



Earnings Update – Q2 FY09

Unaudited Results

October 31, 2008



Performance Highlights

- Consolidated income from financing activities was up 48% YoY to Rs. 8,816 mn in Q2FY09 from Rs. 5,963 mn in Q2FY08.
- Consolidated PAT Rs 1,610 mn in Q2FY09 against Rs 2,415 mn in Q2FY08 and Rs 1,499 mn in Q1FY09
- Consolidated Capital adequacy ratio as on September 30, 2008 was 19%
- Consolidated advances up 30% YoY to Rs 240 bn as on September 30, 2008, with retail and commercial loans comprising over 88% of the portfolio.
- Consolidated NIM for Q2FY09 at 6.0% (5.2% in Q2FY08).
- The group has a distribution network of more than 1,330 branches, franchisees, representative offices and satellite offices across cities and towns in India and offices in New York, San Francisco, London, Dubai, Mauritius and Singapore, servicing around 5.6 million customer accounts.
- Total assets managed/ advised by the Group (including alternate assets) as on September 30, 2008 were Rs 372 bn (Rs 375 bn as on September 30, 2007).
- As on September 30, 2008, the Bank had 198 full-fledged bank branches (133 branches as on September 30, 2007) across 116 locations and 357 ATMs.
- Net Interest Income (NII) of the Bank (Standalone) for Q2FY09 was up 29% YoY to Rs 3,655 mn from Rs 2,834 mn in Q2FY08.
- CASA deposits¹ comprised 27% of total deposits (26% as on September 30, 2007).
- Capital adequacy ratio of the Bank as on September 30, 2008 was 17.2% (10.9 % as on September 30, 2007). Tier I ratio was 14%.
- Kotak Life Insurance premium income grew 100% to Rs 5,255 mn in Q2 FY09 from Rs 2,626 mn in Q2 FY08.
- First year regular premium grew 127% to Rs 3,427 mn in Q2FY09 from Rs 1,508cr in Q2FY08.
- During the quarter the group acquired 30% stake in Matrix Business Services India Private Limited. This company is operating in the domestic outsourcing business segment including verification services.

1. excluding monies held as collection bankers to IPOs.

Consolidated Financials

Revenues

Rs million

	Q2FY09	Q1 FY09	H1FY09	Q2FY08	H1FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Financing activities	8,816	8,173	16,989	5,963	11,208	26,048
Fee Income	2,964	2,891	5,855	4,577	7,417	16,763
Premium Income	5,143	3,924	9,068	2,552	4,539	16,620
Treasury – Insurance	(585)	(2,555)	(3,140)	1,711	2,757	1,535
Treasury – Others	1,683	1,530	3,213	2,830	5,331	11,280
Others	475	809	1,284	486	791	3,248
Total Revenues	18,495	14,772	33,268	18,118	32,042	75,494

* Brokerage income is net of sub brokerage

Profits

Rs million

	Q2FY09	Q1 FY09	H1FY09	Q2FY08	H1FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Profit before tax excl. retail liabilities & branch banking, life insurance and credit cards	3,256	3,554	6,811	4,178	6,834	16,322
<i>Retail liabilities</i>	(597)	(718)	(1,315)	(452)	(839)	(1,467)
<i>Life insurance</i>	62	(387)	(325)	(275)	(523)	(699)
<i>Credit cards</i>	(217)	(123)	(341)	-	-	(77)
Profit Before Tax	2,505	2,326	4,831	3,451	5,472	14,079
PAT (after MI/ associates)	1,610	1,499	3,108	2,415	3,874	9,912
EPS (diluted) (Rs)	4.6	4.3	8.9	7.3	11.7	29.2

Consolidated Financials

Assets

Rs million

	As on September 30, 2008	As on September 30, 2007	As on June 30, 2008	As on March 31, 2008
Advances				
• Commercial vehicles & Construction equipments	37,430	30,658	37,311	36,285
• Auto loans	49,531	39,969	49,032	47,354
• Personal loans	31,328	25,442	31,248	31,127
• Home loans	32,542	20,147	29,822	26,400
• Corporate Banking	29,505	24,908	27,584	23,867
• Stressed Assets acquired	5,760	5,037	5,585	5,496
• Agriculture Finance	15,669	9,633	15,984	16,643
• Others	38,505	29,608	35,130	32,676
Total Advances	240,269	185,401	231,695	219,847
Investments/ Treasury Assets	101,677	131,055	104,728	125,697
Total Advances and Investments	341,946	316,456	336,422	345,544

Liabilities

Rs million

	As on September 30, 2008	As on September 30, 2007	As on June 30, 2008	As on March 31, 2008
Deposits	144,487	158,682	143,730	136,919
Borrowings	110,755	80,384	106,210	127,728

Consolidated Financials

Analytical Ratios

	As on Sept 30, 2008	As on Sept 30, 2007	As on March 31, 2008
Net-worth (Rs mn)	61,846	36,294	58,239
Book value per share (Rs)	179	111	169
Net Interest Margin (%)	6.0%	5.2%	5.6%
Net NPAs (%) (excluding stressed assets portfolio)	0.53%	0.33%	0.33%
Return on average Net-worth (%)	10.2%	22.6%	22.3%

Company-wise Profit after Tax

Rs million

	Q2FY09	Q1FY09	H1FY09	Q2FY08	H1FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Kotak Mahindra Bank (Standalone)	478.7	545.3	1,024.0	753.8	1,230.6	2,939.3
Kotak Mahindra Prime	354.4	412.6	767.0	192.5	329.7	1,006.2
Kotak Mahindra Capital Company	89.1	96.4	185.5	491.9	683.7	1,153.1
Kotak Securities	410.1	434.7	844.8	991.2	1,609.0	4,086.9
International subsidiaries	61.5	89.2	150.7	59.4	131.5	645.0
Kotak Mahindra AMC & Trustee Co	6.6	12.3	18.9	36.2	70.4	79.1
Kotak Investment Advisors Limited	115.9	130.5	246.4	1.6	3.6	134.7
Kotak Mahindra Investments	71.5	45.1	116.6	60.5	139.0	426.0
Kotak Mahindra Old Mutual Life Insurance	50.9	(397.7)	(346.8)	(283.3)	(529.9)	(718.7)
Others	(0.1)	3.9	3.8	(0.5)	(1.9)	(1.0)
Total consolidated profit after tax	1,638.6	1,372.4	3,010.9	2,303.4	3,665.8	9,750.6
Equity Affiliates	11.1	1.9	13.0	48.2	81.7	138.1
Minority Interest and other adjustments	(40.0)	124.2	84.2	62.9	126.4	23.5
PAT (after minority interest / adjustments)	1,609.7	1,498.5	3,108.2	2,414.5	3,873.9	9,912.3

Kotak Mahindra Bank – Standalone

Rs million

Segmental Revenue	Q2 FY09	Q1 FY09	H1 FY09	Q2 FY08	H1 FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Lending	5,511	5,440	10,951	3,790	7,093	17,435
Credit cards	39	29	68	-	-	0
Corporate Banking	1,412	1,514	2,925	1,731	2,953	6,702
Retail liabilities	1,928	1,714	3,642	1,563	2,813	6,451
Treasury and Investments	2,079	1,731	3,810	1,953	3,886	7,436
Other Banking Business	-	-	-	55	91	91
Intersegment revenue	(2,901)	(2,573)	(5,474)	(1,957)	(3,778)	(8,174)
Un - allocable revenue (net)	1	-	1	8	29	48
Total Revenue	8,068	7,856	15,924	7,142	13,086	29,988

Rs million

Segmental PBT	Q2FY09	Q1FY09	H1FY09	Q2FY08	H1FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Lending	1,018	1,326	2,344	602	1,036	3,477
Credit cards	(217)	(123)	(340)	-	-	(77)
Corporate Banking	437	307	744	643	953	2,026
Retail Liabilities	(597)	(718)	(1,315)	(452)	(839)	(1,467)
Treasury and Investments	105	28	132	263	541	(58)
Other Banking Business	-	-	-	17	29	29
Un allocable revenue (net)	1	-	1	8	29	48
Total Profit before tax	747	819	1,566	1,083	1,750	3,978
Provision for tax	268	274	542	329	519	1,038
Profit after tax	479	545	1,024	754	1,231	2,940

Kotak Mahindra Bank – Standalone

Assets

Rs million

	As on September 30 2008	As on September 30 2007	As on June 30, 2008	As on March 31 2008
Assets				
Advances				
• Commercial Vehicles	37,430	30,658	37,311	36,285
• Personal loans	29,437	23,962	29,074	28,962
• Home loans	32,542	20,147	29,821	26,400
• Corporate Banking	29,505	24,908	27,584	23,867
• Agriculture Finance	15,669	9,633	15,984	16,643
• Others	25,803	19,248	24,252	23,365
Total Advances	170,386	128,557	164,026	155,522
Investment / Treasury Assets	63,594	96,605	65,684	91,420
Total Assets	233,980	225,162	229,710	246,942

Liabilities

Rs million

	As on September 30 2008	As on September 30 2007	As on June 30, 2008	As on March 31 2008
Deposits	161,488	167,638	163,530	164,236
Borrowings	40,817	21,065	30,373	51,193

Bank Performance Highlights

- As on September 30, 2008, the Bank had 198 full-fledged bank branches (133 branches as on September 30, 2007) across 116 locations and 357 ATMs.
- Net Interest Income (NII) of the Bank (Standalone) for Q2FY09 was up 29% YoY to Rs 3,655 mn from Rs 2,834 mn in Q2FY08.
- PAT of the Bank (Standalone) Rs 479 mn in Q2FY09 against Rs 754 mn in Q2FY08
- Advances up 33 % to Rs 170 bn as on September 30, 2008 from Rs 129 bn as on September 30, 2007.
- Deposits of the Bank grew by 12 % to Rs 161 bn¹ (including current and savings deposits of Rs 44 bn¹) as on September 30, 2008 from Rs 144 bn¹ (including current and savings deposits of Rs 37 bn¹) as on September 30, 2007.
- CASA deposits¹ comprised 27% of total deposits (26% as on September 30, 2007).
- Total numbers of deposit accounts were around 955,000 as on September 30, 2008 (533,000 as on September 30, 2007).
- Capital adequacy ratio of the Bank as on September 30, 2008 was 17.2% (10.9 % as on September 30, 2007). Tier I ratio was 14%.
- In April 2008, Kotak Mahindra Bank launched its Credit cards. Till September 30, 2008 around 55,000 Credit cards were issued.

1. excluding monies held as collection bankers to IPOs.

Key Subsidiaries – Highlights

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

Rs million

	Q2 FY09	Q1 FY09	H1 FY09	Q2 FY08	H1 FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Total income	2,540	2,375	4,915	1,700	3,159	7,400
Profit before tax	554	635	1,189	289	487	1,546
Profit after tax	354	413	767	193	330	1,006

- Auto advances up 24% YoY to Rs 50 bn as on September 30, 2008 from Rs 40 bn as on September 30, 2007.
- Other advances were Rs 14 bn as on September 30, 2008.
- PAT up 83% YoY to Rs 354 mn in Q2 FY09 from Rs 193 mn in Q2 FY08.

Kotak Mahindra Old Mutual Life Insurance (KLI) - life insurance

Rs million

	Q2 FY09	Q1 FY09	H1 FY09	Q2 FY08	H1 FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Gross premium income	5,255	4,002	9,257	2,626	4,677	16,911
Profit/ (Loss)	51	(398)	(347)	(283)	(530)	(719)

- Kotak Life Insurance premium income grew 100% to Rs 5,255 mn in Q2 FY09 from Rs 2,626 mn in Q2 FY08.
- First year regular premium grew 127% to Rs 3,427 mn in Q2FY09 from Rs 1,508cr in Q2FY08.
- KLI has a network of 175 branches in 124 cities (93 branches as on 30th September 2007).
- As on September 30, 2008, KLI had around 811,000 individual policies on books representing a basic sum assured of ~ Rs 256 bn (excluding riders). Additionally, KLI had around 442 group policies covering 935,000 lives with an aggregate sum assured of ~ Rs321 bn.

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

	Q2 FY09 (3 months)	Q1 FY09 (3 months)	H1 FY09 (6 months)	Q2 FY08 (3 months)	H1 FY08 (6 months)	FY08 (12 months)
Total Income	272	282	554	3	6	378
Profit before tax	176	198	374	3	5	207
Profit after tax	116	130	246	2	4	135

- Effective October 1, 2007, the investment management of real estate and private equity funds of the group have been assigned to Kotak Investment Advisors Limited.
- KIAL manages / advises private equity and realty funds aggregating to an AUM of Rs 59 bn (US\$ 1.2 bn).
- Currently raising an offshore realty fund and an offshore private equity fund.
- Intend to do a final closing of the real estate fund by December 08.

International Subsidiaries
Rs million

	Q2 FY09 (3 months)	Q1 FY09 (3 months)	H1 FY09 (6 months)	Q2 FY08 (3 months)	H1 FY08 (6 months)	FY08 (12 months)
Profit before tax	88	118	206	90	194	878
Profit after tax	62	89	151	59	132	645

- As on September 30, 2008, assets managed/ advised by international subsidiaries were USD 1.5 bn (USD 2.2 bn as on September 30, 2007 and USD 1.8 bn as on June 30, 2008).

Kotak Mahindra Capital Company (KMCC) – investment banking

Rs million

	Q2 FY09 (3 months)	Q1 FY09 (3 months)	H1 FY09 (6 months)	Q2 FY08 (3 months)	H1 FY08 (6 months)	FY08 (12 months)
Total income	326	418	744	992	1,523	2,856
Profit before tax	137	153	290	746	1,036	1,752
Profit after tax	89	96	186	492	684	1,153

- Kotak Investment Banking was Exclusive Financial Advisor to Mahindra & Mahindra for its JV with Yueda Yancheng Tractor Manufacturing Co. Ltd. (Yancheng Tractor), China's third largest tractor manufacturer
- Kotak Investment Banking was Exclusive Financial Advisor to Voltas for its acquisition of a controlling stake in Rohini Industrial Engineers
- Kotak Investment Banking successfully completed the Open Offer for Thomas Cook (India) Limited on behalf of Thomas Cook UK Limited
- Kotak Investment Banking was Manager to the equity share buyback of Abbott India Limited

Kotak Securities – stock broking

Rs million

	Q2 FY09 (3 months)	Q1 FY09 (3 months)	H1 FY09 (6 months)	Q2 FY08 (3 months)	H1 FY08 (6 months)	FY08 (12 months)
Total income	2,178	2,024	4,202	3,121	5,268	13,300
Profit before tax	636	672	1,308	1,376	2,214	5,802
Profit after tax	410	435	845	991	1,609	4,087

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 39 bn during Q2FY09 (Rs 53 bn during Q2FY08). Average daily volumes for FY08 was Rs 53 bn.
- Kotak Securities accounted for 5.7% of total average daily market volumes in Q2FY09.
- AUM in Portfolio Management Services was Rs 29 bn as on Sept 30, 2008 (Rs 35 bn as on Sept 30, 2007 and 31 bn as on June 30, 2008)
- Kotak Securities has a network of over 796 offices (own & franchisees) across 313 cities and towns and services around 465,900 secondary market customers.

Kotak Mahindra Asset Management Company and Trustee Company – asset management

Rs million

	Q2 FY09	Q1 FY09	H1 FY09	Q2 FY08	H1 FY08	FY08
	(3 months)	(3 months)	(6 months)	(3 months)	(6 months)	(12 months)
Total income	212	208	420	210	380	791
Profit before tax	16	21	37	58	110	123
Profit after tax	7	12	19	36	70	79

- Total AUM as on September 30, 2008 was Rs 182 bn (Rs 193 bn as on September 30, 2007 and Rs 190 bn as on June 30, 2008). Equity AUM as on September 30, 2008 was Rs 35 bn (Rs 34 bn as on September 30, 2007 and Rs 37 bn as on June 30, 2008).
- KMAMC has 89 branches and satellite offices servicing over 1,094,000 investors.

Safe Harbor

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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.

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