

Investor Presentation Q1FY14 Financials

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Overview

Key Milestones Achieved

Overview of Distribution Network

Overview of Organization Structure

Profile of Board of Directors and Key Management Personnel

Shareholding pattern

Summary of Operational Performance

Summary of Financials

Modern Information Technology Infrastructure & Systems

Way Forward

Key Milestones Achieved

- **2013:** Raised Rs. 1052 million of Equity through a combination of Qualified Institutional Placement and Preferential Allotment issue.
- **2012:** Awarded the Asian Banker Technology Implementation award - International award for Best branch automation
- **2011:** Awarded the “Best Mid-sized Bank in Growth Category” by Business Today- KPMG survey
Awarded the Information Week EDGE Award 2011 for IT transformation
Total business* of Rs. 2,00,000 Million
- **2010:** Launched new “Dhanlaxmi Bank” brand
Raised Rs.3,800 Millions by way of Qualified Institutional Placement
Opened 250th branch
Total business* of Rs. 1,00,000 Million
- **2009:** Recorded net profit of Rs.574.5 Million
Awarded “Best Bank in the Private Sector” by the State Forum of Banker’s Club
Opened 200th branch with first branch in east region in Kolkata
- **2008:** Total business* of Rs. 75,000 Million. Second Rights Issue
- **2007:** Total business* of Rs. 50,000 Million. 80th Anniversary year
- **2002:** Raised Rs. 270 million in a Rights Issue
- **1998:** First north Indian branch opened in New Delhi
- **1996:** Raised Rs. 240 million in IPO and listed Equity Shares on the National Stock Exchange, Bombay Stock Exchange and the Cochin Stock Exchange
- **1989:** First branch outside southern region was opened in Mumbai.
- **1986:** Total business* of Rs. 1000 Million.
- **1977:** Designated as scheduled commercial bank by the Reserve Bank of India (RBI)
Opened first branch outside Kerala and crossed 50 strong branches network
- **1927 :** Incorporated in Thrissur, Kerala

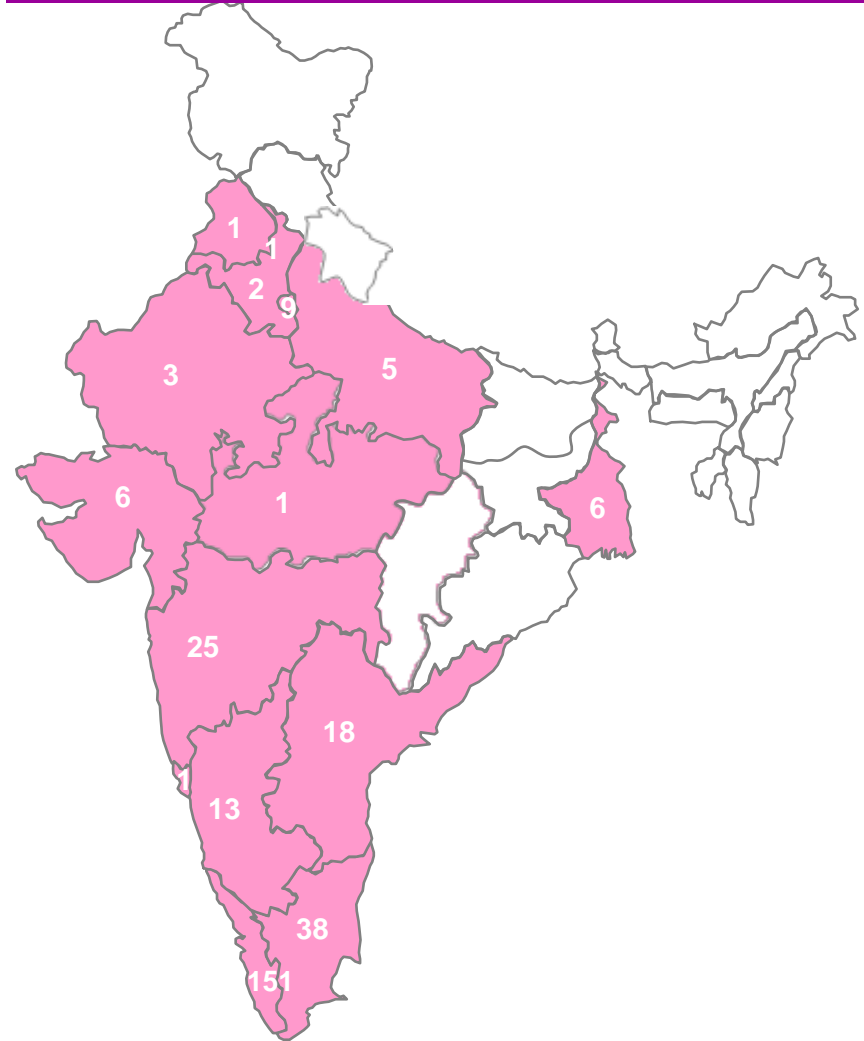
* Business refers to total of advances and deposits



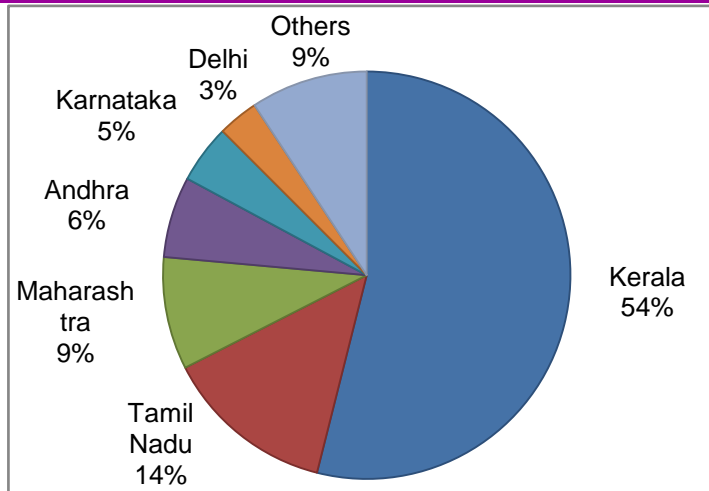
Broad based Distribution Network

- As of June 30, 2013 Bank has 676 customer outlets which includes 280 branches, 396 ATMs
- As of June 30, 2013 Bank is present in 15 states/UTs with 280 branches :
 - ⇒ Metro Branches – 62
 - ⇒ Urban Branches – 89
 - ⇒ Semi-Urban Branches – 101
 - ⇒ Rural Branches – 28
- As of June 30, 2013 Bank has 173 on-site and 223 off-site ATMs
- As on June 30, 2013 the total customer base was around 1.7 million

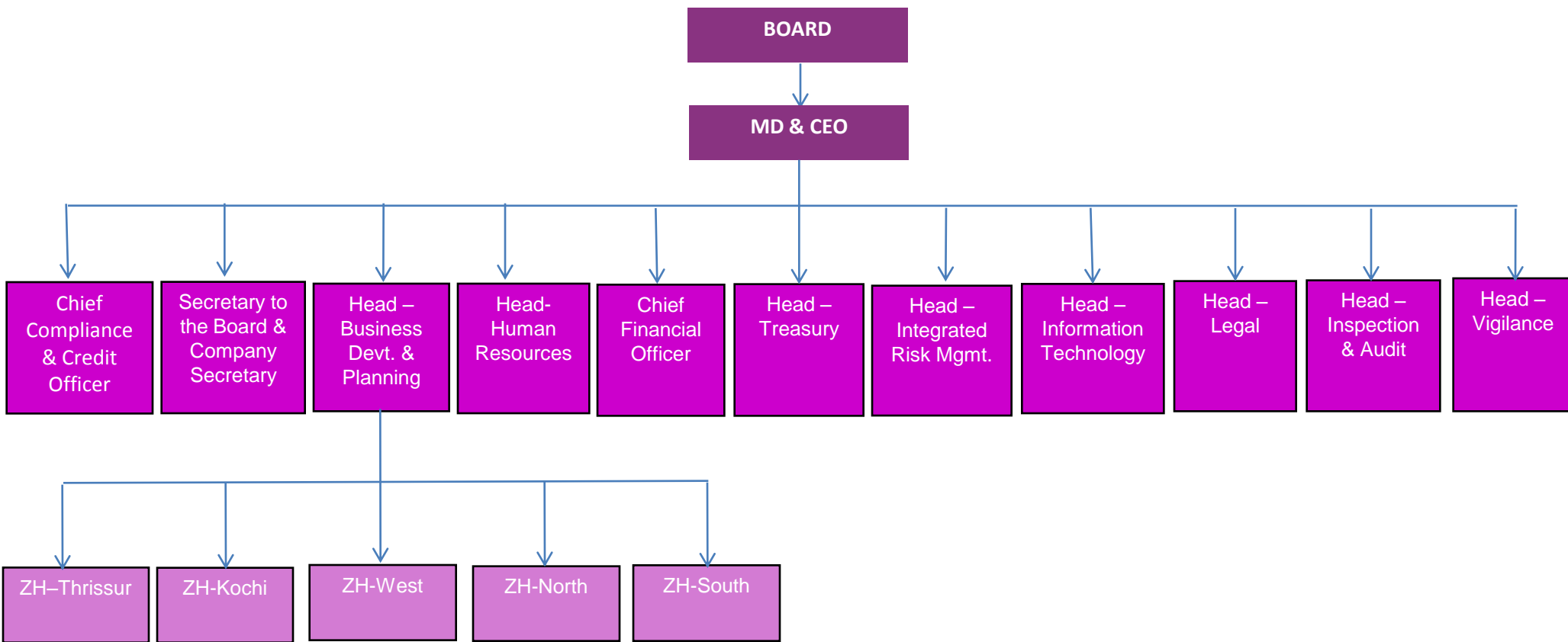
Branches Network – State-wise Branches (As on June 30, 2013)








Branches Profile (As on June 30, 2013)



Overview of Organization structure



Profile of Board of Directors

	Name	Designation	Experience & Other Directorships
	Mr. T.Y. Prabhu	Part-time Chairman	Headed Oriental Bank of Commerce as Chairman & Managing Director and was previously Executive Director of Union Bank of India. Was appointed by RBI as a member of the Advisory Group on Foreign Exchange Management Act , regulations relating to services like remittance. Also held the position of General Manager – International Operations in Canara Bank.
	Mr. K. Srikanth Reddy	Independent Director	Appointed as Independent Director on 29 th October, 2007. A member of the Indian Civil Services, he worked in many government departments including the Ministries of Planning and Program Implementation, Food and Processing Industries, Defence, Communications, Welfare and Tourism and Civil Aviation.
	Mr. P.G Jayakumar	MD & CEO	Took charge as MD&CEO on 6 th February, 2012 prior to which he was serving as Executive Director since 2011 . He has 36 years of experience in the Bank. Joining in 1977, he worked with the regional and zonal offices before joining the corporate office as General Manager in 2006.
	Mr. K. Vijayaraghavan	Independent Director	He has served on the boards of various banks such as The Catholic Syrian Bank, The South Indian Bank, The Nedungadi Bank, State Bank of Travancore, State Bank of Patiala, Himachal Pradesh Financial Corp. and Syndicate Bank, as RBI nominee. He retired from RBI in 2003 as Chief General Manager.
	Mr. P. Mohanan	Independent Director	He has 35 years of Banking experience and retired as General Manager of Canara Bank. While at Canara Bank, he was part of the core team for the Canara Bank's IPO and also contributed in the formulation of Bank's corporate governance policy.

Cont'd

Profile of Board of Directors

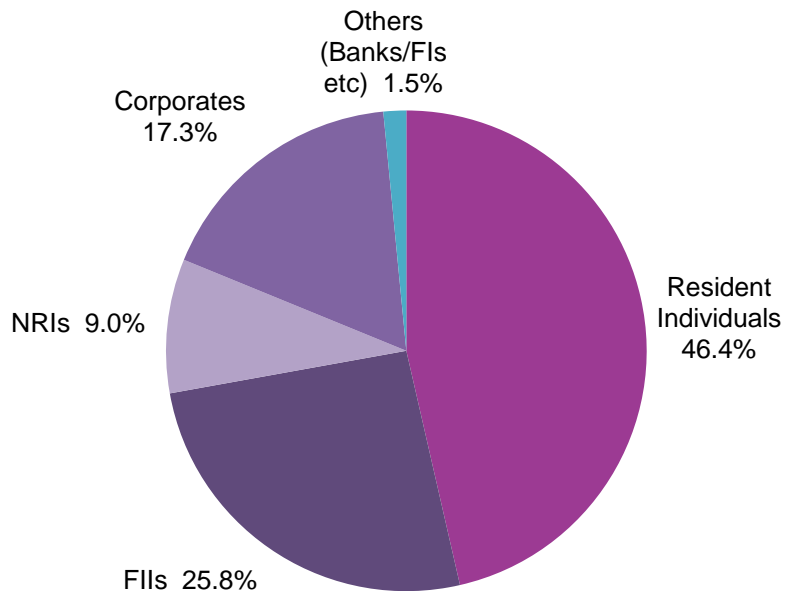
	Name	Designation	Experience & Other Directorships
	Mr. K. Jayakumar	Independent Director	Mr. K. Jayakumar, IAS (Retd) has served as Secretary to Government in sectors like Agriculture & Tourism and retired as Chief Secretary to the Government of Kerala. He was also a Director of NABARD and Chief Commissioner for Travancore Devaswom Board. He had also served as Agriculture Production Commissioner for over 5 years. Presently he is the Vice Chancellor of the Malayalam University, Kerala.
	Mr. Chella K Srinivasan	Independent Director	Mr. Chella K Srinivasan is the National Executive Vice President of the INDO-American Chamber of Commerce- IACC. He is a practising Chartered Accountant for more than 29 years and has professional expertise in Accounting, Auditing and Corporate Taxation with rich experience in audit of Textile, Paper, Sugar, Steel manufacturing unit, Hotels and Insurance companies in the public sector. He was earlier a member of the Vision Committee of the Institute of Chartered Accountants of India.
	Mr. Manoranjan Dash	Additional Director	Mr. Manoranjan Dash, General Manager, RBI is an Additional Director on the Board as RBI nominee.

Profile of Key Management Personnel

Name	Designation	Experience
Mr. P.S. Ravikumar	Chief Compliance & Credit Officer	<ul style="list-style-type: none"> Experience of 35 years with Dhanlaxmi Bank in various departments Currently he is the Chief Credit Officer of the Bank. Also headed functions of Inspection & Vigilance, Operations, Human Resource and in Branch Banking function of the Bank as Zonal Head.
Mr. Ravindran K. Warriar	Secretary to the Board & Company Secretary	<ul style="list-style-type: none"> Qualified CS with experience of 19 years in banking sector Involved in the management of the IPO, right issues and QIP. Held position of head of Planning Involved in setting up the insurance business and depository of the Bank
Mr. P. Manikandan	Head - Business Development & Planning	<ul style="list-style-type: none"> Experience of 33 years in banking sector Experience of 8 years in Planning, Operations, HRD, Inspection, Vigilance, Third Party Products, Premises and Cash Management System departments of the Bank
Mr. H Rangarajan	Chief People Officer	<ul style="list-style-type: none"> Experience of 37 years in banking sector Experience of 9 years in Retail Banking, and Branch Banking Worked in public sector bank for 24 years in different capacities
Mr. Krishnan K.S. (Joined in Q1 FY14)	Chief Financial Officer	<ul style="list-style-type: none"> Qualified Chartered Accountant (ACA) and Company Secretary (ACS) with more than 35 years of experience in Banking Sector Experience in various departments such as Head of Domestic and Foreign Treasury, Chief Financial Officer, Chief Risk officer, Chief Compliance officer and Secretary to the Board.
Mr. Srinivasaraghavan	Head - Treasury	<ul style="list-style-type: none"> Qualified Cost Accountant with an experience of 29 years in banking and financial sector Knowledge in treasury & banking and worked in front, back and mid office of domestic and forex treasuries. Experience in Balance Sheet Management, Risk Management, Interest Rate Forecasting, Corporate Planning and General Banking.
Mr. Chandran L	Head – Integrated Risk Management Dept.	<ul style="list-style-type: none"> Experience of 23 years in banking/financial sector. Worked in Branch, Zonal Office, Credit Department (SME & Corporate underwriting) and as Executive Assistant to MD & CEO. Had a key role in formulation of Credit Policy, Credit Appraisal Formats and Credit Rating Models of the Bank. Worked in Government sector & Public Sector Financial Institution for 7 years and Bank for 16 years in different capacities in various geographical areas.
Mr. Raghu Mohan	Head - Accounts	<ul style="list-style-type: none"> Qualified CA with an experience of 17 years in the Banking Sector Experience in the field of credit, credit risk management, treasury and branch management
Mr. C. S. Ramakrishnan	Head - Inspection & Audit	<ul style="list-style-type: none"> Experience of over 19 years in Banking Sector Experience in the field of audit, operations, business development, process improvement functions

Shareholding pattern

As of June 30, 2013



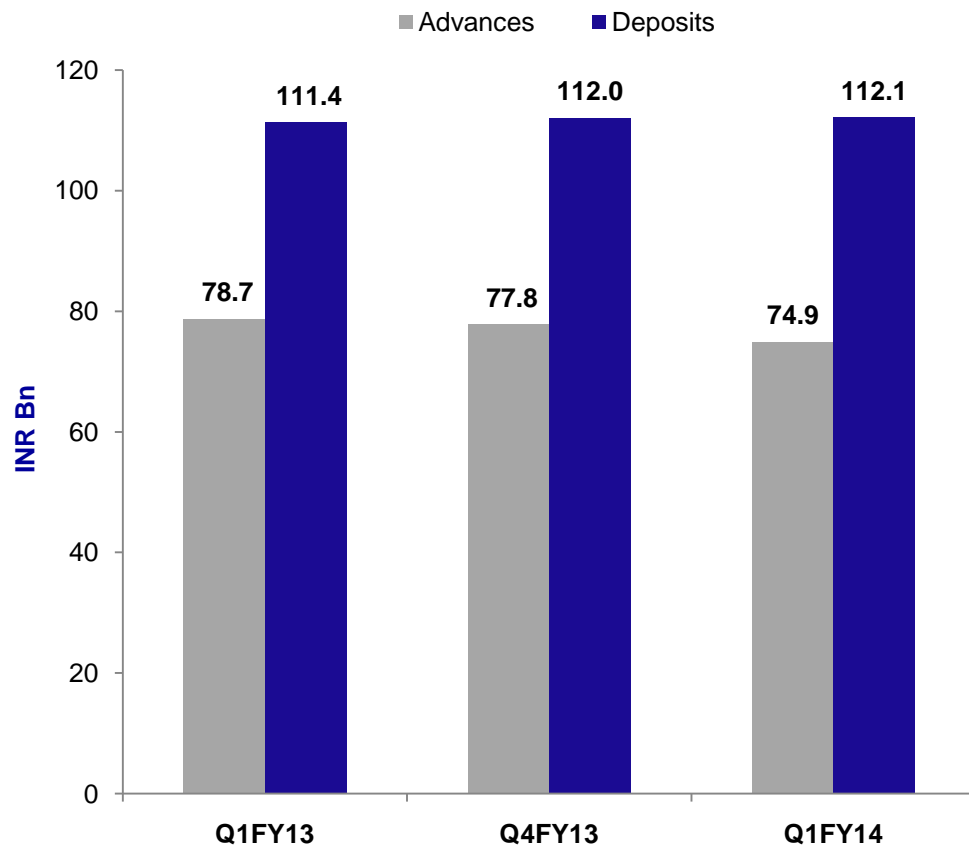
Investment limits for FIs / NRIs at 49% and 24% respectively

Institutional Investors with shareholding greater than 1% (As on June 30, 2013)

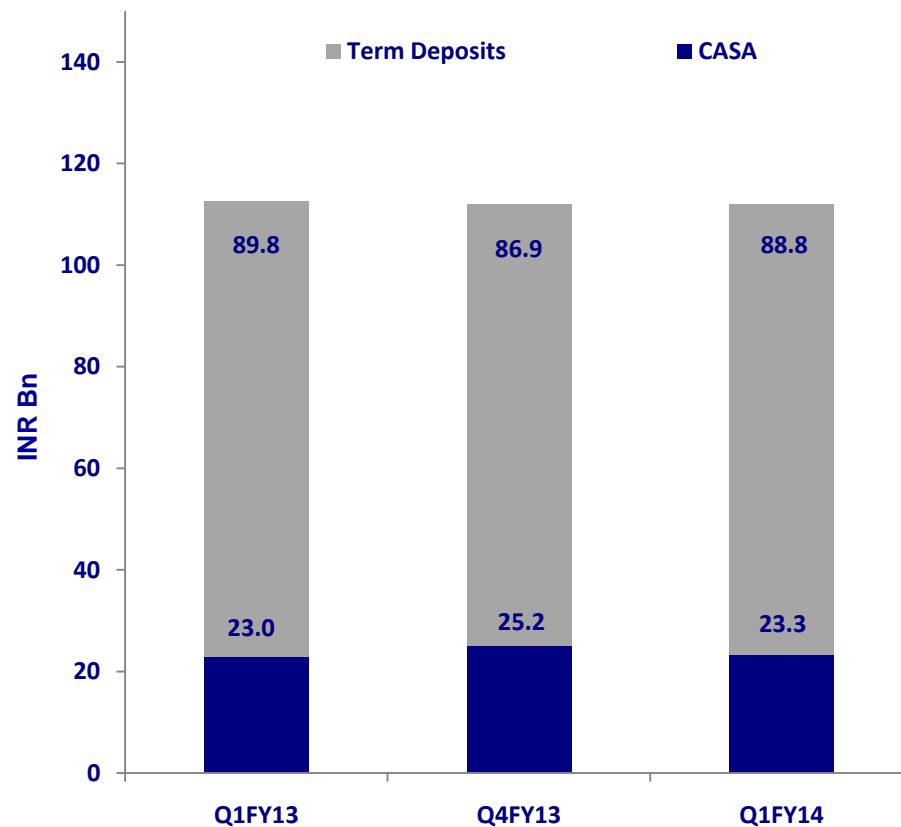
Shareholder	% Stake
JUPITER SOUTH ASIA INVESTMENT COMPANY LTD.	4.25%
WELLINGTON MANAGEMENT COMPANY	3.42%
COLLEGE RETIREMENT EQUITIES FUND	3.42%
CREDIT SUISSE (SINGAPORE) LIMITED	2.96%
INDIA MAX INVESTMENT FUND LIMITED	2.81%
LOTUS GLOBAL INVESTMENTS LTD	2.77%
HYPNOS FUND LIMITED	2.58%
ELARA INDIA OPPORTUNITIES FUND LIMITED	2.48%
HDFC STANDARD LIFE INSURANCE COMPANY LTD.	2.03%
BHARTI AXA LIFE INSURANCE COMPANY LTD	1.92%
INFOMERICS VALUATION AND RATING PVT LTD.	1.28%
ING VYSYA LIFE INSURANCE COMPANY LIMITED	1.01%

Business position

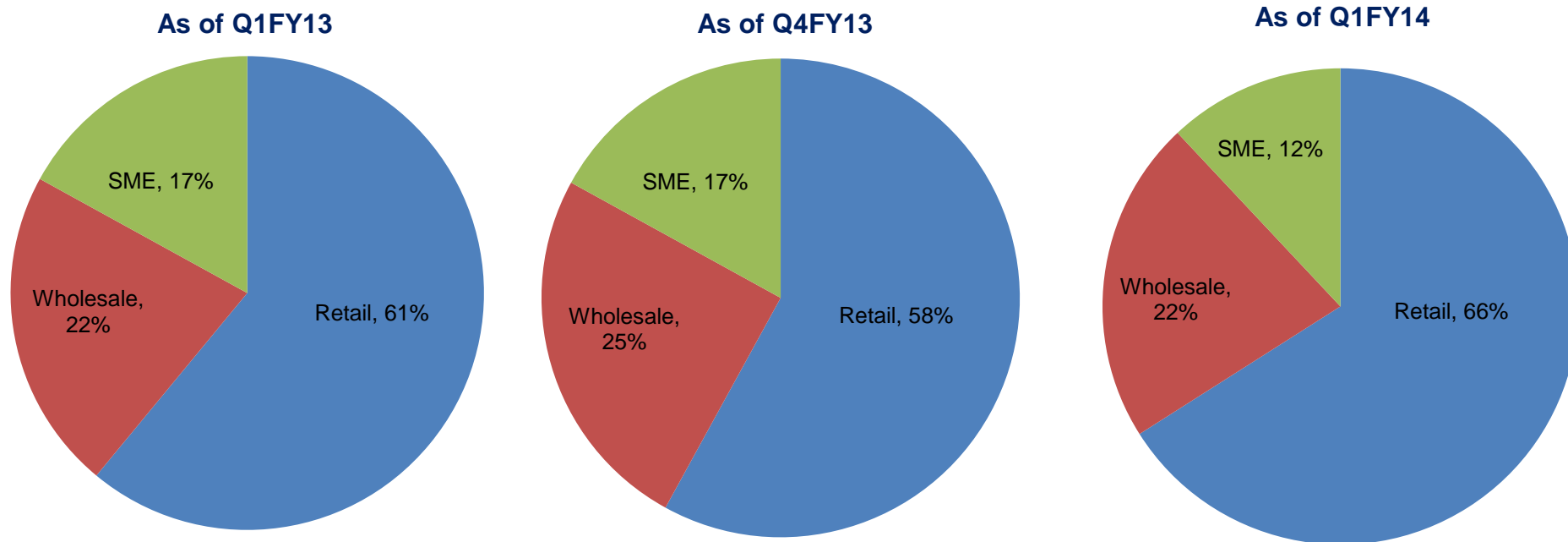
Advances and Deposits



Deposits Composition



Composition of Advances Portfolio

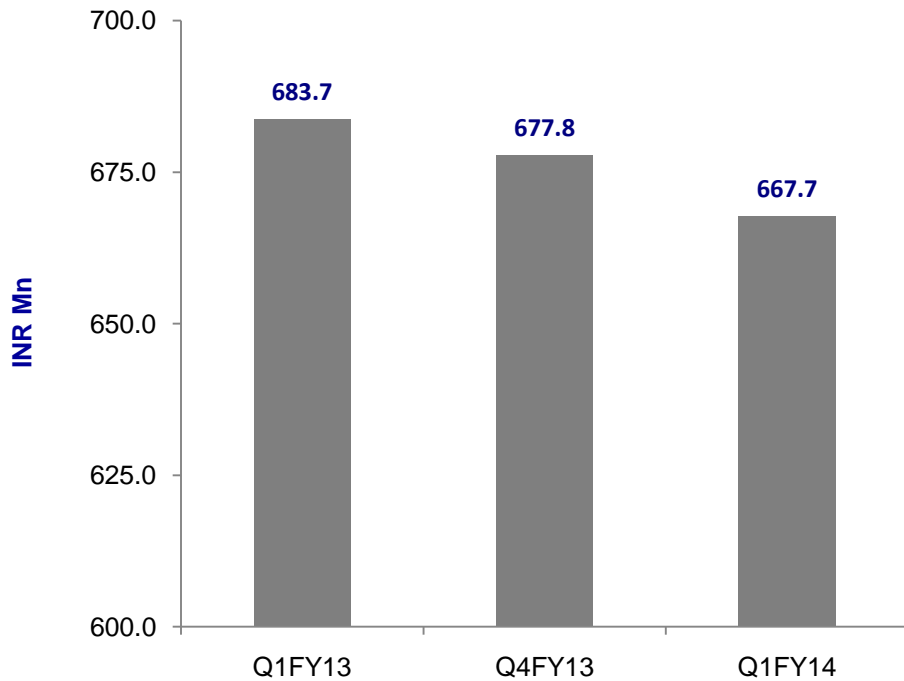


The Bank continues to maintain its focus on reducing the low yielding Wholesale advances and improving the share of Retail and SME advances. The portfolio of high yielding Gold loan advances has increased from Rs. 7982 mn. on 30th June 2012 to Rs. 144049 mn. on 30th June 2013 , a growth of over 80% on a y.o.y. basis.

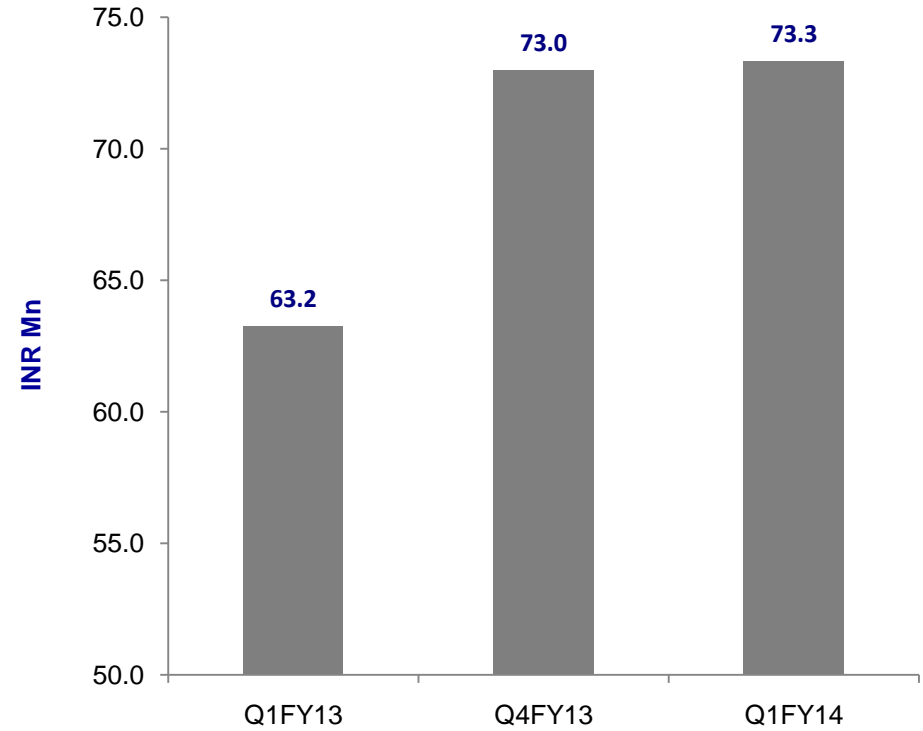


Business productivity

Business per Branch

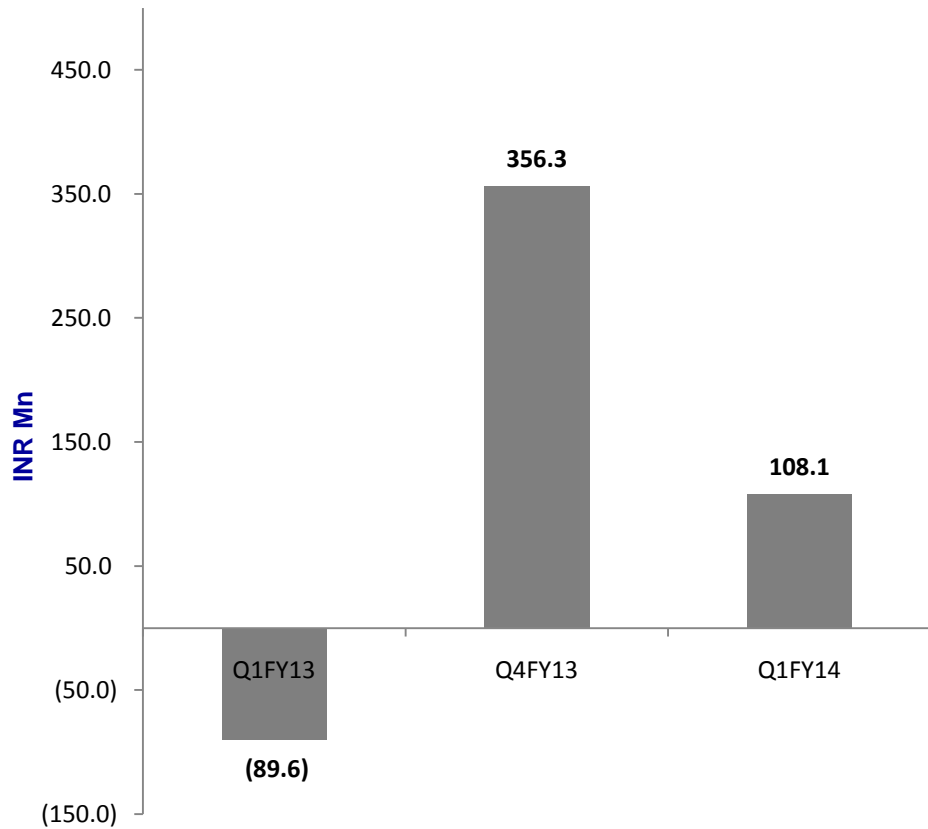


Business per Employee

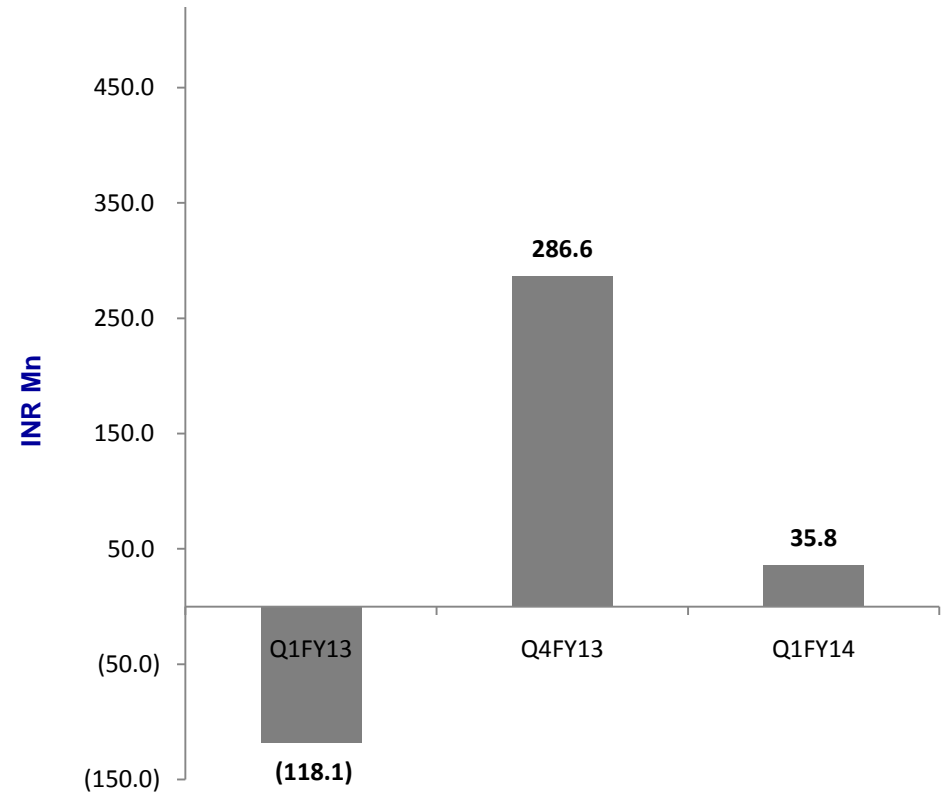


Operational Efficiency & Profitability

Operating Profit

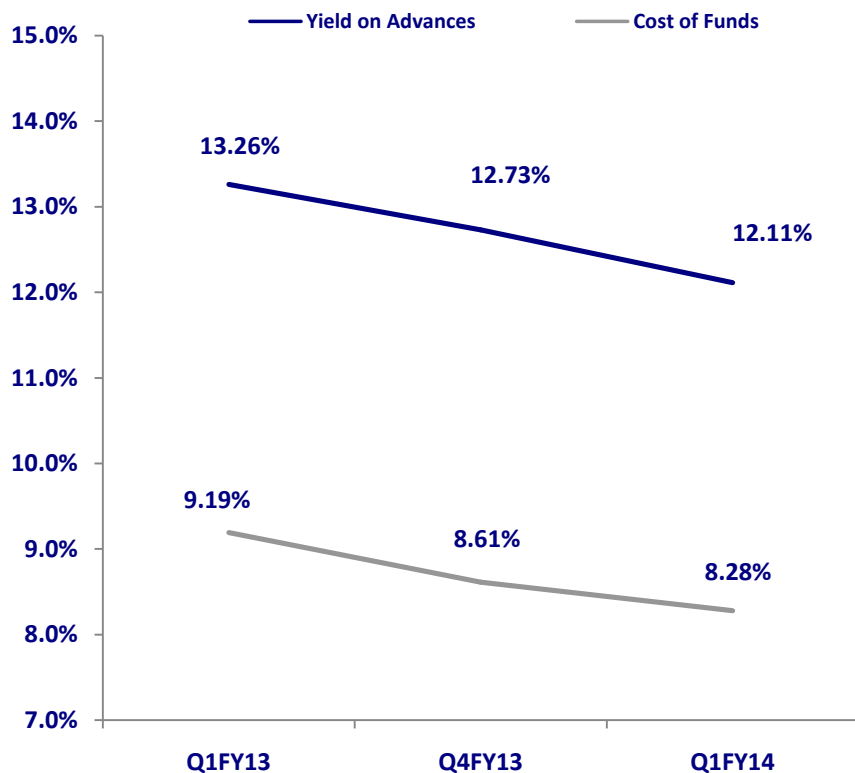


Profit After Tax

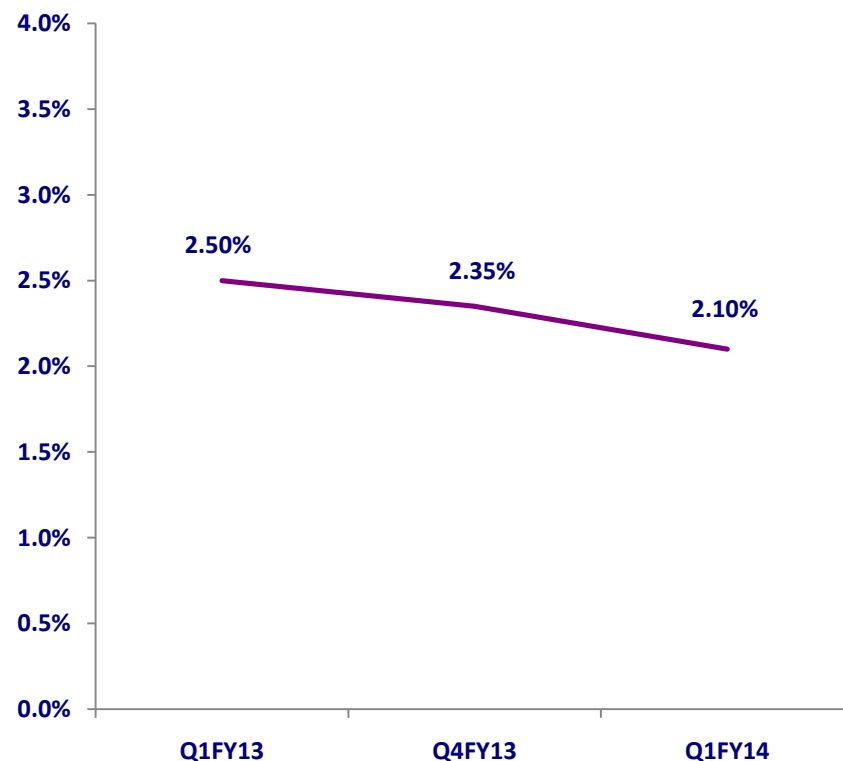


Yield on Advances, Cost of Deposits and NIM

Yield on Advances and Cost of Deposits

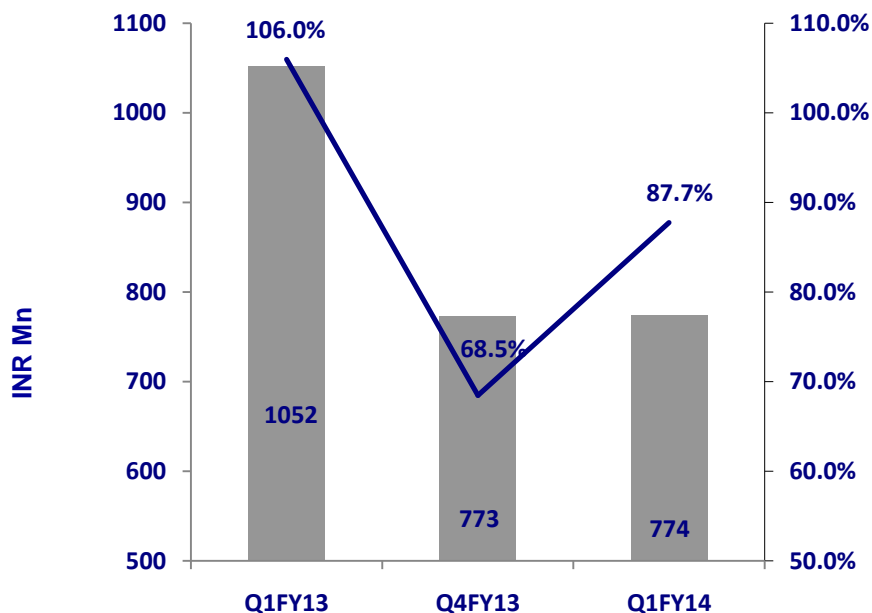


Net Interest Margin (NIM)

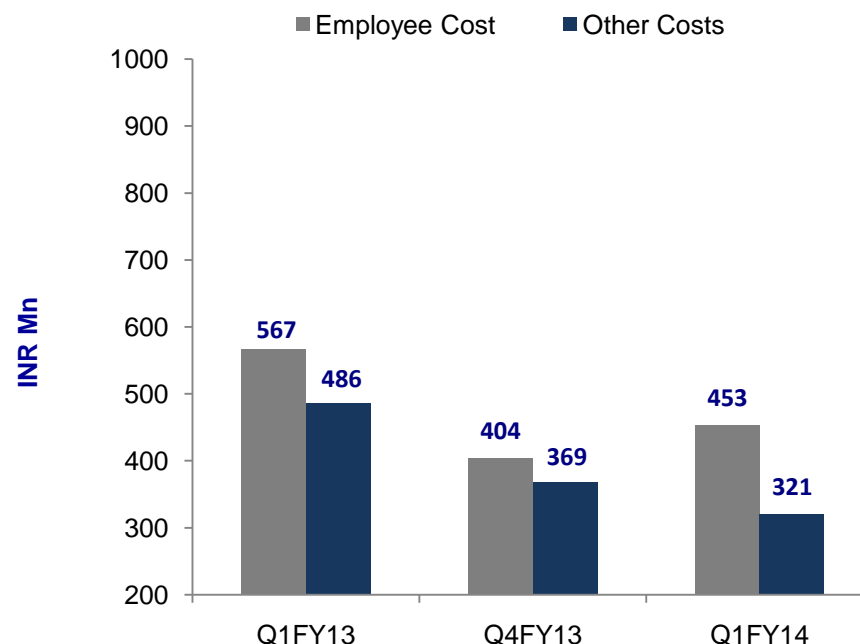


Cost Rationalization measures

Cost to Income Ratio & Total OPEX



Employee Costs and Other OPEX



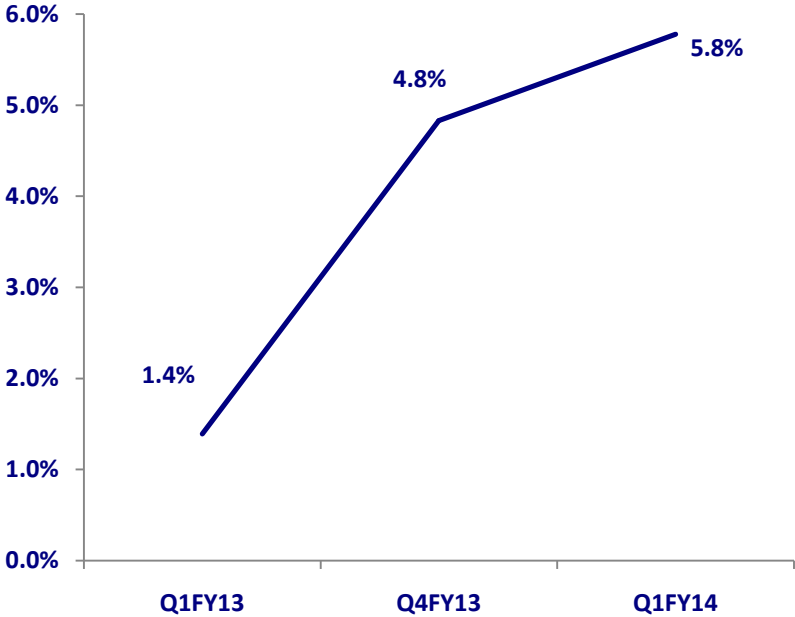
As part of the strategy to reduce costs, the Bank's management continues to take forward the following steps:

- Rationalized Employee strength to 2,550 as of June 30, 2013 as compared to a high of 4,552 as of 31 Dec 2011.
- Reduction in Other Operating costs by discontinuing outsourcing activities
- Rationalization of existing network (surrendering excess office premises & relocating from high cost premises while maintaining its points of presence)

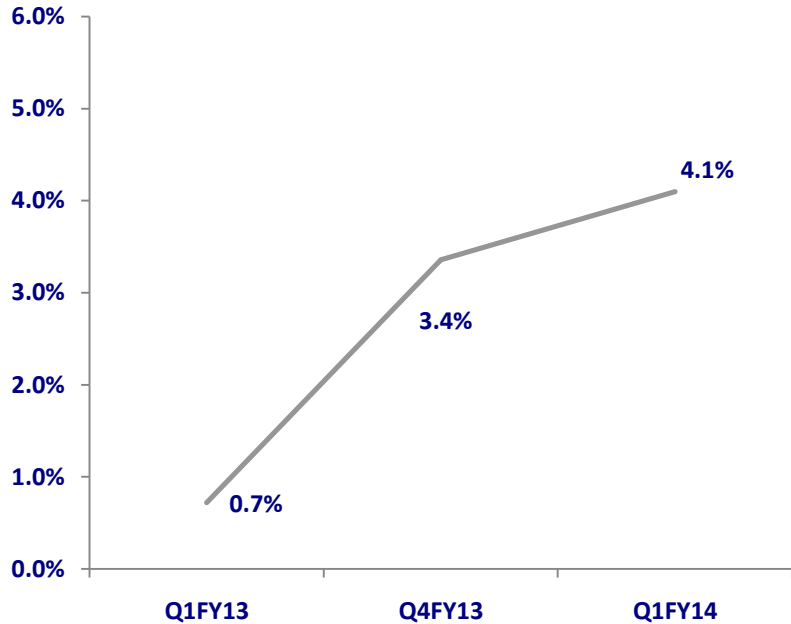


Asset Quality

Gross NPA



Net NPA



NPA Management Approach

The Bank has taken all possible measures (as listed below) to counter the increasing trend in NPAs and aims to bring down the Gross NPA level significantly by the end of FY14:

- Central NPA monitoring system: Technology enabled for providing information about the problem accounts (wherever even a single day default arises) to branches on a daily basis with every branch having a designated officer to follow up with delinquent customers.
- Special Task force: Teams constituted at a Regional level to monitor collections in case of delinquent accounts. These teams in consultation with the Top management review the recovery position on weekly basis and guide the respective branches to streamline their strategy appropriately.
- SMS alerts: Every customer is alerted for EMI dues through SMS in case of retail assets to arrest new slippages.
- Issue of Legal notices: Legal notices are issued wherever borrowers are eligible for action under various legislations within the necessary time frame and the progress is monitored at periodic intervals.
- CIBIL Reporting: The defaulters are promptly reported to CIBIL on a monthly basis.

RISK Management Approach

The Bank has developed a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner.

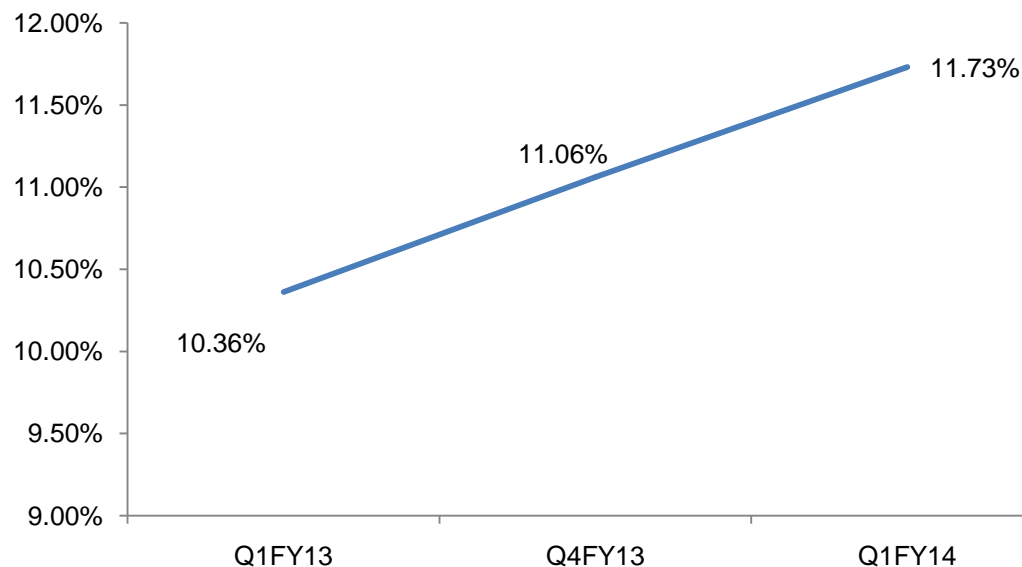
The Bank presently has 14 rating/ scoring models covering Corporates, SME, Traders, NBFC, Small Loans, Non-SLR investments, inventory/construction finance, asset buy out, individuals and micro credit.

These models are reviewed every year based on the portfolio specific characteristics and best practices prevalent in the industry. All exposures of Rs.2 lac and above come under the purview of rating.

The Integrated Risk Management Department of the Bank validates the ratings assigned to all exposures of Rs.25 lac and above.

Out of total standard advances, 49% advances are rated A & above and 84% advances are rated B & above.

Capital Adequacy



The Bank raised Rs.354 million of Equity in Q4 of FY13 and Rs.698 million in Q1 of FY 14 through a combination of Qualified Institutional Placement (QIP) and Preferential Allotment issue which has further enhanced the Capital adequacy of the Bank to 11.73%.

Further the Bank plans to raise another Rs 1000 million of Tier I Capital through the Preferential Allotment route by end of October 2013.



Summary of Financials – Profit & Loss Account

(Figures in INR Million)

Particulars	Q1FY14	Q1FY13	FY13
Interest Income	3136	3439	13080
Interest Expenses	2501	2688	10316
NET INTEREST INCOME	635	750	2764
Other Income	247	212	1143
Operating Expenses	774	1052	3393
- Staff Cost	453	567	1868
- Other Expenses	321	486	1525
Provisions	72	29	488
PROFIT AFTER TAX	36	-118	26

Summary of Key Ratios

Particulars	Q1FY14	Q1FY13	FY13
Credit Deposit Ratio	66.82%	70.68%	69.42%
CASA Ratio	20.75%	20.63%	22%
Term Deposits	79.25%	79.37%	78%
Gross NPA	5.78%	1.39%	4.82%
Net NPA	4.10%	0.72%	3.36%
Capital Adequacy Ratio (Basel II)	11.73%	10.36%	11.06%
OPEX as a % of Total Income	22.9%	28.8%	23.86%
ROA	0.10%	-0.36%	0.02%
ROE	1.71%	-6.61%	0.36%

Modern Information Technology Infrastructure & Systems

- All the operations at all Branches are under Core Banking System (CBS)
- Upgraded CBS to the latest version with Oracle 11g as the back-end
- Allied ATM network to Cashnet, CashTree and NFS Switch to enable our Card holders to access about 14000 ATMs of member Banks
- Bank was awarded three awards in FY12 for Information Technology systems:
 - ⇒ EDGE Award 2011 for Information Technology transformation
 - ⇒ Computer Society of India (CSI) national award for excellence in IT
 - ⇒ The Asian Banker Technology Implementation Award 2012 – International award for best Branch automation project.
- Utilizes technology to its advantage
 - ⇒ The Risk Management suite
 - ⇒ The LoanFlo does the Credit Proposal management with end to end tracking

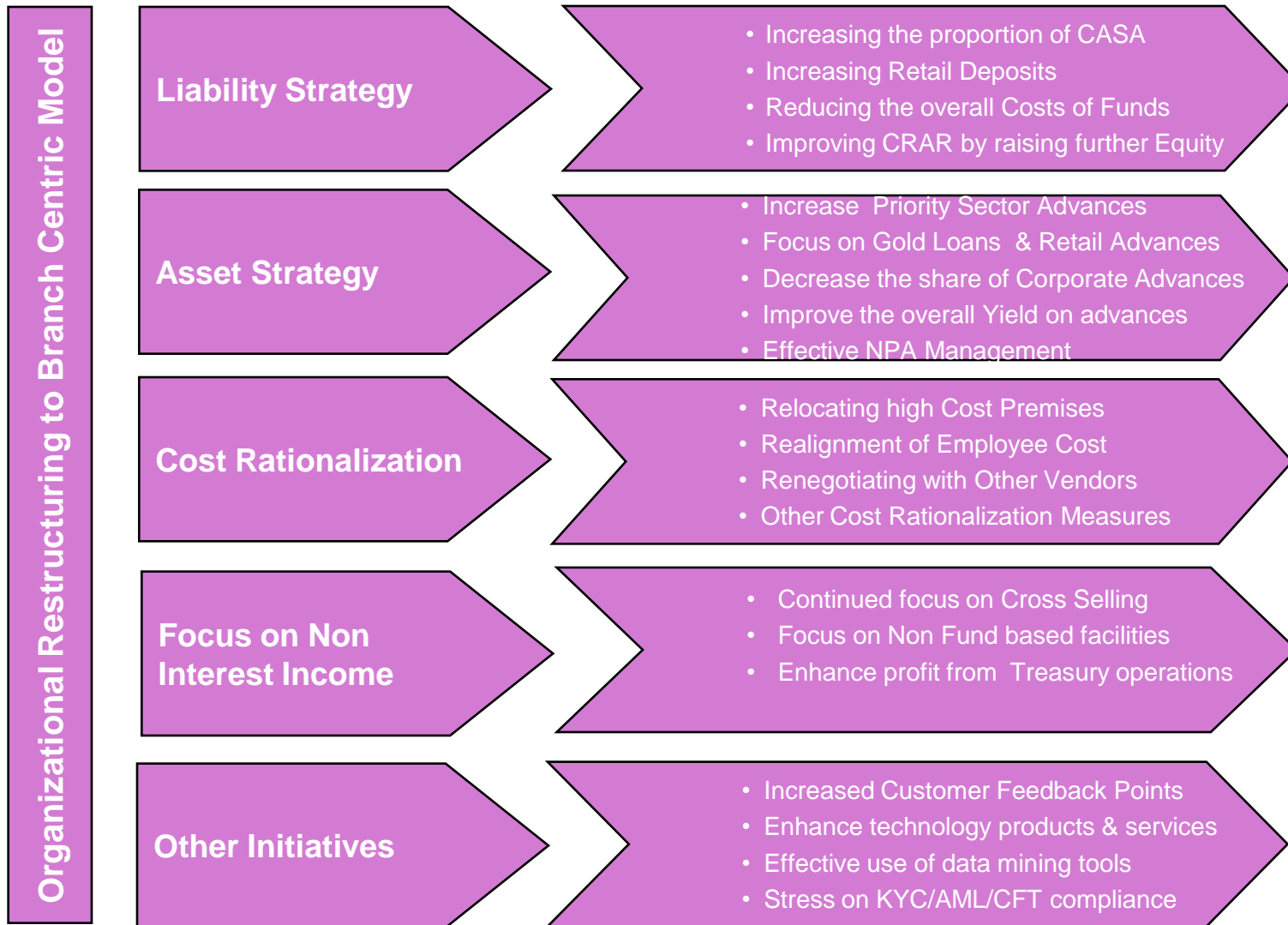
Listed below are some of the key information technology packages already implemented:

IT Solutions	Client Management	Operations	Credit , Risk Mgmt. & Accts.
<ul style="list-style-type: none"> ■ Lotus Domino Email Solution ■ Data Centre and Disaster Recovery Centre ■ Network Monitoring & Facility Management ■ Dataware House ■ Document Management ■ Offsite Surveillance ■ Automated Reports 	<ul style="list-style-type: none"> ■ Mobile & Email Alerts ■ Gold- Bullion Biz ■ Internet Banking – Retail & Corporate ■ Bill Payments ■ Online Trading ■ CRM Tools ■ Mobile Banking ■ ASBA ■ Contact Centre with IVR ■ NRI Remittance Solutions 	<ul style="list-style-type: none"> ■ Core Banking ■ Integrated Treasury Management ■ Cheque Truncation ■ HRMS ■ Payment Gateway ■ SWIFT ■ NEFT, RTGS ■ LoanFlow- Loan Management ■ FinnOne- Retail Assets ■ Cash Management system 	<ul style="list-style-type: none"> ■ Anti Money Laundering ■ Risk Management Tools ■ Oracle Financials – Core Accounting

Bank follows a hybrid methodology of utilizing in-house expertise and sourcing expertise from industry players.

Enabling the IT infrastructure for financial inclusion project launched with Business correspondents (BC) by facilitating necessary tools such as tablet, blue tooth printers etc. and integrating these with our system to enable online transactions.

Way Forward



Thank You