

KOTAK MAHINDRA BANK LIMITED (CONSOLIDATED)
Registered Office: 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai 400 021

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013

₹ crore

Sr No	Particulars	Quarter ended			Nine months ended		Year ended
		Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Unaudited)	Mar-13 (Audited)
1	Interest earned (a+b+c+d)	2,994.25	2,982.59	2,811.47	8,953.60	7,891.08	10,837.87
	(a) Interest/discount on advances/bills	2,293.81	2,234.00	2,139.32	6,724.46	5,993.44	8,219.70
	(b) Income on investments	675.09	712.45	636.56	2,137.58	1,793.78	2,478.73
	(c) Interest on balances with RBI & other banks	15.89	16.80	25.63	52.80	75.37	100.26
	(d) Others	9.46	19.34	9.96	38.76	28.49	39.18
2	Other income (a+b+c)	1,430.25	713.39	1,345.65	3,499.86	3,633.43	5,075.23
	(a) Profit/(Loss) on sale of investments including revaluation (insurance business)	323.65	(391.96)	261.17	169.17	644.85	429.00
	(b) Premium on Insurance Business	587.60	594.11	584.34	1,654.00	1,633.25	2,722.62
	(c) Other income (see Notes 1,5 & 9)	519.00	511.24	500.14	1,676.69	1,355.33	1,923.61
3	Total income (1+2)	4,424.50	3,695.98	4,157.12	12,453.46	11,524.51	15,913.10
4	Interest expended	1,595.01	1,566.19	1,579.93	4,763.92	4,398.23	6,024.49
5	Operating expenses (a+b+c)	1,878.54	1,160.09	1,683.59	4,664.35	4,787.93	6,561.27
	(a) Employees Cost	467.56	439.44	439.43	1,400.78	1,293.12	1,773.51
	(b) Policy holders' reserves, surrender expense and claims	870.90	164.79	767.02	1,687.58	2,104.35	2,848.01
	(c) Other operating expenses (Refer Note 2 and 5)	540.08	555.86	477.14	1,575.99	1,390.46	1,939.75
6	Total expenditure (4+5) (excluding provisions and contingencies)	3,473.55	2,726.28	3,263.52	9,428.27	9,186.16	12,585.76
7	Operating Profit before provisions and contingencies (3-6)	950.95	969.70	893.60	3,025.19	2,338.35	3,327.34
8	Provisions (other than tax) and contingencies (Refer Note 3 & 7)	63.85	86.16	58.90	309.56	139.57	183.18
9	Exceptional items	-	-	-	-	-	-
10	Profit from ordinary activities before tax (7-8-9)	887.10	883.54	834.70	2,715.63	2,198.78	3,144.16
11	Tax expense (Refer Note 8)	287.32	289.53	248.92	880.39	668.58	939.95
12	Profit from ordinary activities after tax before Minority Interest (10-11)	599.78	594.01	585.78	1,835.24	1,530.20	2,204.21
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14	Profit from ordinary activities after tax before Minority Interest (12-13)	599.78	594.01	585.78	1,835.24	1,530.20	2,204.21
15	Less: Share of Minority Interest	15.64	11.33	13.81	45.34	34.37	49.33
16	Add: Share in Profit of associates	7.11	0.25	5.24	11.78	27.03	33.58
17	Profit after tax (14-15+16)	591.25	582.93	577.21	1,801.68	1,522.86	2,188.46
18	Paid Up Equity Capital - (Face value of ₹ 5 per share)	384.56	384.12	372.10	384.56	372.10	373.31
19	Group Reserves (excluding Minority Interest)	-	-	-	-	-	14,876.49
20	Minority Interest	-	-	-	-	-	208.72
21	Analytical Ratios						
	(i) Earnings per share (before and after extraordinary items)						
	(a) Basic (not annualized) ₹	7.69	7.59	7.76	23.57	20.51	29.44
	(b) Diluted (not annualized) ₹	7.67	7.57	7.72	23.51	20.40	29.33
	(ii) NPA Ratios						
	(a) Gross NPA	1,205.15	1,118.09	824.10	1,205.15	824.10	848.36
	(b) Net NPA	653.76	547.42	364.80	653.76	364.80	361.22
	(c) % of Gross NPA/ Gross Advances	1.68	1.63	1.22	1.68	1.22	1.27
	(d) % of Net NPA/ Net Advances	0.92	0.80	0.54	0.92	0.54	0.55
	(iii) Return on Assets (average) (notannualised)	0.51	0.50	0.53	1.55	1.50	2.10

NOTES:

1. Details of other income forming part of the consolidated results are as follows:

₹ crore

Particulars	Quarter ended			Nine months ended		Year ended
	Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Unaudited)	Mar-13 (Audited)
Commission, fees, exchange, brokerage and others	475.98	516.35	451.44	1,468.52	1,230.84	1,719.51
Profit on sale of investments (other than insurance business)	43.02	(5.11)	48.70	208.17	124.49	204.10
Total – Other income	519.00	511.24	500.14	1,676.69	1,355.33	1,923.61

2. Details of other expenditure forming part of consolidated results are as follows:

₹ crore

Particulars	Quarter ended			Nine months ended		Year ended
	Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Unaudited)	Mar-13 (Audited)
Brokerage	61.13	60.91	71.26	174.78	184.58	262.97
Depreciation	56.39	47.98	45.08	148.97	134.54	179.03
Rent, taxes and lighting	87.44	82.03	70.27	243.18	202.86	273.82
Others	335.12	364.94	290.53	1,009.06	868.48	1,223.93
Total – Other operating expenses	540.08	555.86	477.14	1,575.99	1,390.46	1,939.75

3. Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous periods / year.

Details of Provisions (other than tax) and contingencies forming part of consolidated results are as follows:

₹ crore

Particulars	Quarter ended			Nine months ended		Year ended
	Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Unaudited)	Mar-13 (Audited)
Provision on advances	34.97	27.86	46.24	204.55	186.49	215.88
Provision on other receivables	1.43	(20.25)	(1.91)	(19.38)	(1.97)	1.20
Provision /(Write back of provisions) towards investments	27.45	78.55	14.57	124.39	(44.95)	(33.90)
Total – Provisions (other than tax) and contingencies	63.85	86.16	58.90	309.56	139.57	183.18

4. The consolidated financial results are prepared in accordance with Accounting Standard – 21 (AS-21), "Consolidated Financial Statements" and Accounting Standard – 23 (AS-23) "Accounting for investment in associates in consolidated financial statement" notified under the Companies (Accounting Standard) Rules, 2006 "as amended".
5. Other income in the consolidated results for the reporting periods is net of sub-brokerage paid in the broking subsidiary amounting to ₹ 8.36 crore for the quarter ended 31st December, 2013 and for nine months ended 31st December, 2013 ₹ 23.37 crore (for the quarter ended 30th September, 2013 ₹ 8.33 crore, for the quarter ended 31st December, 2012 ₹ 9.37 crore, nine months ended 31st December, 2012 ₹ 24.84 crore, for the year ended 31st March, 2013 ₹ 37.17 crore).
6. In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 1st July, 2013, banks are required to make half yearly Pillar 3 disclosures under Basel III capital requirements with effect from 30th September, 2013. The Bank has made these disclosures which will be available on its website at the following link: http://ir.kotak.com/downloads/pdf/pillar3_disclosures_dec_13.pdf. The disclosures have not been subjected to limited review by the statutory auditors of the Bank.
7. RBI vide circular DBOD.BP.BC.No.41/21.04.141/2013-14 dated 23rd August, 2013 on "Investment portfolio of banks - Classification, Valuation and Provisioning", as a one-time measure permitted banks to transfer SLR securities from Available For Sale (AFS)/Held For Trading (HFT) category to Held To Maturity (HTM) category at valuation rates prevailing on 15th July, 2013, provided the transfer happened before 30th September, 2013.

The Bank has not transferred any SLR security from AFS/HFT category to HTM category. The Bank's SLR securities in HTM category as at 31st December, 2013 were 11.70% of net demand and time liabilities (NDTL).

As permitted under the same circular, the Bank has opted to distribute the net depreciation on the AFS and HFT portfolios in equal installments during the financial year 2013-2014. Accordingly, of the net depreciation of ₹ 196.95 crore as at 31st December, 2013, the Bank has amortised ₹ 43.43 crore and ₹ 131.30 crore in the Profit and Loss Account for the quarter and nine months ended 31st December, 2013 respectively.

8. In accordance with RBI communication RBI/2013-14/412 DBOD. No.BP.BC.77/21.04.018/2013-14 dated 20th December, 2013 on Deferred Tax Liability (DTL) on Special Reserve created under Section 36(1) (viii) of the Income Tax Act, 1961, the Bank has reduced ₹ 31.18 crore from general reserves towards DTL on special reserves created till year ended 31st March, 2013.

Further Tax expenses charged to the Profit and Loss Account for the quarter and nine months ended 31st December, 2013, includes provision for deferred tax of ₹ 7.14 crore on Special Reserve to be created under Section 36(1) (viii) of the Income Tax Act, 1961 for the year ending 31st March, 2014.

9. Other Income includes non-fund based income such as commission earned from guarantees / letters of credit, financial advisory fees, selling of third party products, earnings from exchange transactions and profit / loss from the sale of securities.
10. There has been no change in significant accounting policies during the quarter.
11. Figures for the previous periods / year have been regrouped wherever necessary to conform to current period's presentation.

KOTAK MAHINDRA BANK LIMITED

Registered Office: 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai 400 021

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013
₹ crore

Sr No	Particulars	Quarter ended			Nine months ended		Year ended
		Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Audited)	Mar-13 (Audited)
1	Interest earned (a+b+c+d)	2,192.30	2,172.33	2,094.58	6,554.64	5,834.11	8,042.49
	(a) Interest/ discount on advances/ bills	1,701.66	1,644.29	1,597.49	4,967.66	4,475.68	6,146.09
	(b) Income on investments	483.89	509.56	491.64	1,551.84	1,338.85	1,869.83
	(c) Interest on balances with RBI and other banks	6.33	7.17	5.22	20.34	17.66	24.33
	(d) Others	0.42	11.31	0.23	14.80	1.92	2.24
2	Other Income (Refer Note 1)	299.71	297.13	304.86	1,059.23	796.81	1,160.67
3	Total income (1+2)	2,492.01	2,469.46	2,399.44	7,613.87	6,630.92	9,203.16
4	Interest expended	1,279.56	1,248.22	1,271.73	3,801.13	3,531.84	4,836.82
5	Operating expenses (a+b)	627.72	614.70	555.09	1,842.69	1,595.86	2,209.73
	(a) Employees Cost	277.34	264.65	263.59	843.43	762.91	1,051.18
	(b) Other Operating expenses	350.38	350.05	291.50	999.26	832.95	1,158.55
6	Total expenditure (4+5) (Excluding provisions & contingencies)	1,907.28	1,862.92	1,826.82	5,643.82	5,127.70	7,046.55
7	Operating Profit (3-6) (Profit before Provisions and contingencies)	584.73	606.54	572.62	1,970.05	1,503.22	2,156.61
8	Provisions (other than Tax expense) and contingencies (Refer Note 2)	69.74	72.29	42.36	310.89	147.12	184.55
9	Exceptional items	-	-	-	-	-	-
10	Profit from Ordinary Activities before tax (7-8-9)	514.99	534.25	530.26	1,659.16	1,356.10	1,972.06
11	Tax expense (Refer Note 3)	175.01	181.71	168.58	563.82	431.59	611.34
12	Net Profit from Ordinary Activities after tax (10-11)	339.98	352.54	361.68	1,095.34	924.51	1,360.72
13	Extraordinary items (Net of Tax expense)	-	-	-	-	-	-
14	Net Profit for the Period (12-13)	339.98	352.54	361.68	1,095.34	924.51	1,360.72
15	Paid Up Equity Capital - (Face Value ₹ 5 per share)	384.56	384.12	372.10	384.56	372.10	373.31
16	Reserves (excluding Revaluation reserves)						9,073.65
17	Analytical Ratios						
	(i) % of shares held by Govt. of India	-	-	-	-	-	-
	(ii) % Capital adequacy ratio (Refer Note 4)						
	Basel II	17.50	18.23	15.63	17.50	15.63	16.05
	Basel III	17.43	18.15	NA	17.43	NA	NA
	(iii) Earnings Per Share (EPS) for the period -Not Annualised						
	- Basic ₹	4.42	4.59	4.86	14.33	12.45	18.31
	-Diluted ₹	4.41	4.58	4.84	14.29	12.38	18.24
	(iv) NPA Ratios						
	a) Gross Non-performing assets	1,076.18	1,005.97	740.02	1,076.18	740.02	758.11
	b) Net Non-performing assets	584.52	486.92	322.71	584.52	322.71	311.41
	c) % of Gross NPA to Gross Advances	2.01	1.97	1.46	2.01	1.46	1.55
	d) % of Net NPA to Net Advances	1.10	0.96	0.64	1.10	0.64	0.64
	(v) Return on Assets %(Average) - Not Annualised	0.41	0.43	0.46	1.32	1.27	1.81
18	Public Shareholding						
	(i) No. of shares	433,435,882	432,561,931	408,511,231	433,435,882	408,511,231	410,927,402
	(ii) % of shareholding	56.35	56.31	54.89	56.35	54.89	55.04
19	Promoters and promoter group Shareholding						
	a) Pledged/Encumbered						
	- Number of shares						

Sr No	Particulars	Quarter ended			Nine months ended		Year ended
		Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Audited)	Mar-13 (Audited)
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)						
	- Percentage of shares (as a % of the total share capital of the company)						
	b) Non-encumbered						
	- Number of Shares	335,681,124	335,681,124	335,681,874	335,681,124	335,681,874	335,681,624
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	43.65	43.69	45.11	43.65	45.11	44.96

Segment Results

The reportable segments of the Bank are as under:

Segment	Principal activity
Treasury and BMU	Money market, forex market, derivatives, investments and primary dealership of government securities and Balance Sheet Management Unit (BMU) responsible for Asset Liability Management. Corporate Tax is allocated to segment 'Treasury and BMU' for arriving at segmental capital employed.
Retail Banking	Includes lending, deposit taking and other services/ products including credit cards.
Corporate/Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included under retail banking

₹ crore

		Quarter ended			Nine months ended		Year ended
		Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Audited)	Mar-13 (Audited)
1	Segment Revenue						
	a. Treasury and BMU	602.93	743.00	685.83	2,148.20	1,816.80	2,522.97
	b. Corporate/ Wholesale Banking	925.90	839.38	926.56	2,652.57	2,486.82	3,445.72
	c. Retail Banking	1,538.71	1,481.44	1,502.43	4,587.56	4,315.88	5,906.18
	Sub-total	3,067.54	3,063.82	3,114.82	9,388.33	8,619.50	11,874.87
	Less : Inter-segmental revenue	575.53	594.36	715.38	1,777.33	1,989.82	2,672.95
	Add : Unallocated Income	-	-	-	2.87	1.24	1.24
	Total	2,492.01	2,469.46	2,399.44	7,613.87	6,630.92	9,203.16
2	Segment Results						
	a. Treasury and BMU	(18.46)	47.46	46.56	168.29	83.08	145.51
	b. Corporate/ Wholesale Banking	326.53	306.73	325.30	921.12	858.78	1,211.49
	c. Retail Banking	206.92	180.06	158.40	566.88	413.00	613.82
	Sub-total	514.99	534.25	530.26	1,656.29	1,354.86	1,970.82
	Add : Unallocated Income /(expense)	-	-	-	2.87	1.24	1.24
	Total Profit Before Tax	514.99	534.25	530.26	1,659.16	1,356.10	1,972.06
3	Capital employed (Segmental Assets less Segmental Liabilities)						
	a. Treasury and BMU	2,667.67	2,853.10	785.55	2,667.67	785.55	725.18
	b. Corporate/ Wholesale Banking	4,137.98	3,811.45	3,490.72	4,137.98	3,490.72	3,738.10
	c. Retail Banking	5,055.07	4,848.15	4,556.69	5,055.07	4,556.69	4,862.83
	Sub-total	11,860.72	11,512.70	8,832.96	11,860.72	8,832.96	9,326.11
	Add : Unallocated	35.60	40.67	159.12	35.60	159.12	120.85
	Total Capital Employed	11,896.32	11,553.37	8,992.08	11,896.32	8,992.08	9,446.96

NOTES:

1. Other Income includes non fund based income such as commission earned from guarantees/letters of credit, financial advisory fees, selling of third party products, earnings from foreign exchange transactions and profit/loss from the sale of securities.
2. Provisions and contingencies are net of recoveries made against accounts which have been written off as bad in the previous period/year.

Break up of provisions (Other than tax) and contingencies:

Particulars	Quarter ended			Nine months ended		Year ended
	Dec-13 (Unaudited)	Sep-13 (Unaudited)	Dec-12 (Unaudited)	Dec-13 (Unaudited)	Dec-12 (Audited)	Mar-13 (Audited)
Provision towards Advances	25.44	22.47	41.14	182.20	171.63	204.44
Provision /(Write Back of provisions) towards Investments	43.43	69.98	3.12	148.61	(22.54)	(21.09)
Others	0.87	(20.16)	(1.90)	(19.92)	(1.97)	1.20
Total Provisions (other than Tax) and Contingencies	69.74	72.29	42.36	310.89	147.12	184.55

3. In accordance with RBI communication RBI/2013-14/412 DBOD. No.BP.BC.77/21.04.018/2013-14 dated 20th December, 2013 on Deferred Tax Liability (DTL) on Special Reserve created under Section 36(1) (viii) of the Income Tax Act, 1961, the Bank has reduced ₹ 31.18 crore from general reserves towards DTL on special reserves created till year ended 31st March, 2013.

Further Tax expenses charged to the Profit and Loss Account for the quarter and nine months ended 31st December, 2013, includes provision for deferred tax of ₹ 7.14 crore on Special Reserve to be created under Section 36(1) (viii) of the Income Tax Act, 1961 for the year ending 31st March, 2014.

4. In terms of RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated 28th March, 2013, banks have been advised to disclose capital ratios computed under Basel III Capital Regulations from the quarter ended 30th June, 2013. Accordingly, corresponding details for previous year/period are not applicable.
5. During the quarter, the Bank has granted NIL options under employee stock option scheme. Stock options aggregating to 873,951 were exercised during the quarter and 6,725,772 stock options were outstanding with employees of the Bank and its subsidiaries as at 31st December, 2013.
6. The Bank had one outstanding shareholder complaint as at 30th September, 2013, which was subsequently resolved. During the quarter, the Bank received four complaints from shareholders out of which one complaint was pending as on 31st December, 2013, which was subsequently resolved.
7. RBI vide circular DBOD.BP.BC.No.41/21.04.141/2013-14 dated 23rd August, 2013 on "Investment portfolio of banks - Classification, Valuation and Provisioning", as a one-time measure permitted banks to transfer SLR securities from Available For Sale (AFS)/Held For Trading (HFT) category to Held To Maturity (HTM) category at valuation rates prevailing on 15th July, 2013, provided the transfer happened before 30th September, 2013.

The Bank has not transferred any SLR security from AFS/HFT category to HTM category. The Bank's SLR securities in HTM category as at 31st December, 2013 were 11.70% of net demand and time liabilities (NDTL).

As permitted under the same circular, the Bank has opted to distribute the net depreciation on the AFS and HFT portfolios in equal installments during the financial year 2013-2014. Accordingly, of the net depreciation of ₹ 196.95 crore as at 31st December, the Bank has amortised ₹ 43.43 crore and ₹ 131.30 crore in the Profit and Loss Account for the quarter and nine months ended 31st December, 2013 respectively.

8. In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 1st July, 2013, banks are required to make half yearly Pillar 3 disclosures under Basel III capital requirements with effect from 30th September, 2013. The Bank has made these disclosures which will be available on its website at the following link: http://ir.kotak.com/downloads/pdf/pillar3_disclosures_dec_13.pdf. The disclosures have not been subjected to limited review by the statutory auditors of the Bank.
9. There has been no change in any significant accounting policies during the quarter ended 31st December, 2013.

10. The above results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on 21st January, 2014. The results for the quarter and nine months ended 31st December, 2013 are subjected to limited review by the Statutory Auditors of the Bank.
11. Figures for the previous periods/year have been regrouped wherever necessary to conform to current period's presentation.

By order of the Board of Directors
For Kotak Mahindra Bank Limited

Dipak Gupta
Joint Managing Director

Mumbai, 21st January, 2014