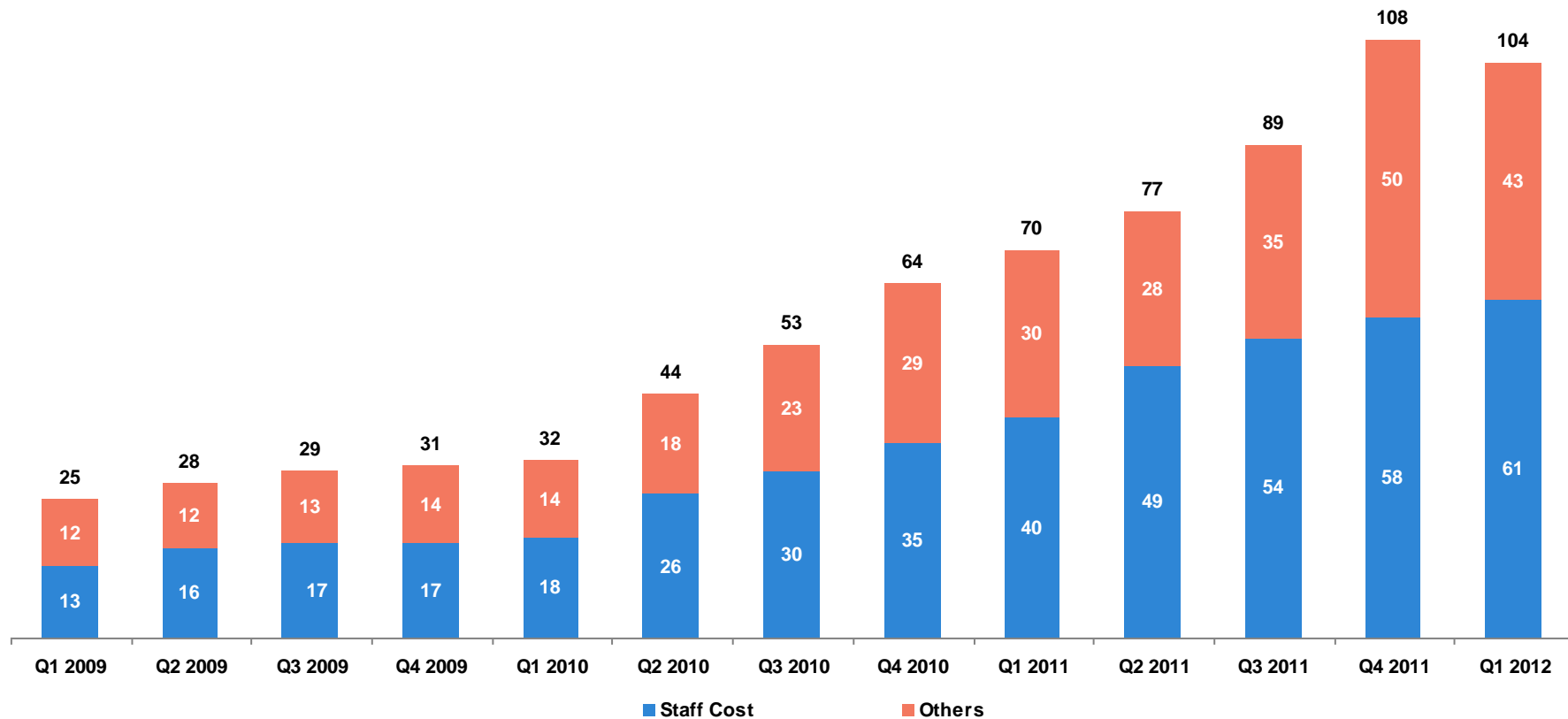
| (Rs. in Crores) | Q1 FY2012 | Q1 FY2011 | Y-o-Y Growth | FY2011 | FY2010 | Y-o-Y Growth |
|----------------------------|-----------|-----------|---------------|------------|------------|--------------|
| Interest Income | 316 | 168 | 87.9% | 906 | 535 | 69.5% |
| Interest Expenses | 252 | 120 | 110.6% | 641 | 394 | 62.8% |
| Net Interest Income | 64 | 48 | 31.7% | 265 | 141 | 88.5% |
| Non Interest Income | 55 | 31 | 79.8% | 147 | 91 | 61.3% |
| Operating Expenses | 104 | 70 | 48.9% | 345 | 193 | 78.6% |
| <i>Staff Cost</i> | <i>61</i> | <i>40</i> | <i>51.3%</i> | <i>201</i> | <i>109</i> | <i>84.7%</i> |
| Provisions | 10 | 2 | 373.4% | 28 | 11 | 153.4% |
| Profit Before Tax | 5 | 7 | -28.5% | 40 | 28 | 43.2% |
| Provisions for Tax | 2 | 1 | 55.0% | 14 | 4 | 207.8% |
| Profit After Tax | 3 | 6 | -43.6% | 26 | 23 | 11.8% |

Trend in Net Interest Margin



Trend in Operating Expenses

(Rs. in Crores)



Key Ratios (%)

| | Q1 FY2012 | FY2011 | Q1 FY2011 | FY2010 |
|------------------------|-----------|--------|-----------|--------|
| Cost / Income Ratio | 87.61 | 83.63 | 88.42 | 83.29 |
| Credit - Deposit Ratio | 74.97 | 72.35 | 68.78 | 70.53 |
| Return on Equity | 1.68 | 3.60 | 5.42 | 5.30 |
| Return on Assets | 0.09 | 0.23 | 0.28 | 0.35 |

| | June 30, 2011 | Mar 31, 2011 | June 30, 2010 | Mar 31, 2010 |
|----------------------------|---------------|--------------|---------------|--------------|
| Gross NPAs (Rs. in Crores) | 61.46 | 67.09 | 75.66 | 77.50 |
| Net NPAs (Rs. in Crores) | 21.84 | 27.47 | 40.36 | 41.94 |

Basel I

| | | | | |
|------------------|--------|--------|--------|--------|
| Capital Adequacy | 10.18% | 10.81% | 10.36% | 12.47% |
| - Tier I | 8.33% | 8.62% | 7.39% | 8.45% |

Basel II

| | | | | |
|----------------------|--------|--------|--------|--------|
| Capital Adequacy (%) | 11.40% | 11.80% | 11.01% | 12.99% |
| - Tier I (%) | 9.33% | 9.41% | 7.85% | 8.80% |