

EARNINGS UPDATE Q1FY16

July 30, 2015

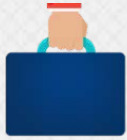


Standalone Highlights Q1FY16

 PAT ₹ 190 cr [₹ 430 cr]	 NIM 4.2% [5.0%]	 LOANS ₹ 103,614 cr [₹ 56,922 cr]	 Net NPA 1.04% [0.98%]
 TOTAL ASSETS ₹ 166,874 cr [₹ 89,134 cr]	 CAR # 16.5% [19.1%] Tier I 15.3% [18.1%]	 BRANCHES 1,260 [614]	 CASA 34% ₹ 40,115 cr [₹ 19,037 cr]

Figures in [brackets] are Q1FY15 numbers

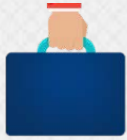
As per Basel III, including unaudited profits. Excluding profit CAR 16.4%, Tier I 15.1% (CAR 18.5% and Tier I 17.5%)



Merger Accounting

RBI approved merger of ING Vysya Bank with Kotak Mahindra Bank wef April 1, 2015

- The results for the quarter ended June 30, 2015 include those of erstwhile ING Vysya Bank Limited (eIVBL)
- The merger has been done as per “The Pooling of Interests Method” in accordance with Accounting Standard 14 – “Accounting for Amalgamation”
- Further, to align the accounting policies, a reduction of ₹ 227 cr, net of tax, has been made to the opening networth on account of revaluation of fixed asset (₹ 101 cr), provisioning on non-performing assets and others



Significant Provisions Arising Post Merger

Q1FY16 results include impact of the following:

- Retiral benefits of eIVBL ₹ 339 cr (₹ 32 cr for Q1FY15)
- Provisions and contingencies in Q1FY16 ₹ 305 cr, of which a significant portion is from eIVBL.
 - Provisions and contingencies for Kotak Mahindra Bank pre-merger were ₹ 66 cr for Q4FY15 and ₹ 14 cr for Q1FY15
- Integration cost of ₹ 63 cr, including stamp duty
- Payment of additional interest on savings accounts of eIVBL around ₹ 30 cr on account of increase in savings deposits rate upto 6%

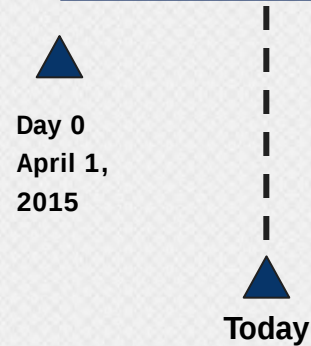


Merger implementation plan

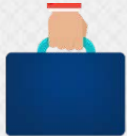
Planning



Implementation



Full integration
around April
2016



Integration Journey

Progress and Plan

- Wholesale and Treasury businesses already merged
- Support functions integration to be completed in Q2 FY16
- Retail Asset businesses to be integrated during Q3/Q4 FY16
- Branch Banking business to be integrated around Apr'16

People:

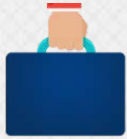
- Support from employee unions on merger
- Ongoing objective & transparent assessment process for role fitment
- Various initiatives designed and rolled-out for cultural alignment
- Intense internal communication to all employees on merger related progress and updates

Technology:

- 5 core IT systems identified as 'go-to' systems for the combined entity
- Treasury systems completely integrated on Day 1
- Wholesale systems integration to be completed during Q2 FY16
- Full systems integration to be completed by Q4 FY16

Process & Others:

- Product harmonisation achieved Day 1
- Ongoing harmonisation of processes with system integration
- System non-dependent processes being harmonised earlier. Adoption of best of both processes
- Shifting of businesses from rented to owned premises in progress



Steps to unlocking merger value

Distribution Synergies

- Driving SA with 6%
- Distribution of life insurance, asset management
- Distribution of asset products
- Distribution of brokerage products
- Increased transaction banking business
- Accelerated SME business growth
- Integrating SME with branch for CA growth

Rationalisation Synergies

- Creating efficient org. structure to drive profitability
- Eliminating overlapping systems, consolidating data centres etc.
- Rationalising policies, vendors, better pricing
- Rationalising overlapping branches, co-locating teams, vacating high cost premises

New Customer Segments

- Deeper penetration into the SME segment
- Benefits of MNC clientele
- Improvement in weaker section and direct-agri lending

Productivity Synergies

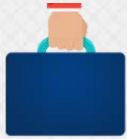
- Sweating the eIVBL branch network to drive higher SA, CA, TD and revenue
- Lower funding costs

Best Practices

- Strong Credit and Risk Management practices
- Efficient resolution of distressed assets
- Increasing process efficiency through adoption of best practices

Transformational Changes

- Best in class industry benchmarks
- Digital transformation
- Create industry standards



eIVBL Stressed book

- About 6% of the eIVBL book (funded and non-funded) is in various forms of stress (i.e. about 2.5% of the combined book). This includes
 - NPAs
 - Assets Sold to ARCs;
 - Assets under CDRs; Restructured assets;
 - Standard, but under “Watchlist”
- Primarily Corporate Book
 - SME; Retail book quality is within acceptable norms
- Post merger, we formed a “Bad Bank” under our Asset Reconstruction business
 - Most of these stressed assets were transferred to the “Bad Bank”
 - Experienced team to work on these assets
- Net of expected recovery and provisions already made, we estimate additional provisions of about 0.4%-0.5% of the combined book in the current year



Profit and Loss Q1FY16

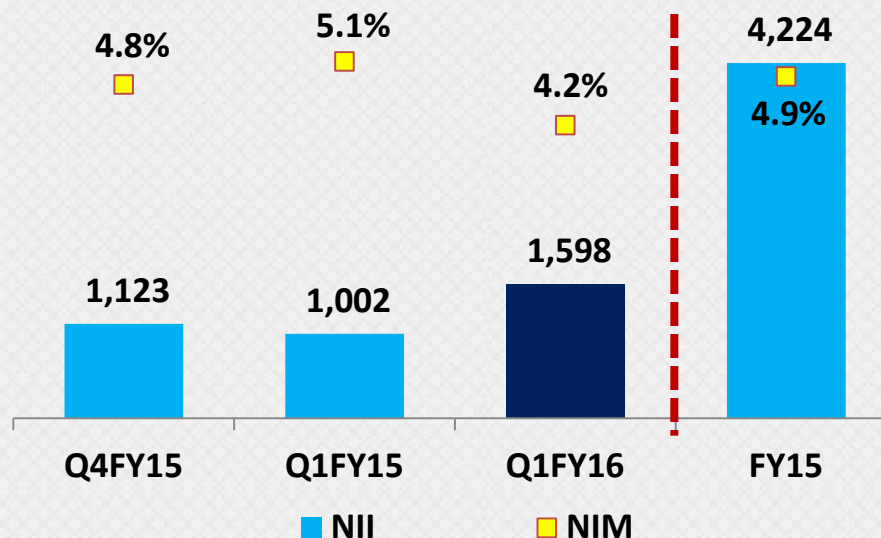
₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
Net Interest Income	1,123	1,002	1,598	4,224
Other Income	668	400	593	2,028
Net Total Income	1,791	1,402	2,191	6,252
Employee Cost	379	348	929	1,450
Other Operating Expenses*	552	388	665	1,805
Operating Expenditure	931	736	1594	3,255
Operating Profit	860	666	597	2,997
Provision on advances (net)	61	66	266	275
Provision on other receivables	-	(2)	3	-
Provision on investments	5	(50)	36	(111)
Provision & contingencies	66	14	305	164
PBT	794	652	292	2,833
Provision for Tax	267	222	102	967
PAT	527	430	190	1,866

* Includes merger related expenses of ₹ 63 cr for Q1FY16, ₹ 54 cr for Q4FY15 and FY15



Performance Q1FY16

NII (₹ cr) and NIM



Other Income (₹ cr)	Q4FY15	Q1FY15	Q1FY16	FY15
Fee and Services	389	315	418	1,353
Treasury Income	164	54	138	421
ARD Buyout Income	116	29	36	239
Others	(1)	2	1	15
Total	668	400	593	2,028

Merger of ING Vysya Bank effective April 1, 2015. Previous periods not comparable



Segment Performance Q1FY16

Bank Segmental PBT

As per RBI (₹ cr)	Q4FY15	Q1FY15	Q1FY16	FY15
Corporate/Wholesale Banking	438	291	369	1,402
Retail Banking #	292	216	12	957
Treasury, BMU* & Corporate Centre **	63	140	(89)	468
Unallocated Income	1	5	-	6
Total	794	652	292	2,833

A large part of retiral cost is in retail banking

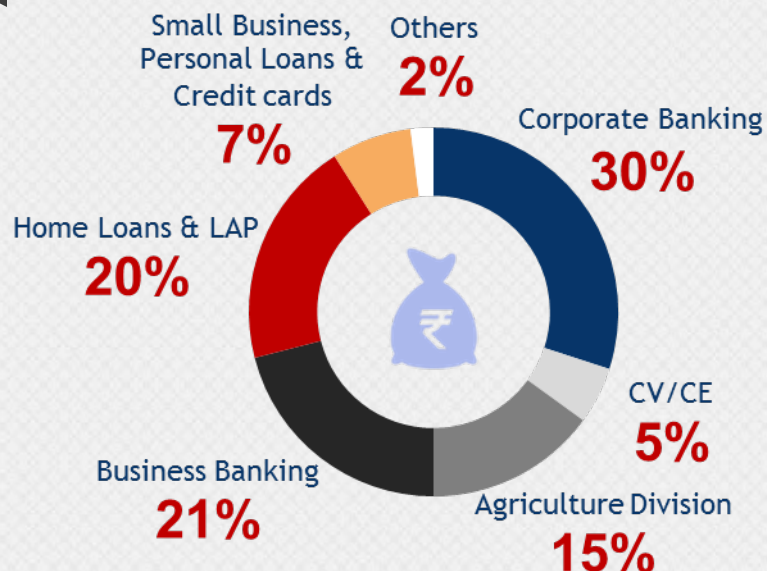
*Balance Sheet Management Unit

** integration cost are part of Treasury, BMU & Corporate Centre



Advances & Investments

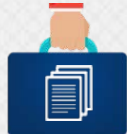
30-Jun-15 [₹ 103,614 cr]



₹ cr	31-Mar-15	30-Jun-14	30-Jun-15
Corporate Banking	20,299	18,568	31,205
CV/CE	5,204	5,104	5,626
Agriculture Division	12,106	9,941	15,268
Business Banking	6,422	5,568	21,476
Home Loans and LAP	14,709	12,312	20,756
Small Business, Personal loans & Credit Cards	6,263	4,723	7,429
Others	1,158	706	1,854
Total Advances	66,161	56,922	103,614

Advances as per Segmental Classification

₹ cr	31-Mar-15	30-Jun-14	30-Jun-15
Retail	29,113	23,760	45,182
Corporate	37,048	33,162	58,432
Total Advances	66,161	56,922	103,614
Investments / Treasury Assets	28,659	23,877	42,693
Total Advances and Investments	94,820	80,799	146,307



Balance Sheet

₹ cr	31-Mar-15	30-Jun-14	30-Jun-15
Net Worth	14,141	12,714	21,887
Deposits	74,860	61,407	116,812
CA	13,181	8,024	17,385
SA	14,036	11,013	22,730
Certificate of Deposit	3,785	4,701	11,074
Term Deposit Others	43,858	37,669	65,623
Borrowings	12,150	11,296	21,435
Other Liabilities and Provisions	4,861	3,717	6,740
Total Liabilities	106,012	89,134	166,874

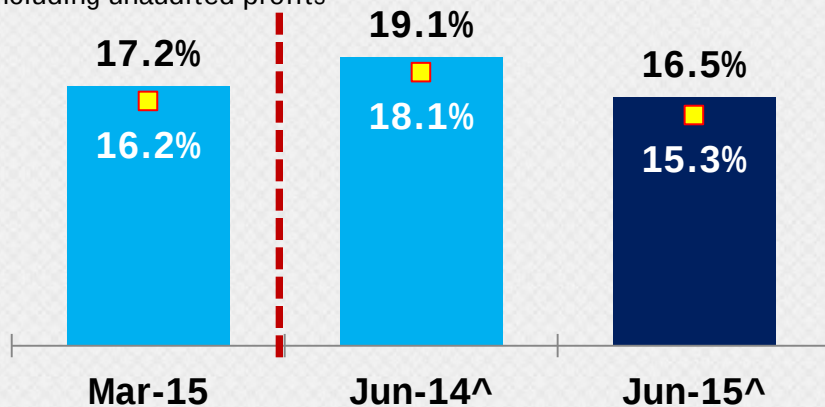
₹ cr	31-Mar-15	30-Jun-14	30-Jun-15
Cash, Bank and Call	6,262	4,331	9,507
Investments	28,659	23,877	42,693
Government Securities	22,882	18,019	35,525
Others	5,777	5,858	7,168
Advances	66,161	56,922	103,614
Fixed Assets and Other Assets	4,930	4,004	11,060
Total Assets	106,012	89,134	166,874

% Key Ratios

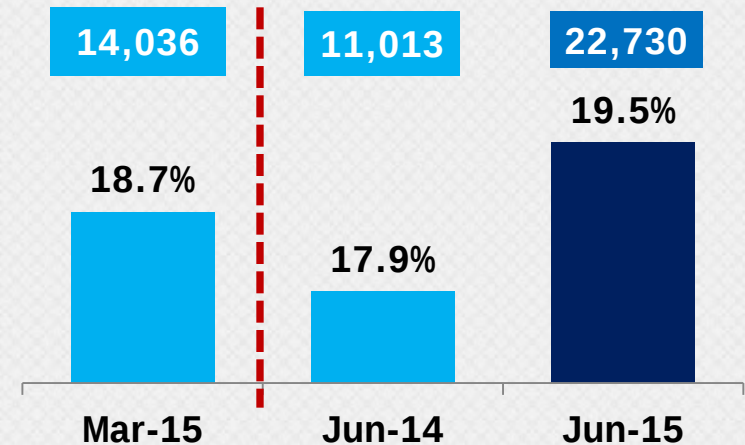
CAR & Tier I (%)

^ including unaudited profits

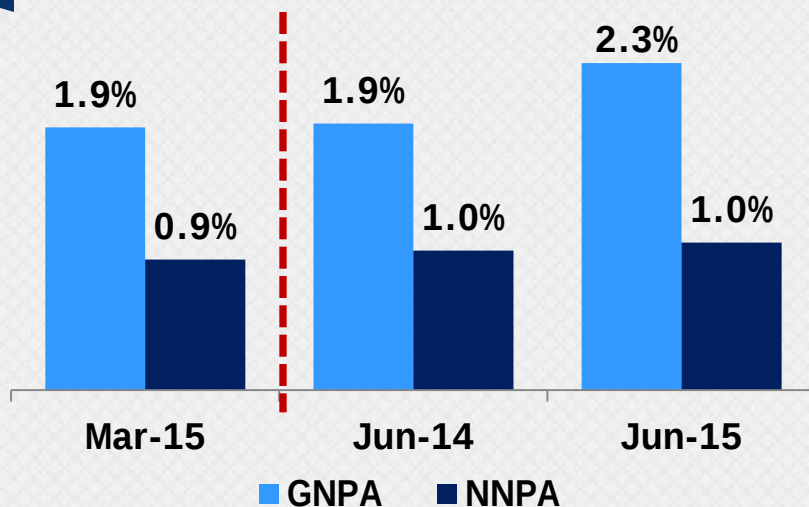
□ CAR(%) ■ Tier I(%)



Savings Account (₹ cr & % of deposits)



GNPA and NNPA (%)



Asset Quality

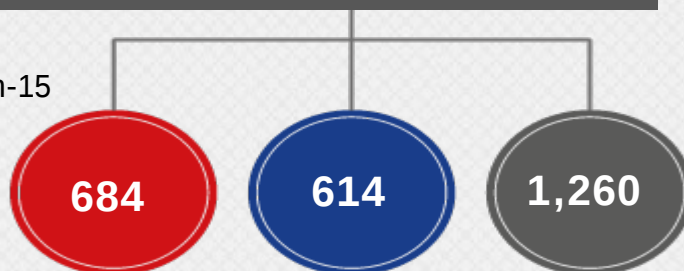
- Restructured loans considered standard ₹ 418 cr (0.4%) of which ₹ 271 cr from eIVBL portfolio
- In this quarter
 - No CDR participation
 - No transfer to ARC
 - No conversion to off-Balance sheet
 - No 5/25 loans



Consumer Banking Liabilities

No of Branches

■ Mar-15 ■ Jun-14 ■ Jun-15



No of ATMs

Mar-15 Jun-14 Jun-15



CASA (₹ cr)

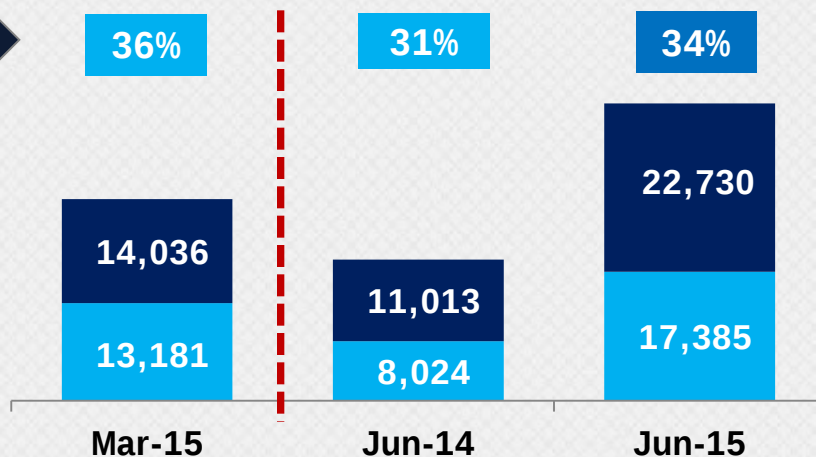
CASA %

36%

31%

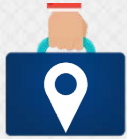
34%

■ CA ■ SA

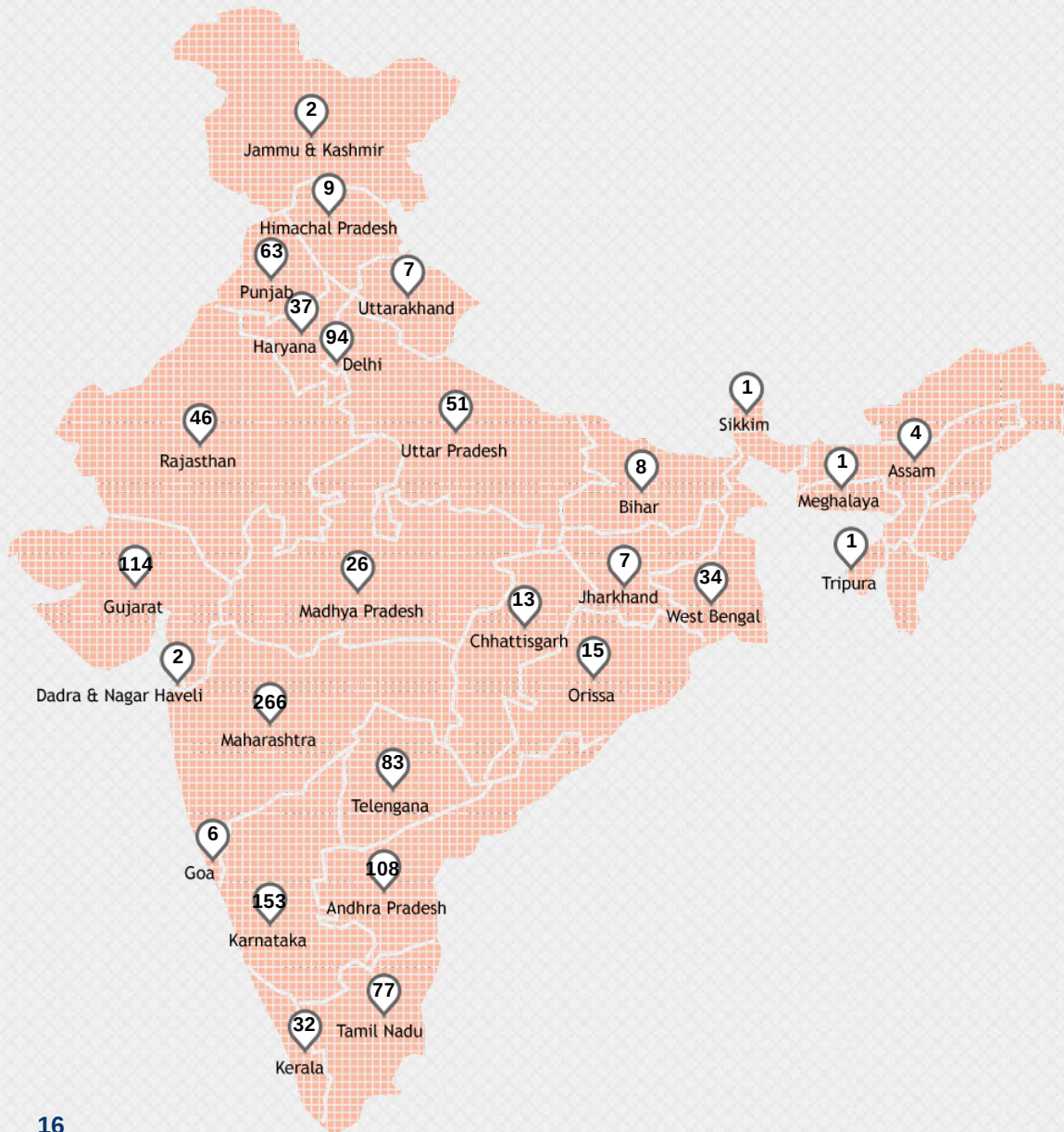


Highlights

- CASA and TDs below ₹ 5 cr constitute 70% of total deposits (65% as on Jun-14)
- TDs below ₹ 1 cr were ₹ 32,611 cr (₹ 15,624 cr as on Jun-14)
- Added ~ 2.7 lac customer accounts for the quarter
- TD sweep were ₹ 6,521 cr (₹ 5,090 as on Jun-14)
- Cost of SA - 5.50%



Geographical Presence



Branches 1,260 [No./%]

356/28% North

West
388/31%

East
63/5%

South **453/36%**



No of ATMs

1,942

Bank has a Rep office in Dubai

Digital Focus @ Kotak

Big Data & Analytics



Actionable Predictive Analysis

UNICA

Implementation for campaign & life cycle Management

Mobility



Integrated Mstore In Mobile App , Bharat banking App

Over 80 features in Mobile banking Bill payments, TD, RD & Fund Transfers

Digital Acquisition



Recommendations based online acquisition

Multi product sourcing for assets and liabilities

Current A/c sourcing

Social



Kotak Jifi & Jifi Saver accounts – Worlds first digital & social bank account

Hashtag Banking on Twitter – Global first, Social Rewards

Payment



Kaypay: World's largest Bank agnostic, real time, P2P platform;

Mail & Message money, Kotak rewards

Mstore –Flight & Hotel booking on app, Recharge on twitter

Highlights

- 800 + Campaigns Launched
- Kotak Bharat- first multilingual/ no data connectivity App
- Amazon like recommendations on acquisition platform
- Hashtag Banking- 23 banking services including Social commerce on twitter
- Rewards on 100 + ecommerce partners

Awards

- Highest mobile banking penetration - Finalta
- EFMA innovation award for Jifi



Consolidated Highlights Q1FY16

 PAT ₹ 517 cr [₹ 698 cr]	 CAR # 17.2% [18.8%] Tier I # 16.1% [17.9%]	 LOANS ₹ 125,522 cr [₹ 77,076 cr]	 BOOK VALUE* PER SHARE ₹ 166 [₹ 128]
 NIM 4.3% [5.0%]	 NETWORTH ₹ 30,226 cr [₹ 19,785 cr]	 Net NPA 0.93% [0.81%]	 TOTAL ASSETS ₹ 209,689 cr [₹ 126,743 cr]

Figures in [brackets] are Q1FY15 numbers

As per Basel III, including unaudited profits. Excluding profit CAR 16.9%, Tier I 15.8% (CAR 18.1% and Tier I 17.3%)

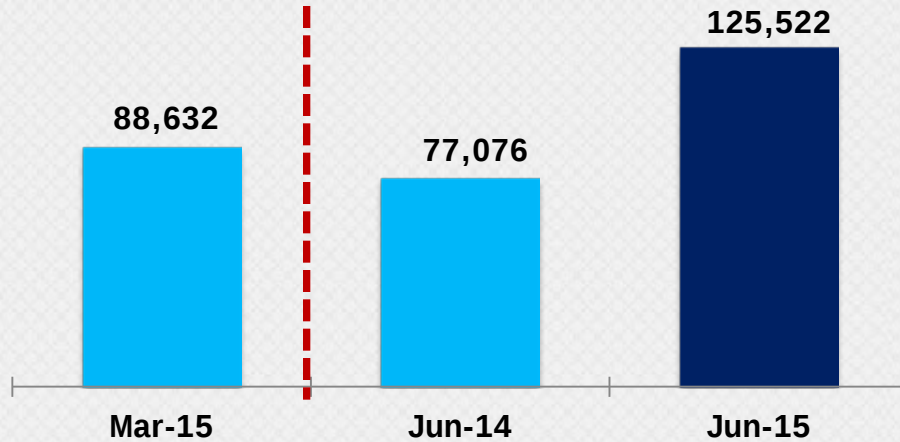
* Adjusted for bonus issue



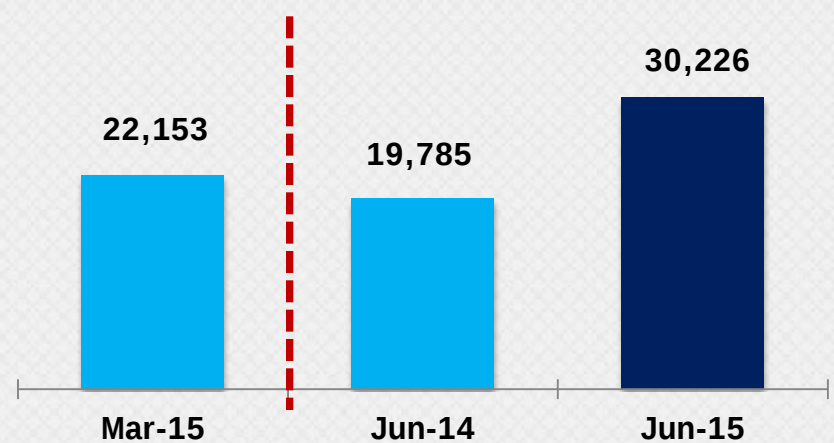
Consolidated Key Financials



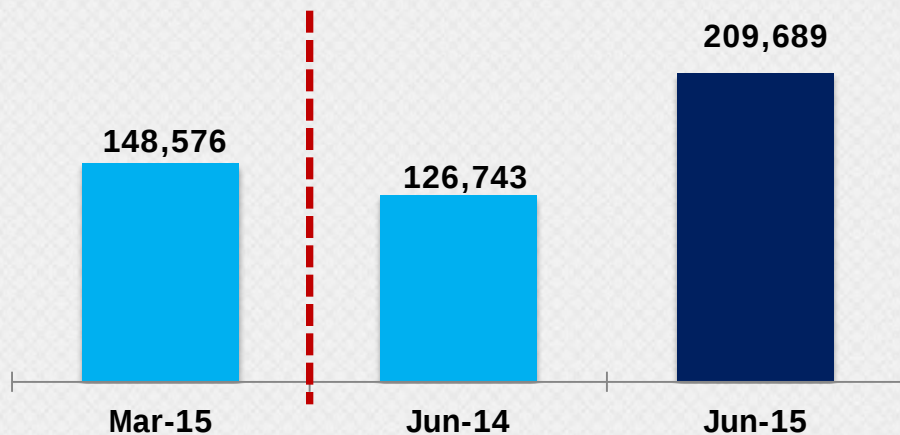
Advances [₹ cr]



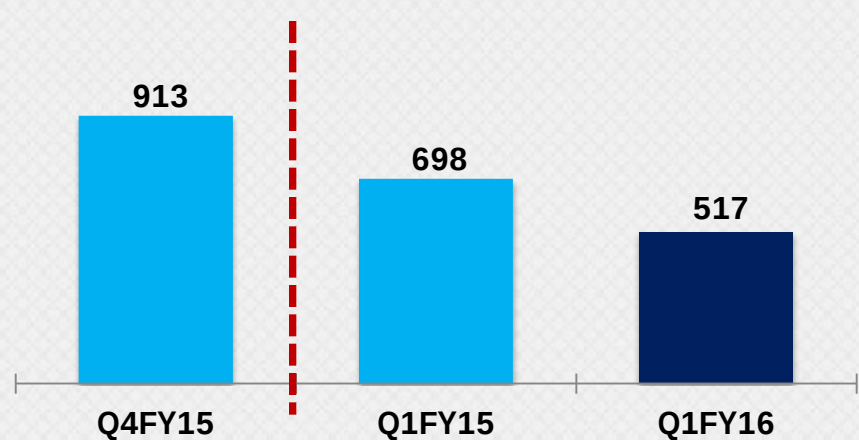
Networth [₹ cr]



Total Assets [₹ cr]



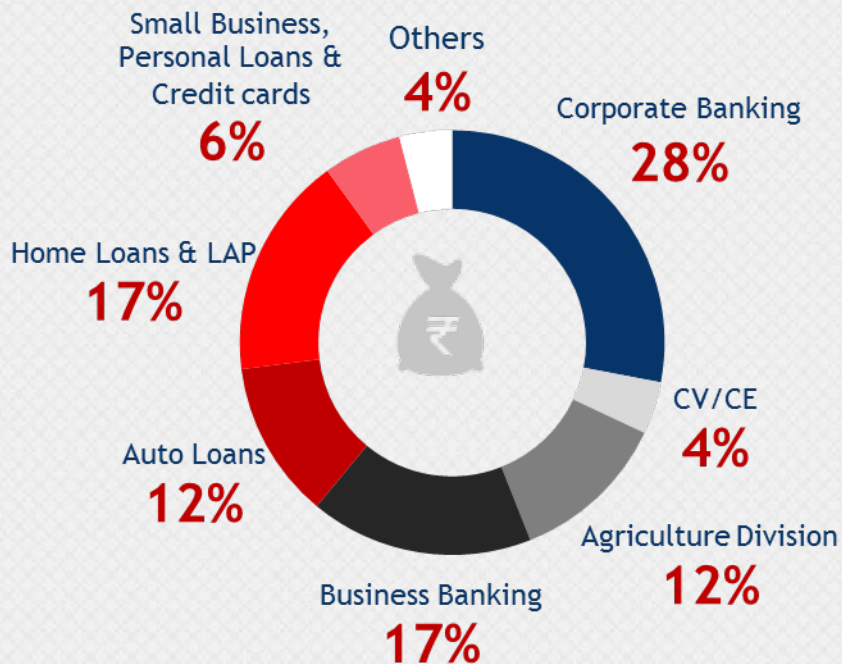
PAT [₹ cr]





Consolidated Advances & Investments

30-Jun-15 (₹ 125,522 cr)



₹ cr	31-Mar-15	30-Jun-14	30-Jun-15
Corporate Banking	24,546	21,770	34,837
CV/CE	5,204	5,104	5,626
Agriculture Division	12,106	9,941	15,268
Business Banking	6,422	5,568	21,476
Auto loans	14,691	13,363	15,039
Home Loans and LAP	14,709	12,312	20,756
Small Business, PL & Credit Cards	6,298	4,767	7,462
Others	4,656	4,251	5,058
Total Advances	88,632	77,076	125,522
Investments/ Treasury Assets *	31,910	26,623	46,899
Total Advances & Investments	120,542	103,699	172,421

* Does not include policy holders' investments



Consolidated PAT

₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
Kotak Mahindra Bank	527	430	190	1,866
Kotak Mahindra Prime	143	120	119	507
Kotak Mahindra Investments	40	17	30	106
Kotak Securities	96	68	67	290
Kotak Mahindra Capital Company	30	(4)	3	12
Kotak Mahindra Old Mutual Life Insurance	76	49	66	229
Kotak Mahindra AMC and Trustee Co	(18)	-	20	(29)
International subsidiaries	18	7	25	51
Kotak Investment Advisors	11	8	-	26
Total	923	695	520	3,058
Minority Interest, Affiliates and Others	(10)	3	(3)	(13)
Consolidated PAT	913	698	517	3,045



Entity Wise Networth

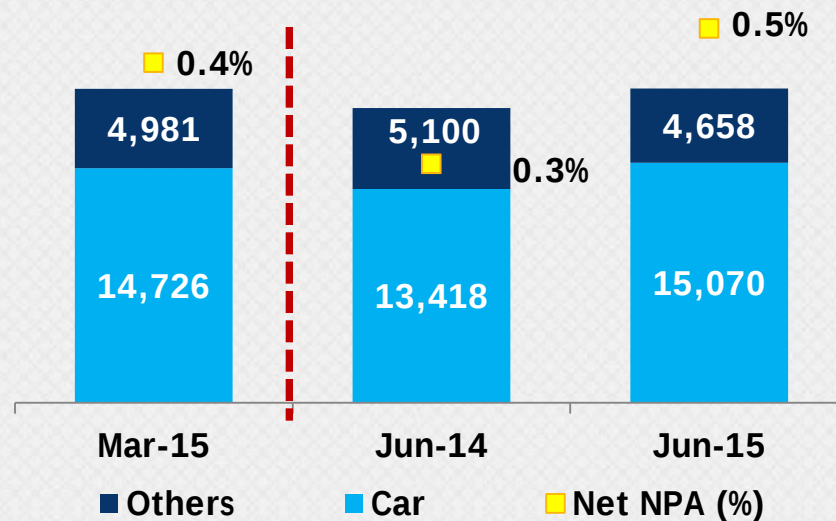
₹ cr	31-Mar-15	30-Jun-14	30-Jun-15
Kotak Mahindra Bank	14,141	12,714	21,887
Kotak Mahindra Prime	3,350	2,963	3,469
Kotak Mahindra Investments	617	528	717
Kotak Securities	2,384	2,162	2,451
Kotak Mahindra Capital Company	415	398	418
Kotak Mahindra Old Mutual Life Insurance	1,291	1,091	1,337
Kotak Mahindra AMC & Trustee Co	102	126	121
International subsidiaries	480	419	514
Kotak Investment Advisors	266	249	267
Other Entities	32	32	45
Total	23,078	20,682	31,226
Add: Associates	586	563	601
Less: Minority, Inter-company and Other Adjustments	(1,511)	(1,460)	(1,601)
Consolidated Networth	22,153	19,785	30,226

Merger of ING Vysya Bank effective April 1, 2015. Previous periods not comparable



Kotak Mahindra Prime

Customer Assets (₹cr) & NPA (%)

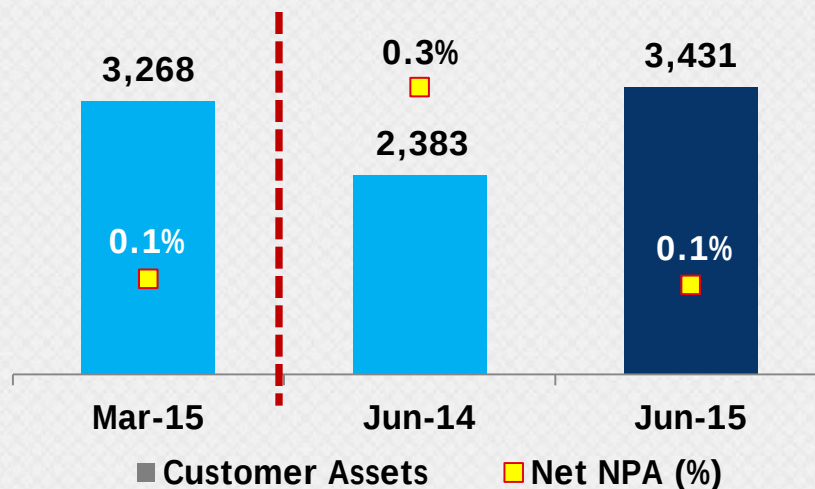


₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
NII	252	216	235	915
Other income	57	51	42	206
Total Income	309	267	277	1,121
Profit before tax	218	183	183	774
Profit after tax	143	120	119	507
CAR (%)				18.3
ROA (%) - annualised				2.5



Kotak Mahindra Investment

Customer Assets (₹cr) & NPA (%)

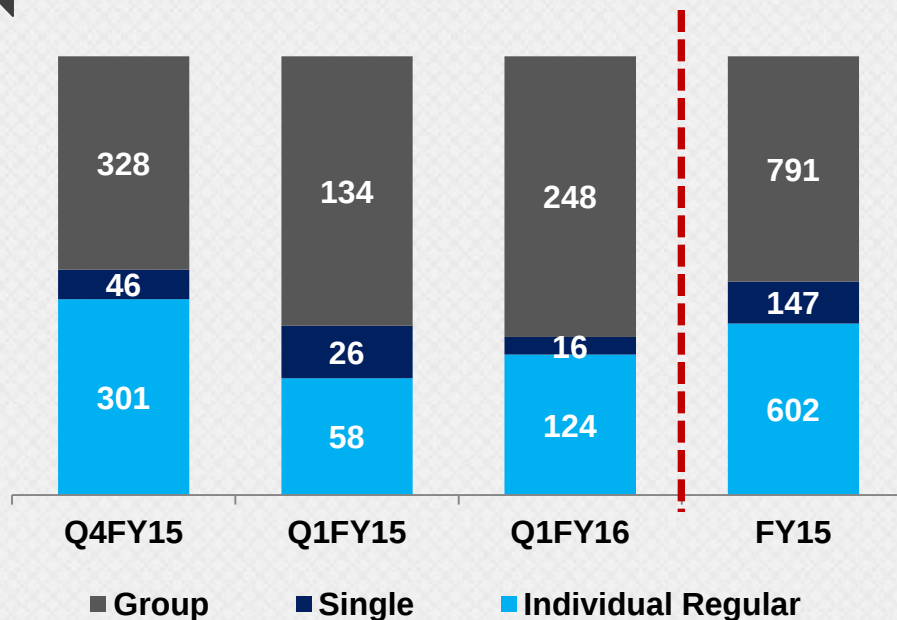


₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
NII	50	30	48	164
Other income	21	6	8	37
Total Income	71	36	56	201
Profit before tax	57	26	46	158
Profit after tax	40	17	30	106
CAR (%)				18.3
ROA (%) - annualised				5.0



Kotak Mahindra Life Insurance

New Business Premium (₹ cr)

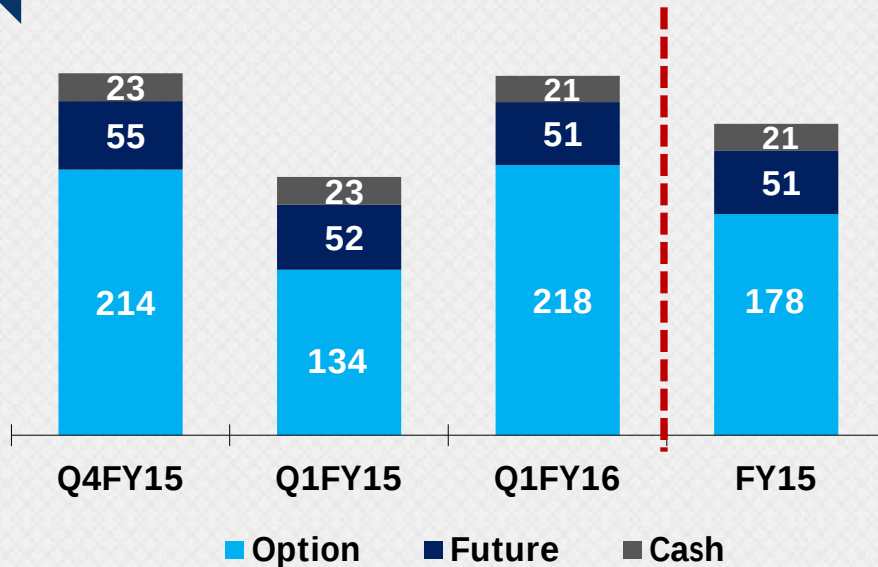


Highlights

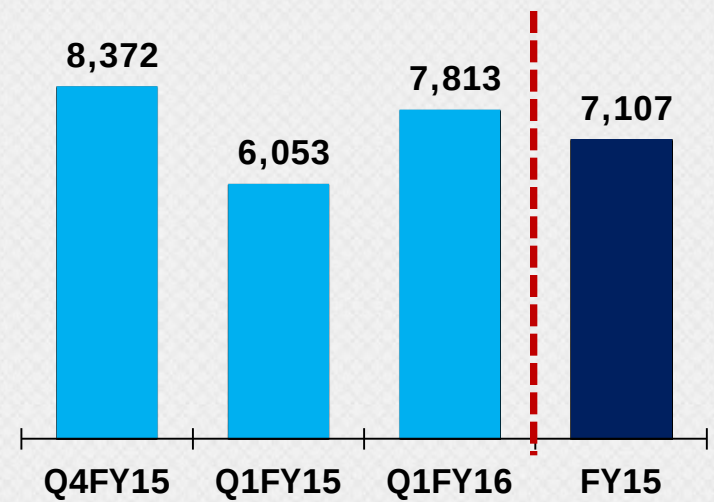
- Individual business grew by 115% against private insurance industry growth of 14%
- On APE (Single @ 1/10th) basis, Kotak Bank share for Q1FY16 is 48% (PY - 27%) for first year individual premium
- Group business grew by 85 % against private insurance industry growth of 40%
- In force sum assured increased 32% from ₹ 2,699 bn to ₹ 3,567 bn yoy

₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
Capital	562	562	562	562
Persistency Ratio (%)	89	79	79	89
Solvency ratio (%)	3.13	3.06	3.21	3.13
PAT	76	49	66	229

Market ADV (₹ '000 cr)



ADV (₹ cr) - KS



₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
Total Income	289	223	250	960
Profit before tax	147	103	102	441
Profit after tax	96	68	67	290
Market Share * (%)	2.9	2.9	2.7	2.8

*excluding BSE Derivative segment

Kotak Securities services more than 1 million secondary market customers through 1,157 branches & franchises



Kotak Mahindra Capital Co.

Announced Transactions (₹ cr)



Exclusive Financial Advisor to
Bandhan Financial Services Limited –
Investment by GIC, IFC and SIDBI

₹1,600 cr



Buyback of equity shares by CRISIL
Limited

₹ 102cr

Completed Transactions (₹ cr)



Rights Issue

₹ 7,498 cr



Initial Public Offerings (IPOs)

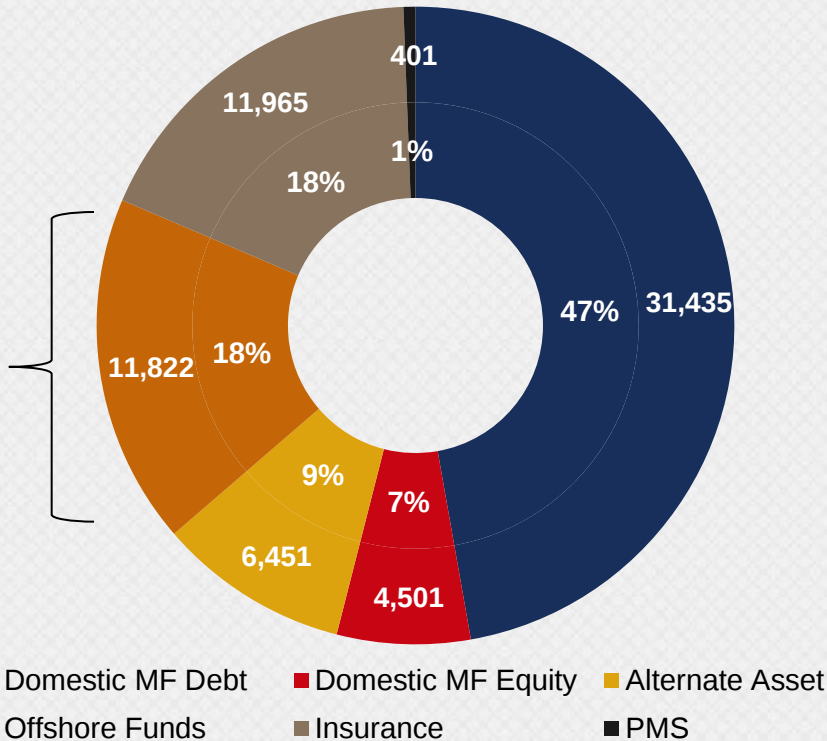
₹ 400 cr

₹ cr	Q4FY15	Q1FY15	Q1FY16	FY15
Total Income	52	12	21	89
Profit before tax	35	(6)	3	16
Profit after tax	30	(4)	3	12



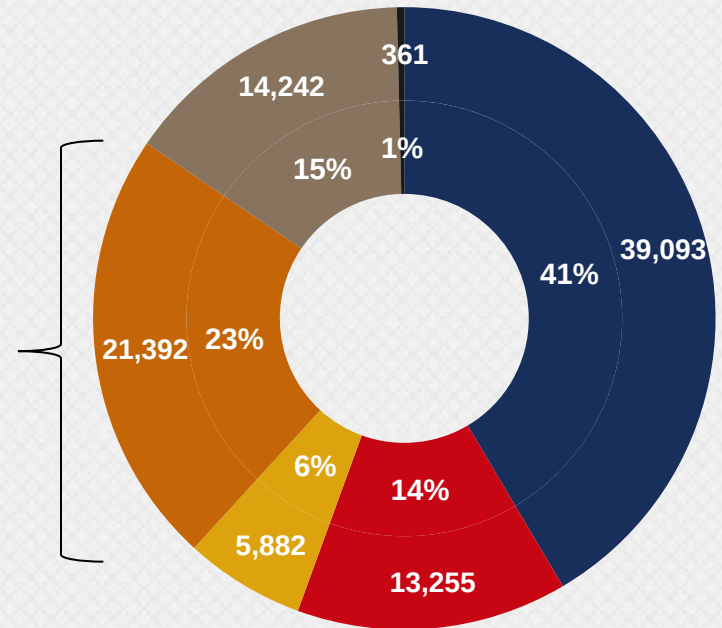
Asset Under Management

June 30, 2014

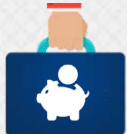


AUM ₹ 66,575 cr

June 30, 2015

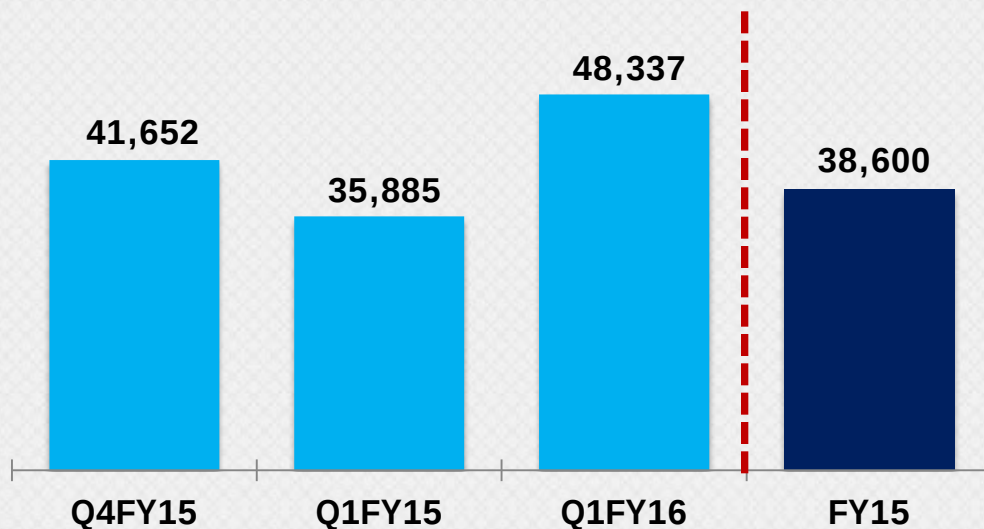


AUM ₹ 94,225 cr



Kotak Mahindra AMC & Trustee Co

Average Assets Under Management (₹cr)



Highlights

- Closing equity market share Jun-15 at 3.22% up from 2.59% in Mar 15
- 14% growth in overall AAUM in Q1FY16 vs Q4FY15 against an industry AAUM growth of 3%
- Q1FY16 PBT primarily increased due to rationalisation of distribution cost

₹ cr #	Q4FY15	Q1FY15	Q1FY16	FY15
Total Income	38	29	54	137
Profit before tax	(16)	-	21	(25)
Profit after tax	(18)	-	20	(29)
Average AUM (₹ bn)	417	359	483	386
Average AUM - Equity (₹ bn)	90	39	116	62

AMC & Trustee Co

Closing AUM crossed ₹ 60,000 cr during the month of July 2015



Bank Awards & Recognition



Best Private Bank
2015 by Euromoney



Best Bank
in 2014 by Business
India



Received EMC
Transformers award for
innovative use of
storage technology



**'Most Imminent Bank
2014'**
by Outlook Money



Kotak Jifi won the
Indian Digital Media
Awards 2014



Won the Best Local
Cash Management Bank
in India (6th year
in a row) in the
Asiamoney Cash
Management Poll 2014
(For small and medium
enterprises)



Awarded Best
performer in Demat
Account Growth Rate
(Top
DPs) by National
Securities Depository
Limited (NSDL)



Amul Samriddhi won
the 'Best Prepaid
Card Programme' at
Financial Inclusion &
Payments System
(FIPS) 2014



Excellence in
Security under
'Security in Bank'
category at Data
Security Council of
India Excellence
Awards 2014



**#2 best midsized
bank**
in the BW-PWC
Best Bank Survey
2014
**#3 fastest growing
midsized bank**
in the BW-PWC Best
Bank Survey 2014



Banker of the Year 2014
by Businessworld



Mr. Uday Kotak
Ernst & Young World
Entrepreneur Of The
Year India Award 2014



IR Global Ranking – one
of the top 5 Best Ranked
Companies for
Corporate Governance
Practices



Awards and Recognition



Best Investment Bank in India, FinanceAsia Country Awards for Achievement 2014

Best ECM House in India, FinanceAsia Country Awards for Achievement 2014

Best Domestic Equity House by Asiamoney – 2015

Best Domestic Investment Bank - The Asset Triple A Country Awards 2014

Securities Advisory Firm of the Year in India – CorporateINTL Global Awards 2014

Skoch BSE Awards for Aspiring India 2015



Best Brokerage House - India - The Asset Triple A Country Awards 2014

Ranked #1 on a weighted formula basis in Institutional Investor's 2014 All-India Research Team

Asiamoney Brokers Poll 2014

- Ranked #2 for Most Independent Research Brokerage among all domestic and foreign brokerages
- Ranked #2 for Best Overall Country Research among all domestic and foreign brokerages
- Ranked #2 for Best Execution among all domestic and foreign brokerages



Best Broker in India, FinanceAsia Country Awards for Achievement 2015

Best SEO for Website, India Digital Media Awards (IDMA) 2015

NSDL Star Performers Award 2014

Top Performer in New Accounts Opened (Non-Bank Category)

Kotak Mahindra Asset Management

Awarded ETF Manager of the Year (India) under Country Category Awards by ETFI Asia -ETF & Indexing Awards 2015

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