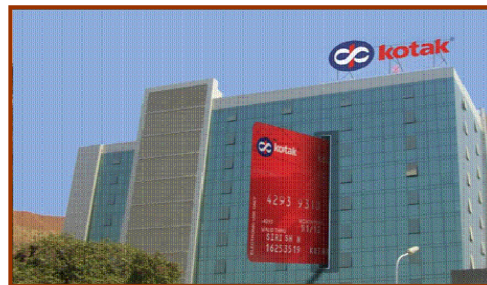




## Earnings Update – Q2FY11 Results

*October 20, 2010*



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## Performance Highlights

- Consolidated PAT for Q2FY11 up 21% to ₹ 3,641 mn from ₹ 2,998 mn in Q2FY10. (Q1FY11 ₹ 3,277 mn)
- Consolidated PAT for H1FY11 up 24% to ₹ 6,918 mn from ₹ 5,571 mn in H1FY10. (FY10 ₹ 13,070 mn)
- Consolidated advances up 40% to ₹ 375 bn as on September 30, 2010 from ₹ 268 bn as on September 30, 2009. (June 30, 2010 ₹ 330 bn; March 31, 2010 ₹ 297 bn)
- Consolidated NIM Q2FY11 at 5.6%. (Q2FY10 – 5.9%; Q1FY11 – 5.7%; FY10 – 6.1%).
- Consolidated capital adequacy ratio (CAR) as per Basel II as on September 30, 2010 is 17.2%. Tier 1 is 15.7%.
- Bank (Standalone) PAT for Q2FY11 up 55% to ₹ 1,947 mn from ₹ 1,259 mn in Q2FY10. (Q1FY11 ₹ 1,869 mn)
- CASA deposits as on September 30, 2010 ₹ 90,179 mn up 65% over September 30, 2009 at ₹ 54,565 mn (June 30, 2010 ₹ 66,573 March 31, 2010 ₹ 74,631 mn).
- CASA deposits comprised 31.9% of total deposits as on September 30, 2010. (September 30, 2009 – 28.8%; March 31, 2010 – 31.2%). Without considering IPO floats, CASA deposits were 28.8% of total deposits as on September 30, 2010 (September 30, 2010 28.3%; March 31, 2010 31.2% and June 30, 2010 27.7%).
- Assets managed/ advised by the Group as on September 30, 2010 ₹ 497 bn (September 30, 2009 ₹ 539 bn; June 30, 2010 ₹ 480 bn; March 31, 2010 ₹ 452 bn).
- Consolidated net non performing assets excluding acquired stressed assets at 0.69% of advances (September 30, 2009 ₹ 4,569 mn; 1.72% and March 31 2010 ₹ 3,378 mn; 1.14%).
- In August 2010, Kotak Bank allotted 16,400,000 equity shares of ₹ 10/- each at a premium of ₹ 823/- per equity share for a total consideration of ₹ 13.66 bn on preferential basis to Sumitomo Mitsui Banking Corporation.
- In September 2010, each equity share of the Bank having face value of ₹ 10 has been sub-divided into two equity shares of face value of ₹ 5.
- The group has a network of over 1,900 branches and franchises across the country servicing close to 8 mn customer accounts.

## Consolidated Financials

### Revenues

₹ million

	Q2FY11	Q2FY10	Q1FY11	H1FY11	H1FY10	FY10
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Financing activities	11,013	8,321	9,859	20,872	16,615	35,231
Fee Income*	3,213	3,463	3,262	6,475	6,462	12,837
Premium Income	7,263	5,793	5,462	12,725	10,061	28,493
Treasury	3,616	2,655	3,118	6734	5,802	12,019
Others	525	423	586	1,111	935	3,241
<b>Total Revenues**</b>	<b>25,630</b>	<b>20,655</b>	<b>22,287</b>	<b>47,917</b>	<b>39,875</b>	<b>91,821</b>

\*Fee income is net of sub brokerage

\*\*Revenues exclude treasury (policyholders) income

### Analytical Ratios

	As on Sept 30, 2010	As on Sept 30, 2009	As on June 30, 2010	As on Mar 31, 2010
Networth (₹ mn)	100,596	71,293	82,642	79,109
Book value per share * (₹) – Face value ₹ 5	137.2	102.8	118.5	113.6
Net Interest Margin (%)	5.6%	5.9%	5.7%	6.1%
Return on average Networth (%) (YTD annualised)	16.0%	16.3%	16.2%	18.2%

\* Adjusted for split

## Consolidated Financials

### Assets

₹ million

Advances	As on Sept 30, 2010	As on Sept 30, 2009	As on June 30, 2010	As on Mar 31, 2010
Commercial vehicles & Construction equipments	45,362	33,477	40,301	36,935
Auto loans	78,465	55,317	70,644	65,418
Mortgage Loans	59,832	35,502	52,992	47,650
Personal loans	11,593	17,151	11,927	13,540
Agriculture Finance	33,283	21,679	29,246	30,886
Corporate Banking	110,389	75,184	92,194	71,943
Others	36,225	29,411	32,478	30,870
<b>Total Advances</b>	<b>375,149</b>	<b>267,719</b>	<b>329,783</b>	<b>297,243</b>
Investments/ Treasury Assets *	148,729	100,560	163,736	147,624
<b>Total Advances and Investments</b>	<b>523,878</b>	<b>368,279</b>	<b>493,519</b>	<b>444,867</b>
<b>NPA (excluding acquired stressed assets)</b>				
GNPA	6,392	7,875	6,707	6,468
GNPA (%)	1.69%	2.93%	2.02%	2.16%
NNPA	2,585	4,569	3,125	3,378
NNPA %	0.69%	1.72%	0.95%	1.14%

\* Does not include policy holders' investments.

## Consolidated Financials

### Liabilities

₹ million

	As on Sept 30, 2010	As on Sept 30, 2009	As on June 30, 2010	As on Mar 31, 2010
Deposits	264,095	169,148	222,875	218,192
Borrowings	173,129	132,931	192,407	154,481

## Consolidated Financials

### Company-wise Profit after Tax

₹ million

	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Q1 FY11</b>	<b>H1FY11</b>	<b>H1FY10</b>	<b>FY10</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(6 months)</b>	<b>(6 months)</b>	<b>(12 months)</b>
Kotak Mahindra Bank (Standalone)	1,947.0	1,259.1	1,869.0	3,816.1	2,162.2	5,611.1
Kotak Mahindra Prime	613.3	394.9	759.9	1,373.2	583.9	1,664.1
Kotak Securities	517.4	758.6	474.0	991.4	1,501.4	2,601.0
Kotak Mahindra Capital Company	73.1	41.2	69.2	142.3	89.6	238.6
Kotak Mahindra Old Mutual Life Insurance	134.4	43.6	(69.1)	65.3	54.8	692.2
Kotak Mahindra AMC & Trustee Co	(24.3)	195.4	89.3	65.0	348.0	724.6
International subsidiaries	122.6	208.1	156.8	279.4	438.9	803.4
Kotak Investment Advisors	105.2	95.0	108.4	213.6	212.8	397.5
Kotak Mahindra Investments	79.9	87.2	75.6	155.5	217.0	346.6
Others	(1.1)	(0.9)	0.5	(0.6)	(1.7)	(4.9)
<b>Total consolidated profit after tax</b>	<b>3,567.6</b>	<b>3,082.4</b>	<b>3,533.6</b>	<b>7,101.2</b>	<b>5,606.8</b>	<b>13,074.4</b>
Affiliates, minority interest & other adjustments	73.4	(84.7)	(256.6)	(183.2)	(36.3)	(4.4)
<b>PAT (after minority interest / adjustments)</b>	<b>3,641.1</b>	<b>2,997.7</b>	<b>3,276.9</b>	<b>6,918.0</b>	<b>5,570.5</b>	<b>13,070.0</b>

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### **Kotak Mahindra Bank Standalone - Performance Highlights**

- Bank (Standalone) PAT for Q2FY11 up 55% to ₹ 1,947 mn from ₹ 1,259 mn in Q2FY10. (Q1FY11 ₹ 1,869 mn)
- Net Interest Income (NII) of the Bank (Standalone) for Q2FY11 up 25% yoy to ₹ 5,438 mn vs. ₹ 4,365 mn in Q2FY10. (Q1FY11 ₹ 5,082 mn).
- Retail Banking profit for Q2FY11 ₹ 876 mn against a loss of ₹ 63 mn in Q2FY10, largely due to higher contribution by lending.
- Corporate Banking profit for Q2FY11 up 35% yoy to ₹ 1,382 mn.
- Advances up 35% to ₹ 265 bn as on September 30, 2010 from ₹ 197 bn as on September 30, 2009. (June 30, 2010 ₹ 232 bn; March 31, 2010 ₹ 208 bn).
- Deposits as on September 30, 2010 were up 50% to ₹283 bn (₹ 189 bn as on September 30, 2009; ₹ 239 bn as on March 31, 2010).
- CASA deposits comprised 31.9% of total deposits as on September 30, 2010. (September 30, 2009 – 28.8%; March 31, 2010 – 31.2%). Without considering IPO floats, CASA deposits were 28.8% of total deposits as on September 30, 2010 (September 30, 2010 28.3%; March 31, 2010 31.2% and June 30, 2010 27.7%).
- Capital adequacy ratio of the Bank as per Basel II as on September 30, 2010 is 19.4%. Tier 1 is 17.2%.
- Net non performing assets excluding acquired stressed assets are at 0.68% of advances (September 30, 2009 ₹ 3,322 mn; 1.71% and March 31 2010 ₹ 2,572 mn; 1.25%).
- As at September 30, 2010, the provision coverage ratio is 70.1%. (March 31, 2010 – 58.3%)
- As on September 30, 2010, the Bank had 267 bank branches (September 30, 2009 – 230; June 30, 2010 – 262; March 31, 2010 – 249) across 154 locations and 585 ATMs.
- Kotak Mahindra Bank won the Best Local Cash Management Bank 2010 by ASiAMONEY and Kotak Wealth Management was adjudged Best Private Bank by Finance Asia Country Awards.

**Kotak Mahindra Bank – Standalone**

₹ million

Revenues	Q2FY11	Q2FY10	Q1 FY11	H1FY11	H1FY10	FY10
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Treasury & BMU*	3,367	2,611	3,241	6,608	5,135	11,262
Corporate/Wholesale Banking	3,789	2,441	3,149	6,938	4,706	11,564
Retail Banking	7,175	6,229	6,655	13,830	12,968	25,580
Sub-total	14,331	11,280	13,044	27,375	22,809	48,407
<i>Unallocated income &amp; inter-segment revenue</i>	(2,791)	(2,392)	(2,465)	(5,256)	(4,982)	(9,568)
<b>Total</b>	<b>11,540</b>	<b>8,888</b>	<b>10,579</b>	<b>22,119</b>	<b>17,828</b>	<b>38,839</b>

₹ million

Segmental PBT	Q2FY11	Q2FY10	Q1 FY11	H1FY11	H1FY10	FY10
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Treasury & BMU*	552	707	859	1,411	1,592	3,675
Corporate/Wholesale Banking	1,382	1,026	1,049	2,431	1,596	3,855
Retail Banking	876	(63)	684	1,560	(249)	611
Lending	1,608	893	1,457	3,065	1360	3,775
Branch banking	(574)	(584)	(576)	(1,150)	(972)	(1,890)
Credit cards	(158)	(372)	(197)	(355)	(638)	(1,274)
Sub-total	2,810	1,670	2,592	5,402	2,938	8,140
<i>Unallocated income &amp; inter-segment revenue</i>	3	-	-	3	-	(29)
<b>Total</b>	<b>2,813</b>	<b>1,670</b>	<b>2,592</b>	<b>5,405</b>	<b>2,938</b>	<b>8,111</b>

\* Balance Sheet Management Unit

**Kotak Mahindra Bank – Standalone**
**Assets**

₹ million

	As on Sept 30, 2010	As on Sept 30, 2009	As on June 30, 2010	As on Mar 31, 2010
<b>Advances – Product wise</b>				
Commercial vehicles & Construction equipments	45,362	33,477	40,301	36,935
Mortgage loans	59,832	35,411	52,469	47,116
Agriculture Finance	33,283	21,679	29,246	30,886
Corporate Banking	98,831	73,787	83,244	64,761
Personal loans	11,470	16,381	11,695	13,150
Others	16,288	16,309	14,931	14,902
<b>Total Advances</b>	<b>265,066</b>	<b>197,043</b>	<b>231,885</b>	<b>207,751</b>
<b>Advances – as per segmental classification</b>				
Retail	146,199	116,650	136,044	132,912
Corporate	118,094	78,868	94,876	73,645
Others	773	1,525	966	1,194
<b>Total Advances</b>	<b>265,066</b>	<b>197,043</b>	<b>231,885</b>	<b>207,751</b>
Investment / Treasury Assets	139,352	112,168	156,130	140,750
<b>Total Advances and Investments</b>	<b>404,418</b>	<b>309,211</b>	<b>388,015</b>	<b>348,501</b>
<b>NPA (excluding acquired stressed assets)</b>				
GNPA	4,869	5,844	5,141	4,983
GNPA (%)	1.82%	2.97%	2.20%	2.38%
NNPA	1,796	3,323	2,277	2,572
NNPA %	0.68%	1.71%	0.99%	1.25%

## Liabilities

₹ million

	As on Sept 30, 2010	As on Sept 30, 2009	As on June 30, 2010	As on Mar 31, 2010
CASA	90,179	54,565	66,573	74,631
Term Deposit	145,362	108,437	125,368	120,373
Certificate of Deposit	47,329	26,150	48,637	43,860
<b>Total Deposits</b>	<b>282,870</b>	<b>189,162</b>	<b>240,578</b>	<b>238,865</b>
<b>Total Borrowings</b>	<b>80,774</b>	<b>92,058</b>	<b>111,264</b>	<b>77,029</b>

## Key Subsidiaries – Highlights

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

₹ million

	Q2 FY11 (3 months)	Q2 FY10 (3 months)	Q1 FY11 (3 months)	H1 FY11 (6 months)	H1 FY10 (6 months)	FY10 (12 months)
Total income	3,158	2,401	2,999	6,157	4,640	9,921
Profit before tax	956	614	1,152	2,108	913	2,589
Profit after tax	613	395	760	1,373	584	1,664

- Total advances as on September 30, 2010 up 46% yoy to ₹ 99,763 mn (September 30, 2009 ₹ 68,414 mn; March 31, 2010 ₹ 82,911 mn).
  - Auto advances as on September 30, 2010 up 42% yoy to ₹ 77,881 mn (September 30, 2009 ₹ 54,727 mn; March 31, 2010 ₹ 65,418 mn).
- Car business net NPA ratio 0.3% as on September 30, 2010 (September 30, 2009 0.5%, March 31, 2010 0.4%).

**Kotak Securities – stock broking**

₹ million

	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Q1 FY11</b>	<b>H1FY11</b>	<b>H1FY10</b>	<b>FY10</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(6 months)</b>	<b>(6 months)</b>	<b>(12 months)</b>
Total income	1,980	2,345	1,744	3,724	4,579	8,379
Profit before tax	774	1,161	674	1,448	2,289	4,039
Profit after tax	517	759	474	991	1,501	2,601

- Kotak Securities clocked average daily volumes of around ₹ 43 bn during H1FY11 compared to around ₹ 41 bn during H1FY10.
- Kotak Securities accounted for 3.7% of total average daily market volumes for Q2FY11 (4.3% in Q2FY10 and 3.7% in Q1FY11).
- Portfolio Management Services AUM was around ₹ 22 bn as on September 30, 2010 (March 31, 2010 ₹ 23 bn).
- Kotak Securities has a network of over 1,281 offices (own & franchisees) across 435 cities and towns and services more than 603,000 secondary market customers.
- Kotak Securities was awarded Best Broker in India by FinanceAsia for 2010, for the third time in a row.

**Kotak Mahindra Capital Company (KMCC) – investment banking**

₹ million

	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Q1 FY11</b>	<b>H1FY11</b>	<b>H1FY10</b>	<b>FY10</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(6 months)</b>	<b>(6 months)</b>	<b>(12 months)</b>
Total income	335	222	339	674	443	1,014
Profit before tax	110	59	98	208	136	346
Profit after tax	73	41	69	142	90	239

Kotak Investment Banking was involved in the following Capital Market deals:

- Adani Enterprises Ltd QIP ₹ 40 bn; IDFC Ltd Debt ₹ 34 bn; SKS Microfinance Ltd IPO ₹ 16 bn; Gujarat Pipavav Port Ltd IPO ₹ 6 bn; Strides Arcolab Ltd QIP ₹ 5 bn; Eros International Media IPO ₹ 4 bn; Bajaj Corp Ltd IPO ₹ 3 bn; Tecpro Systems Ltd IPO ₹ 3 bn; Jyothy Lab QIP ₹ 2 bn

Kotak Investment Banking was exclusive financial advisor to:

- Muthoot Finance for private placement of Equity shares of ₹ 1.2 bn
- Bombay Stock Exchange in the transaction involving increase in BSE's minority (36.6%) ownership stake in Central Depository Services (India) Limited (CDSL) to over 54% for an overall consideration of ₹ 0.9 bn

Kotak Investment Banking is Manager to the Open offer to shareholders of Religare Enterprises Limited

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

₹ million

	Q2FY11	Q2FY10	Q1 FY11	H1FY11	H1FY10	FY10
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
First year	2,686	2,162	1,914	4,600	3,513	10,838
Renewal	4,245	3,510	3,303	7,548	6,399	15,340
Single	417	186	361	778	280	2,502
<b>Gross premium income</b>	<b>7,348</b>	<b>5,859</b>	<b>5,577</b>	<b>12,925</b>	<b>10,193</b>	<b>28,680</b>
Individual	6,812	5,489	4,958	11,770	9,622	26,467
Group	536	370	619	1,155	571	2,213
<b>Profit/ (Loss)</b>	<b>134</b>	<b>44</b>	<b>(69)</b>	<b>65</b>	<b>55</b>	<b>692</b>

	As on Sept 30, 2010	As on Sept 30, 2009	As on June 30, 2010	As on Mar 31, 2010
AUM (₹ bn)	76	51	68	65
Sum assured - Individual – (₹ bn)	384	293	356	344
Sum assured - Group – (₹ bn)	751	511	683	571
Solvency ratio	2.69	3.07	2.69	2.80
Individual policies – nos	1,110,038	955,951	1,088,926	1,081,268
Group policies – nos	702	589	681	656
Branches	214	203	214	214
Cities covered	152	142	152	152

#### Kotak Mahindra Asset Management Company and Trustee Company – asset management

	₹ million					
	Q2FY11 (3 months)	Q2FY10 (3 months)	Q1 FY11 (3 months)	H1FY11 (6 months)	H1FY10 (6 months)	FY10 (12 months)
Total income (AMC)	166	481	375	541	853	1,755
Profit before tax (AMC)	(63)	269	107	44	479	991
Profit after tax (AMC)	(40)	178	74	34	317	655
Total income (Trustee Company)	26	29	28	54	52	114
Profit before tax (Trustee Company)	24	26	23	47	47	105
Profit after tax (Trustee Company)	16	17	15	31	31	69
Average AUM (₹ bn) *	284	362	285	284	362	348
Average AUM - Equity (₹ bn) *	44	54	45	44	54	49

\* Average for the last month of the period

- KMAMC has 82 branches servicing approximately 1 mn investors.

### International Subsidiaries

₹ million

	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Q1 FY11</b>	<b>H1FY11</b>	<b>H1FY10</b>	<b>FY10</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(6 months)</b>	<b>(6 months)</b>	<b>(12 months)</b>
Total Income	346	401	335	681	811	1,591
Profit before tax	133	241	192	325	502	875
Profit after tax	123	208	157	279	439	803

- As on September 30, 2010 assets managed / advised by international subsidiaries were USD 2 bn

### Kotak Investment Advisors Limited (KIAL) – alternate assets management/advisor

₹ million

	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Q1 FY11</b>	<b>H1FY11</b>	<b>H1FY10</b>	<b>FY10</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(6 months)</b>	<b>(6 months)</b>	<b>(12 months)</b>
Total Income	221	247	248	469	502	991
Profit before tax	149	144	158	307	322	598
Profit after tax	106	95	108	214	213	398

- KIAL manages / advises private equity and realty funds with commitments aggregating to ₹ 53 bn.

### Kotak Mahindra Investments Limited (KMIL)

₹ million

	<b>Q2FY11</b>	<b>Q2FY10</b>	<b>Q1 FY11</b>	<b>H1FY11</b>	<b>H1FY10</b>	<b>FY10</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(6 months)</b>	<b>(6 months)</b>	<b>(12 months)</b>
Total Income	311	143	241	552	341	940
Profit before tax	117	127	116	233	267	484
Profit after tax	79	87	76	155	217	347

- Total advances up 130% to ₹ 10,255 mn as on September 30, 2010 vs ₹ 4,464 mn as on September 30, 2009. (June 30, 2010 ₹ 7,572 mn; March 31, 2010 ₹ 6,523 mn)

**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 there under.*

*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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