



**Earnings Update – Q1 FY09**

**Unaudited Results**

*July 28, 2008*



## **Performance Highlights**

- Consolidated PBT excl. retail liabilities & branch banking and life insurance up 29% to Rs 3,431 mn in Q1FY09 from Rs 2,656 mn in Q1FY08
- Consolidated PBT up 15% to Rs 2,326 mn in Q1FY09 from Rs 2,022 mn in Q1FY08
- Consolidated PAT Rs 1,499 mn in Q1FY09 against Rs 1,459 mn in Q1FY08
- Capital adequacy ratio of the Bank as on June 30, 2008 was 18.6% (11.3 % as on June 30, 2007). Tier I ratio was 15.1%. Group capital adequacy ratio as on June 30, 2008 was over 20%.
- Consolidated advances up 39% YoY to Rs 232 bn as on June 30, 2008, with retail and commercial loans comprising over 85% of the portfolio.
- Consolidated NIM for Q1FY09 at 5.9% (5.1% in Q1FY08).
- The group has a network of more than 1,310 offices (including franchisees) across 370 cities and towns in India, servicing around 5 million customer accounts.
- As on June 30, 2008, the Bank had 191 full-fledged bank branches (123 branches as on June 30, 2007) across 110 locations and 340 ATMs.
- Net Interest Income (NII) of the Bank (Standalone) for Q1FY09 was up 73% YoY to Rs 3,525 mn from Rs 2,042 mn in Q1FY08.
- PBT of the Bank excl Retail Liabilities up 46% to Rs 1,537 mn in Q1FY09 from Rs 1,054 mn in Q1FY08.
- PBT of the Bank (Standalone) up 23% to Rs 819 mn in Q1FY09 from Rs 667 mn in Q1FY08.
- PAT of the Bank (Standalone) up 14 % to Rs 545 mn in Q1FY09 from Rs 477 mn in Q1FY08.
- Deposits of the Bank grew by 43 % to Rs 163 bn<sup>1</sup> (including current and savings deposits of Rs 45 bn<sup>1</sup>) as on June 30, 2008 from Rs 114 bn<sup>1</sup> (including current and savings deposits of Rs 26 bn<sup>1</sup>) as on June 30, 2007. CASA deposits<sup>1</sup> comprised 28% of total deposits (22% as on June 30, 2007).
- Total assets managed/ advised by the Group (including alternate assets) as on June 30, 2008 were Rs 383 bn (Rs 323bn as on June 30, 2007).
- In April 2008, Kotak Mahindra Bank launched its Credit Cards.
- During the quarter Phoenix ARC Private Limited received the approval from RBI. The group holds 49% in Phoenix ARC Private Limited.

1. excluding monies held as collection bankers to IPOs

## Consolidated Financials

### Revenues

Rs million

	Q1FY09	Q1FY08	Growth (%)	Q4FY08	FY08
	(3 months)	(3 months)		(3 months)	(12 months)
Financing activities	8,173	5,245	56%	7,867	26,048
Fee Income*	2,891	2,839	2%	4,072	16,763
Premium income	3,924	1,988	97%	7,978	16,620
Treasury - Insurance	(2,555)	1,046	-	(4,307)	1,535
Treasury - others	1,491	2,501	-	2,220	11,280
Others	949	305	-	796	3,248
<b>Total Revenues</b>	<b>14,872</b>	<b>13,924</b>	<b>7%</b>	<b>18,625</b>	<b>75,494</b>

\* Brokerage income is net of sub brokerage

### Profits

Rs million

	Q1FY09	Q1FY08	Growth (%)	Q4FY08	FY08
	(3 months)	(3 months)		(3 months)	(12 months)
<b>Profit before tax excl. retail liabilities &amp; branch banking and life insurance</b>	<b>3,431</b>	<b>2,656</b>	29%	<b>3,529</b>	<b>16,245</b>
<i>Retail liabilities</i>	(718)	(387)	-	(111)	(1,467)
<i>Life insurance</i>	(387)	(247)	-	21	(699)
<b>Profit Before Tax</b>	<b>2,326</b>	<b>2,022</b>	15%	<b>3,439</b>	<b>14,079</b>
<b>PAT (after MI/ associates)</b>	<b>1,499</b>	<b>1,459</b>	3%	<b>2,401</b>	<b>9,912</b>
EPS (diluted) (Rs) (non annualised)	4.3	4.4	-	6.9	29.2

## Consolidated Financials

### Assets

*Rs million*

	As on June 30, 2008	As on June 30, 2007	Growth (%) YOY	As on March 31, 2008
<b>Advances</b>				
• Commercial vehicles & Construction equipments	37,311	27,878	34%	36,285
• Auto loans	49,032	35,697	37%	47,354
• Personal loans	31,248	22,103	41%	31,127
• Home loans	29,822	18,578	61%	26,400
• Corporate Banking	27,584	22,234	24%	23,867
• Stressed Assets acquired	5,585	4,892	14%	5,496
• Agriculture Finance	15,984	6,997	128%	16,643
• Others	35,130	27,819	26%	32,676
<b>Total Advances</b>	<b>231,695</b>	<b>166,199</b>	39%	<b>219,847</b>
Investments/ Treasury Assets	104,728	110,838		125,697
<b>Total Advances and Investments</b>	<b>336,422</b>	<b>277,037</b>	21%	<b>345,544</b>

### Liabilities

*Rs million*

	As on June 30, 2008	As on June 30, 2007	Growth (%) YOY	As on March 31, 2008
Deposits	143,730	131,171	10%	136,919
Borrowings	106,210	91,371	16%	127,728

## Consolidated Financials

### Analytical Ratios

	As on June 30, 2008	As on June 30, 2007	As on March 31, 2008
Net-worth (Rs mn)	59,974	33,774	58,239
Book value per share (Rs)	173.8	103.5	169.0
Net Interest Margin (%)	5.9%	5.1%	5.6%
Net NPAs (%) (excluding stressed assets portfolio)	0.47%	0.29%	0.33%
Return on average Net-worth (%) (annualised)	10.1%	17.7%	22.3%

### Company-wise Profit After Tax

*Rs million*

	Q1FY09	Q1FY08	Q4FY08	FY08
	(3 months)	(3 months)	(3 months)	(12 months)
Kotak Mahindra Bank (Standalone)	545.3	476.8	692.1	2,939.3
Kotak Mahindra Prime	412.6	137.2	302.8	1,006.2
Kotak Mahindra Capital Company	96.4	191.7	253.6	1,153.1
Kotak Securities	434.7	617.8	1,010.6	4,086.9
International subsidiaries	89.2	72.1	177.5	645.0
Kotak Mahindra AMC & Trustee Co	12.3	34.2	(24.9)	79.1
Kotak Investment Advisors Limited	130.5	2.0	76.6	134.7
Kotak Mahindra Investments	45.1	78.5	48.4	426.0
Others	3.9	(1.4)	1.3	(1.0)
<b>Total consolidated profit after tax</b>	<b>1,770.1</b>	<b>1,608.9</b>	<b>2,538.0</b>	<b>10,469.4</b>
Equity Affiliates	1.9	33.5	(0.7)	138.1
Consolidation adjustments	20.8	(0.6)	(148.7)	(163.4)
<b>PAT (after adjustments) (excl Life Insurance)</b>	<b>1,792.8</b>	<b>1,641.8</b>	<b>2,388.6</b>	<b>10,444.1</b>
Kotak Mahindra Old Mutual Life Insurance*	(294.3)	(182.5)	12.4	(531.8)
<b>PAT (after adjustments)</b>	<b>1,498.5</b>	<b>1,459.4</b>	<b>2,401.0</b>	<b>9,912.3</b>

\* Kotak Bank Share

**Kotak Mahindra Bank – Standalone**
*Rs million*

Revenues	Q1FY09	Q1FY08	Q4FY08	FY08
	(3 months)	(3 months)	(3 months)	(12 months)
Lending	5,470	3,303	5,214	17,435
Corporate Banking	1,514	1,222	1,731	6,702
Retail Liabilities	1,714	1,250	1,931	6,451
Treasury and Investments	1,831	1,933	1,347	7,436
Venture Fund Management	-	36	-	91
Inter-segment revenue	(2,573)	(1,821)	(2,202)	(8,174)
Un-allocable revenue(net)	-	21	9	48
<b>Total Revenue</b>	<b>7,956</b>	<b>5,945</b>	<b>8,030</b>	<b>29,989</b>

*Rs million*

Profits	Q1FY09	Q1FY08	Q4FY08	FY08
	(3 months)	(3 months)	(3 months)	(12 months)
Lending	1,202	433	1,201	3,400
Corporate Banking	307	310	546	2,026
Retail Liabilities	(718)	(387)	(111)	(1,467)
Treasury and Investments	28	278	(829)	(58)
Venture Fund Management*	-	12	-	29
Un-allocable revenue(net)	-	21	9	48
<b>Total Profit before tax</b>	<b>819</b>	<b>667</b>	<b>816</b>	<b>3,978</b>
Provision for tax	274	190	124	1,038
<b>Profit after tax</b>	<b>545</b>	<b>477</b>	<b>692</b>	<b>2,939</b>

\* With effect from October 1, 2007 the investment management function for private equity funds has been assigned to Kotak Investment Advisors Limited (erstwhile Kotak Mahindra Securities Limited), which is 100% beneficially owned by Bank.

**Kotak Mahindra Bank– Standalone**
**Assets**
*Rs million*

	<b>As on June 30, 2008</b>	<b>As on June 30, 2007</b>	<b>Growth (%) YOY</b>	<b>As on March 31, 2008</b>
<b>Advances</b>				
• Commercial vehicles & Construction equipments	37,311	27,878	34%	36,285
• Personal loans	29,074	21,350	36%	28,962
• Home loans	29,821	18,578	61%	26,400
• Corporate Banking	27,584	22,234	24%	23,867
• Agriculture Finance	15,984	6,997	128%	16,643
• Others	24,252	19,116	27%	23,365
<b>Total Advances</b>	<b>164,026</b>	<b>116,153</b>	<b>41%</b>	<b>155,522</b>
Investment / Treasury Assets	65,684	81,020	-	91,420
<b>Total Assets</b>	<b>229,710</b>	<b>197,173</b>	<b>17%</b>	<b>246,942</b>

**Liabilities**
*Rs million*

	<b>As on June 30, 2008</b>	<b>As on June 30, 2007</b>	<b>Growth (%) YOY</b>	<b>As on March 31, 2008</b>
Deposits	163,530	136,337	20%	164,236
Borrowings	30,373	35,928	-	51,193

### **Bank Performance Highlights**

- As on June 30, 2008, the Bank had 191 full-fledged bank branches (123 branches as on June 30, 2007) across 110 locations and 340 ATMs.
- Net Interest Income (NII) of the Bank (Standalone) for Q1FY09 was up 73% YoY to Rs 3,525 mn from Rs 2,042 mn in Q1FY08.
- PBT of the Bank excl Retail Liabilities up 46% to Rs 1,537 mn in Q1FY09 from Rs 1,054 mn in Q1FY08.
- PBT of the Bank (Standalone) up 23% to Rs 819 mn in Q1FY09 from Rs 667 mn in Q1FY08.
- PAT of the Bank (Standalone) up 14 % to Rs 545 mn in Q1FY09 from Rs 477 mn in Q1FY08.
- Advances up 41 % to Rs 164 bn as on June 30, 2008 from Rs 116 bn as on June 30, 2007.
- Deposits of the Bank grew by 43 % to Rs 163 bn<sup>1</sup> (including current and savings deposits of Rs 45 bn<sup>1</sup>) as on June 30, 2008 from Rs 114 bn<sup>1</sup> (including current and savings deposits of Rs 26 bn<sup>1</sup>) as on June 30, 2007.
- CASA deposits<sup>1</sup> comprised 28% of total deposits (22% as on June 30, 2007).
- Total numbers of deposit accounts were 831,000 as on June 30, 2008 (433,000 as on June 30, 2007).
- Fees from distribution of financial products were Rs 159 mn in Q1FY09.
- Capital adequacy ratio of the Bank as on June 30, 2008 was 18.6% (11.3 % as on June 30, 2007). Tier I ratio was 15.1%.

1. excluding monies held as collection bankers to IPOs

## Key Subsidiaries – Highlights

### Kotak Mahindra Prime – car finance, other lending

Rs million

	<b>Q1FY09</b>	<b>Q1FY08</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Total Income	2,375	1,459	2,072	7,400
Profit before tax	635	198	514	1,546
Profit after tax	413	137	303	1,006

- Auto advances up 37% YoY to Rs 49 bn as on June 30, 2008 from Rs 36 bn as on June 30, 2007.
- Other advances were Rs 13 bn as on June 30, 2008.
- PAT up 201% YoY to Rs 413 mn in Q1FY09 from Rs 137 mn in Q1FY08.

### Kotak Mahindra Old Mutual Life Insurance - life insurance

Rs million

	<b>Q1FY09</b>	<b>Q1FY08</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Gross premium income	4,002	2,051	8,056	16,911
Profit / (Loss) after tax	(398)	(247)	17	(718)

- Kotak Life Insurance (KLI) premium income grew 95% to Rs. 4,002 mn in Q1FY09 from Rs. 2,051 mn in Q1FY08.
  - First year regular premium grew 107% to Rs 2,208 mn in Q1FY09 from Rs 1,064 mn in Q1FY08.
- Kotak Life has a network of 151 branches in 110 cities (79 branches as on June 30, 2007).
- As on June 30, 2008, KLI had over 652,400 individual policies on books representing a basic sum assured of ~ Rs 214 bn (excluding riders). Additionally, Kotak Life had around 412 group policies covering over 839,500 lives with an aggregate sum assured of ~ Rs 273 bn.

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

	<b>Q1FY09</b>	<b>Q1FY08*</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Total Income	282	6	214	378
Profit before tax	198	3	116	207
Profit after tax	130	2	77	135

- KIAL manages / advises private equity and realty funds aggregating to an AUM of Rs 56 bn (US\$ 1.4 bn).
- Currently raising an offshore private equity fund and second round of offshore realty fund.
- Plans to launch an infrastructure fund in FY09.

\* Effective October 1, 2007, investment management of real estate and private equity funds of the group have been assigned to KIAL.

**International Subsidiaries**
*Rs million*

	<b>Q1FY09</b>	<b>Q1FY08</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Profit before taxes	118	104	226	878
Profit after tax	89	72	178	645

- As on June 30, 2008, assets managed / advised by international subsidiaries were USD 1.8 bn (USD1.8 bn as on June 30, 2007).

**Kotak Mahindra Capital Company – investment banking**
*Rs million*

	<b>Q1FY09</b>	<b>Q1FY08</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Total income	418	531	720	2,856
Profit before tax	153	290	385	1,752
Profit after tax	96	192	254	1,153

- Kotak Investment Banking was named “Best Investment Bank” and “Best Equity House in India” by FinanceAsia Best Bank Awards 2008 and was named “Best Domestic Equity House” by Asia Money Best Bank Awards 2008.
- Kotak Investment Banking acted as Manager to the Thomas Cook Open Offer for Rs. 3.51 bn.
- Kotak Investment Banking was Book Running Lead Manager to the Rs. 8.31 bn IPO of KSK Energy Ventures Limited.

**Kotak Securities – stock broking**
*Rs million*

	<b>Q1FY09</b>	<b>Q1FY08</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Total income	2,024	2,147	3,823	13,300
Profit before tax	672	838	1,465	5,802
Profit after tax	435	618	1,011	4,087

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 39 bn during Q1FY09 as compared to around Rs 40 bn during Q1FY08.
- Kotak Securities accounted for 6.1% of total average daily market volumes in Q1FY09.
- AUM in Portfolio Management Services was Rs 31 bn as on June 30, 2008 (Rs 26 bn as on June 30, 2007).
- Kotak Securities has a network of over 807 offices (own & franchisees) across 309 cities and towns and services more than 452,000 secondary market customers.

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

	<b>Q1FY09</b>	<b>Q1FY08</b>	<b>Q4FY08</b>	<b>FY08</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(12 months)</b>
Total income	208	170	191	791
Profit before tax	21	52	(36)	123
Profit after tax	12	34	(25)	79

- Total AUM as on June 30, 2008 was Rs 190 bn (Rs173 bn as on June 30, 2007). Equity AUM as June 30, 2008 was Rs 37 bn (Rs 28 bn as on June 30, 2007).
- KMAMC has 87 branches and satellite offices servicing around 1,025,000 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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