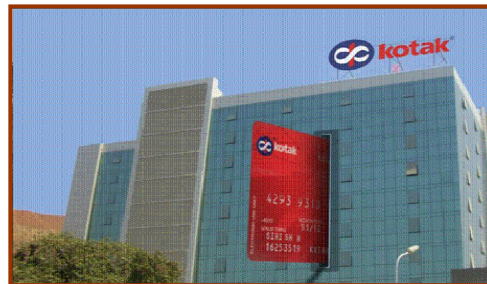




**Earnings Update – Q3 FY10**

**Unaudited Results**

**January 21, 2010**



## **Performance Highlights**

- Consolidated PAT for Q3FY10 up 153% to Rs. 3,314 mn from Rs. 1,309 mn in Q3FY09. (Q2FY10 Rs. 2,998 mn)
- Consolidated PAT for nine months ended December 31, 2009 was up 101% to Rs. 8,885 mn from Rs. 4,417 mn corresponding period of previous year.
- Consolidated advances up 23% to Rs. 293 bn as on December 31, 2009 from Rs. 239 bn as on December 31, 2008 and grew 10% in the quarter led by growth in auto loans, mortgages and corporate loans. (September 30, 2009 Rs. 268 bn, March 31, 2009 Rs. 225 bn)
- Consolidated NIM 9MFY10 at 6.3%. (9MFY09 – 5.9%, 6MFY10 – 6.3%)
- Consolidated capital adequacy ratio including profit for 9MFY10 as per Basel II as on December 31, 2009 is 20.5%. Tier 1 ratio 18.3%. Excluding profit for 9MFY10 the consolidated capital adequacy ratio as per Basel II is 18.3%. Tier 1 ratio 16.1%
- PAT of the Bank (Standalone) for Q3FY10 up 100% yoy to Rs. 1,424 mn from Rs. 711 mn in Q3FY09 (Q2FY10 Rs. 1,259 mn)
- PAT of the Bank (Standalone) for the nine months ended December 31, 2009, was up 107% Rs. 3,586 mn from Rs. 1,735 mn corresponding period of previous year.
- CASA deposits as on December 31, 2009 Rs. 63,052 mn. Showing a growth of 62% YOY.
- CASA deposits<sup>1</sup> comprised 28% of total deposits as on December 31, 2009. (December 31, 2008 – 26%, September 30, 2009 – 28%)
- PAT of Kotak Life for Q3FY10 up 105% yoy to Rs. 193 mn from Rs. 94 mn in Q3FY09. (Q2FY10 Rs. 44 mn)
- PAT of Asset Management Company and Trustee Company for Q3FY10 up 282% yoy to Rs. 229 mn from Rs. 60 mn in Q3 FY09 (Q2FY10 Rs. 195 mn).
- Total assets managed/ advised by the Group as on December 31, 2009 were Rs. 524 bn (December 31, 2008 – Rs. 320 bn, September 30, 2009 were Rs. 539 bn, and March 31, 2009 – Rs. 339 bn).
- Kotak Mahindra Bank Cash Management services was voted by Corporates\* as the Best Local Cash Management Bank in India by AsiaMoney Cash Management Poll 2009. (\*Small and medium sized companies with annual sales turnover of less than or equal to USD 500 mn)

1. excluding monies held as collection bankers to IPOs.

## Consolidated Financials

### Revenues

Rs million

	Q3 FY10	Q3 FY09	Q2 FY10	YTD FY10	YTD FY09	FY09
	(3 months)	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Financing activities	9,024	9,144	8,321	25,639	26,133	35,065
Fee Income*	3,163	2,362	3,463	9,625	8,217	10,339
Premium Income	7,059	5,026	5,793	17,120	14,094	23,071
Treasury – Others	3,265	1,523	2,665	9,467	4,736	6,788
Others	500	449	423	1,116	1,733	2,410
<b>Total Revenues**</b>	<b>23,011</b>	<b>18,505</b>	<b>20,665</b>	<b>62,967</b>	<b>54,913</b>	<b>77,673</b>

\*Fee income is net of sub brokerage.

\*\*Revenues exclude treasury (policyholders') income

### Analytical Ratios

	As on Dec 31, 2009	As on Dec 31, 2008	As on Sept 30, 2009	As on Mar 31, 2009
Networth (Rs. mn)	75,092	63,266	71,293	65,225
Book value per share (Rs.)	216.0	183.1	205.6	188.7
Net Interest Margin (%)	6.3%	5.9%	6.3%	6.1%
Net NPAs (%) (excluding stressed assets portfolio)	1.46%	1.01%	1.72%	1.18%
Return on average Networth (%) (Annualised)	16.9%	9.7%	16.3%	10.5%

## Consolidated Financials

### Assets

Rs million

<b>Advances</b>	<b>As on Dec 31, 2009</b>	<b>As on Dec 31, 2008</b>	<b>As on Sept 30, 2009</b>	<b>As on Mar 31, 2009</b>
<b>Retail</b>				
Commercial vehicles & Construction equipments	34,246	34,997	33,477	33,345
Auto loans	58,859	47,712	55,317	47,742
Personal loans	14,978	27,570	17,151	23,948
Mortgage Loans	40,745	33,551	35,502	33,100
Agriculture Finance	24,973	17,662	21,679	23,650
Corporate Banking	89,346	53,560	75,184	41,539
Stressed Assets Acquired	2,159	4,773	2,588	3,145
Others	28,066	18,827	26,823	18,508
<b>Total Advances</b>	<b>293,371</b>	<b>238,652</b>	<b>267,719</b>	<b>224,976</b>
Investments/ Treasury Assets *	127,161	119,283	100,560	96,622
<b>Total Advances and Investments</b>	<b>420,532</b>	<b>357,935</b>	<b>368,279</b>	<b>321,598</b>

\* Does not include policy holders' investments.

## Consolidated Financials

### Liabilities

Rs million

	<b>As on Dec 31, 2009</b>	<b>As on Dec 31, 2008</b>	<b>As on Sept 30, 2009</b>	<b>As on Mar 31, 2009</b>
Deposits	200,839	133,130	169,158	138,228
Borrowings	132,475	127,132	123,859	110,600

## Consolidated Financials

### Company-wise Profit after Tax

Rs million

	<b>Q3 FY10</b>	<b>Q3 FY09</b>	<b>Q2 FY10</b>	<b>YTD FY10</b>	<b>YTD FY09</b>	<b>FY09</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(9 months)</b>	<b>(9 months)</b>	<b>(12 months)</b>
Kotak Mahindra Bank (Standalone)	1423.8	711.3	1,259.1	3,586.0	1,735.3	2,761.0
Kotak Mahindra Prime	494.4	333.2	394.9	1,078.3	1,100.2	1,570.0
Kotak Mahindra Capital Company	15.8	(19.0)	41.2	105.3	166.5	128.1
Kotak Securities	591.8	39.7	758.6	2,093.2	884.5	1,064.8
Kotak Mahindra Old Mutual Life Insurance	193.3	93.6	43.6	248.0	(253.2)	143.4
International subsidiaries	225.6	73.6	208.1	664.5	224.3	242.9
Kotak Mahindra AMC & Trustee Co	228.5	60.0	195.4	576.5	78.9	161.3
Kotak Investment Advisors Limited	114.6	132.5	95.0	327.4	378.9	480.4
Kotak Mahindra Investments	61.3	(34.2)	87.2	278.4	82.4	137.2
Others	(1.4)	0.1	(0.9)	(3.1)	3.9	4.1
<b>Total consolidated profit after tax</b>	<b>3,347.8</b>	<b>1,390.8</b>	<b>3,082.4</b>	<b>8,954.6</b>	<b>4,401.8</b>	<b>6,693.2</b>
Affiliates, minority interest & other adjustments	(33.8)	(81.8)	(84.7)	(70.1)	15.5	(169.3)
<b>PAT (after minority interest / adjustments)</b>	<b>3,314.0</b>	<b>1,309.0</b>	<b>2,997.7</b>	<b>8,884.5</b>	<b>4,417.2</b>	<b>6,523.9</b>

**Kotak Mahindra Bank – Standalone**

Rs million

Revenues	Q3 FY10	Q3 FY09	Q2 FY10	YTD FY10	YTD FY09	FY09
	(3 months)	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Treasury & BMU*	3,154	2,875	2,564	8,246	6,685	9,174
Corporate/Wholesale Banking	2,606	2,247	2,441	7,313	6,607	8,879
Retail Banking	6,288	7,117	6,229	19,256	20,344	27,522
Sub-total	12,049	12,239	11,234	34,814	33,636	45,576
<i>Unallocated income &amp; inter-segment revenue</i>	(2,277)	(3,113)	(2,392)	(7,258)	(8,587)	(11,346)
<b>Total</b>	<b>9,772</b>	<b>9,125</b>	<b>8,842</b>	<b>27,556</b>	<b>25,049</b>	<b>34,230</b>

Rs million

Segmental PBT	Q3F Y10	Q3 FY09	Q2 FY10	YTD FY10	YTD FY09	FY09
	(3 months)	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Treasury & BMU*	1,063	676	707	2,655	808	1,293
Corporate/Wholesale Banking	684	399	1,026	2,280	1,647	2,253
Retail Banking\$	345	19	(63)	96	202	713
Sub-total	2,092	1,093	1,670	5,031	2,658	4,259
<i>Unallocated income &amp; inter-segment revenue</i>	-	-	-	-	1	2
<b>Total</b>	<b>2,092</b>	<b>1,093</b>	<b>1,670</b>	<b>5,031</b>	<b>2,659</b>	<b>4,261</b>

\* Balance Sheet Management Unit

\$ Includes profit of Lending Rs. 1,061 mn for Q3FY10 (Q2FY10 Rs. 893 mn), loss of Branch Banking Rs. 357 mn for Q3FY10 (Q2FY10 Rs. 584 mn) and loss of credit cards Rs. 359 mn for Q3FY10 (Q2FY10 Rs. 372 mn)

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

Rs million

	<b>As on Dec 31, 2009</b>	<b>As on Dec 31, 2008</b>	<b>As on Sept 30, 2009</b>	<b>As on Mar 31, 2009</b>
<b>Advances</b>				
<b>Retail</b>				
Commercial vehicles & Construction equipments	34,246	34,997	33,477	33,345
Personal loans	14,417	25,965	16,381	22,616
Mortgage loans	40,201	33,449	35,411	33,002
Agriculture Finance	24,973	17,662	21,679	23,650
Corporate Banking	84,764	47,786	73,787	36,971
Others	15,457	16,934	16,309	16,669
<b>Total Advances</b>	<b>214,057</b>	<b>176,794</b>	<b>197,043</b>	<b>166,253</b>
Investment / Treasury Assets	120,906	80,751	91,291	91,102
<b>Total Advances and Investments</b>	<b>334,963</b>	<b>257,545</b>	<b>288,334</b>	<b>257,355</b>

**Liabilities**

Rs Million

	<b>As on Dec 31, 2009</b>	<b>As on Dec 31, 2008</b>	<b>As on Sept 30, 2009</b>	<b>As on Mar 31, 2009</b>
CASA	63,052	39,024	54,575	51,191
Term Deposit	112,838	85,365	108,437	87,580
Certificate of Deposit	45,974	24,202	26,150	17,678
<b>Total Deposits</b>	<b>221,864</b>	<b>148,590</b>	<b>189,162</b>	<b>156,449</b>
<b>Total Borrowings</b>	<b>65,608</b>	<b>70,771</b>	<b>62,999</b>	<b>59,041</b>

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## **Bank Performance Highlights**

- PAT of the Bank (Standalone) for Q3FY10 up 100% yoy to Rs.1,424 mn from Rs. 711 mn in Q3FY09 (Q2FY10 Rs. 1,259 mn)
- PAT of the Bank (Standalone) for the nine months ended December 31, 2009, was up 107% Rs. 3,586 mn from Rs. 1,735 mn corresponding period of previous year.
- Net Interest Income (NII) of the Bank (Standalone) for Q3FY10 up 27% yoy to Rs. 4,867 mn vs. Rs. 3,826 mn in Q3FY09 (Q2FY10 Rs. 4,365 mn).
- Retail Banking profit for Q3FY10 up Rs. 345 mn from Rs. 19 mn in Q3FY09 (Q2FY10 loss Rs. 63 mn), largely due to higher profits in lending and reduced losses in branch banking.
- Advances up 21% to Rs. 214 bn as on December 31, 2009 from Rs. 177 bn as on December 31, 2008.
- CASA deposits<sup>1</sup> comprised 28% of total deposits as on December 31, 2009 (December 31, 2008 – 26%, September 30, 2009 – 28%, and March 31, 2009 – 32%).
- Capital adequacy ratio of the Bank including profit for 9MFY10 as per Basel II as on December 31, 2009 is 18.5%. Tier 1 ratio 15.3%. Excluding profit for 9MFY10 the Capital adequacy ratio as per Basel II is 17.0%. Tier 1 ratio 13.9%.
- As at December 31, 2009, excluding the acquired stressed assets, the gross non performing assets of the Bank stood at Rs. 6,496 mn (3.02% of advances) while the net non performing assets stood at Rs. 3,187 mn (1.50% of advances). The Bank as on December 31, 2009 carries on its balance sheet, a provision on standard advances amounting to Rs. 1,472 mn (0.68% of advances).
- As on December 31, 2009, the Bank had 245 full-fledged bank branches (209 branches as on December 31, 2008) across 141 locations and 445 ATMs.

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1. excluding monies held as collection bankers to IPOs.

## Key Subsidiaries – Highlights

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

Rs million

	Q3 FY10	Q3 FY09	Q2 FY10	YTD FY10	YTD FY09	FY09
	(3 months)	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Total income	2,546	2,361	2,401	7,186	7,276	9,822
Operating Profit	909	642	791	2,414	2,270	3,176
Provisions	142	124	177	733	563	744
Profit before tax	767	518	614	1,680	1,707	2,432
Profit after tax	494	333	395	1,078	1,100	1,570

- Car business net NPA ratio 0.45% as on December 31, 2009 (December 31, 2008 0.54 %, September 30, 2009 0.48% & March 31, 2009 0.50 %).
- Total advances as on December 31, 2009 is Rs. 74,460 mn (December 31, 2008 Rs. 58,873 mn, September 30, 2009 Rs. 68,405 mn and March 31, 2009 Rs. 55,801 mn).

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

Rs million

	Q3 FY10	Q3 FY09	Q2 FY10	YTD FY10	YTD FY09	FY09
	(3 months)	(3 months)	(3 months)	(9 months)	(9 months)	(12 months)
Gross premium income	7,116	5,116	5,859	17,309	14,373	23,432
Profit/ (Loss)	193	94	44	248	(253)	143

- First year regular premium in Q3 FY10 is Rs. 2,868 mn (Q3FY09 Rs. 2,670 mn, Q2 FY10 Rs. 2,162 mn and FY09 Rs. 12,874 mn).
- Solvency ratio is 3.05 as on December 31, 2009 (3.07 as on September 30, 2009 and 2.69 as on March 31, 2009).
- The total number of individual active policies as on December 31, 2009 stands at over 1 mn with an aggregate sum assured of Rs. 302 bn. The number of active group policies as on December 31, 2009 stands at 626 covering over 1.4 mn lives with an aggregate sum assured of Rs. 458 bn.
- Total AUM as on December 31, 2009 is Rs. 57 bn. (December 31, 2008 Rs. 31 bn)
- The company has a network of 214 branches in 152 cities as on December 31, 2009 (197 branches as on December 31, 2008).
- Kotak Life emerged as the Winner (Insurance segment) at the Nasscom CNBC TV 18: IT User Awards 2009.

**Kotak Securities** – stock broking

Rs million

	<b>Q3 FY10</b>	<b>Q3 FY09</b>	<b>Q2 FY10</b>	<b>YTD FY10</b>	<b>YTD FY09</b>	<b>FY09</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(9 months)</b>	<b>(9 months)</b>	<b>(12 months)</b>
Total income	1,927	1,169	2,345	6,506	5,579	6,846
Profit before tax	909	66	1,161	3197	1,374	1,668
Profit after tax	592	40	759	2093	885	1,065

- Kotak Securities (retail, online and institutional segments) clocked average daily volumes of around Rs. 40 bn during 9MFY10 as compared to around Rs. 35 bn during 9MFY09.
- Kotak Securities accounted for 4.2% of total average daily market volumes for 9MFY10.
- AUM in Portfolio Management Services was around Rs. 27 bn as on December 31, 2009 (December 31, 2008 Rs. 23 bn, September 30, 2009 Rs. 27 bn, March 31, 2009 Rs. 23 bn).
- Kotak Securities has a network of over 1,000 offices (own & franchisees) across 383 cities and towns and services more than 5,41,000 secondary market customers
- During the quarter Kotak Securities has set up a subsidiary, Kotak Mahindra Financial Services Ltd., in Dubai, registered with Dubai International Financial Centre for servicing client in that region.
- Kotak Institutional Equities was ranked No 1 amongst Local Brokerages and No 2 in country Research Sales Service and Sales Trading across Domestic and International brokerages by AsiaMoney brokers Poll 2009.

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

Rs million

	<b>Q3 FY10</b> <b>(3 months)</b>	<b>Q3 FY09</b> <b>(3 months)</b>	<b>Q2 FY10</b> <b>(3 months)</b>	<b>YTD FY10</b> <b>(9 months)</b>	<b>YTD FY09</b> <b>(9 months)</b>	<b>FY09</b> <b>(12 months)</b>
Total Income	245	295	247	747	848	1,148
Profit before tax	160	204	144	482	578	748
Profit after tax	115	133	95	327	379	480

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

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

Rs million

	<b>Q3 FY10</b> <b>(3 months)</b>	<b>Q3 FY09</b> <b>(3 months)</b>	<b>Q2 FY10</b> <b>(3 months)</b>	<b>YTD FY10</b> <b>(9 months)</b>	<b>YTD FY09</b> <b>(9 months)</b>	<b>FY09</b> <b>(12 months)</b>
Total income	189	144	222	632	888	978
Profit before tax	18	(21)	59	154	268	216
Profit after tax	16	(19)	41	105	167	128

- Kotak Investment Banking successfully managed 3 back to back IPOs across diverse sectors and Issue sizes
  - Initial Public Offer
    - JSW Energy Rs. 27 bn
    - Godrej Properties Rs. 5 bn
    - DB Corp Rs. 4 bn
- Kotak Investment Banking has successfully managed the QIP of Suntech Realty of Rs. 1.6 bn.
- Kotak Investment Banking was Transaction Advisor and Independent Valuer to DLF for its integration of its subsidiary engaged in the rental business with other group entities including DLF Assets Private Limited
- Kotak Investment Banking was manager for the Open Offer of ABG Shipyard for Great Offshore.
- Kotak Investment Banking was the Manager to the Buyback for Zensar Technologies Limited
- Kotak Investment Banking has been appointed as the Manager to the Delisting Offer to be made by the Huber Group for the shares of Micro Inks Limited

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

Rs million

	<b>Q3 FY10</b>	<b>Q3 FY09</b>	<b>Q2 FY10</b>	<b>YTD FY10</b>	<b>YTD FY09</b>	<b>FY09</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(9 months)</b>	<b>(9 months)</b>	<b>(12 months)</b>
Total income (AMC)	507	236	481	1,360	599	853
Profit before tax (AMC)	314	63	269	793	50	159
Profit after tax (AMC)	209	47	178	525	32	103
Total income (Trustee Company)	33	22	29	85	80	99
Profit before tax (Trustee Company)	30	20	26	78	70	87
Profit after tax (Trustee Company)	20	13	17	51	47	58

- Average AUM for December 31, 2009 was Rs. 414 bn (December 31, 2008 Rs. 139 bn, September 30, 2009 Rs. 362 bn and March 2009 Rs. 184 bn).
- Average Equity AUM for December 31, 2009 was Rs. 54 bn (December 31, 2008 Rs. 30 bn, September 30, 2009 Rs. 54 bn and Rs. 28 bn for March 2009).
- KMAMC has 82 branches and satellite offices servicing approximately 1.1 mn investors.

**International Subsidiaries**

Rs million

	<b>Q3 FY10</b>	<b>Q3 FY09</b>	<b>Q2 FY10</b>	<b>YTD FY10</b>	<b>YTD FY09</b>	<b>FY09</b>
	<b>(3 months)</b>	<b>(3 months)</b>	<b>(3 months)</b>	<b>(9 months)</b>	<b>(9 months)</b>	<b>(12 months)</b>
Profit before tax	243	112	241	745	318	348
Profit after tax	226	74	208	665	224	243

- As on December 31, 2009 assets managed / advised by international subsidiaries were USD 1.6 bn (USD 1.3 bn as on December 31, 2008, USD 1.8 bn as on September 30, 2009 and USD 1.1 bn as on March 31, 2009)

**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.*

**Contact****Jaimin Bhatt / R Sundarraman**

Kotak Mahindra Bank Limited

Tel: +91 22 6672 6000

Fax: +91 22 6672 6430

E-mail: [investor.relations@kotak.com](mailto:investor.relations@kotak.com)