

DhanlaxmiBank 
established 1927

IDFC-SSKI Emerging Star Conference 2010

Mr. Bipin Kabra

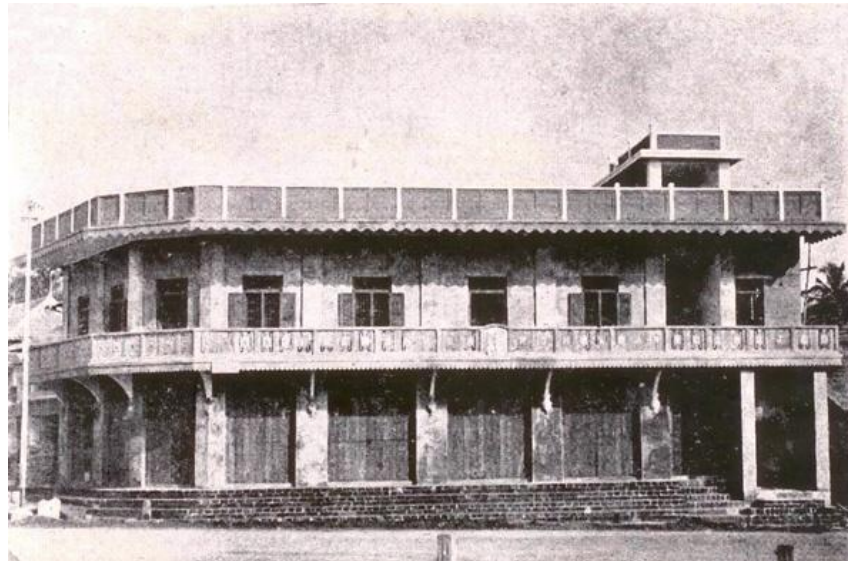
January 13, 2010

Origin

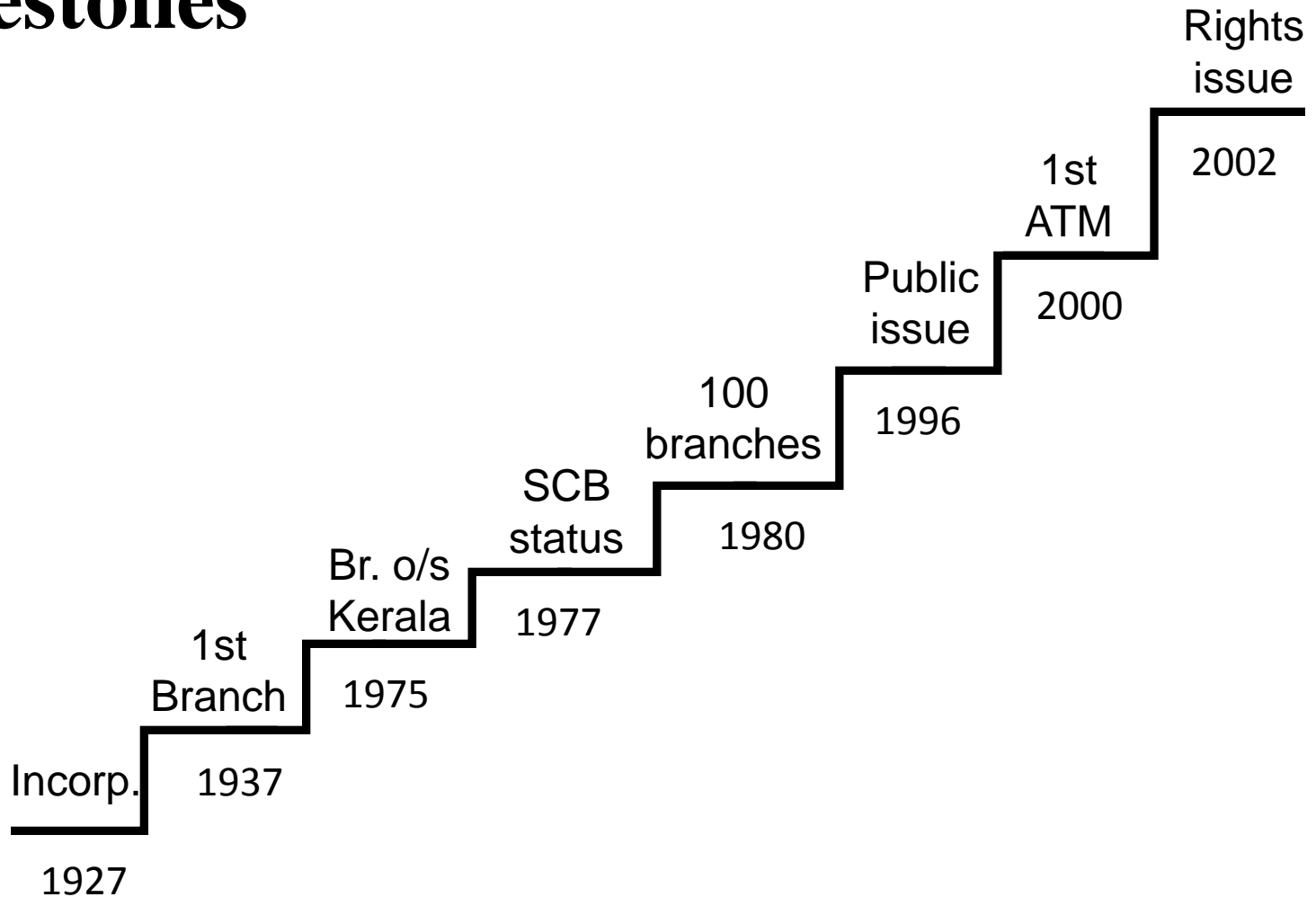
7 employees

Nov 14, 1927
Trichur

Capital of
11,000



Milestones



The distant past...

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

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



Large

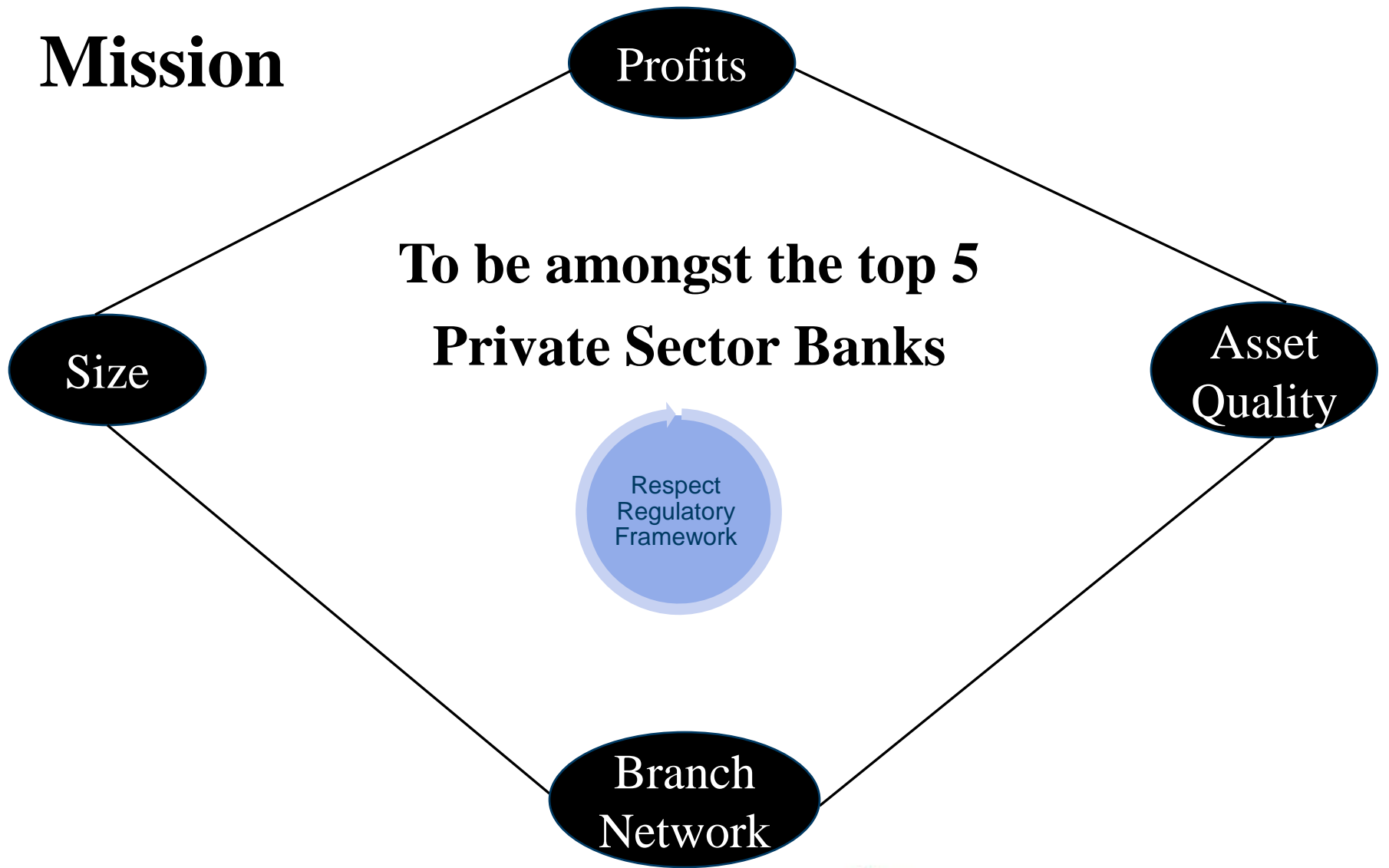


Profitable



A Rating

Mission



Objectives of the First phase

- To de-risk the existing portfolio
- To build platform
- To create a team
- To incorporate Next Generation Technology

- In essence, build a firm foundation for future growth

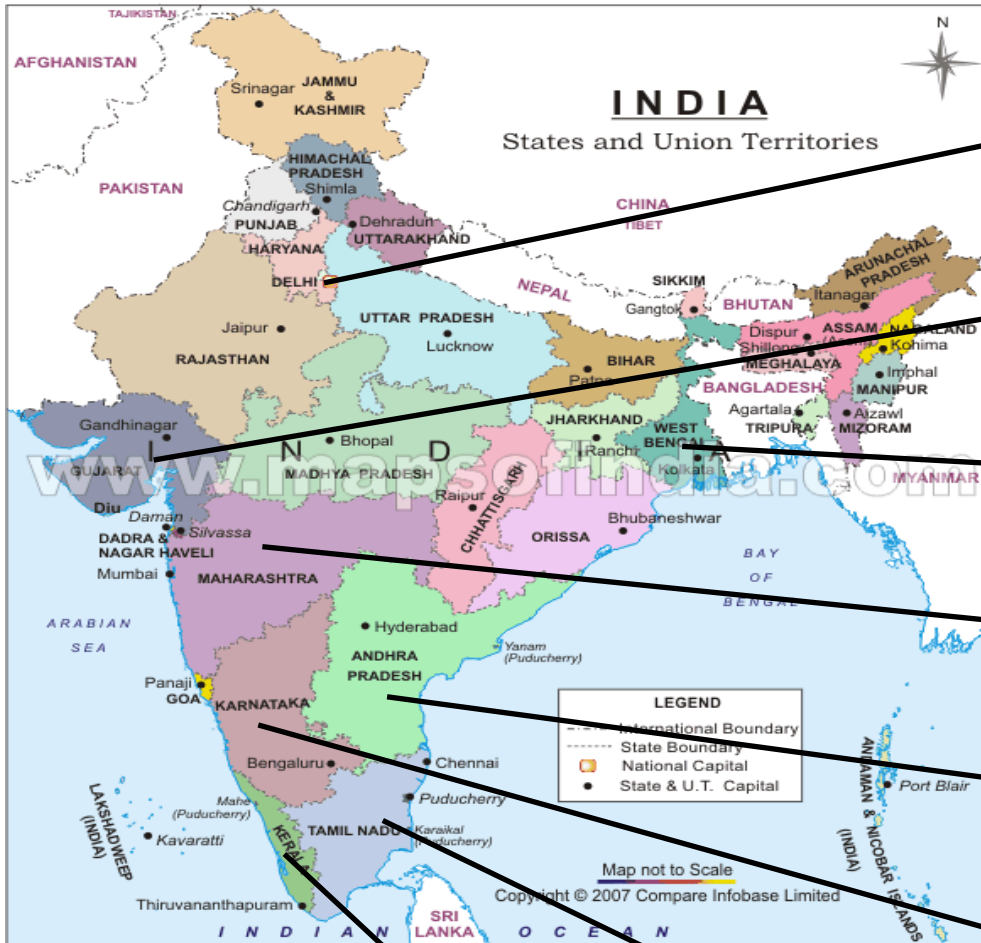
Meeting the Objectives ... De-risk existing book

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

Meeting the Objectives ... Build platform

- Building foundation by
 - Pan India presence - 66 new branches and 380 ATMs
 - New banking channels - Internet, call centre etc.
 - New Brand identity

Geographical footprint by Mar 2010: 14 states



Delhi - 10

Gujarat - 6

WB - 5

Maharashtra - 26

AP - 17

Karnataka - 12

Kerala - 149

TN - 38

South - 79%

Kerala - 55%

Regional Bank



All India Bank



Presence in 600 locations

Meeting the Objectives ... Create team

- More than doubled employee base (>2,500 hired in FY2010)
 - Average employee age reduced to 36 years (Nov 2009) from 48 years (Sept 2008)
 - Senior Management team
 - Recruited senior management from Industry
 - Formed core team of existing and new members
 - Stock options granted

Senior Management

Name	Designation	Qualification	Previous Org.	Exp.
Mr. Amitabh Chaturvedi	MD & CEO	CA	Reliance Capital, ICICI	18
Mr. Bipin Kabra	Chief Financial Officer	ICWAI, CA	Reliance Capital, ICICI, SBI	17
Mr. Manish Kumar	Head - HR & CSR	PGDPM	IDFC, Reliance, ICICI	15
Mr. Rajeev Deoras	Head - Wholesale Banking	B.E., CAIIB	Kotak Mahindra Bank, ICICI, SBI	25
Ms. Sheran Mehra	Head - Marketing	MBA	Barclays, HSBC	11
Mr. Salil Datar	Head - Branch Banking	MMS	ICICI	19
Mr. Deepak Singh	Head - Insurance	PGBM	HDFC Sales	14
Ms. Jaya Janardanan	Head - Operations	M.Com, MFM	Brics Online Services, ICICI	14
Mr. S. Balasubramanian	Head - Trade & Advances	CA	Kotak Mahindra Bank	23
Mr. Manish Sarraf	Head - Treasury	MBA	Siemens, Citibank	17
Mr. Anand Kumar Gupta	Head - Alternate Channels	B.E.	ICICI	13
Mr. Rajrishi Singhal	Head - Policy & Research	M.A.	Economic Times	24

Senior Management (continued...)

Name	Designation	Qualification	Previous Org.	Exp.
Mr. Sachin Sikka	AGM - New Delhi	BA, MBA	ICICI Bank	10
Mr. K.V. Ajay Kumar	AGM - Karnataka	B.Com.	Kotak Mahindra Bank	15
Mr. Parag Kothari	Head - Investment Banking	B.E., MFM	Cholamandalam DBS	19
Mr. V. Venkat Krishnan	AGM - IT Projects	MCA	HSBC, ICICI	14
Mr. Sachin Saraf	AGM - Infrastructure	Diploma in Int. Designing and Decoration	HSBC	12
Mr. Dilip Janardhanan	AGM - Regional Head, T.N.	MBA, AMFI, IRDA	Kotak Mahindra Bank	11
Mr. P Balachendil	AGM - Regional Head, Mumbai	B.E., CFA, PGDBA	Tata AIG General Insurance	10
Mr. P. S. Sankaran	Dy. Zonal Head, Kerala	MBA, CAIIB	IndusInd Bank	23
Mr. Venugopal	AGM - HR	MBA, MHRM, PGDCA	Reliance Capital	19
Mr. Raj Gaurav	AGM - HR	PGDM	Canara HSBC Life Insurance	10
Mr. J. Renganathan	DGM - Credit	MLS	SBI	24

Senior Management (continued...)

Name	Designation	Qualification	Previous Org.	Exp.
Mr. Lalit Gupta	AGM - Corporate Banking	MIB	GE Capital	12
Mr. Rajesh Rajah	AGM - NRI	PGDM	ICICI Bank	14
Mr. Vishal Kukreja	AGM - HR	MBA	IDFC	7
Mr. Sureshkumar	AGM - HR	MSW	HDFC	11
Ms. Jayachandran	Zonal Head - Kerala	B.Com	HDFC Bank	9
Mr. P.J. Manjunaath	AGM - Credit	CAIIB,DBF	IndusInd Bank	30
Mr. Kiran Deshwal	AGM - Corporate Banking	M.Sc., PG Dipl. in Agri. Business Mgmt., CAIIB	BNP Paribas	7
Mr. Ashok Gupta	Zonal Head - West & East Zone	MMS,CAIIB	State Bank of India	27
Mr. D. A. Dhananjaya	Head - Broking & Distribution	B.Com	Reliance Money	11
Mr. M. Guruvayurappan	Regional Head - Corporate Banking	MBA	ICICI Bank	17
Mr. M. Muralidharan	Senior Advisor to MD & CEO	M.A., CAIIB	BRICS Online Services, ICICI, SBI	24


Meeting the Objectives ... Technology

- Bank carried out successful rollout of
 - Loan Flow software
 - Treasury Dealer Board and Core Treasury Solution
 - New accounting system (Oracle Financial)
 - Risk Management software
- Upgrade to the latest version of Flex Cube in process
- Moving to a Managed Data centre model
- Launched new website, Intranet and Internet banking

The Journey so far ... Last 12 months

- Tier II capital of Rs. 150 crores to high net worth NRIs
- ATM outsourced to AGS adopting a use and pay model
- Insurance tie up with Bajaj Allianz
- Merchant Banking and Bankers to the Issue license obtained
- Higher Investment limits for FIIs/NRIs
 - from 24% to 49% for FIIs & 10% to 24% for NRIs

The Journey so far ... Last 12 months

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

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*

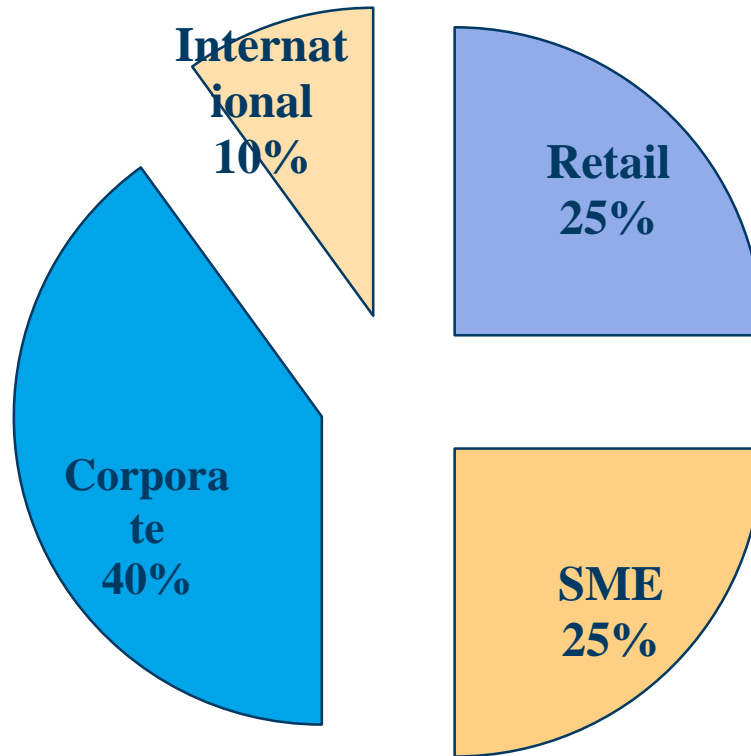
Going forward ... Immediate plans

- 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

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 June 2010

Fee based distribution

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

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
<i>CASA (%)</i>	<i>22%</i>	<i>31%</i>	<i>-</i>	<i>24%</i>
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 11%

Performance Ratios

Particulars	Sept 30, 2009	Mar 31, 2009
Capital Adequacy Ratio		
<i>Basel I (%)</i>	<i>14.93</i>	<i>14.44</i>
<i>Basel II (%)</i>	<i>15.90</i>	<i>15.38</i>
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 (continued...)

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