



Kotak Mahindra Bank

18th August 2020

<p>The Manager Corporate Relationship, BSE Limited, 1st Floor, New Trading Ring, Rotunda Buliding, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.</p> <p><u>Security Code: 500247</u></p>	<p>The Manager National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.</p> <p><u>Security Code: KOTAKBANK</u></p>
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Dear Sir,

Please find enclosed herewith chairman speech and the presentation made to the shareholders at the Thirty Fifth Annual General Meeting (AGM) of the Bank held on Tuesday, 18th August 2020 through Video Conferencing / Other Audio Visual Means.

Kindly acknowledge receipt of the same.

Thanking you,

Yours faithfully,

Kotak Mahindra Bank Limited



B.R. Chandarana

Bina Chandarana

Joint President & Company Secretary

Encl: as above

Kotak Mahindra Bank Ltd.
CIN: L65110MH1985PLC038137

Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai 400051,
Maharashtra, India.

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www.kotak.com

By Prakash Apte

Ladies and gentlemen,

During last year, the global geopolitical and economic landscape faced various challenges, including a global trade slowdown led by a deterioration in US-China trade relations & Brexit finally culminating in an escalation of the COVID-19 pandemic in the last quarter.

The Indian economy as well had slowed down to a growth of 4.2% for FY 19-20, ahead of the Covid-19 impact hitting Indian shores by the end of the year. This slowdown was combined with deterioration in investment in real terms, at 33% of GDP in FY20, compared to 35% in the previous year. Consumption spending saw a sharp moderation as well, with FY20 real growth at 5.3%, against a medium-term average of about 7.0%.

In this challenging context, our Group's results for the financial year demonstrated our strengths and the effectiveness of our strategy. Our sound risk management, governance, balance sheet strength, depth of managerial capabilities and strong customer focus led us to conclude another successful financial year.

For the year ended 31st March 2020, the Group's consolidated profit after tax was Rs. 8,593 crore, which was 19% higher than the previous year. At a standalone level, the Bank reported a profit after tax of Rs. 5,947 crore, growing by 22% over the previous year.

In the standalone Bank balance sheet, our CASA deposits grew by 24% and savings deposits crossed Rs. 1 lakh crore in FY20. Our low-cost, granular, liability franchise remains one of our bank's strengths, and a key element of our strategy.

On the lending side, our advances grew by about 7%, closing at Rs. 219,748 crore. This relatively lower growth in advances reflects our conscious decision to slow down lending, recognizing the headwinds in the economy.

We continued our focus on asset quality and the Bank's Gross NPAs as at March 31st 2020 stood at 2.25% of gross advances. The Bank continues to monitor asset quality closely, and has made prudent provisions. Thus, our Net NPA as at March 31st stood at 0.71% of net advances. Further, we also made a provision of Rs. 650 crore towards potential impact of COVID on asset quality.

The Group's subsidiaries have been an important driver of our consolidated results and they contributed over 30% to the Group's consolidated profit after tax for the year FY20. All subsidiaries are 100% beneficially owned by the Bank, and many of these subsidiaries, including insurance, broking and investment banking, asset management and advisory, are low-capital and non-credit-risk taking businesses.

Our Bank was recognized as the 'Best Mid-Size Bank' at Business Today- Money Today Financial Awards 2018-19. It was also recognized as "India's Best Bank" at the

Euromoney Awards for Excellence 2018 and as “Best Domestic Bank, India” at the Asiamoney Best Bank Awards 2019.

Apart from this, as in previous years, our Bank as well as other companies in the group, have won a number of significant awards for excellence in Products & Services and Information Technology.

The COVID-19 challenge this year

As all of us are aware, this year has begun with the serious and unprecedented challenge posed by the Covid-19 pandemic, which is a battle of both science and economics. The immediate risk is the risk to lives, and governments around the world introduced a variety of measures, including lockdowns, to contain the spread of the virus. In India, a nationwide lockdown was enforced at the end of March.

However, while protecting lives, the lockdown also had a huge impact on livelihoods and the economy. Even after the central government has delegated the decisions to States, the pandemic has forced many ground level restrictions, impacting the integrated functioning of the domestic economy. Most economists are now expecting negative GDP growth during the current financial year.

Despite the slowing of economic activity, inflation has remained relatively high in recent months, with CPI inflation at 6.23% in June and 6.93% in July, against an average of 4.8% for FY 2020.

The slowing economy prompted the Indian government to announce a slew of measures to boost economic activity such as cash transfers to women and farmers, provision of food and gas cylinders to the poor, and liquidity support to MSMEs backed by a government credit guarantee. Additionally, in an effort to alleviate the tightening of financial conditions, the Reserve Bank of India has taken several measures to keep liquidity flowing into the system, such as repo rate and CRR cuts, increased limits for overnight borrowing under the MSF, and Targeted Long-term Repo Operations for investments in corporate debt.

The government’s stimulus measures are expected to have a significant fiscal impact, with India’s consolidated Centre plus State fiscal deficit being projected by economists at 11 – 12% of GDP.

On the other hand, India’s external account seems to be under control. While export growth has been slow owing to weak global demand, imports have contracted at a sharper pace owing to the fall in oil prices and weak domestic demand. The current account registered a surplus of 0.1% in Q4FY20, and this situation is expected to continue through FY2021.

Capital markets have bounced back significantly after culmination of the nationwide lockdown. Net FPI inflows into India this financial year have amounted to about USD 5 billion so far, and the stock market Indices on August 14 were about 34% above their level at the start of the financial year.

The financial services industry, which underpins all economic activity, has had to adapt quickly to the situation this year. Till August 15 this year, the Indian banking and financial services sector alone has raised primary equity capital of nearly 70,000 crore.

Your bank too has taken steps to adapt to the changing conditions and our focus is on operations and business continuity, customer service, employee safety, shift from

physical to digital, capital preservation, liquidity management, cost rationalization and strengthening of collection infrastructure.

In May 2020, your Bank successfully completed a Qualified Institutional Placement (QIP) of equity shares, being among the first entities in India to raise capital during the pandemic. The Bank raised Rs. 7,442.50 crore by issuing 6.5 crore equity shares.

With an all-round need to rationalize costs and preserve capital, in April 2020, the group's leadership team unanimously and voluntarily opted to take a 15% cut in compensation for the financial year 2020-21. Management staff earning over Rs 25 lakh per annum also took a cut of 10%.

Pursuant to approval from the Reserve Bank of India on 18th February 2020, the promoters' shareholding in the Bank was required to be reduced within a period of 6 months. The Bank has achieved the said requirement within the time period stipulated by the RBI.

Conclusion

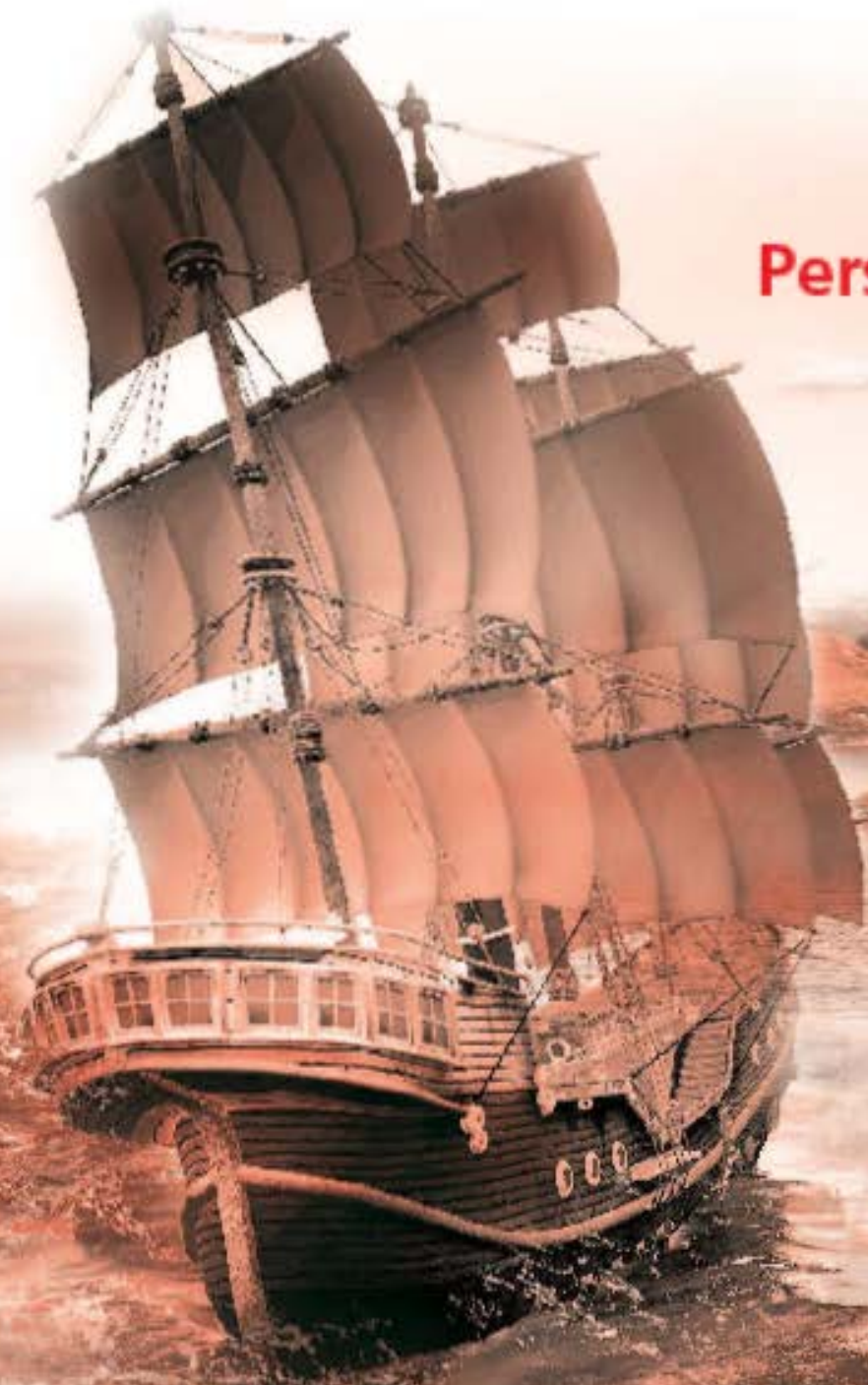
It has become increasingly clear with time that COVID will have long-lasting effects on nearly all aspects of our lives. In terms of the economy, while there seems to be a recovery in some areas, it will be some time before we get back to pre-COVID levels.

Kotak as a Group has gone through various external challenges in the past, and has emerged stronger from each. This time too, the Group has retained its firm footing and is looking to strengthen itself in these uncertain times, while keeping an eye on opportunities ahead. Grounded in our prudent approach to lending and led with a clear vision of being a world-class financial services conglomerate, Kotak is determined to Persevere, Pioneer and Prosper.

With that, on behalf of Board of Directors, I would like to thank all our customers, shareholders, regulators, and the Central and State Governments for the continued encouragement, sustained support, timely guidance and generous advice that we have benefited from.

Thank you.

**Persevere.
Pioneer.
Prosper.**



COVID changes every part of our lives

- Working from home and **social distancing: a new way of life**
- **New balance** between the physical and digital worlds
- **Short-term uncertainty** around job security, salary levels, sustainability of certain businesses and industries

Opportunities in this new world

- **Redefinition of the rural-urban divide** as we understand it
- **Geography is history:** opportunity for India to be the office of the world
- Business models will change – **only the quickest to evolve and adapt will survive and prosper**

A new imperative

- Society needs to focus on **health, education, and the environment**
- Need to **ensure that the important does not get lost in the urgent**

Community support initiatives

Since March 2020, Kotak has donated to the PM Cares Fund and the Maharashtra CM Relief – COVID-19 Fund



Programme: Protecting the Protector

- Provided masks, face shield, sneeze shield and PPE kits to healthcare professionals and workers, social workers, police

Programme: Food, Dry-Ration Kit, Health, Hygiene, Sanitation

- Provided cooked meals to migrant labourers, daily wage earners
- Provided dry ration kits in tribal/rural areas, slum dwellers
- Funded development of hygiene and sanitization in various Krishii Mandis / APMCs

Programme: Campaign Gratitude

- The Bank matches funds raised by children under this programme
- Supporting 3 NGOs - Concern India Foundation, Pride India & Sneha - in their COVID-19 relief work
- Aims to create CSR empathy in children and to create a CSR movement pan-India

Business continuity

- Priorities at Kotak have been **employee safety and continuity of customer service**
- Branches and large offices operating, following all safety protocols
- Employees encouraged to **work from home**
- **Uninterrupted service and customer support** via digital channels
- **Continued serving customer needs** for opening new accounts throughout Q4FY20 and Q1FY21

Impact on business

- **Deposits business strong**, despite savings interest rate cuts
- New loan origination and collections impacted by slowdown
- It could also result in a rise in credit costs
- **Tightened credit policies**, and actively monitoring the loan portfolio
- Leveraging **tele-calling and digital payment channels to improve collections**
- **Leveraging technology, maintaining focus on costs and productivity**
- Subsidiaries continued to perform well
 - Many of them in non-credit risk, customer franchise businesses

Enhance customer experience and trust

- ∞ To be amongst the **most trusted financial services conglomerates** in India
- ∞ **Enhance customer experience** backed by a wide spectrum of products
- ∞ **Cost efficient, convenient delivery channels** including digital and technological initiatives
- ∞ **Strengthen data, analytics capability** for higher cross-sell

Expand market share in all segments of financial services in India

- ∞ **Bank to continue to be the main customer acquisition engine,**
- ∞ Leverage customer growth by cross-selling products and services offered by the Group
- ∞ Continuous growth in composition of **low-risk income** from AMC, Insurance, Capital Markets
- ∞ **Measured, value-focused growth** of branch network and digital banking initiatives
- ∞ **Comprehensive digital strategy** to deepen customer relationships
- ∞ **Actively seek growth opportunities,** both organic and inorganic, to expand market share, access new geography, customer segment or acquire new capabilities

Our strategy (2/2)



Continuously expand access to low cost liabilities

- ∞ Expand retail banking business by growing distribution network, optimizing digital channels and offering differentiated products
- ∞ **Increase retail deposit base and current deposits**
- ∞ **Expand current deposits** by providing lending solutions and range of customized products

Attract, retain and build a team of talented, engaged and motivated employees

- ∞ Continue to focus on the recruitment and cultivation of a **high-quality, professional and empowered workforce**

Disciplined risk management leading to strong asset quality

- ∞ **Continually improve risk management**, risk evaluation, rating methodology, and monitoring and control to maintain high quality asset portfolio
- ∞ **Provide risk adjusted returns** and continue to **identify, assess & manage risks well in time** and allocate capital amongst businesses appropriately

Integrated and Diversified Financial Services



Kotak Mahindra Bank Bank & Parent Company

Car Finance & other lending

- ∞ Kotak Mahindra Prime

Investments & Lending

- ∞ Kotak Mahindra Investments Ltd.

Alternate Assets

- ∞ Kotak Investment Advisors

Investment Banking

- ∞ Kotak Mahindra Capital Company

Stock & Commodity Broking, Distribution

- ∞ Kotak Securities

Finance for infra projects

- ∞ Kotak Infrastructure Debt Fund

Life Insurance

- ∞ Kotak Mahindra Life Insurance

General Insurance

- ∞ Kotak Mahindra General Insurance

Mutual Fund

- ∞ Kotak Mahindra AMC,
- ∞ Trustee Company

Pension Fund

- ∞ Kotak Mahindra Pension Fund

Trusteeship Services

- ∞ Kotak Trusteeship Services

Banking correspondent

- ∞ BSS Microfinance

Advisory Services (Middle East)

- ∞ Kotak Mahindra Financial Services Ltd.

Advisory Services & Investments (Mauritius)

- ∞ Kotak Mahindra International

Distribution of Financial Services (UK)

- ∞ Kotak Mahindra UK

Asset Management (Singapore)

- ∞ Kotak Mahindra Asset Management (Singapore)

Broker / Dealer (USA)

- ∞ Kotak Mahindra, Inc.

International / overseas branches

- ∞ Kotak Mahindra Bank (DIFC Branch)
- ∞ Kotak Mahindra Bank (GIFT City Branch)

Strong balance sheet

QIP in May 2020 raised ₹ 7,442 crore

The additional capital will support the bank in dealing with contingencies or financing business opportunities

		Mar-20	Jun-20
Capital and Reserves & Surplus (₹ cr.)	Consolidated	67,134	76,443
	Standalone	49,015	57,709
Tier – 1 Capital Adequacy Ratio (%) *	Consolidated	19.2%	22.5%
	Standalone	17.3%	21.1%

* As per Basel III, including unaudited profits

Other key balance sheet ratios *Bank standalone, as on 31st March 2020*

2.25% Gross NPA (% of gross advances)

0.71% Net NPA (% of net advances)

0.04% SMA2 (% of net advances)

69% Provision coverage ratio (excluding standard and COVID-19 provisions)

Low cost, granular, stable deposit franchise



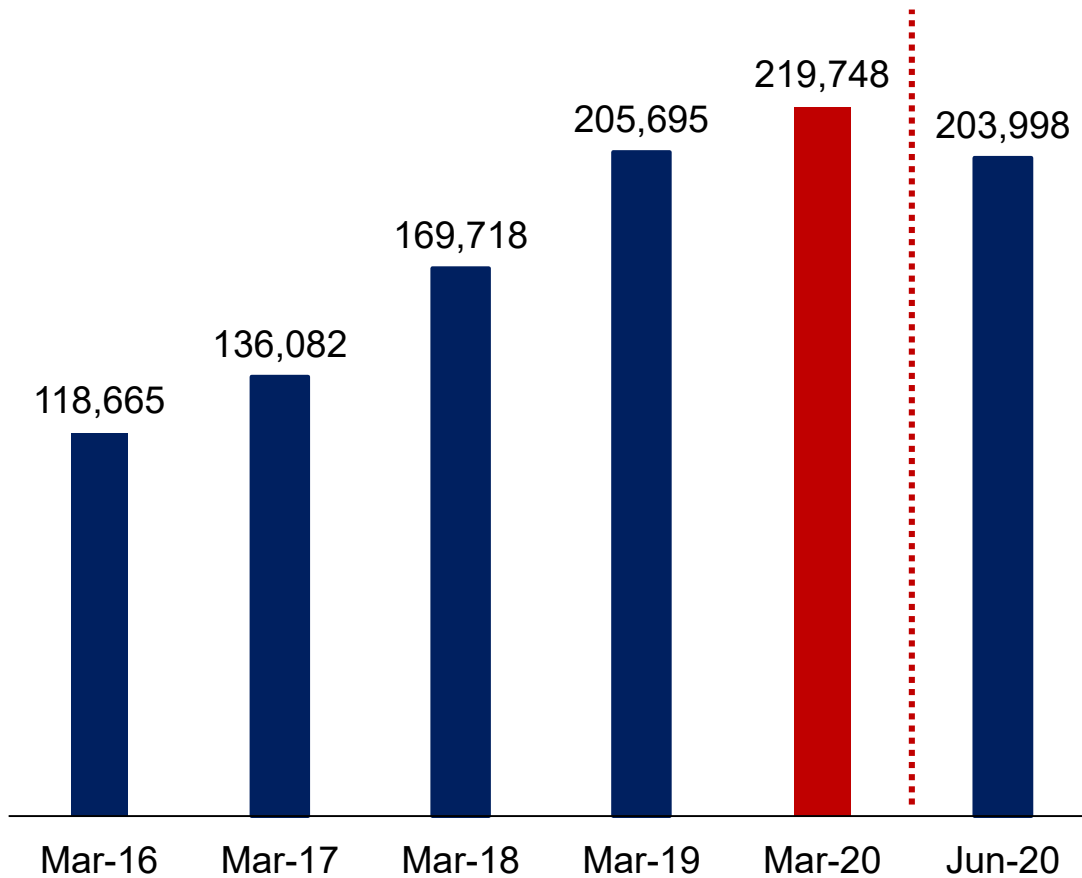
Bank standalone deposits metrics

	Mar-19	Mar-20	Jun-20
Total deposits (₹ cr.)	225,880	262,821	261,524
SA deposits (₹ cr.)	79,685	104,609	109,754
TDs below ₹1 cr. (₹ cr.)	55,279	63,549	67,643
CASA ratio	52.5%	56.2%	56.7%
CASA & TDs below ₹5 cr as % of total deposits	81%	86%	90%
Cost of SA *	5.66%	5.23%	4.22%

* For Q4 FY19, Q4FY20 and Q1FY21 respectively

Cautious approach to lending

Bank standalone advances (₹ cr.)



The Bank **slowed down lending even pre-COVID**

Bank advances grew by 7% YoY in Mar-20

Looking at lending through three filters:

- ① **Sectors** that we are comfortable with
- ② Cautious about companies with **high fixed operating costs**
- ③ Cautious about companies with **high leverage**

Implemented the Government's ECLG Scheme

Kotak 811

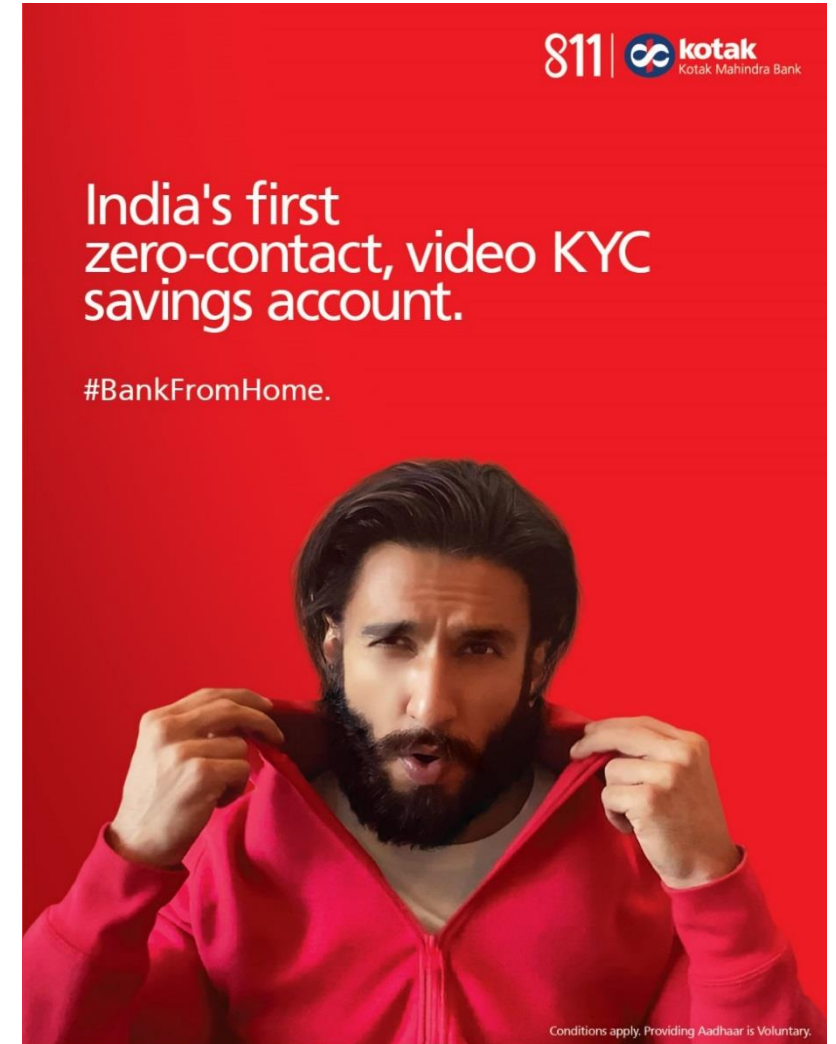
- New customer acquisition continued even through the lockdown


Digital platforms

- During Q1FY21, **~97% of RDs, ~87% of FDs sourced digitally**
- During Q1FY21, mobile banking growth volume grew by **61% YoY**
- **~0.95 mn service requests** through Keya for the month of March 2020

Video KYC

- **First bank to launch** account opening via Video KYC
- End-to-end account opening with **zero in-person contact**



811 |  **kotak**
Kotak Mahindra Bank

India's first
zero-contact, video KYC
savings account.

#BankFromHome.

Conditions apply. Providing Aadhaar is Voluntary.

The advertisement features a man with a beard and long hair, wearing a red hoodie, looking directly at the camera with a surprised expression. The background is a solid red color.



Kotak Life Insurance

94%

Individual Policies sourced in Q4FY20 through Genie

96%

Business (sales in Q4FY20) through Genie for BANCA channel

99.9%

Applications shared via digital medium in Q4FY20 (On-board advisors provided with Mobility solution digitally)

96%

Active Life Advisors till YTD Mar 20 using the Smart Sell app



Kotak Securities



76%
growth YoY*
in Online
Total ADV



119%
growth YoY*
in Mobile
Total ADV













*Q4FY20 v/s Q4FY19



Kotak General Insurance

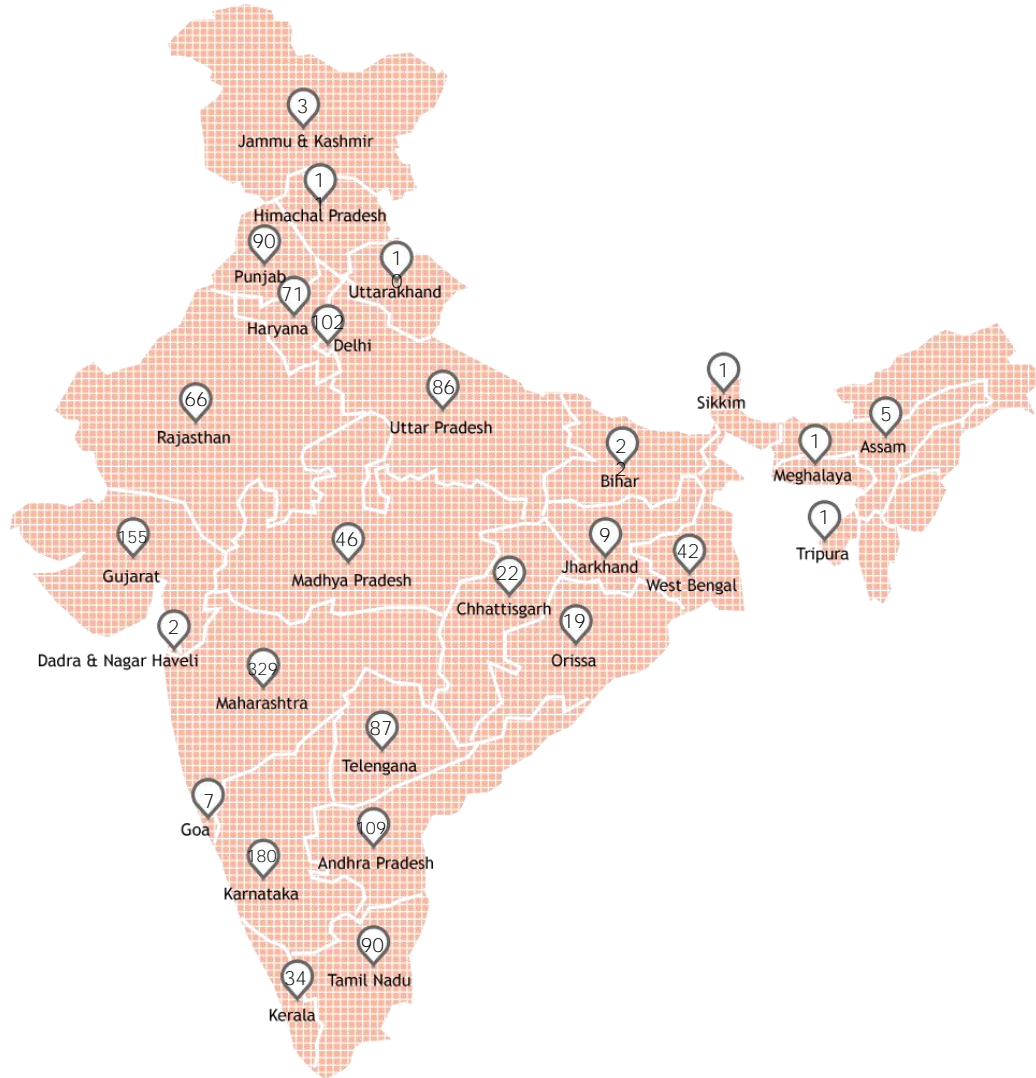
Increasing its digital footprint within the bank, more than **60%** of KGI business in retail liabilities was sourced digitally

Strong pool of leadership to support future growth

 Dipak Gupta Jt. MD 28 years Compliance, IT, HR, Marketing, Customer Experience, Audit, Vigilance	 Gaurang Shah WTD 23 years Credit, ARD, Asset Mgmt., Alternate Assets, Insurance, International Business	 KVS Manian WTD 25 years Corporate, Institutional Equities, Investment Bank & Wealth	 Shanti Ekambaram 29 years Consumer Banking	 Narayan SA 28 years Treasury, Car Finance & Retail Brokerage	 D Kannan 29 years Commercial Banking
 Jaimin Bhatt 25 years Group CFO	 Nilesh Shah 5 years Asset Management	 G Murlidhar 19 years Insurance	 Jaideep Hansraj 26 years Retail Brokerage	 Virat Diwanji 26 years Retail Liabilities & Branch Banking	 Venkattu Srinivasan 26 years Asset Reconstruction & Structured Credit

56 members of the Kotak Leadership Team (incl. above and MD & CEO) with an average tenure of 19+ years with the Group

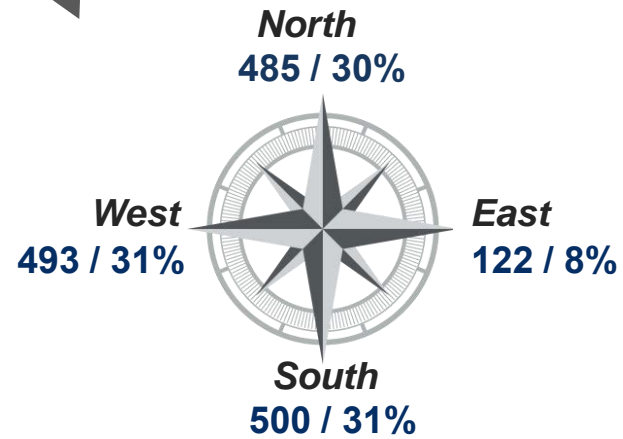
Pan-India bank distribution (Mar-20)



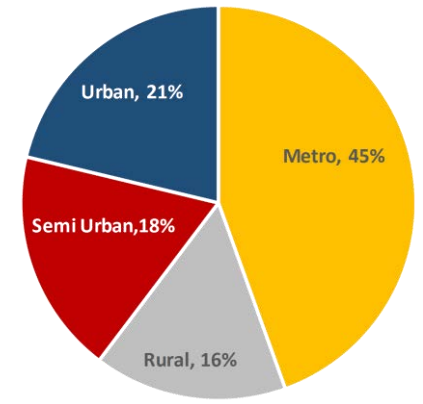
Branches 1,600* [No. / %]

No of ATMs

2,519

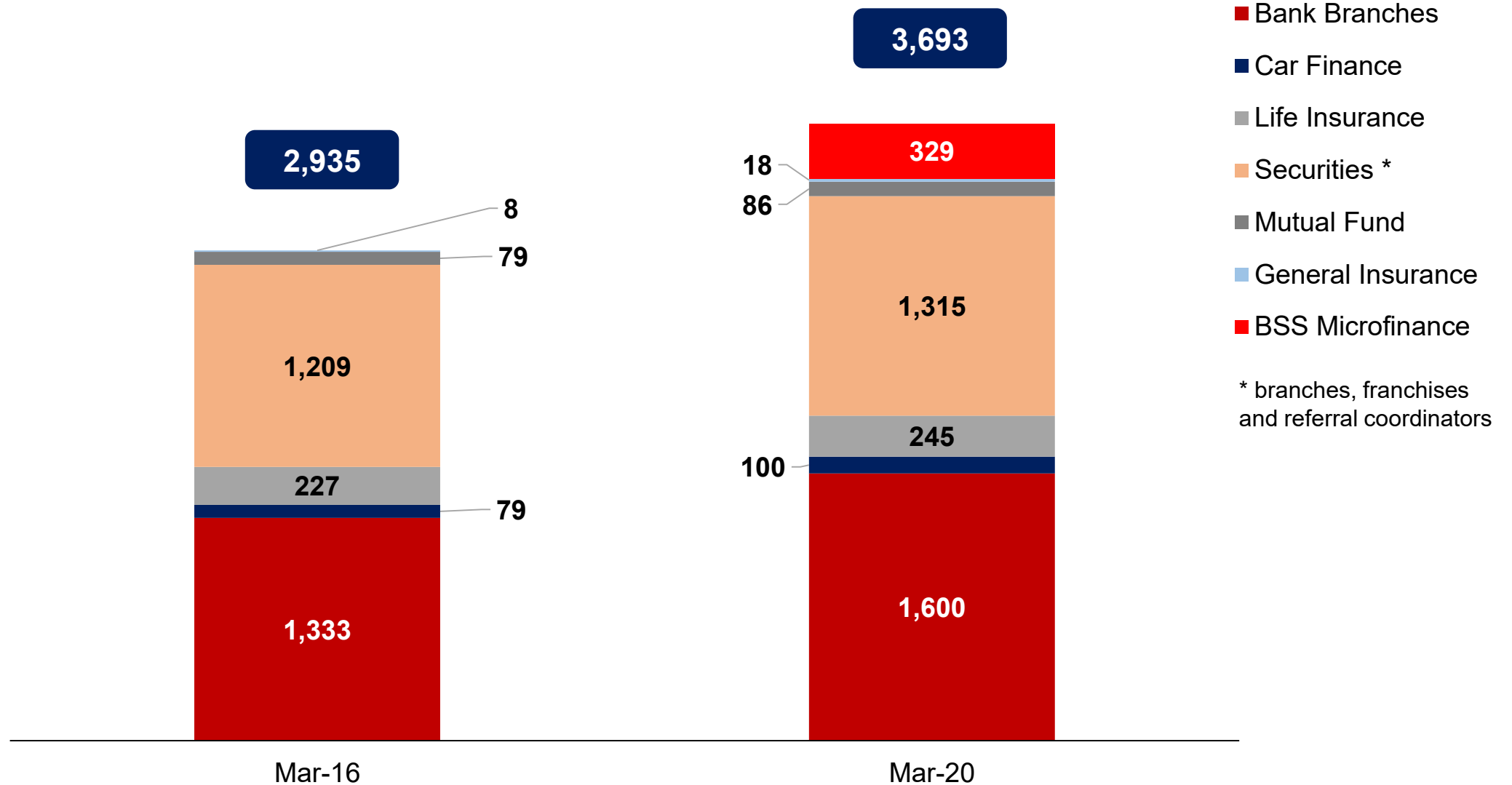


Branch Classification



* Does not include branches in DIFC, Dubai & GIFT city, Gujarat

Wide distribution of group businesses



Financial Highlights

Standalone highlights



	FY19	FY20	Q1FY21
Pre-provision operating profit (₹ cr.)	8,348	10,021	2,624
Profit after tax (₹ cr.)	4,865	5,947	1,244
Loans (₹ cr.)	205,695	219,748	203,998
CASA ratio	52.5%	56.2%	56.7%
Net interest margin *	4.31%	4.62%	4.40%
Net NPA	0.75%	0.71%	0.87%
CAR #	17.5%	17.9%	21.7%
Tier I #	16.9%	17.3%	21.1%
RoA (not annualized)	1.69%	1.87%	0.34%

* Doesn't include dividend income and interest on income-tax refund

As per Basel III. For Q1FY21, including unaudited profits. Excluding profits CAR: 21.2%, Tier I: 20.6%

Consolidated highlights



	FY19	FY20	Q1FY21
Profit after tax (₹ cr.)	7,204	8,593	1,853
Total Assets (₹ cr.)	395,171	443,173	458,618
NIM *	4.24%	4.59%	4.44%
Net NPA	0.70%	0.70%	0.89%
Capital and Reserves (₹ cr.)	58,280	67,134	76,443
CAR #	17.9%	19.8%	23.0%
Tier I #	17.4%	19.2%	22.5%
Book value per equity share (₹)	302.7	348.3	383.8

* Doesn't include dividend income and interest on income-tax refund

As per Basel III. For Q1FY21, including unaudited profits. Excluding profits CAR: 22.5%, Tier I: 21.9%

Financial results have been prepared under Indian Generally Accepted Accounting Principles

Consolidated PAT



₹ cr	FY19	FY20	Q1FY21
Kotak Mahindra Bank	4,865	5,947	1,244
Kotak Mahindra Prime	599	673	68
Kotak Mahindra Investments	207	270	43
Kotak Securities	452	550	169
Kotak Mahindra Capital	63	79	6
Kotak Life Insurance	507	608	161
Kotak AMC and TC	255	337	71
International subsidiaries	148	119	54
Others	67	78	35
Total	7,163	8,661	1,851
Affiliates, others and inter-company adjustments	41	(68)	2
Consolidated PAT	7,204	8,593	1,853

Consolidated Capital & Reserves and Surplus

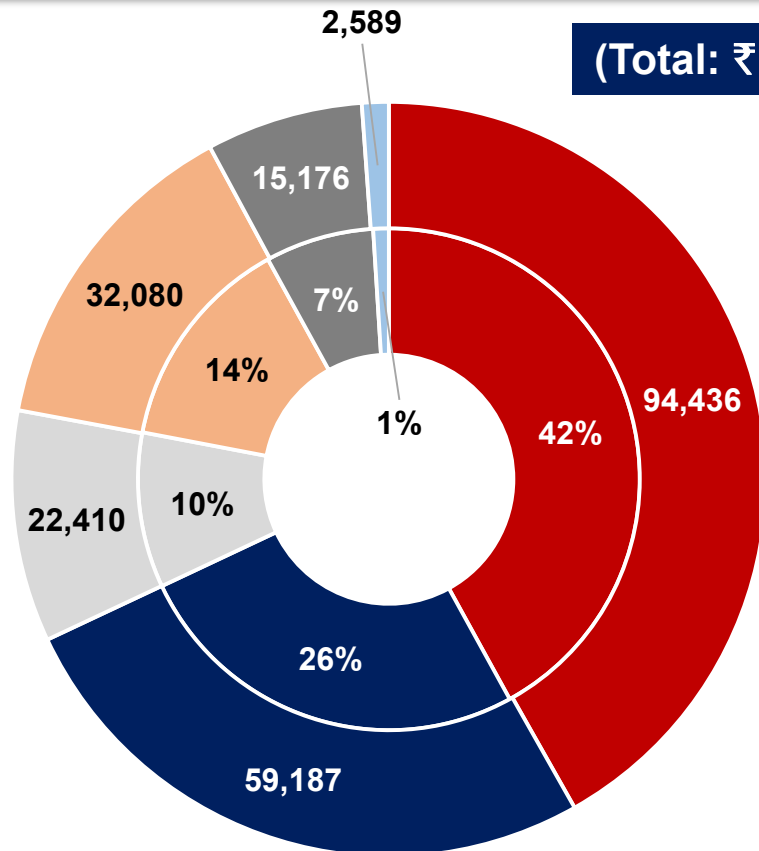


₹ cr	Mar-2019	Mar-2020	Jun-2020
Kotak Mahindra Bank	42,898	49,015	57,709
Kotak Mahindra Prime	5,416	6,088	6,157
Kotak Mahindra Investments	1,590	1,860	1,902
Kotak Securities	3,979	4,529	4,698
Kotak Mahindra Capital Company	572	622	628
Kotak Mahindra Life Insurance Co	2,745	3,354	3,515
Kotak Mahindra AMC & Trustee Co	583	886	957
Kotak Infrastructure Debt Fund	349	383	391
Kotak Mahindra General Insurance Co	108	165	177
International subsidiaries	1,009	1,230	1,281
Kotak Investment Advisors	355	365	372
Other entities	213	275	283
Total	59,817	68,772	78,070
Add: Associates	942	942	954
Less: Minority, inter-company and other adjustments	(2,479)	(2,580)	(2,581)
Consolidated Capital & Reserves and Surplus	58,280	67,134	76,443

Assets Under Management and Relationship Value

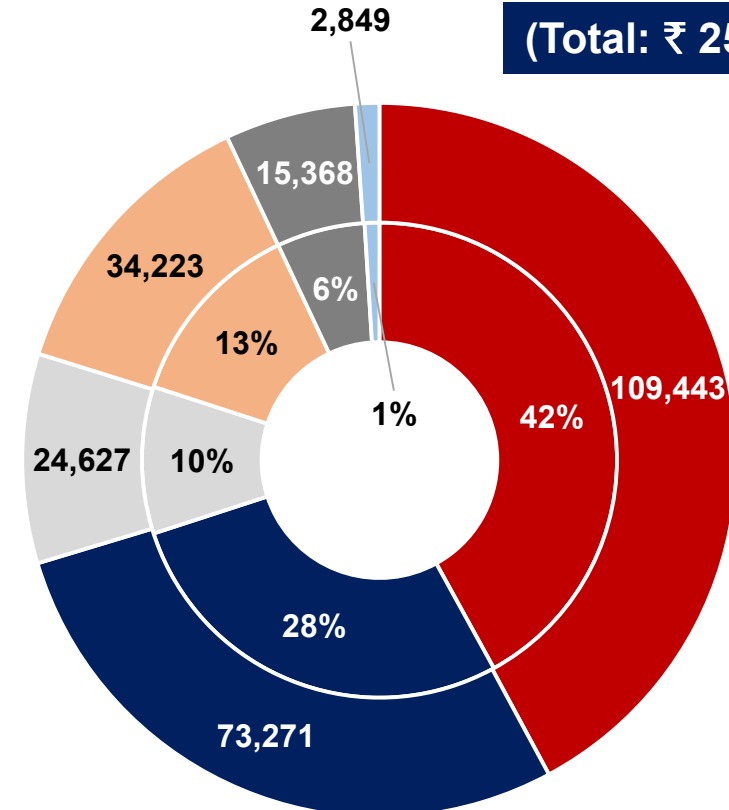
AUM – 31st March 2020 (₹ cr.)

(Total: ₹ 225,878 cr.)



AUM – 30th June 2020 (₹ cr.)

(Total: ₹ 259,781 cr.)



- Domestic MF Debt
- Domestic MF Equity
- Offshore Funds
- Insurance
- Alternate Assets
- PMS & Others

Relationship Value of Wealth + Priority + Investment Advisory as on 30th Jun, 2020 ~ ₹ 282,000 cr.

Kotak uniqueness and strengths

Integrated financial services conglomerate with a diversified business model



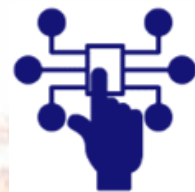
Ability to identify and capitalize on opportunities

Healthy asset quality & prudent risk management capabilities



Strong brand and leadership in various businesses

Digital & technological capabilities



Strong governance culture and an experienced management team

Thank you