EARNINGS UPDATE

Q2FY23

Presentation on financial results for the period ended 30th September, 2022

22nd October, 2022

kotak

Consolidated **Highlights Q2FY23**

PAT	ROA	ROE
₹ 3,608 cr	2.61%	14.09%
₹ 2,989 cr	2.36%	13.47%

Customer Assets*	CAR#	CET I#	Book Value per Eq. Share
₹ 357,060 cr	23.9%	23.0%	₹ 519
₹ 287,831 cr	24.2%	23.3%	₹ 449

Figures in grey are Q2FY22 numbers

As per Basel III, including unaudited profits. Excluding profits CAR: 22.5%, CET I: 21.5% (30th Sep, 2021: CAR: 22.8%, CET I: 21.8%)

* Customer Assets include Advances and Credit Substitutes

Consolidated **PAT**

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
Kotak Mahindra Bank	2,581	2,032	2,071	8,573
Kotak Mahindra Prime (KMP)	222	240	157	886
Kotak Mahindra Investments	78	89	63	371
Kotak Securities	224	243	219	1,001
Kotak Mahindra Capital	22	58	51	245
Kotak Mahindra Life Ins	270	155	248	425
Kotak Mahindra General Ins	(17)	(16)	(18)	(83)
Kotak AMC and TC	106	97	106	454
International Subs	5	27	14	118
BSS Microfinance	70	8	56	83
Others	11	21	6	92
Bank & Subsidiaries	**3,571**	**2,954**	**2,973**	**12,165**
Affiliates	29	48	43	158
Interco Adjustments	8	(13)	(261)	(234)
Consolidated PAT	**3,608**	**2,989**	**2,755**	**12,089**
ROA (annualised)	**2.61%**	**2.36%**	**2.04%**	**2.36%**

Bank & Subsidiaries Contribution

KMP - Q1FY23: PBT hit of ₹ 111 cr, accounting policy change for brokerage

Entity-wise **Capital & Reserves** and **Surplus**

₹ cr	30-Sep-22	30-Sep-21	30-Jun-22
Kotak Mahindra Bank	77,076	67,376	74,652
Kotak Mahindra Prime	7,856	6,928	7,634
Kotak Mahindra Investments	2,629	2,277	2,552
Kotak Securities	6,685	5,769	6,462
Kotak Mahindra Capital	924	769	902
Kotak Mahindra Life Ins	4,792	3,875	4,522
Kotak Mahindra General Ins	348	296	365
Kotak AMC and TC	1,765	1,377	1,659
Kotak Infrastructure Debt Fund	460	432	453
International Subsidiaries	1,670	1,448	1,617
Kotak Investment Advisors	771	731	767
Other Entities	544	349	473
Total	**105,520**	**91,627**	**102,058**
Affiliates	1,278	1,088	1,249
Inter-company and Others	(3,220)	(3,088)	(3,229)
Consolidated Capital & Reserves and Surplus	**103,578**	**89,627**	**100,078**

Standalone **Highlights Q2FY23**

PAT	NII	NIM	CASA Ratio
₹ 2,581 cr	₹ 5,099 cr	5.17%	56.2%
₹ 2,032 cr	₹ 4,021 cr	4.45%	60.6%

Customer Assets[&]	Net NPA	Capital & Reserves	CAR[#]	CET I[#]
₹ 321,324 cr	0.55%	₹ 77,076 cr	22.6%	21.5%
₹ 256,335 cr	1.06%	₹ 67,376 cr	23.1%	22.0%

Figures in grey are Q2FY22 numbers

As per Basel III, including unaudited profits. Excluding profits CAR: 21.2%, CET I: 20.1% (30th Sep, 2021: CAR: 21.8%, CET I: 20.7%)

&Customer Assets include Advances and Credit Substitutes

Profit and Loss Account

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
Net Interest Income	5,099	4,021	4,697	16,818
Other Income	1,955	1,812	1,244	6,354
Fee and Services	*1,760*	*1,419*	*1,656*	*5,781*
Others	*195*	*393*	*(412)*	*573*
Net Total Income	**7,054**	**5,833**	**5,941**	**23,172**
Employee Cost	1,415	1,177	1,173	4,582
Other Operating Expenses	2,071	1,536	1,985	6,539
Operating Expenditure	**3,486**	**2,713**	**3,158**	**11,121**
Operating Profit	**3,568**	**3,120**	**2,783**	**12,051**
Provision On Adv/Receivables (net)	181	385	88	1,513
General provision - COVID related	(44)	-	(65)	(732)
Provision On Investments	-	39	-	(91)
Provision & Contingencies	**137**	**424**	**23**	**690**
PBT	**3,431**	**2,696**	**2,760**	**11,361**
Provision For Tax	850	664	689	2,788
PAT	**2,581**	**2,032**	**2,071**	**8,573**

**On fixed income book, net of OIS*

Notes for Q2FY23

Trading and MTM hit* Q1FY23: ₹ 857 cr; FY22: ₹ 1,163 cr (Q2FY23: ₹ 63 cr, Q2FY22: ₹ 110 cr)

AFS+HFT book as % of Investment book: 64%

Modified duration of AFS +HFT*: 1.05 years

Fees & Services

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
Distribution & Syndication Income	258	312	262	1,102
General Banking Fees	1,455	1,064	1,352	4,511
Others	47	43	42	168
Fees and Services	**1,760**	**1,419**	**1,656**	**5,781**

Asset Quality

₹ cr	30-Sep-22	30-Sep-21	30-Jun-22
GNPA	6,210	7,658	6,379
NNPA	1,630	2,491	1,749
GNPA (%)	2.08%	3.19%	2.24%
NNPA (%)	0.55%	1.06%	0.62%
PCR (excl standard and COVID prov)	73.7%	67.5%	72.6%

Credit cost on advances for Q2FY23 (annualised):
26 bps (incl std prov; excl reversal of COVID & restructuring)

(Q1FY23: 16 bps, Q2FY22: 48 bps)

Slippages for Q2FY23
₹ 983 cr (0.3% of Advances)
Of which ₹ 330 cr got upgraded within Q2FY23

Hence, Net Slippages: ₹ 653 cr (0.2% of Advances)

- Recoveries and upgrades during the quarter: ₹ 945 cr
- SMA2^ O/s as on 30th Sep, 2022: ₹ 119 cr [30th Jun, 2022: ₹ 159 cr]
- No sale of any loans during the year
- Standard Restructured FB o/s under various frameworks: COVID: ₹ 354 cr; MSME: ₹ 640 cr [0.34% of Advances]
- Total provisions held: ₹ 6,496 cr
  - COVID-19 provision of ₹ 438 cr (₹ 44 cr reversed in Q2FY23)
  - Restructuring provision of ₹ 207 cr, maintaining higher than regulatory requirement @ 10% of restructured book

^ Fund based outstanding for borrowers with exposure > ₹ 5 cr

Balance Sheet

₹cr	30-Sep-22	30-Sep-21	30-Jun-22
Capital & Reserves and Surplus	77,076	67,376	74,652
Deposits	325,203	291,711	316,483
CA	*60,162*	*53,280*	*57,062*
Fixed rate SA	*114,351*	*113,981*	*117,552*
Floating rate SA	*8,097*	*9,498*	*9,277*
Term Deposits	*142,593*	*114,952*	*132,592*
Of which: TD Sweep	*23,113*	*24,151*	*23,458*
Borrowings	18,660	32,838	15,390
Other Liabilities and Provisions	21,056	16,489	18,243
Total Liabilities	**441,995**	**408,414**	**424,768**

₹cr	30-Sep-22	30-Sep-21	30-Jun-22
Cash, Bank and Call	31,510	47,697	40,065
Investments	98,862	110,898	89,183
Government Securities	*67,201*	*85,325*	*61,349*
Credit Substitutes	*27,301*	*21,388*	*23,458*
Others	*4,360*	*4,185*	*4,376*
Advances	294,023	234,947	280,171
Fixed Assets and Other Assets	17,600	14,872	15,349
Total Assets	**441,995**	**408,414**	**424,768**

Customer **Assets**

₹ cr	30-Sep-22	30-Sep-21	30-Jun-22	YoY	QoQ
Home Loans & LAP	85,843	61,479	80,975	40%	6%
Consumer Bank WC (Secured)	28,181	23,079	26,391	22%	7%
PL, BL and Consumer Durables	13,197	7,260	11,712	82%	13%
Credit Cards	7,903	4,363	6,819	81%	16%
CV/CE	24,604	19,481	23,246	26%	6%
Agriculture Division	25,002	21,054	24,604	19%	2%
Tractor Finance	12,015	9,620	11,015	25%	9%
Retail Micro Finance	4,444	2,021	3,650	120%	22%
Corporate Bkg	65,524	65,357	66,633	-	-2%
SME	22,310	17,778	20,529	25%	9%
Others	5,000	3,455	4,597	45%	9%
Total Advances	**294,023**	**234,947**	**280,171**	**25%**	**5%**
Credit Substitutes	27,301	21,388	23,458	28%	16%
Total Customer Assets	**321,324**	**256,335**	**303,629**	**25%**	**6%**

Composition of Advances	30-Sep-22
Floating	**69%**
EBLR (repo-linked)	53%
MCLR/Base rate/Others	16%
Fixed rate (basis cash flows)	**31%**
< 1 year	9%
> 1 year	22%

Floating + Fixed rate book < 1 year: 78%

Unsecured retail advances (incl Retail Micro Finance): 8.7% of Advances
(30th Sep, 2021: 5.8%)

Deposit

Avg	Q2FY23	YoY %	Q2FY22
Current Account	53,971	7% ▲	50,485
Fixed rate SA	113,408	2% ▲	110,707
Term Deposit	139,871	20% ▲	116,819

Cost of SA

3.80%

3.69%

CASA & TDs below ₹5 cr, as % of total deposits

86%

90%

Customers as on 30th Sep, 2022:

36.6 mn

28.5 mn

Branch count stood at 1,710 (excl. GIFT & DIFC) as on 30th Sep, 2022 | Figures in grey are Q2FY22 numbers

Investing in Tech Led **Experiences**

Key Projects Completed in Q2

Digital

DIY/Assisted Journeys

- ❑ Personal Loan – DIY
- ❑ Home Loan – DIY/Assisted
- ❑ Current Account - Assisted
- ❑ HL Instant loans (Pre-Approved) available to the New To Bank Customers

Innovative Solutions

Customer Focus

- ❑ DIY NACH Cancellation Service
- ❑ Additional Secure OTP for ATM's
- ❑ Driving Loan Servicing on App - Over 40+ Service Requests available, including loan related tools and calculators

Digital Channels

Kotak Mobile Banking App

Super-App for all financial needs

Key launches in the app in Q2

1. UPI Number based Transfer
2. UPI – UDIR (UPI status, complaints)
3. Scan and Pay- via upload from Gallery
4. Insta SIP
5. Kaymall UI Revamp
6. Transfer to Virtual account

4.8 Among the top rated banking apps on iOS

4.4 Among the top rated banking apps on Android

1.4X 90 day active Users YoY

2.1X Transaction Volume YoY

1.5X Transaction Value YoY

Conversational Banking

Keya Chatbot

3.5 Million FAQ's Handled

1.2X YoY queries handled successfully

47 SRs / Enquiries live

WhatsApp Banking

2.0X 90 day active users YoY

14X YoY queries handled successfully

43 Services live

Retail Assets

1.3X Traffic – Loan Section

YoY- Q2FY23 v/s Q2FY22

Digital Updates

kotak.biz
Merchant App for Payment Collection

Key Enhancement

- Digital *'Khata'* – digitising ledger for merchant's sale-on-credit to his customers.
- Automating collection activity for the merchant

Value Add

- Digitize a critical business process for the merchant
- Instant record creation, SMS receipt to customer
- Instant view of total credit customer wise, set max limits.
- Automated payment collection reminder to customers

Retail Assets

Key Metrics

3.8X YoY Digitally sourced Credit Cards

1.3X YoY Digitally sourced HL

11X YoY Digitally sourced PL

26X YoY Digitally availed Business Loans

YoY- Q2FY23 v/s Q2FY22

FYN – Corporate Transaction Banking

Key Metrics

2X QoQ Digital Transactions

1.4X QoQ Fyn Transactions per Client

1.7X QoQ Fyn Transactions

1.4X QoQ Active Clients

QoQ- Q2FY23 v/s Q1FY23

Digital Highlights

NetBanking/Website

45% YoY Website Unique Visitors growth

33% YoY Website Page views growth

23% YoY Net banking login growth

Payments

2.2X YoY UPI transaction volume

2.4X YoY UPI transactions within Mobile App

1.9X YoY UPI acquiring transaction volume

3.6X Sep '22 vs Sep '21 Pay Your Contact transactions

Adoption & Cross-sell

94% RDs and **83%** FDs booked digitally

93% investment a/cs sourced via App & Netbanking

53% of MF/SIPs booked through digital channels

84% Requests are serviced digitally

Over 98% of SA transaction volumes were in digital or non-branch modes in Q2

YoY- Q2FY23 v/s Q2FY22

95% Accounts Opened Digitally – Q2

India Stack

OCEN – 1st bank in India to go-live

Open standards based network to accelerate access to affordable, formal credit

Alternate data based real time underwriting of customers (BRE driven)

End to end digital process without any manual intervention

Account Aggregator

Kotak Bank – **An Early Adopter** and live with the following journeys(HL-DIY and RM assisted- HL, BL, LAP)

Enables secure and consented data sharing between regulated financial institutions

Connected & API Banking

Providing financial services to end users via third party service providers with limited API exposure

Live with account services such as bank account statement and balance enquiry

400 Partners in API Open Banking as on Sept'22

Connected Banking – ZOHO and HYLO– 1300+ customers as on Sept'22

Face Authentication

First in the Industry & Acts as an additional mode of authentication

No Biometric Device Required

Resolution to Failures from Fingerprints

Live detection & Real time data

Kotak Mahindra **Prime**

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
NII	421	345	417	1,457
Other Income	83	91	68	331
NII and Other Income	**504**	**436**	**485**	**1,789**
Profit Before Tax	298	320	210	1,180
Profit After Tax	**222**	**240**	**157**	**886**
NNPA (%)	1.3%	1.8%	1.5%	1.7%
CAR (%) (incl unaudited profits)	30.1%	30.6%	31.0%	30.1%
ROA (%) - annualised	3.2%	4.0%	2.3%	3.4%

Accounting policy change for brokerage; Q1FY23 PBT lower by ₹ 111 cr

Kotak Mahindra **Life Insurance**

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
Capital	562	562	562	562
Other Reserves and Surplus	4,230	3,313	3,960	3,827
Total Premium	3,250	2,915	2,258	13,015
Profit After Tax (Shareholders')	**270**	**155**	**248**	**425**
Solvency Ratio (x)	2.79	2.61	2.72	2.73

Ind APE	Q2FY23	Q2FY22	Q1FY23	FY22
	501	441	332	2,113

Gross written premium Q2FY23 grew 11.5% YoY

Individual APE NB premium for Q2FY23 grew 13.7% (Private industry growth of 7.0%)

Overall protection premium for Q2FY23 grew 54.1% YoY.

AUM (Policyholders') as on 30th Sep, ₹ 53,785 cr, growth of 13.8% YoY

Death Claims net of reinsurance Q2FY23 amounted to ₹ 275 cr (Q2FY22: ₹ 554 cr mainly due to Covid-19 claims)

Kotak Securities - Digital Update

Kotak NEO –launched across all platforms

Faster, simple, seamless trade experience unveiled with launch of our new age trading platform ***"Kotak Neo"***

Payoff Analyzer

Launched Payoff Analyzer which helps Options traders analyze their open positions and build strategies

Digital Engagement Platform

Embedded digital engagement platform within the app for contextual personalization

Key Digital Highlights

354%

Growth YoY in Internet Trading ADV

493%

Growth YoY in Mobile Trading ADV

Kotak **Securities**

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
Total Income	631	613	616	2,502
Profit Before Tax	298	325	291	1,334
Profit After Tax	**224**	**243**	**219**	**1,001**
Market Share Cash* (%)	11.2	11.0	10.4	10.6
Overall Market Share* (%)	5.1	2.4	4.3	3.0

1,497 branches, franchises and referral co-ordinators

*excluding BSE Derivative & Proprietary Segments

Kotak Mahindra **AMC & Trustee Co.**

₹ cr	Q2FY23	Q2FY22	Q1FY23	FY22
Profit Before Tax	143	130	143	601
Profit After Tax	**106**	**97**	**106**	**454**

Notes

Launched equity NFO 'Kotak Business Cycle Fund' in Sep-22. Amount collected ₹ 2,266 cr

Equity(Ex ETF & Arb) AAUM Market share 6.31% in Q2FY23 (Q2FY22: 6.04%)

Individual MAAUM Mix- 53%

Monthly SIP Inflows for Sep'22: ₹ 7.8 bn, up 26% YoY

Assets Under **Management** and **Relationship Value**

Relationship Value of **Private Banking** + **Priority** + **Investment Advisory** as on **30th Sep, 2022 ~ ₹ 554,000 cr (30th Sep, 2021: ~ ₹ 463,000 cr)** – up **20%**

**Include undrawn commitments, wherever applicable*

Geographical presence

Branches distributed across various geographies

Branches 1,710* [No. / %]

West	535 / 32%
South	519 / 30%
North	519 / 30%
East	137 / 8%

Branch Classification

No. of ATMs

2,802

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

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