



Earnings Update – Q3 FY09

Unaudited Results

January 22, 2009



Performance Highlights

- Consolidated PAT Rs 1,309 mn in Q3FY09 (Q2 FY09 - Rs 1,610 mn and Q3FY08 – Rs 3,637 mn).
- Consolidated Capital adequacy ratio as on December 31, 2008 was 19.8%. (September 30, 2008 – 19.0%). (Including current year profits the capital adequacy ratio would be over 21%).
- Consolidated advances as on December 31, 2008 was up 11% to Rs 239 bn from Rs 214 bn in December 31, 2007 (September 30, 2008 – Rs 240 bn).
- Consolidated NIM for Q3FY09 at 6.0% (Q2 FY09 - 6.0% and Q3FY08 – 5.7%).
- Total assets managed/ advised by the Group (including alternate assets) as on December 31, 2008 were Rs 320 bn (September 30, 2008 – Rs 372 bn and December 31,2007 - Rs 460 bn).
- As on December 31, 2008, the Bank had 209 full-fledged bank branches across 123 locations and 375 ATMs (149 branches as on December 31, 2007).
- Net Interest Income (NII) of the Bank (Standalone) for Q3FY09 was Rs 3,826 mn (Q2 FY09 – Rs 3,655 mn and Q3FY08. – Rs 3,474 mn).
- PAT of the Bank (Standalone) Rs 711 mn in Q3FY09 (Q2 FY09 – Rs 479 mn and Q3 FY08 – Rs 1,017 mn).
- CASA deposits¹ comprised 26% of total deposits as on December 31, 2008 (September 30, 2008 – 27% and December 31, 2007 – 24%).
- Capital adequacy ratio of the Bank as on December 31, 2008 was 17.0% (September 30, 2008 – 17.2%). Tier I ratio was 13.8%. (Including current year profits the Capital adequacy ratio is 17.85%).
- Kotak Life Insurance premium income up to Rs 5,116 mn in Q3 FY09 from Rs 4,179 mn in Q3 FY08. (Q2 FY 09 – Rs 5,255 mn).

1. excluding monies held as collection bankers to IPOs.

Consolidated Financials

Revenues

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Financing activities	9,144	8,816	26,133	6,974	18,181	26,048
Fee Income	2,362	2,964	8,217	5,275	12,691	16,763
Premium Income	5,026	5,143	14,094	4,103	8,642	16,620
Treasury – Insurance	(1,658)	(585)	(4,798)	3,085	5,842	1,535
Treasury – Others	1,523	1,683	4,736	3,730	9,060	11,280
Others	449	475	1,733	1,661	2,452	3,248
Total Revenues	16,847	18,495	50,115	24,827	56,869	75,494

* Brokerage income is net of sub brokerage

Profits

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Profit before tax excl. retail liabilities & branch banking, life insurance and credit cards	2,604	3,256	9,416	5,890	12,725	16,322
<i>Retail liabilities & branch banking</i>	(532)	(597)	(1,847)	(517)	(1,356)	(1,467)
<i>Life insurance</i>	103	62	(222)	(206)	(729)	(699)
<i>Credit cards</i>	(147)	(217)	(488)	-	-	(77)
Profit Before Tax	2,028	2,505	6,859	5,167	10,640	14,079
PAT (after MI/ associates)	1,309	1,610	4,417	3,637	7,511	9,912
EPS (diluted) (Rs)	3.7	4.6	12.7	10.5	22.3	29.2

Consolidated Financials

Assets

Rs million

	As on December 31, 2008	As on December 31, 2007	As on September 30, 2008	As on March 31, 2008
Advances				
• Commercial vehicles & Construction equipments	34,997	33,514	37,430	36,285
• Auto loans	47,712	43,282	49,531	47,354
• Personal loans	27,570	28,654	31,328	31,127
• Home loans	32,635	23,020	32,542	26,400
• Corporate Banking	38,302	29,572	29,505	23,867
• Stressed Assets acquired	5,350	5,165	5,760	5,496
• Agriculture Finance	17,662	12,390	15,669	16,643
• Others	34,425	38,602	38,505	32,676
Total Advances	238,652	214,200	240,269	219,847
Investments/ Treasury Assets	119,283	132,886	101,677	125,697
Total Advances and Investments	357,935	347,086	341,946	345,544

Consolidated Financials

Analytical Ratios

	As on Dec 31, 2008	As on Dec 31, 2007	As on September 30, 2008	As on March 31, 2008
Net-worth (Rs mn)	63,266	56,091	61,846	58,239
Book value per share (Rs)	183.1	163.0	179.0	168.9
Net Interest Margin (%)	6.0%	5.7%	6.0%	5.6%
Net NPAs (%) (excluding stressed assets portfolio)	1.01%	0.33%	0.53%	0.33%
Return on average Net-worth (%) (Annualised)	9.7%	24.6%	10.2%	22.3%

Company-wise Profit after Tax

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Kotak Mahindra Bank (Standalone)	711.3	478.7	1,735.3	1,016.7	2,247.3	2,939.3
Kotak Mahindra Prime	333.2	354.4	1,100.2	373.7	703.4	1,006.2
Kotak Mahindra Capital Company	(19.0)	89.1	166.5	215.8	899.5	1,153.1
Kotak Securities	39.7	410.1	884.5	1,467.3	3,076.3	4,086.9
International subsidiaries	73.6	61.5	224.3	336.0	467.6	645.0
Kotak Mahindra AMC & Trustee Co	60.0	6.6	78.9	33.6	104.0	79.1
Kotak Investment Advisors Limited	132.5	115.9	378.9	54.5	58.1	134.7
Kotak Mahindra Investments	(34.2)	71.5	82.4	238.6	377.6	426.0
Kotak Mahindra Old Mutual Life Insurance	93.6	50.9	(253.2)	(205.7)	(735.6)	(718.7)
Others	0.1	(0.1)	3.9	(0.5)	(2.3)	(1.0)
Total consolidated profit after tax	1,390.8	1,638.6	4,401.8	3,530.0	7,195.9	9,750.6
Equity Affiliates	20.4	11.1	33.4	57.1	138.8	138.1
Minority Interest and other adjustments	(102.2)	(40.0)	(17.9)	50.2	176.6	23.5
PAT (after minority interest / adjustments)	1,309.0	1,609.7	4,417.2	3,637.3	7,511.3	9,912.3

Kotak Mahindra Bank – Standalone

Rs million

Segmental Revenue	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Lending	5,666	5,550	16,686	5,128	12,220	17,435
Corporate Banking	1,590	1,412	4,515	2,018	4,970	6,702
Retail liabilities & Branch banking	2,108	1,928	5,750	1,708	4,520	6,451
Treasury and Investments	2,875	2,079	6,685	2,204	6,090	7,436
Venture Fund Management	-	-	-	-	91	91
Intersegment revenue	(3,113)	(2,901)	(8,588)	(2,194)	(5,972)	(8,174)
Un - allocable revenue (net)	-	1	1	10	39	48
Total Revenue	9,125	8,068	25,049	8,872	21,958	29,988

As per the format that the bank has followed, the segmental results are as under:

Rs million

Segmental PBT	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Lending	442	801	2,446	1,163	2,198	3,400
Corporate Banking	508	437	1,252	527	1,481	2,026
Retail liabilities & Branch banking	(532)	(597)	(1,847)	(517)	(1,356)	(1,467)
Treasury and Investments	676	105	808	230	771	(58)
Other Banking Business	-	-	-	-	29	29
Un allocable revenue (net)	-	1	1	9	39	48
Total Profit before tax	1,093	747	2,659	1,412	3,162	3,978
Provision for tax	382	268	924	396	915	1,038
Profit after tax	711	479	1,735	1,017	2,247	2,940

As per the revised RBI guidelines on segment reporting, the segmental results are as under:

Rs million

Segmental PBT	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Treasury	676	105	808	230	771	(58)
Corporate/Wholesale Banking	399	546	1,647	1,420	2,417	3,336
Retail Banking						
(i) Lending	698	909	2,537	271	1,262	2,166
(ii) Branch Banking	(532)	(597)	(1,847)	(517)	(1,356)	(1,467)
(iii) Credit Cards	(147)	(217)	(488)	-	-	(77)
Sub-total	19	95	202	(246)	(941)	623
Other Banking business	-	-	-	-	29	29
Sub-total	1,093	746	2,658	1,403	3,123	3,930
<i>Unallocated income</i>	-	1	1	9	39	48
Total	1,093	747	2,659	1,412	3,162	3,978

Kotak Mahindra Bank – Standalone

Assets

Rs million

	As on December 31 2008	As on December 31 2007	As on September 30, 2008	As on March 31 2008
Advances				
• Commercial Vehicles	34,997	33,514	37,430	36,285
• Personal loans	25,965	26,690	29,458	28,962
• Home loans	32,635	23,020	32,542	26,400
• Corporate Banking	38,302	29,572	29,505	23,867
• Agriculture Finance	17,662	12,390	15,669	16,643
• Others	27,232	20,980	26,782	23,365
Total Advances	176,794	146,167	170,386	155,522
Investment / Treasury Assets	80,751	87,487	63,594	91,420
Total Advances and Investments	257,545	233,653	233,980	246,942

Liabilities

Rs million

	As on December 31 2008	As on December 31 2007	As on September 30, 2008	As on March 31 2008
CASA and Term	124,388	116,733	129,609	133,700
Certificate of Deposit	24,202	28,539	31,879	30,536
Total Deposits	148,590	145,272	161,488	164,236
Total Borrowings	70,771	42,742	40,817	51,193

Bank Performance Highlights

- As on December 31, 2008, the Bank had 209 full-fledged bank branches (149 branches as on December 31, 2007) across 123 locations and 375 ATMs.
- Net Interest Income (NII) of the Bank (Standalone) for Q3FY09 was Rs 3,826 mn (Q2 FY09 – Rs 3,655 mn and Q3FY08. – Rs 3,474 mn).
- PAT of the Bank (Standalone) Rs 711 mn in Q3FY09 (Q2 FY09 – Rs 479 mn and Q3 FY08 – Rs 1,017 mn).
- Advances as on December 31, 2008 was Rs 177 bn (September 30, 2008 – Rs 170 bn and December 31, 2007 - Rs 146 bn).
- CASA deposits¹ comprised 26% of total deposits as on December 31, 2008 (September 30, 2008 – 27% and December 31, 2007 – 24%).
- Deposit accounts crossed 1million during in the quarter (640,000 as on December 31, 2007).
- Capital adequacy ratio of the Bank as on December 31, 2008 was 17.0% (September 30, 2008 – 17.2%). Tier I ratio was 13.8%. (Including current year profits the Capital adequacy ratio is 17.9%).
- In April 2008, the Bank launched its Credit cards as at December 31, 2008 over 1, 00,000 cards were issued.
- As at December 31,2008, excluding the acquired stressed assets, the gross non performing assets of the Bank stood at Rs 3,728 mn (2.1% of advances) while the net non performing assets stood at Rs 2,109 mn (1.2% of advances). The Bank as on December 31, 2008 carries on its balance sheet, a provision on standard assets amounting to Rs 1,523 mn. (0.9% of advances).

1. excluding monies held as collection bankers to IPOs.

Key Subsidiaries – Highlights

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

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Total income	2,361	2,540	7,276	2,169	5,328	7,400
Profit before tax	518	554	1,707	545	1,032	1,546
Profit after tax	333	354	1,100	374	703	1,006

- Auto advances as on December 31, 2008 was Rs 48 bn (September 30, 2008 – Rs 50 bn and December 31, 2007 – Rs 43 bn)
- Other advances as on December 31, 2008 was Rs 11 bn (September 30, 2008 – Rs 14 bn and December 31, 2007 – Rs 13 bn)

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

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Gross premium income	5,116	5255	14,373	4,179	8,858	16,911
Profit/ (Loss)	94	51	(253)	(206)	(736)	(719)

- Kotak Life Insurance premium income grew 22% to Rs 5,116 mn in Q3 FY09 from Rs 4,179 mn in Q3 FY08.
 - First year regular premium was Rs 2,670 mn in Q3 FY09 (Q2 FY09 - Rs 3,427 mn and Q3 FY08 - Rs 2,661 mn).
- KLI has a network of 197 branches in 142 cities (106 branches as on December 31, 2007).
- As on December 31, 2008, KLI had around 883,200 individual policies on books representing a basic sum assured of ~ Rs 263 bn (excluding riders). Additionally, KLI had around 473 group policies covering 100, 3400 lives with an aggregate sum assured of ~ Rs 366 bn.

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

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Total Income	295	272	848	158	164	378
Profit before tax	204	176	578	86	91	207
Profit after tax	133	116	379	55	58	135

- KIAL manages / advises private equity and realty funds with commitments aggregating to Rs 61.8 bn (USD 1.24 bn) (September 30, 2008 – Rs 59 bn and December 31, 2007 –Rs 43 bn).
- Announced final closing of offshore realty fund with commitments of USD 281 mn.
- In January 2009, completed initial closing of the offshore private equity fund with commitments of USD 72 mn.

International Subsidiaries

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Profit before tax	112	88	318	457	652	878
Profit after tax	74	62	224	336	468	645

- As on December 31,2008, assets managed/advised by international subsidiaries were USD 1.3 bn (September 30,2008 – USD 1.5 bn and December 31, 2007 USD 3.5 bn).

Kotak Mahindra Capital Company (KMCC) – investment banking

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Total income	144	326	888	613	2,136	2,856
Profit before tax	(21)	137	268	331	1,367	1,752
Profit after tax	(19)	89	167	216	900	1,153

- Kotak Investment Banking won the “India Equity House of the Year 2008” award from IFR Asia.
- Kotak Investment Banking won the “Best Domestic Investment Bank 2008” award from Triple A Country Awards.
- Kotak Investment Banking
 - Acted as exclusive financial advisor to Dun & Bradstreet Corp for increase of its indirect minority ownership stake in Dun & Bradstreet Information Services India Private Limited (“D&B India”) to a 53% direct majority ownership stake for cash consideration of US\$46.6 mn.
 - Closed WILO SE’s delisting offer for Mather and Platt Pumps Limited (MPPL) helping WILO SE achieve a shareholding of 90.71% from 62.84%
 - Acted as exclusive financial advisor to KEI – RSOS (having an enterprise value of Rs 293 crores) for its buyout by Great Offshore
 - Completed the open offer for Sah Petroleum on behalf of Navis Capital in January 2009.

Kotak Securities – stock broking

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Total income*	1,045	2,178	5,246	4,209	9,478	13,300
Profit before tax	66	636	1,374	2,123	4,338	5,802
Profit after tax	40	410	885	1,467	3,076	4,087

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of over Rs 35 bn for YTD FY09. Average daily volumes for FY08 was Rs 53 bn.
- Kotak Securities accounted for 5.5% of total average daily market volumes in YTD FY09.
- AUM in Portfolio Management Services was Rs 23 bn as on December 31, 2008 (Rs 29 bn as on September 30, 2008 and Rs 46 bn as on December 31, 2007).
- Kotak Securities has a network of over 744 offices (own & franchisees) across 297 cities and towns and services around 480,000 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 has recognized an amount of Rs 392.94 mn as realized loss in Q3 09. 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 400.84 million as on December 31, 2008.

Kotak Mahindra Asset Management Company and Trustee Company – asset management

Rs million

	Q3 FY09	Q2 FY09	YTD FY09	Q3 FY08	YTD FY08	FY08
	(3 months)	(3 months)	(9 months)	(3 months)	(9 months)	(12 months)
Total income	258	213	679	220	600	791
Profit before tax	83	16	120	49	160	123
Profit after tax	60	7	79	33	104	79

- Total AUM as on December 31, 2008 was Rs 139 bn (December 31, 2007 – Rs 209 bn and September 30, 2008 -182 bn). Equity AUM as on December 31, 2008 was Rs 28 bn (December 31, 2007 – Rs 39 bn and September 30, 2008 – Rs 35 bn).
- KMAMC has 89 branches and satellite offices servicing over 1.1 mn investors.
- The profit before tax above includes the profit on sale of investment to a fellow subsidiary amounting to Rs 18.4 mn, this is eliminated for consolidated results.

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.

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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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