

Dhanalakshmi Bank

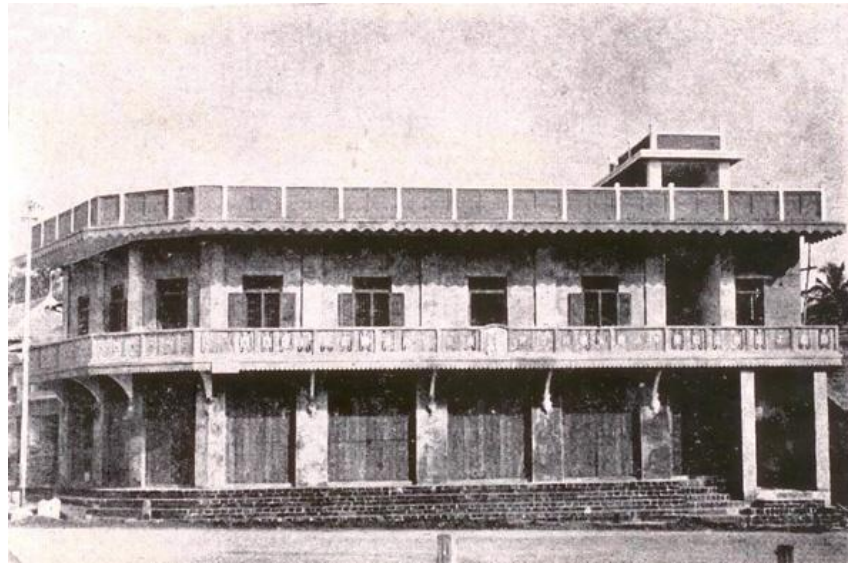
December 3, 2009

Origin

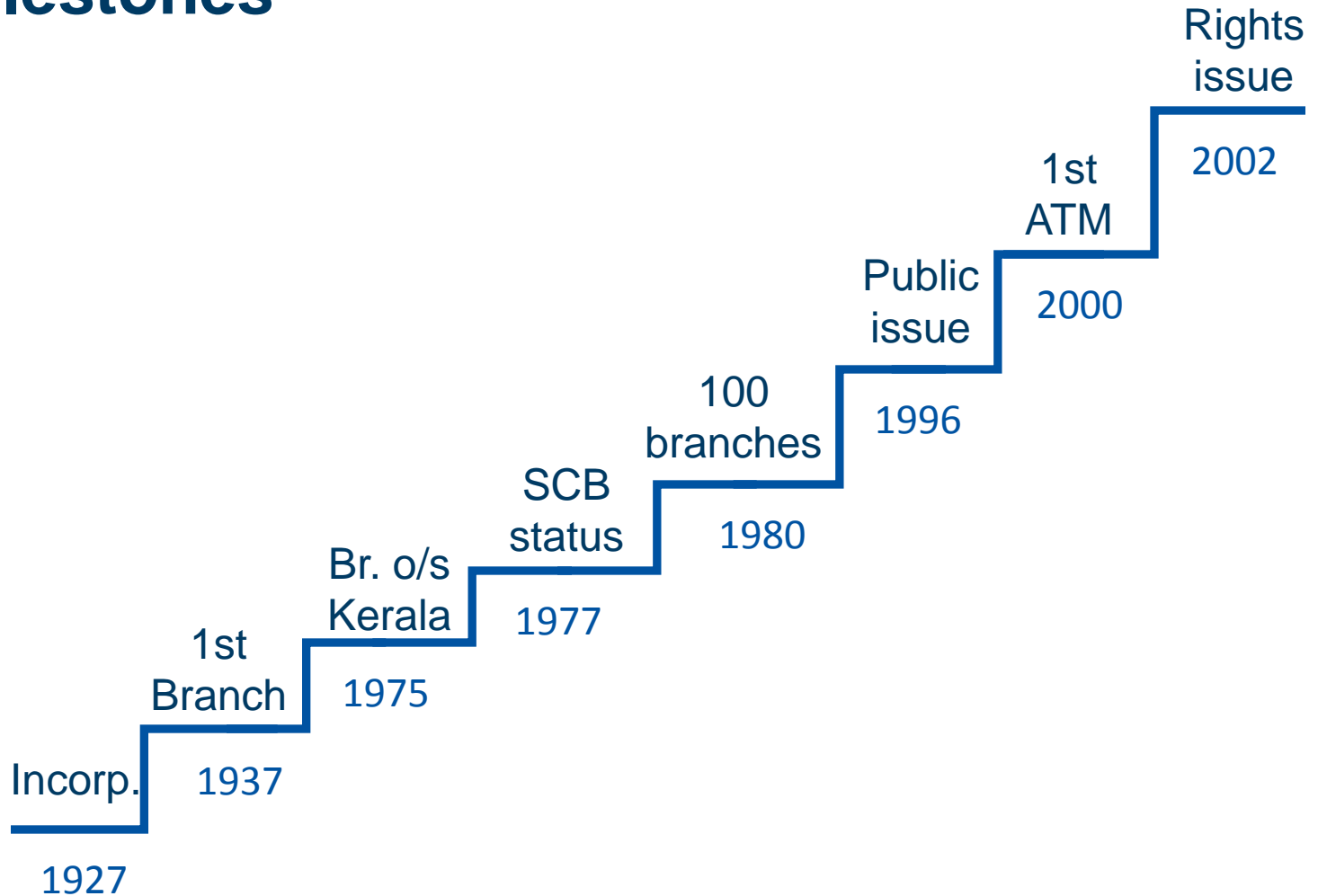
7 employees

Nov 14, 1927
Trichur

Capital of
11,000



Milestones



The distant past...

- **Dependency in Kerala**
 - *Banking business*
 - *Infrastructure*
 - *Employees*
- **Reliance on SME segment**
- **Higher NPA level**
- **Low employee base and Higher age of employees**
- **207 branches and 72 ATMs**



Delhi - 3

Gujarat - 2

WB - 1

Mah - 7

AP - 14

Karnataka - 9

Kerala - 139

TN - 32

South - 93%

Kerala - 67%

Regional Bank



All India Bank



Presence in 600 locations

The Turning Point...

- **As per RBI guidelines**
 - **Net worth of Rs. 300 crores**
 - **No single shareholder with control in excess of 10%**
- **Decline in holding by the largest shareholder from 37% to 10%**
- **Change in Board of Directors with induction of highly reputed professionals**
- **Rights issue made in April, 2008 at a price of Rs. 62 per share**
- **Revamp in the top and senior management with emphasis on proven industry credentials and execution capabilities**

Board of Directors

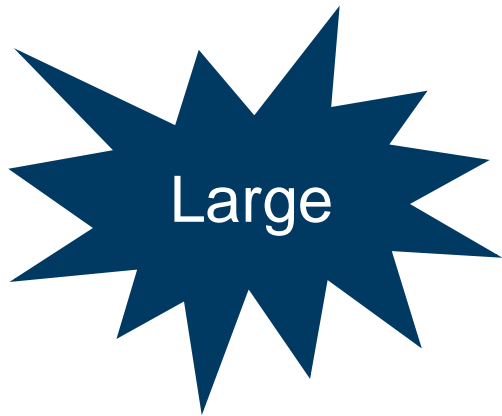
Name	Age	Total Work Experience
Mr. G.N. Bajpai Chairman	66	He has had a distinguished career in the Indian financial sector and is currently Director of Future Generali Life Insurance, Future Generali Insurance, Invent ARC Private Limited, Informerics Valuation and Rating Private Limited. He is the ex-chairman of Life Insurance Corporation & Securities Exchange Board of India (SEBI)
Mr. Amitabh Chaturvedi MD & CEO	41	A Chartered Accountant by qualification having experience of over 18 years in the areas of Banking, Asset Management, Investment Banking. Life Insurance, General Insurance, Broking & Distribution. He was the Group President of Reliance Capital Limited and was in charge of financial services arm of Reliance ADA group. Prior to the Reliance Group, he was in charge of the Retail Banking group at ICICI. Mr. Chaturvedi was appointed on the Board of the Bank on October 10, 2008.
Mr. Shailesh Haribhakti	53	A Chartered Accountant by qualification, he is the only Indian Member on the Standards Advisory council of the International Accounting Standards Board (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 and IMC, and Corporate Governance Committees of ASSOCHAM and CII. He has been awarded "The Best Non Executive Independent Director Award - 2007" by the Asian Centre for Corporate Governance and IMC in January 2008.

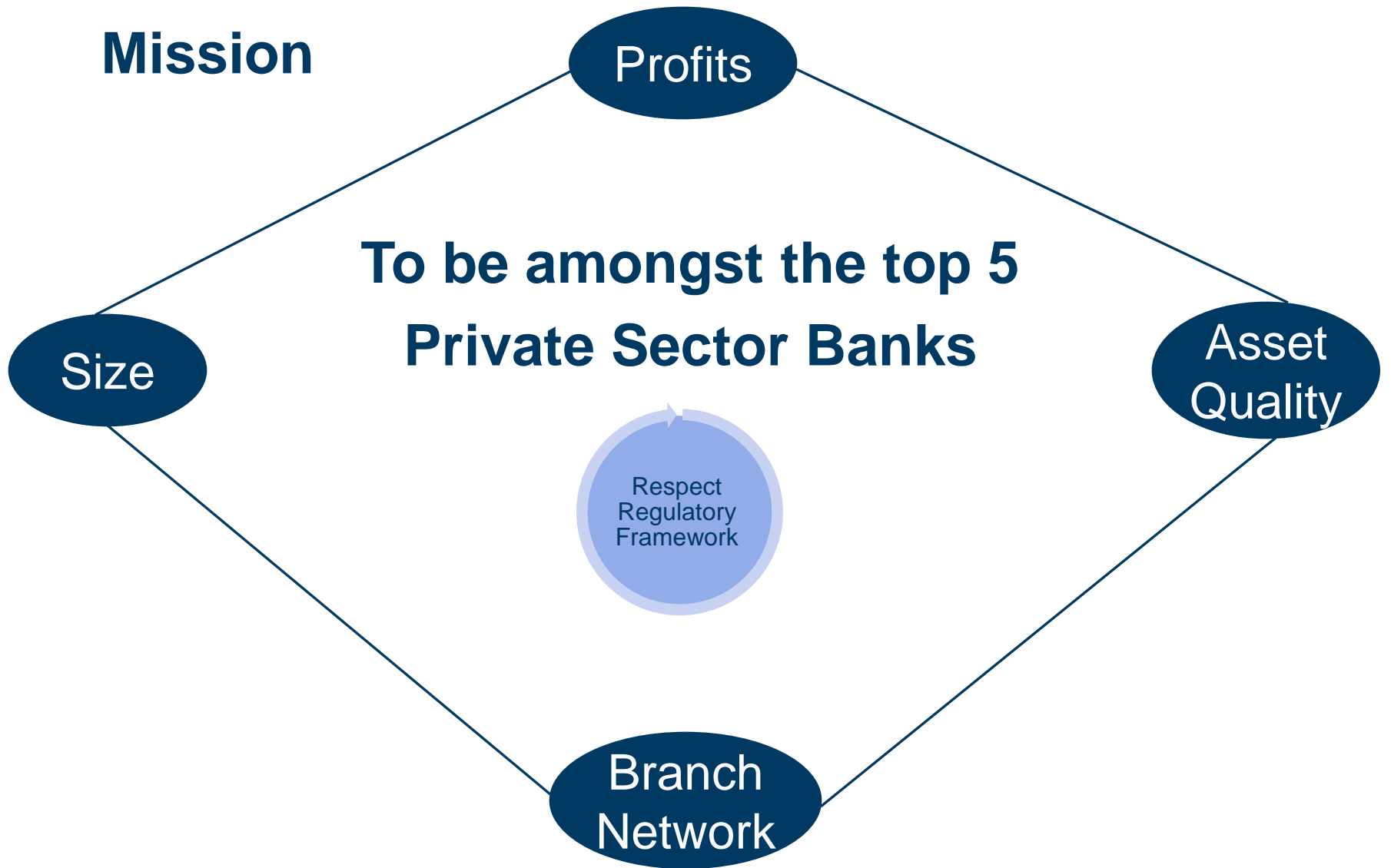
Board of Directors (continued...)

Name	Age	Total Work Experience
Mr. S. Santhanakrishnan	64	Retired as Deputy Managing Director of SBI after serving them 36 years. An independent Director on Board. He was also the executive Chairman of Credit Information Bureau (India) Limited (CIBIL).
Mr. K. S. Reddy	56	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	64	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.
Mr. Ghanshyam Dass	57	He was the Managing Director of NASDAQ QMX for Asia Pacific until February 2009. He was also the CEO of British Bank of Middle East in India and Majan International Bank in the Sultanate of Oman. Currently, he is the Senior Advisor of KPMG and Advisor, Intel Capital.
Mr. Sateesh Kumar Andra	41	He is on the board of start-ups 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.

Vision

Large Profitable “A” Rated Bank





Objective of First phase

- **To de-risk the existing portfolio**
- **To build platform**
- **To create a team**
- **To incorporate Next Generation Technology**
- **In essence to build firm foundation for future growth**

The Journey so far ... Last 12 months

- **De-risking the portfolio by**
 - **Increasing corporate book**
- **Entry into well known corporate houses**
 - **High volume, low margin, less risky portfolio**

The Journey so far ... Last 12 months

- **Building foundation by**
 - **Pan India presence - 66 new branches and 380 ATMs**
 - **New banking channels - Internet, call centre etc.**
 - **More than doubled employee base (>2000 hired in FY2010)**
 - **New Brand identity**


The Journey so far ... Last 12 months

- **Technology Initiatives**
 - **Next generation technology under implementation**

The Journey so far ... Last 12 months

- **Tier II capital of Rs.150 crores to high networth NRIs**
- **ATM outsourced to AGS adopting a use and pay model**
- **Insurance tie up with Bajaj Allianz for life and non life products**
- **SEBI approval for commencement of Merchant Banking business**
- **RBI approval for increase in investment limits for FIIs and NRIs from 24% and 10% respectively to 49% and 24% respectively**

The Journey so far ... Last 12 months

- ICRA and CARE upgraded rating for Tier II capital by two notches to A (minus)
- Top notch PR1+ rating from CARE for Certificate of Deposit
- Recognised as “India’s Fastest Growing Mid-size Bank” by Business Today  on the basis of a KPMG survey
- Awarded Best bank in the private sector at the Banking Excellence Awards instituted by the State Forum of Bankers’ Clubs

Shareholding Pattern as on Sept 30, 2009

Stakeholders	(%)
Resident Individuals	43.55
Foreign Institutional Investors	23.30
Corporate Bodies	23.34
Non Resident Indians	5.46
Banks / Financial Institutions	1.06
Others *	3.29
Total	100.00

** Includes insurance companies, Mutual funds, Trusts and Clearing members*

- In November 2009, RBI approved higher limits for FIIs / NRIs holding to 49% and 24% respectively**

Going forward ... Immediate plans

- **To establish presence in segments such as**
 - **Asset Management**
 - **Venture Funds**
- **No Manufacturing of Insurance products**

Going forward ... Over next 5 years

- **Specialised Bank**
- **Capital plans**
- **Fee based distribution**
- **Supply chain management**



Financial Information

Profit and Loss statement

Rs. in crores

Particulars	H1 - 2010	FY 2009
Interest Income	244.3	408.4
Interest Expenses	186.8	286.8
Net Interest Income	57.5	121.6
Non Interest Income	42.4	79.4
Operating Expenses	75.8	113.1
- <i>Of which Staff costs</i>	44.2	62.6
Provisions	4.2	8.2
Profit before tax	19.9	79.7
Net Profit (after tax)	16.4	57.5

Credit - Deposit Growth

Rs. in crores

Particulars	Sept 30, 2009	Sept 30, 2008	Y-O-Y growth	Mar 31, 2009
CASA	1,244.9	1,209.5	3%	1,207.6
CASA (%)	22%	31%	-	24%
Term Deposits	4,384.6	2,726.8	61%	3,761.1
Total Deposits	5,629.4	3,936.2	43%	4,968.8
Total Advances (net)	4,001.8	2,490.4	61%	3,196.1

- Deposits increased by 43% vis-à-vis 20% expansion in the industry
- Growth in Advances (+61%) outpaced the industry growth of 13%

Performance Ratios

Particulars	Sept 30, 2009	Mar 31, 2009
Capital Adequacy Ratio		
<i>Basel I (%)</i>	14.93	14.44
<i>Basel II (%)</i>	15.90	15.38
Gross NPAs (Rs. in cr.)	70.26	64.43
Net NPAs (Rs. in cr.)	34.43	28.24
Gross NPA Ratio (%)	1.73	1.99
Net NPA Ratio (%)	0.86	0.88

Performance Ratios (contd.)...

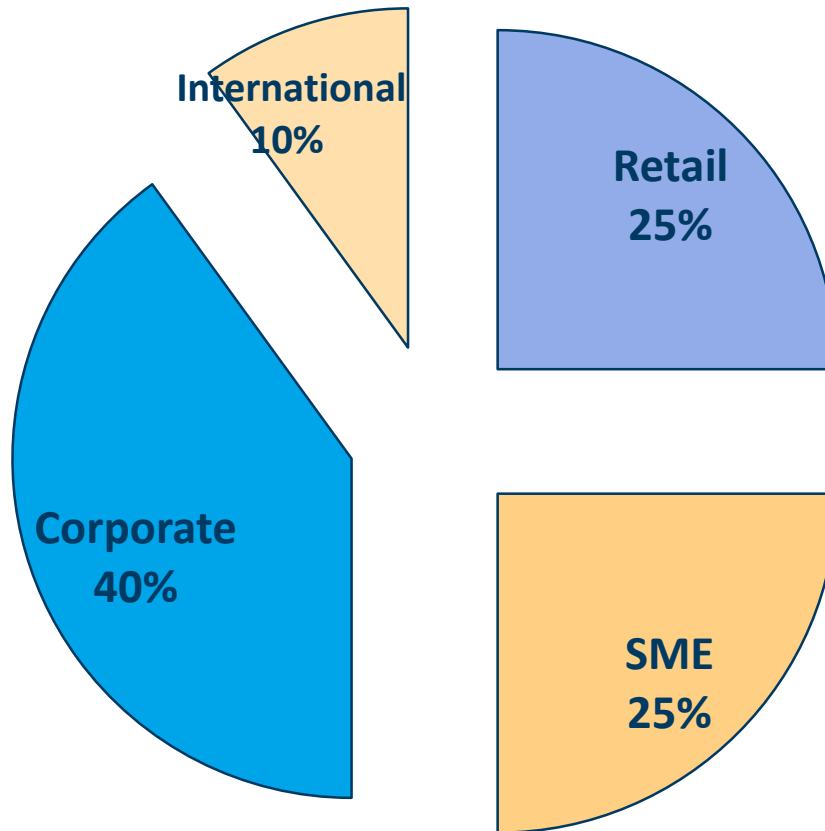
Particulars	H1 - 2010	FY-2009
Net Interest Margin (%)	2.12	2.97
Cost / Income ratio (%)	75.82	56.26
Credit Deposit Ratio (%)	74.17	65.31
Return on Equity (%)	7.41	13.53
Return on Assets (%)	0.54	1.21

Best Change Management Story

Thank You

Appendix

Specialised Bank - NO



Capital plans to fund its ambitious growth...

- **Overall requirement of Rs. 3,000 crores next 5 years**
 - **To raise Rs. 200 crores of Tier II capital by March 2010**
 - **No capital dilution till March 2010**



Fee based distribution...

- **Leverage our Multichannel distribution network**
- **Third party products Distribution**
 - **Mutual Fund, Insurance products**
Bullion, IPO's, Demat, G-sec, E-broking, etc.
- **Target 35% of the revenue from fee income**

