



Earnings Update – Q1 FY10 Results

July 28, 2009



Performance Highlights

- Consolidated PAT for Q1FY10 up 72% to Rs. 2,573 from Rs 1,499 mn in Q1FY09 (Q4FY09 Rs. 2,107 mn)
- Consolidated capital adequacy ratio including current quarter profit as per Basel II as on June 30, 2009 is 20.8%. Tier 1 ratio 18.3%.
Excluding current quarter profit the consolidated capital adequacy ratio as per Basel II is 20.1%. Tier 1 ratio 17.6%
- Consolidated advances as on June 30, 2009 was Rs. 233 bn (March 31, 2009 - Rs 225 bn; June 30, 2008 Rs. 232 bn)
- Consolidated NIM for Q1FY10 at 6.0 % (Q1FY09 – 5.9 %).
- PAT of the Bank (Standalone) for Q1FY10 up 66 % to Rs. 903 mn from Rs 545 mn in Q1FY09 (Q4FY09 Rs. 1,026 mn).
- CASA deposits¹ comprised 28% of total deposits as on June 30, 2009 (March 31, 2009 – 32% and June 30, 2008 – 28%).
- Loans restructured during the quarter and considered standard Rs 430 mn.
- Kotak Mahindra Old Mutual Life Insurance reported a PAT of Rs. 11 mn for Q1FY10 (Q1 FY09 loss of Rs.398 mn).
- Mutual fund AUM as on June 30, 2009 was Rs 256 bn (Rs159 bn as on March 31, 2009 and Rs 190 bn as on June 30, 2008).
- Total assets managed/ advised by the Group (including alternate assets) as on June 30, 2009 were Rs 458 bn (March 31, 2009 - Rs 339 bn and June 30, 2008 - Rs 383 bn).

1. excluding monies held as collection bankers to IPOs

Consolidated Financials

Revenues

Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Financing activities	8,294	8,173	8,931	35,065
Fee Income*	2,999	2,891	2,123	10,339
Premium income	4,268	3,924	8,977	23,071
Treasury	3,218	1,491	2,052	6,788
Others	512	949	677	2,410
Total Revenues*	19,290	17,427	22,760	77,673

*Fee income is net of sub brokerage. Revenues exclude treasury (policyholders) income

Analytical Ratios

	As on June 30, 2009	As on June 30, 2008	As on March 31, 2009
Net-worth (Rs mn)	67,993	59,974	65,226
Book value per share (Rs)	196.3	173.8	188.7
Net Interest Margin (%)	6.0%	5.9%	6.0%
Net NPAs (%) (excluding stressed assets portfolio)	2.07%	0.47%	1.18%
Return on average Net-worth (%) (annualised)	15.4%	10.1%	10.5%

Consolidated Financials

Assets

Rs million

	As on June 30, 2009	As on June 30, 2008	As on March 31, 2009
Advances			
• Commercial vehicles & Construction equipments	32,314	37,311	33,345
• Auto loans	49,384	49,032	47,742
• Personal loans	20,189	31,248	23,948
• Home loans	30,303	29,822	31,664
• Corporate Banking	40,031	27,584	27,735
• Stressed Assets	3,260	5,585	3,594
• Agriculture Finance	21,233	15,984	23,650
• Others	36,017	35,130	33,298
Total Advances	232,731	231,695	224,976
Investments/ Treasury Assets *	122,352	76,796	96,622
Total Advances and Investments	355,083	308,491	321,598

* Does not include policy holder's investments.

Liabilities

Rs million

	As on June 30, 2009	As on June 30, 2008	As on March 31, 2009
Deposits	156,477	143,730	138,228
Borrowings	121,798	106,210	110,600

Consolidated Financials

Company-wise Profit After Tax

Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Kotak Mahindra Bank (Standalone)	903.1	545.3	1,025.7	2,761.0
Kotak Mahindra Prime	189.0	412.6	469.7	1,570.0
Kotak Mahindra Capital Company	48.3	96.4	(38.4)	128.1
Kotak Securities	742.8	434.7	180.3	1,064.8
Kotak Mahindra Old Mutual Life Insurance	11.1	(397.7)	396.6	143.4
International subsidiaries	230.8	89.2	18.5	242.9
Kotak Mahindra AMC & Trustee Co	152.6	12.3	82.4	161.3
Kotak Investment Advisors Limited	117.7	130.5	101.5	480.4
Kotak Mahindra Investments	129.8	45.1	54.8	137.2
Others	(0.9)	3.9	0.1	4.1
Total consolidated profit after tax	2,524.4	1,372.3	2,291.4	6,693.2
Affiliates, Minority interest & other adjustments	48.5	126.2	(184.7)	(169.3)
PAT (after minority interest / adjustments)	2,572.9	1,498.5	2,106.6	6,523.9

Kotak Mahindra Bank – Standalone
Rs million

Revenues	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Treasury & BMU*	2,527	1,831	2,489	9,174
Corporate/Wholesale Banking	2,266	2,423	2,272	8,879
Retail Banking	6,739	6,276	7,178	27,522
Sub-total	11,532	10,529	11,940	45,576
<i>Unallocated income & inter-segment revenue</i>	(2,590)	(2,573)	(2,759)	(11,346)
Total	8,942	7,960	9,181	34,230

Segmental PBT	Q1FY10	Q1FY09	Q4 FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Treasury & BMU*	885	28	485	1,293
Corporate/Wholesale Banking	570	702	606	2,253
Retail Banking\$	(186)	89	510	713
Sub-total	1,269	819	1,601	4,259
<i>Unallocated income & inter-segment revenue</i>	-	-	1	2
Total	1,269	819	1,602	4,261

* Balance Sheet Management Unit

\$ Q1FY10 Includes profit of Lending Rs 467 mn, loss of branch banking Rs 388 mn and loss of credit cards Rs 266 mn

Kotak Mahindra Bank– Standalone
Assets
Rs million

	As on June 30, 2009	As on June 30, 2008	As on March 31, 2009
Advances			
• Commercial vehicles & construction equipments	32,314	37,311	33,345
• Personal loans	19,177	29,074	22,616
• Home loans	30,303	29,821	31,664
• Corporate banking	41,781	27,584	27,735
• Agriculture finance	21,233	15,984	23,650
• Others	27,520	24,252	27,242
Total Advances	172,328	164,026	166,253
Investment / Treasury Assets	114,089	65,684	91,102
Total Advances and Investments	286,417	229,710	257,355

Liabilities
Rs million

	As on June 30, 2009	As on June 30, 2008	As on March 31, 2009
CASA	50,041	45,691	51,191
Term Deposit	107,010	85,647	87,580
Certificate of Deposit	17,542	32,192	17,678
Total Deposits	174,593	163,530	156,449
Total Borrowings	70,189	30,373	59,041

Bank Performance Highlights

- PAT of the Bank (Standalone) up 66% at Q1FY10 Rs.903 mn from Rs. 545 mn in Q1FY09 (Rs. 1,026 mn in Q4FY09).
- Net Interest Income (NII) of the Bank (Standalone) for Q1FY10 was up 16% to Rs. 4,090 mn from Rs 3,525 mn in Q1FY09.
- Advances as on June 30, 2009 was Rs. 172 bn (March 31, 2009 Rs 166 bn; June 30, 2008 Rs. 164 bn).
- Loans restructured and considered standard during the quarter was Rs 430 mn.
- CASA deposits¹ comprised 28% of total deposits as on June 30, 2009 (March 31, 2009 – 32% and June 30, 2008 - 28%).
- Capital adequacy ratio of the Bank including current quarter profit as per Basel II as on June 30, 2009 is 19.0%. Tier 1 ratio 17.6%. Excluding current quarter profit the Capital adequacy ratio as per Basel II is 18.6%.Tier 1 ratio 15.1%.
- As at June 30, 2009, excluding the acquired stressed assets, the gross non performing assets of the Bank stood at Rs 5,809 mn (3.38% of advances) while the net non performing assets stood at Rs 3,364 mn (1.98% of advances). The Bank as on June 30, 2009 carries on its balance sheet, a provision on standard assets amounting to Rs 1,523 mn. (0.88% of advances).
- As on June 30, 2009, the Bank had 217 full-fledged bank branches across 126 locations and 394 ATMs (191 branches and 340 ATMs as on June 30, 2008).
- The Bank has tied up with Bharti Wal-Mart to be the financial services provider for Cash and Carry Best Price stores. Kotak will be launching co brand business cards to Bharti Wal-Mart customers to provide credit and convenience.

1. excluding monies held as collection bankers to IPOs

Key Subsidiaries – Highlights

Kotak Mahindra Prime (KMP) – car finance, other lending

Rs million

	Q1FY10	Q1FY09	Q4 FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Total income	2,239	2,375	2,546	9,822
Operating Profit	714	804	906	3,176
Provisions	414	169	181	744
Profit before tax	299	635	725	2,432
Profit after tax	189	413	470	1,570

- Car business net NPA % as on June 30, 2009 is 0.6 % (Q1 FY09 0.3 % and FY 09 0.5 %).
- Total advances as on June 30, 2009 is Rs. 58,043 mn (Q1 FY09 Rs. 62,530 mn. FY 09 Rs. 55,801 mn).

Kotak Mahindra Old Mutual Life Insurance - life insurance

Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Gross premium income	4,334	4,002	9,059	23,432
Profit / (Loss) after tax	11	(398)	397	143

- First year regular premium in Q1 FY10 is Rs 1,351 mn (Rs 2,208 mn in Q1 FY09).
- Kotak Life insurance solvency ratio is 3.02 as on June 30, 2009 (2.69 as on March 31, 2009).
- Kotak Life insurance has a network of 203 branches in 142 cities as on June 30, 2009 (151 branches as on June 30, 2008).
- The total number of individual active policies as on June 30, 2009 stands at over 9,43,500 with an aggregate sum assured of 296 bn. Similarly the number of active group policies as on June 30, 2009 stands at 536 covering over 1,156,000 lives with an aggregate sum assured of 419 bn.

Kotak Securities – stock broking
Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Total income	2,234	2,218	1,266	6,846
Profit before tax	1,128	672	294	1,668
Profit after tax	743	435	180	1,065

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 41 bn during Q1 FY10 as compared to around Rs 39 bn during Q1 FY09 and Rs 33 bn during FY09.
- Kotak Securities accounted for 4.5% of total average daily market volumes in Q1 FY10.
- AUM in Portfolio Management Services was Rs 26 bn as on June 30, 2009 (Rs 23 bn on March 31, 2009).
- Kotak Securities has a network of over 843 offices (own & franchisees) across 331 cities and towns and services more than 503,000 secondary market customers
- The company has issued Structured Liabilities, the return on which is linked to Equity / Equity Indices; the same is managed through equity/ equity derivative contracts. As per prudent accounting principles, realized losses and the net unrealised losses are recognised in the Profit and Loss Account. The company ignores net unrealized gains on the equity derivative contracts and the changes in the option value underlying these structured liabilities. The same amounted to Rs 121 million as on June 30, 2009.
- Kotak Securities was awarded with the Best Brokerage firm in India by Finance Asia Award- 2009

Kotak Mahindra Capital Company – investment banking
Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Total income	221	418	90	978
Profit before tax	77	153	(53)	216
Profit after tax	48	96	(38)	128

- Kotak Investment Banking was Lead Financial Advisor and Underwriter to Tech Mahindra for its Rs. 29 bn acquisition of controlling stake in Satyam Computer and was Manager to the subsequent Open Offer.
- Kotak Investment Banking was involved in the following transactions
 - Qualified Institutional Placements
 - § Housing Development and Infrastructure Limited (HDIL) Rs. 16.88 bn
 - § GVK Power and Infrastructure Rs. 7.17 bn
 - § PTC India Limited Rs. 5.00 bn
 - § Network 18 Media and Investments Limited Rs. 2.05 bn
 - Initial Public Offer
 - § Mahindra Holidays and Resorts Rs. 2.78 bn
 - Private Equity
 - § Keystone Realtors Private Limited Rs. 3.00 bn
 - § FIIT JEE Rs. 1.25 bn
- Kotak Investment Banking was conferred with the following awards
 - “Best Equity House” by Asiamoney
 - “Best Investment Bank and Best Broker” by Financeasia

Kotak Mahindra Asset Management Company and Trustee Company – asset management
Rs million

	Q1FY10	Q1FY09	Q4 FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Total income (AMC)	373	177	254	853
Profit before tax (AMC)	210	(4)	109	159
Profit after tax (AMC)	139	(4)	71	103
Total income (Trustee Company)	23	30	19	99
Profit before tax (Trustee Company)	21	25	17	87
Profit after tax (Trustee Company)	14	17	11	58

- Total AUM as on June 30, 2009 was Rs 256 bn (Rs 190 bn as on June 30, 2008 and 159 bn as on March 31, 2009). Equity AUM as on June 30, 2009 was Rs 43 bn (Rs 37bn as on June 30, 2008 and Rs. 27bn as on March 31, 2009).
- KMAMC has 82 branches and satellite offices servicing over 1,166,000 investors.

Kotak Investment Advisors Limited (KIAL) – alternate assets management/advisory
Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Total Income	255	282	299	1,148
Profit before tax	178	198	170	748
Profit after tax	118	130	102	480

- KIAL manages / advises private equity and realty funds with commitments aggregating to Rs 55 bn (June 30, 2008 – Rs 57 bn).

International Subsidiaries
Rs million

	Q1FY10	Q1FY09	Q4FY09	FY09
	(3 months)	(3 months)	(3 months)	(12 months)
Profit before taxes	261	118	31	348
Profit after tax	231	89	19	243

- As on June 30, 2009, assets managed / advised by international subsidiaries were USD 1.6 bn (USD 1.1 bn as on March 31, 2009)

Safe Harbor

This document contains certain forward- looking statements based on current expectations of Kotak Mahindra management. Actual results may vary significantly from the forward- looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Kotak Mahindra Group as well as its ability to implement the strategy. Kotak Mahindra does not undertake to update these statements.

This document does not constitute an offer or recommendation to buy or sell any securities of Kotak Mahindra Bank or any of its subsidiaries and associate companies. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by Kotak Mahindra, including but not limited to units of its mutual fund and life insurance policies.

All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending upon the factors and forces affecting the securities market. The performance of the sponsor, Kotak Mahindra Bank Limited, has no bearing on the expected performance of Kotak Mahindra Mutual Fund or any schemes thereunder.

Figures for the previous period/ year have been regrouped wherever necessary to conform to current period's / year's presentation.

Totals in some columns/ rows may not agree due to rounding off.

Contact**Jaimin Bhatt / R Sundarraman**

Kotak Mahindra Bank Limited

Tel: +91 22 6626 0555

Fax: +91 22 2285 5577

E-mail: investor.relations@kotak.com