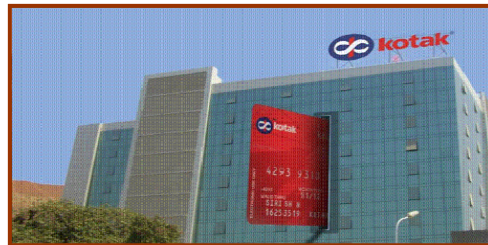




Earnings Update – Q2 FY10 Results

October 27, 2009



Performance Highlights

- Consolidated PAT for Q2FY10 up 86% to Rs. 2,998 mn from Rs.1,610 mn in Q2FY09 (Q1FY10 Rs. 2,573 mn)
- Consolidated advances up 11% to Rs. 268 bn as on September 30, 2009 from Rs. 240 bn as on September 30, 2008 (March 31, 2009 Rs 225 bn) .
- Consolidated NIM for Q2FY10 at 6 % (Q2FY09 – 6 %, Q1FY10 – 6 %).
- Consolidated capital adequacy ratio including profit for H1FY10 as per Basel II as on September 30, 2009 is 20.7%. Tier 1 ratio 18.3%. Excluding profit for H1FY10 the consolidated capital adequacy ratio as per Basel II is 19.2%.Tier 1 ratio 16.9%
- PAT of the Bank (Standalone) for Q2FY10 up 163% yoy to Rs.1,259 mn from Rs. 479 mn in Q2FY09 (Q1FY10 Rs. 903 mn).
- Net Interest Income (NII) of the Bank (Standalone) for Q2FY10 was Rs. 4,365 mn vs. Rs. 3,655 mn in Q2FY09 (Q1FY10 Rs. 4,090 mn).
- CASA deposits¹ comprised 28% of total deposits as on September 30, 2009 (September 30, 2009 – 27%, June 30, 2009 – 28% and March 31, 2009 – 32%).
- PAT of Asset Management Company and Trustee Company is Rs.195 mn for Q2Y10 (Q2 FY09 Rs. 7 mn, Q1FY10 Rs. 153 mn).
- Mutual fund average AUM for September 2009 was Rs. 362 bn (for September 2008 Rs. 188 bn, June 2009 Rs. 307 bn and March 2009 Rs. 184 bn).
- Total assets managed/ advised by the Group as on September 30, 2009 were Rs. 539 bn (September 30, 2008 - Rs. 372 bn, June 30, 2009 – Rs. 458 bn and March 31, 2009 – Rs. 339 bn).

1. excluding monies held as collection bankers to IPOs

Consolidated Financials

Revenues

Rs million

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Financing Activities	8,321	8,816	8,294	16,615	16,989	35,065
Fee Income*	3,463	2,964	2,999	6,462	5,855	10,339
Premium income	5,793	5,143	4,268	10,061	9,068	23,071
Treasury	2,665	1,683	3,218	5,883	3,213	6,788
Others	423	475	512	935	1,284	2,410
Total Revenues**	20,665	19,081	19,290	39,956	36,409	77,673

*Fee income is net of sub brokerage.

**Revenues exclude treasury (policyholders') income

Analytical Ratios

	As on Sept 30, 2009	As on Sept 30, 2008	As on June 30, 2009	As on March 31, 2009
Networth (Rs. mn)	71,293	61,846	67,993	65,225
Book value per share (Rs.)	205.6	179.1	196.3	188.7
Net Interest Margin (%)	6%	6%	6%	6%
Net NPAs (%) (excluding stressed assets portfolio)	1.72%	0.53%	2.07%	1.18%
Return on average Networth (%) (annualised)	16.3%	10.2%	15.4%	10.5%

Consolidated Financials

Assets

Rs million

	As on Sept 30, 2009	As on Sept 30, 2008	As on June 30, 2009	As on March 31, 2009
Advances				
• Commercial vehicles & Construction equipments	33,477	37,430	32,314	33,345
• Auto loans	55,317	49,531	49,384	47,742
• Personal loans	17,151	31,328	20,189	23,948
• Home loans	31,125	32,542	30,303	31,664
• Corporate Banking	57,543	29,505	40,031	27,735
• Stressed Assets	2,979	5,760	3,260	3,594
• Agriculture Finance	21,679	15,669	21,233	23,650
• Others	48,450	38,505	36,017	33,298
Total Advances	267,719	240,269	232,731	224,976
Investments/ Treasury Assets *	100,560	71,594	122,352	96,622
Total Advances and Investments	368,279	311,863	355,083	321,598

* Does not include policy holders' investments.

Liabilities

Rs million

	As on Sept 30, 2009	As on Sept 30, 2008	As on June 30, 2009	As on March 31, 2009
Deposits	169,158	144,487	156,477	138,228
Borrowings	123,859	110,755	121,798	110,600

Consolidated Financials

Company-wise Profit After Tax

Rs million

	Q2FY10	Q2FY09	Q1FY10	H1 FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Kotak Mahindra Bank (Standalone)	1,259.1	478.7	903.1	2,162.2	1,024.0	2,761.0
Kotak Mahindra Prime	394.9	354.4	189.0	583.9	767.0	1,570.0
Kotak Mahindra Capital Company	41.2	89.1	48.3	89.6	185.5	128.1
Kotak Securities	758.6	410.1	742.8	1,501.4	844.8	1,064.8
Kotak Mahindra Old Mutual Life Insurance	43.6	50.9	11.1	54.8	(346.8)	143.4
International subsidiaries	208.1	61.5	230.8	438.9	150.7	242.9
Kotak Mahindra AMC & Trustee Co	195.4	6.6	152.6	348.0	18.9	161.3
Kotak Investment Advisors Limited	95.0	115.9	117.7	212.8	246.4	480.4
Kotak Mahindra Investments	87.2	71.5	129.8	217.0	116.6	137.2
Others	(0.9)	(0.1)	(0.9)	(1.7)	3.8	4.1
Total consolidated profit after tax	3,082.4	1,638.6	2,524.4	5,606.8	3,010.9	6,693.2
Affiliates, minority interest & other adjustments	(84.7)	(28.9)	48.5	(36.3)	97.2	(169.3)
PAT (after minority interest / adjustments)	2,997.7	1,609.7	2,572.9	5,570.5	3,108.2	6,523.9

Kotak Mahindra Bank – Standalone
Rs million

Revenues	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Treasury & BMU*	2,564	2,079	2,527	5,092	3,810	9,174
Corporate/Wholesale Banking	2,441	1,938	2,266	4,706	4,361	8,879
Retail Banking	6,229	6,951	6,739	12,968	13,226	27,522
Sub-total	11,234	10,968	11,532	22,766	21,397	45,576
<i>Unallocated income & inter-segment revenue</i>	(2,392)	(2,900)	(2,590)	(4,982)	(5,473)	(11,346)
Total	8,842	8,068	8,942	17,784	15,924	34,230

Segmental PBT	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Treasury & BMU*	707	105	885	1,592	132	1,293
Corporate/Wholesale Banking	1,026	546	570	1,596	1,249	2,253
Retail Banking\$	(63)	95	(186)	(249)	184	713
Sub-total	1,670	746	1,269	2,938	1,565	4,259
<i>Unallocated income & inter-segment revenue</i>	-	1	-	-	1	2
Total	1,670	747	1,269	2,938	1,566	4,261

* Balance Sheet Management Unit

\$ Includes profit of Lending Rs. 893 mn for Q2FY10 (Q1FY10 Rs. 467 mn), loss of Branch Banking Rs. 584 mn for Q2FY10 (Q1FY10 Rs. 388 mn) and loss of credit cards Rs. 372 mn for Q2FY10 (Q1FY10 Rs. 266 mn)

Kotak Mahindra Bank– Standalone
Assets

	<i>Rs million</i>			
	As on Sept 30, 2009	As on Sept 30, 2008	As on June 30, 2009	As on March 31, 2009
Advances				
• Commercial vehicles & construction equipments	33,477	37,430	32,314	33,345
• Personal loans	16,381	29,437	19,177	22,616
• Home loans	31,125	32,542	30,303	31,664
• Corporate banking	59,793	29,505	41,781	27,735
• Agriculture finance	21,679	15,669	21,233	23,650
• Others	34,590	25,803	27,520	27,242
Total Advances	197,043	170,386	172,328	166,253
Investment / Treasury Assets	91,291	63,594	114,089	91,102
Total Advances and Investments	288,334	233,980	286,417	257,355

Liabilities

	<i>Rs million</i>			
	As on Sept 30, 2009	As on Sept 30, 2008	As on June 30, 2009	As on March 31, 2009
CASA	54,575	43,814	50,041	51,191
Term Deposit	108,437	85,794	107,010	87,580
Certificate of Deposit	26,150	31,879	17,542	17,678
Total Deposits	189,162	161,488	174,593	156,449
Total Borrowings	62,999	40,817	70,189	59,041

Bank Performance Highlights

- PAT of the Bank (Standalone) for Q2FY10 up 163% yoy to Rs.1,259 mn from Rs. 479 mn in Q2FY09 (Q1FY10 Rs. 903 mn).
- Net Interest Income (NII) of the Bank (Standalone) for Q2FY10 was up 19% YoY to Rs. 4,365 mn from Rs. 3,655 mn in Q2FY09 (Q1FY10 Rs. 4,090 mn).
- Advances up 16% to Rs. 197 bn as on September 30, 2009 from Rs. 170 bn as on September 30, 2008.
- CASA deposits¹ comprised 28 % of total deposits as on September 30, 2009 (September 30, 2008 - 27%, June 30, 2009 - 28% and March 31, 2009 – 32%).
- Capital adequacy ratio of the Bank including profit for H1FY10 as per Basel II as on September 30, 2009 is 18.6%. Tier 1 ratio 15.3%. Excluding profit for H1FY10 the Capital adequacy ratio as per Basel II is 17.7%%. Tier 1 ratio 14.4%.
- As at September 30, 2009, excluding the acquired stressed assets, the gross non performing assets of the Bank stood at Rs. 5,844 mn (2.97% of advances) while the net non performing assets stood at Rs. 3,322 mn (1.71% of advances). The Bank as on September 30, 2009 carries on its balance sheet, a provision on standard advances amounting to Rs. 1,472 mn (0.75% of advances).
- As per the RBI guidelines issued in September 2009, gross advances and gross NPAs exclude interest not collected in respect of NPA accounts.
- As on September 30, 2009, the Bank had 230 full-fledged bank branches across 135 locations and 410 ATMs (217 branches and 394 ATMs as on June 30, 2009).

1. excluding monies held as collection bankers to IPOs

Key Subsidiaries – Highlights

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

Rs million

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Total income	2,401	2,540	2,239	4,640	4,915	9,822
Operating Profit	791	824	714	1504	1628	3,176
Provisions	177	270	414	591	439	744
Profit before tax	614	554	299	913	1,189	2,432
Profit after tax	395	354	189	584	767	1,570

- Car business net NPA % as on September 30, 2009 is 0.5 % (September 30, 2008 0.4 %, June 30, 2009 0.6% and March 31, 2009 0.5 %).
- Total advances as on September 30, 2009 is Rs. 68,405 mn (September 30, 2008 Rs. 63,285 mn, June 30, 2009 Rs. 58,043 mn, and March 31, 2009 Rs. 55,801 mn).

Kotak Mahindra Old Mutual Life Insurance - life insurance

Rs million

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Gross premium income	5,859	5,255	4,334	10,193	9,257	23,432
Profit / (Loss) after tax	44	51	11	55	(347)	143

- First year regular premium in Q2 FY10 is Rs. 2,162 mn (Q2FY09 Rs. 3,427 mn, Q1 FY10 Rs. 1,351 mn and FY09 Rs. 12,874 mn).
- Solvency ratio is 3.07 as on September 30, 2009 (3.02% as on June 30, 2009 and 2.69% as on March 31, 2009).
- Kotak Life has a network of 203 branches in 142 cities as on September 30, 2009 (175 branches as on September 30, 2008).
- The total number of individual active policies as on September 30, 2009 stands at over 955,951 with an aggregate sum assured of Rs. 289 bn. The number of active group policies as on September 30, 2009 stands at 589 covering over 1,257,394 lives with an aggregate sum assured of Rs. 458 bn.

Kotak Securities – stock broking
Rs million

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Total income	2,345	2,192	2,234	4,579	4,410	6,846
Profit before tax	1,161	636	1,128	2,289	1,308	1,668
Profit after tax	759	410	743	1,501	845	1,065

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs. 41 bn during H1FY10 as compared to around Rs. 39 bn during H1FY09.
- Kotak Securities accounted for 4.4 % of total average daily market volumes for H1FY10.
- AUM in Portfolio Management Services was Rs. 27 bn as on September 30, 2009 (September 30, 2008 Rs. 29 bn, June 30, 2009 Rs. 26 bn, Rs. 23 bn as on March 31, 2009).
- Kotak Securities has a network of over 962 offices (own & franchisees) across 358 cities and towns and services more than 525,598 secondary market customers
- Kotak Securities was awarded by UTI MF - CNBC TV 18 Financial Advisor Awards Best Performing Equity Broker (National) for the year 2009.

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

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Total Income	247	272	255	502	554	1,148
Profit before tax	144	176	178	322	374	748
Profit after tax	95	116	118	213	246	480

- KIAL manages / advises private equity and realty funds with commitments aggregating to Rs. 55 bn.

Kotak Mahindra Capital Company – investment banking
Rs million

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Total income	222	326	221	443	744	978
Profit before tax	59	137	77	136	290	216
Profit after tax	41	89	48	90	186	128

- Kotak Investment Banking continued with its dominance in successful fund raising for clients, through nine transactions for a total of ~ Rs. 165 bn
 - Qualified Institutional Placements
 - HDFC Limited (India's first ever QIP for simultaneous issue of NCD and Warrants) – Rs. 43 bn, Cipla – Rs. 6.76 bn, LIC Housing Finance - Rs. 6.58 bn, Nagarjuna Construction Company- Rs. 3.67 bn, Patel Engineering - Rs. 3.44 bn, Orbit Corporation – Rs. 1.45 bn
 - Initial Public Offers
 - NHPC – Rs. 60.39 bn, Adani Power – Rs. 30.17 bn, Shriram Transport Finance Limited (NCDs) - Rs. 10 bn

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

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Total income (AMC)	481	185	372	853	363	853
Profit before tax (AMC)	269	(9)	210	479	(13)	159
Profit after tax (AMC)	178	(10)	139	317	(15)	103
Total income (Trustee Company)	29	27	23	52	58	99
Profit before tax (Trustee Company)	26	25	21	47	50	87
Profit after tax (Trustee Company)	17	17	14	31	34	58

- Average AUM for September 2009 was Rs. 362 bn (Rs. 188 bn for September 2008, Rs. 307 bn for June 2009 and Rs. 184 bn for March 2009). Average Equity AUM for September 2009 was Rs. 54 bn (Rs. 44 bn for September 2008, Rs. 48 bn for June 2009 and Rs. 28 bn for March 2009).
- KMAMC has 82 branches and satellite offices servicing approximately 1.1 mn investors.

International Subsidiaries
Rs million

	Q2FY10	Q2FY09	Q1FY10	H1FY10	H1FY09	FY09
	(3 months)	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Profit before taxes	241	88	261	502	206	348
Profit after tax	208	62	231	439	151	243

- As on September 30, 2009, assets managed / advised by international subsidiaries were USD 1.8 bn (USD 1.5 bn as on September 30, 2008, USD 1.6 bn as on June 30, 2009 and USD 1.1 bn as on March 31, 2009)

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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