



Kotak Mahindra Bank

August 25, 2021

<p>The Manager Corporate Relationship, BSE Limited, 1st Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.</p> <p>Security Code: 500247</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>Security Code: KOTAKBANK</p>
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Dear Sir,

Sub: 36th Annual General Meeting of the Members of the Bank.

Please, find enclosed, copy of the Chairman's speech and the presentation made to the Members at the 36th Annual General Meeting of the Bank held today i.e. on Wednesday, August 25, 2021 through Video Conferencing/Other Audio Visual Means.

Kindly acknowledge receipt of the same.

Yours faithfully,
Kotak Mahindra Bank Limited


Avan Doomasia
**Senior Executive Vice President &
Company Secretary**

Encl: as above



Kotak Mahindra Bank Ltd.
CIN: L65110MH1985PLC038137

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Bandra (E), Mumbai 400051,
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By Prakash Apte

Ladies and Gentlemen,

Financial Year 2020-21 was a year when safety and security became a top-of-the-mind phenomenon for countries, businesses and individuals alike. The world was not prepared for the kind of risks it faced and, as a result, priorities changed overnight with protecting families, lives and livelihoods, taking precedence.

The world has been forced to embrace a pace of change, effecting a seemingly instantaneous generational shift. Almost instantly, almost everyone is online; almost everything is digital. The rules of social engagement have been replaced overnight with new behavioural traits. The ways of life have been altered irreversibly.

The COVID-19 challenge this year

India had implemented a nationwide lockdown towards the end of March 2020 in response to the pandemic. This had strong repercussions for an already weak economy. The combined impact of demand compression and supply disruptions led to an unprecedented decline in fixed investment, private consumption and exports, with overall GDP contracting 24.4% in Q1FY21. With the gradual unlocking of the economy from May/June 2020, signs of stabilization appeared and real GDP growth recorded sequential upturn in Q2FY21 and regained positive growth in Q3FY21.

Given the sharp meltdown in economic activity during H1FY21, with GDP contracting by 15.9%, H2FY21 sequentially picked up by 1.1%. FY 2021 GDP growth came in at (-) 7.3% (as against 4% in FY 2019-20), according to the National Statistical Office (“NSO”).

The overall external position remains comfortable with the current account balance having turned into surplus owing to a sharper

deceleration in import activity compared to exports. As per the official release, the current account surplus for FY 2020-21 was at 0.9%.

Meanwhile, the capital account surplus rose to 2.4% of GDP in FY 2020-21 on account of stronger foreign investment aided by the global accommodative policy stance. Portfolio investment recorded a net inflow of US\$ 36 billion as against an inflow of US\$ 1 billion in FY 2019-20. With FDI flows remaining buoyant at US\$44 billion and RBI's aggressive intervention, India's FX reserves rose by US\$ 103 billion to around US\$ 579 billion at the end of FY 2020-21.

During the pandemic, while there was a rapid decline in demand, inflation readings hovered close to or above the RBI's upper limit of 6% for FY 2020-21 owing to non-monetary factors, such as supply disruptions in food, higher fuel prices, and increase in gold price. Overall, headline CPI inflation ranged between 4.1-7.6% and averaged 6.2% in FY 2020-21 as against 4.8% in FY 2019-20.

To revive the economy, the Government announced the Atmanirbhar Bharat Package to strengthen infrastructure logistics, capacity building, governance and administrative reforms. The ECLGS Scheme was introduced to give relief to businesses that needed support. Further, in order to boost domestic manufacturing, growth and employment and to cut-down on import bill, the government introduced the production-linked incentive (PLI) scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units. The Government's push to domestic manufacturing through extension of the PLI scheme also complements its labour market reforms and corporate tax rates reduction announced earlier.

Although the uncertainty continues, we are confident of the economy recovering and emerging stronger

In these testing times, your Bank took steps to help, protect and provide relief to customers and employees. Entering the pandemic with a strong financial and technology foundation, gave your Bank the resources to support customers and employees.

Technology and Digitization

The banking and financial services industry is undergoing transformative changes powered by digitalization. COVID-19 has further accelerated digitization of banking with evolving customer expectations and changing behaviour experienced during the pandemic.

The pandemic has brought about years of change in the way your Bank does its business. Your Bank recognizes the importance of building technology capabilities focused on providing improved customer experience, increasing employee productivity, improving operational performance, capabilities for superior regulatory compliance and proactive risk management.

Your Bank has further accelerated the digitization in a variety of areas - Customer Experience and Digital Channels, Transactions and Payments, Productivity and Growth Initiatives, New Business Models, Future Ready-Technology and Capability Building.

Financials

For the year ended 31st March 2021, the Group's consolidated profit after tax was Rs. 9,990 crore, which was 16% higher than the previous year. At a standalone level, the Bank reported a profit after tax of Rs. 6,965 crore, an increase of 17% over the previous year.

The Bank's CASA ratio was at 60.4% as at March 31, 2021 as against 56.2% a year ago. A high CASA ratio has significantly contributed in lowering our cost of funds. The Bank's Gross NPA stood at 3.25% as at March 31, 2021 and the Net NPA, at 1.21%. The consolidated advances were Rs. 252,188 crore in FY 2020-21 as against Rs. 249,879 crore in FY 2019-20.

The Group's subsidiaries and associates have been an important driver of our consolidated results and they contributed over 30% to the Group's consolidated profit after tax for FY 2020-21, reflecting the diversity of our business model. All subsidiaries are 100% beneficially owned by the Bank, and many of these subsidiaries, including stock broking,

investment banking, asset management and advisory, are low-capital and non-credit-risk taking businesses.

The second wave of COVID-19 led to an unprecedented increase in fatalities in the country and consequently, increase in the death claims being reported from May 2021. Due to increased claims and higher mortality related provisioning, Kotak Mahindra Life Insurance Company Limited (KLI), a subsidiary of the Bank, incurred a loss for the quarter ended June 30, 2021.

CSR and ESG

Your Bank continues its efforts to minimize the environmental impact of its operations by reducing waste and energy consumption in its operations. We are strengthening performance in all the relevant pillars of Environmental Social Governance, including human resources, customer service, financial inclusion, data integrity and privacy, energy conservation, waste reduction, governance standards and corporate social responsibility spending. I am happy to inform you that the Corporate Social Responsibility Expenditure for FY 2020-21 was Rs. 143.0 crore for the Bank standalone and Rs. 201.2 crore at a Group level.

Awards

I am happy to inform you that your Bank was recognized by Euromoney Private Banking and Wealth Management Survey 2021 as:

- Best Private Bank, India
- Best for Super Affluent Clients, India

Also, Great Place to Work® Institute has certified your Bank as a 'Great Place to Work' in 2021.

Apart from this, as in the past years, your Bank has won a number of significant awards for its excellence in Product & Banking Services and Information Technology.

Outlook for the Group

The Group believes that with sound risk management and a strong capital adequacy ratio, it is well positioned to capitalize on the growth opportunities offered by India of the future.

The Group aims to expand its market share in Indian financial services by increasing the customer base across the Group, and enhancing customer experience, which will lead to higher cross-selling of products, thereby contributing to the future growth and profitability.

The Group will actively seek inorganic growth opportunities in the Indian financial services space. This could be in businesses or assets that enables it to expand its market share and increase customer base.

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

Thank you.



Never normal

36th Annual General Meeting
25 August 2021

India in the Never Normal World

- ❑ Must embrace a world where the New normal and Never normal will **co-exist**
- ❑ A Never normal world is a new planet of **challenges and opportunities**
- ❑ **Geography is history** - transitioning to a world where 'location' will be increasingly irrelevant
- ❑ Critical to focus our efforts on **education**
- ❑ Growth driver for India will be **infrastructure** - both physical & social
- ❑ Climate change is a reality & **sustainable growth** is the future

Kotak in the Never Normal World

- ❑ Ambition to continue building a **world-class** financial services institution
- ❑ With a significant shift in approach - **greater aggression** & even **sharper on execution**
- ❑ Will not shy away from taking **bolder** bets
- ❑ Template for growth as always will revolve around **risk-adjusted returns**
- ❑ Higher investments in strengthening **digital & technology** platforms & offerings
- ❑ Shift in the business model towards being even **more customer-centric**
- ❑ **Well-positioned** to take on the future - with more than adequate capital in the arsenal, nimbler balance sheet & more assertive attitude

Resolute Response To COVID-19

Empowering customers, colleagues & community for never normal world



Protecting Communities

- Upgradation/Enhancement of medical infrastructure
- Access to digital education to under-privileged students
- Direct financial assistance to people impacted by COVID-19

Protecting Customers

- Uninterrupted access
- Alleviating financial stress through moratorium, loan restructuring & ECLGS
- Call centres uninterrupted
- Cash-on-wheels
- Contactless banking

Protecting People

- Prioritising saving lives
- Kotak Pandemic Benevolent Policy for families of colleagues who lost lives
- Kotak VaxShield for employees and families
- Put in place a series of emergency response measures

Protecting the Institution

- First Bank to raise capital at the outbreak of pandemic
- Strengths in digital banking allowed customers to bank safely from home
- Focus on risk management while keeping an eye on the future

Deposit Franchise

Low Cost, Granular, Stable

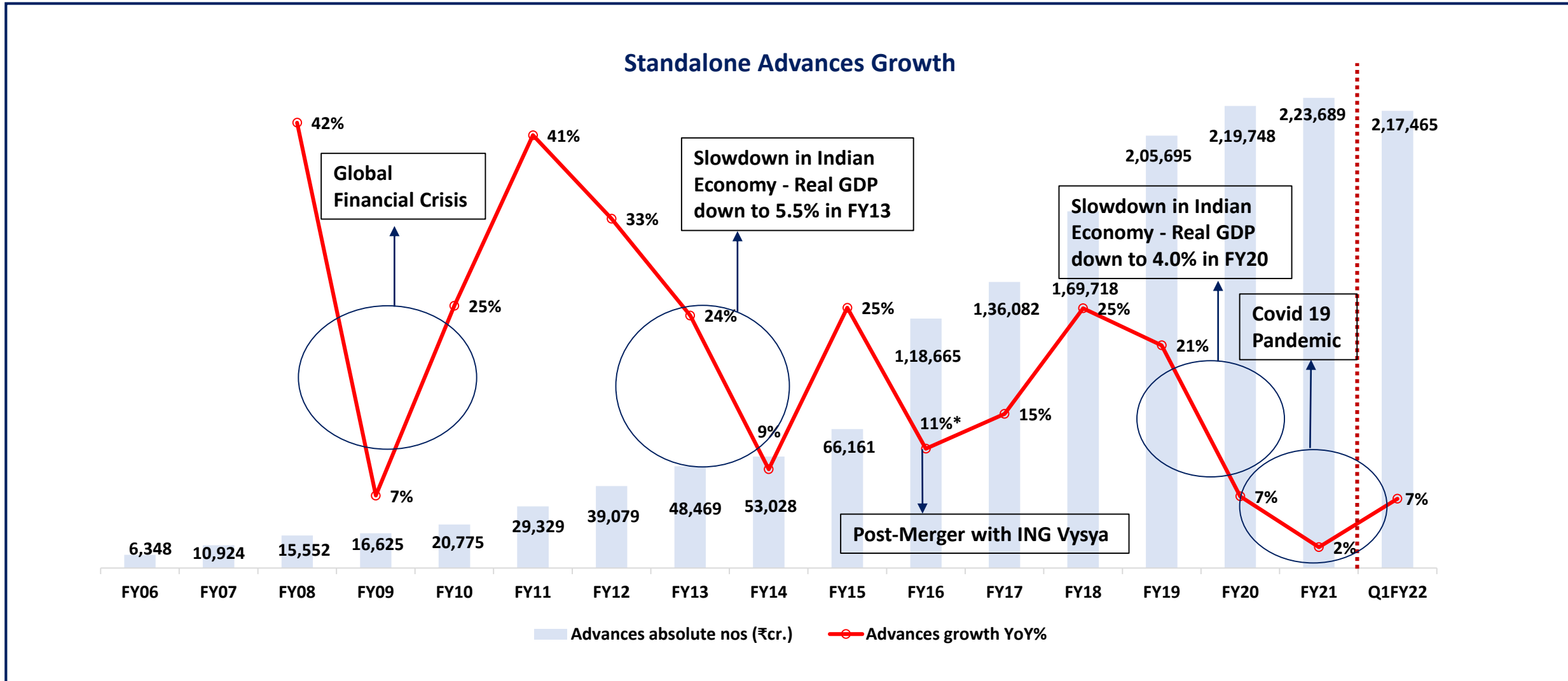


Bank standalone deposits metrics

	Mar-20	Mar-21	Jun-21
Total deposits (₹cr.)	262,821	280,100	286,560
SA deposits (₹cr.)	104,609	117,226	120,002
TDs below ₹1 cr. (₹cr.)	63,549	65,231	68,444
CASA ratio	56.2%	60.4%	60.2%
CASA & TDs below ₹5 cr as % of total deposits	86%	91%	92%
TD Sweep as % of total deposits	6.6%	7.5%	8.0%
Cost of SA*	5.23%	3.74%	3.73%

* For Q4FY20, Q4FY21 & Q1FY22 respectively and annualized

Kotak's approach to lending correlated to state of the economy



* YoY Growth in FY16 is calculated from the base of FY15 combined advances of Kotak and ING Vysya Bank (₹1,06,558 cr.)

❑ Focus on Mortgage

- Leverage competitive edge of **low cost of funds** to acquire high quality customers
- Further **opportunities** to build longer-term relationships
- Made **home loan journey frictionless** - quick online sanction & easy documentation with attractive interest rates
- Crossed **₹10,000 cr.** fresh home loan disbursements in FY21
- **4X** growth in disbursements in second half of FY21 vis-a vis first half of the year

❑ Working towards greater comfort on **unsecured** retail finance

❑ Launched **a stack of four credit cards** tailored for specific customer segments during FY21

- 811 #DreamDifferent secured card, Mojo card for millennials, Zen card for corporate employees & White card for the luxury segment

❑ Increased focus on **non-urban segments** through expansion in locations (CE) & higher digital processing (Tractor)

72% (YoY)

Growth in transaction volume on mobile app

10.3x (YoY)

Growth in UPI transactions acquired

94%+

Savings account transactions through digital or non-branch modes

40%*

Increase in monthly active users for Keya Chatbot

111%*

Increase in monthly active users of WhatsApp Banking

RD: 96%

FD: 84%

Booked through digital channels

92%

Investment accounts sourced through mobile/net banking

Empowering farmers

Launched 'Digifarm', an online app-based platform for digitizing the KYC of farmers

17.8 mn

Debit cards in force

2.4 mn

Credit cards in force

Digital & Technology Focus At Group Companies



61%
Client acquisitions comprised Trade Free Plan accounts since its launch in Nov 2020

95%+
Accounts opened digitally

121% (YoY)
Growth in trading volume through the Kotak mobile app



125% (YoY)
Growth in AUM through website

36% (YoY)
Investor base growth through website



2/3rd
Total services delivered via digital modes in Q4FY21

95%+
Digital onboarding of customers through Genie



38%
Business contribution from digital channels

91%
Automation for policy issuance achieved

Environmental

Renewable energy powers many of our offices

Green data centres designed for maximum energy efficiency

9
LEED-certified large office buildings spread across six cities

1,188 tCO₂e*
Greenhouse gas emissions avoided by the Bank (large offices)

Social

Kotak Mahindra Bank has been certified as a 'Great Place to Work' by GPTW# institute

Women comprise ~1/4th of the total workforce

1.9 mn
Man-hours of training in FY 2020-21

CSR Projects aligned with United Nation's Sustainable Development Goals (SDGs)

~5,33,000
Beneficiaries of CSR Projects on Healthcare

₹ 201.2 cr
Group CSR Expenditure

~99,200
Beneficiaries of CSR Projects on Education & Livelihood

Governance

The Bank's Code of Conduct outlines behavioral standard that all its personnel must observe at all times

Board consists of eminent individuals having expertise & experience in various fields

Physical Footprint

1,604[^]

Bank Branches

2,598

Bank ATMs

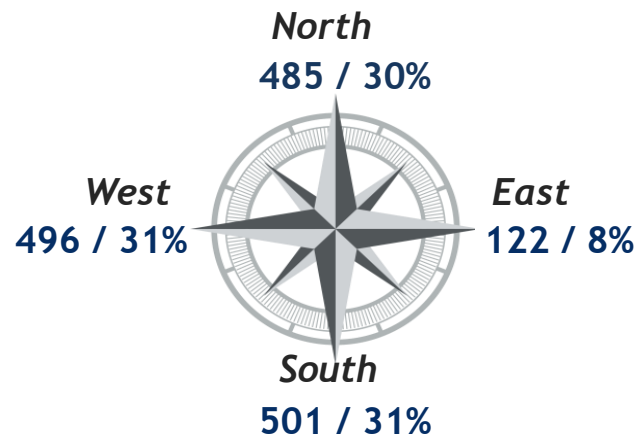
781

Bank Pan-India operating locations

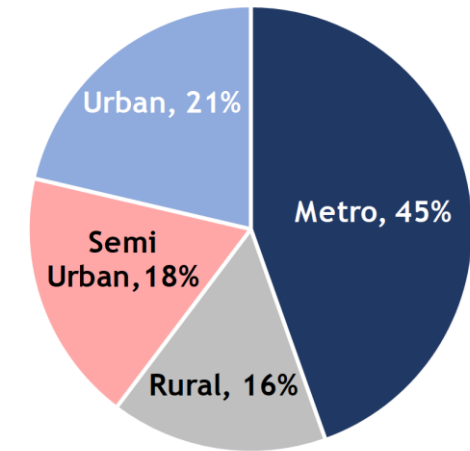
3,857[#]

Group branch network in India

Bank Branches Distribution [No./%]



Bank Branch Classification



Group Branch Network In India



114



230



1,450[#]



87



19



353

[^]Does not include branches in DIFC, Dubai & GIFT city, Gujarat
[#]Kotak Securities network includes branches, franchises and referral co-ordinators

Technology at the Core

Investing in technology (both infra & applications), with a dual objective - 'run the Bank' & 'change the Bank'

Leadership in digital capabilities

Continue journey on best in class digital processes & interface at speed

Customer Centricity

Keep customer at core of the business in order to provide a positive experience & build long term relationships

Expand Access to Low Cost Liabilities

Pursue Advances Growth

Ensuring right asset quality additions at risk adjusted pricing & appropriate risk management

Disciplined Execution

Focus on Efficiency, Productivity & Capital

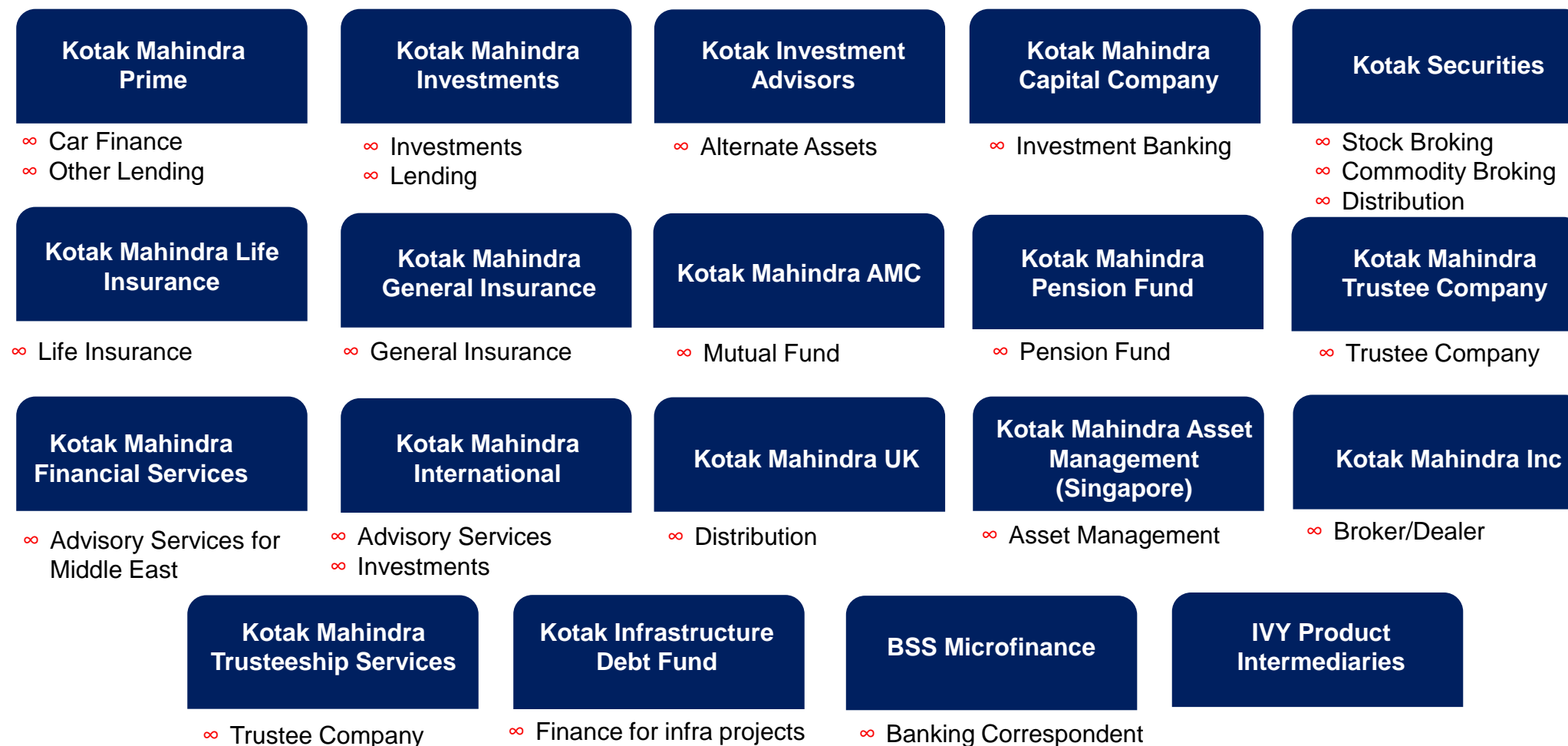
Financial inclusion as an opportunity

Talented & Motivated Workforce

Focus on technology, diversity, training & agile structure

Seek Inorganic Growth Opportunities

Kotak Mahindra Bank Commercial Bank & Parent Company



Note: All subsidiaries are 100% owned beneficially by the Bank

Strong & Committed Leadership Team

Senior Leadership Team with Long Vintage



Dipak Gupta
Jt. MD

29 Years

Compliance, IT, HR & Marketing, Digital, Customer experience, Audit & Vigilance



Gaurang Shah
WTD

24 Years

Credit, ARD, Asset Mgmt, Alternate Assets, Insurance & International Business



KVS Manian
WTD

26 Years

Corporate, Institutional Equities, Investment Bank & Wealth



D Kannan

29 Years

Commercial Banking & Car Finance



Shanti Ekambaram

30 Years

Consumer Banking



Jaimin Bhatt

26 Years

Group CFO, Operations



Nilesh Shah

6 Years

Asset Management



Jaideep Hansraj

28 Years

Retail Broking



Virat Diwanji

17 Years

Retail Liabilities & Branch Banking



Srini Srinivasan

28 Years

Investment Advisory



Paul Parambi

29 Years

Risk

65 members in Kotak Leadership Team (incl. above & MD & CEO) with an average tenure of 20+ years with the Group

Financial Highlights

Standalone Highlights

	FY20	FY21	Q1FY22
Pre-provision operating profit (₹cr.)	10,021	12,215	3,121
Profit after tax (₹cr.)	5,947	6,965	1,642
Customer Assets (₹cr.)	228,970	238,857	235,358
CASA ratio	56.2%	60.4%	60.2%
Net interest margin	4.62%	4.41%	4.60%
Net NPA	0.71%	1.21%	1.28%
CAR [#]	17.9%	22.3%	23.7%
Tier I [#]	17.3%	21.4%	22.8%
RoA (annualized)	1.87%	1.85%	1.74%

[#]As per Basel III. For Q1FY22, including unaudited profits. Excluding profits CAR: 23.1%, Tier I: 22.2%

Consolidated Highlights



	FY20	FY21	Q1FY22
Profit after tax (₹cr.)	8,593	9,990	1,806
Total Assets (₹cr.)	443,173	478,873	491,399
NIM	4.59%	4.47%	4.66%
Net NPA	0.70%	1.23%	1.34%
Capital and Reserves (₹cr.)	67,134	84,836	86,768
CAR [#]	19.8%	23.4%	24.9%
Tier I [#]	19.2%	22.6%	24.1%
Book value per equity share (₹)	348	426	435

[#]As per Basel III. For Q1FY22, including unaudited profits. Excluding profits CAR: 24.2%, Tier I: 23.5%

Note: Financial results have been prepared under Indian Generally Accepted Accounting Principles

₹cr	FY20	FY21	Q1FY22
Kotak Mahindra Bank	5,947	6,965	1,642
Kotak Mahindra Prime	673	535	79
Kotak Mahindra Investments	270	258	71
Kotak Securities	550	793	236
Kotak Mahindra Capital	79	82	42
Kotak Mahindra Life Insurance	608	692	(243)
Kotak Mahindra General Insurance	(28)	2	(5)
Kotak AMC and TC	337	346	107
International subsidiaries	119	154	30
Others	106	98	28
Total	8,661	9,925	1,987
Affiliates, others and inter-company adjustments	(68)	65	(181)
Consolidated PAT	8,593	9,990	1,806

Consolidated Capital & Reserves and Surplus

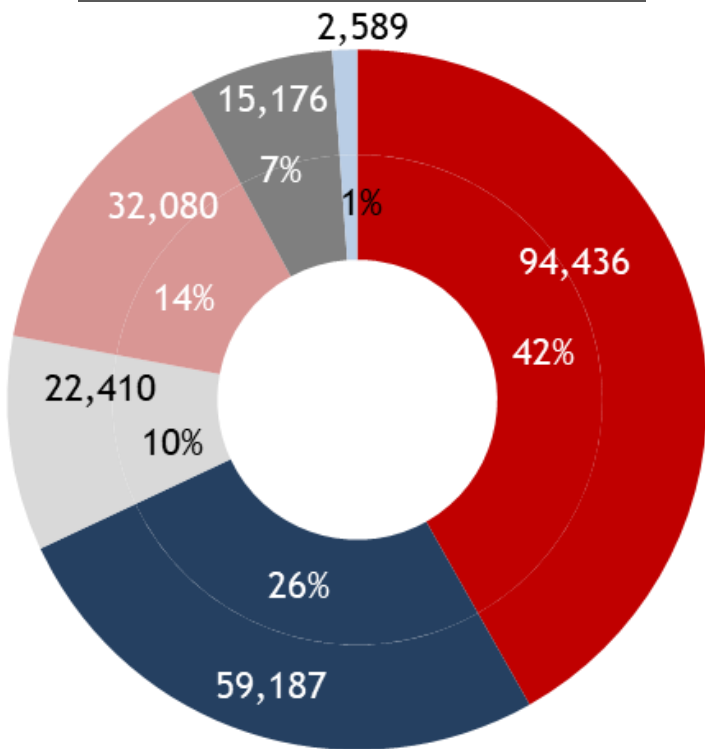


₹cr	Mar-2020	Mar-2021	Jun-2021
Kotak Mahindra Bank	49,015	63,727	65,472
Kotak Mahindra Prime	6,088	6,623	6,702
Kotak Mahindra Investments	1,860	2,117	2,189
Kotak Securities	4,529	5,321	5,526
Kotak Mahindra Capital Company	622	689	711
Kotak Mahindra Life Insurance Co	3,354	4,045	3,720
Kotak Mahindra General Insurance Co	165	191	187
Kotak Mahindra AMC & Trustee Co	886	1,233	1,280
Kotak Infrastructure Debt Fund	383	416	425
International subsidiaries	1,230	1,340	1,422
Kotak Investment Advisors	365	405	418
Other entities	275	302	308
Total	68,772	86,409	88,360
Add: Associates	942	1,029	1,040
Less: Inter-company and other adjustments	(2,580)	(2,602)	(2,632)
Consolidated Capital & Reserves and Surplus	67,134	84,836	86,768

Assets Under Management & Relationship Value

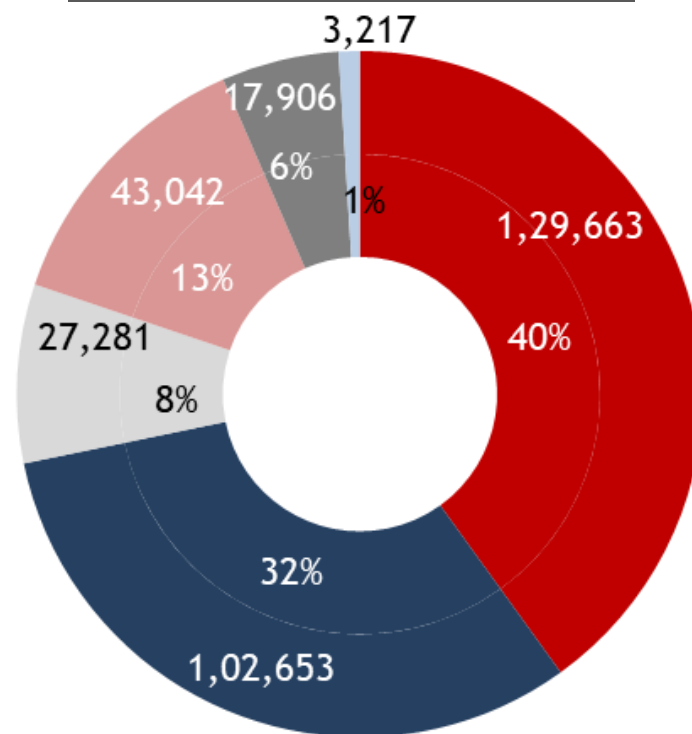


31st March, 2020



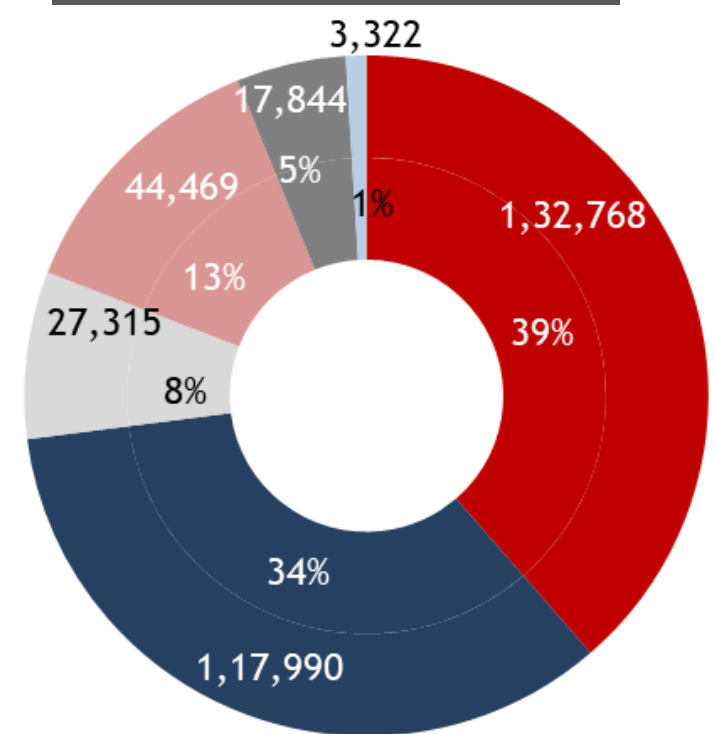
(Total: ₹ 225,878 cr)

31st March, 2021



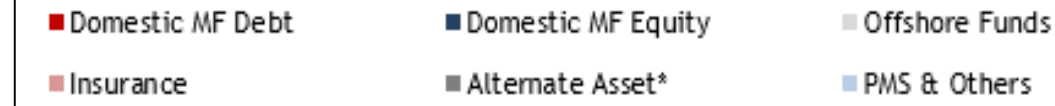
(Total: ₹ 323,762 cr)

30th June, 2021



(Total: ₹ 343,708 cr)

Relationship Value of Wealth + Priority + Investment Advisory as on 30th Jun, 2021 ~₹ 404,000 cr (31st March, 2021 ~₹ 382,000 cr)



*Includes undrawn commitments, wherever applicable

Thank you