EARNINGS UPDATE

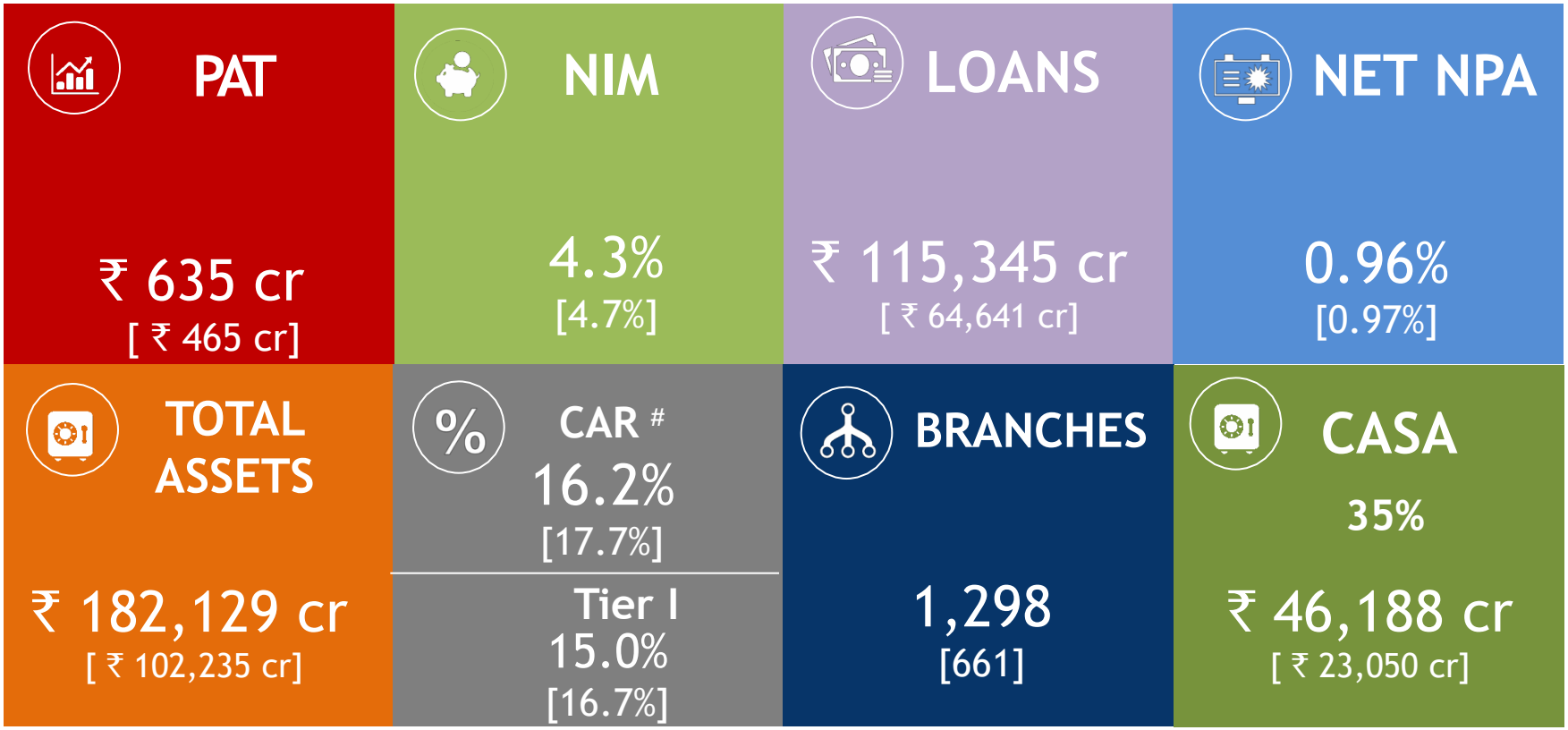
Q3FY16

Presentation on financial results for the period ended December 31, 2015

January 18, 2016

kotak

Standalone Highlights Q3FY16



Figures in [brackets] are Q3FY15 numbers

 # As per Basel III, including unaudited profits. Excluding profit CAR 15.2%, Tier I 14.1% (CAR 16.0% and Tier I 15.0%)

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

Merger Integration update

- Integration broadly on schedule
- Based on current progress, we expect complete integration by April / May 2016
- We are in the final stage of two major pieces:
  - Technology
  - Organization structure

Synergy Update

Revenue Synergy

- 6% impact helping SA growth in eIVBL network
  - Average SA at eIVBL branches grew 31% YoY, Kotak branches at 41%
- Continuing with momentum on customer acquisition
  - adding ~ 100,000 customers a month
- Average CA grew 32% YoY on a combined basis
- Insurance X-sell has picked up in 9MFY16
- Traction in credit cards, Trinity accounts (including KS)
- Significant opportunity in Privy segment

Cost Synergy

- Beginning to see benefits in numbers despite adding frontline people
- Utilisation of eIVBL currency chests across the combined network
- Space rationalization and rental savings being carried out
  - Rented premises surrendered and more such possibilities identified
  - Continuing with disposal of non-core premises

Provisions and costs arising post merger

Stressed Book

- Bad Bank formed in Q1FY16 (~6% of funded and non funded book of eIVBL) under experienced asset reconstruction team
- Most of the stressed assets being managed by this team
- Continue with our estimate of credit cost of ~ 80 – 85 bps on combined book for FY16
- Impact on Q3FY16 results of ₹ 235 cr (₹ 305 cr in Q1FY16, ₹ 238 cr Q2FY16) of which a significant portion from eIVBL
    - Q3FY16 includes provision on SRs and credit substitutes

Other Merger Related Expenses

- Integration cost of ₹ 13 cr in Q3FY16, till date ₹ 142 cr
- ~ ₹ 35 cr for Q3FY16 – additional interest up to 6% on savings accounts of eIVBL

Digital Update

Kotak Mahindra Bank

- Mobile Transactions over ₹ 2,300 cr per month in December 2015
- 6.8% (Nov-15) share in value of mobile banking transactions; while share of industry advances & deposits is 1.6% & 1.4% resp. – RBI data
- 50% of TDs are booked Online
- Ranked No. 5 in terms of value of mobile banking transactions across all banks
- Payments campaign "Salebrations" in Oct 15 saw highest ever Online shopping transactions
- Mobile App continues to be one of the highest rated banking App in India (4.4)
- Digital Payments transactions (Online shopping, recharge & Online Trading) crossed 15 lac transaction volumes in Dec 15
- Various travel related initiatives launched in Mobile Banking & NetBanking platforms
- Launched instant Personal Loans through NetBanking for customers
- Continued focus on social commerce

Digital Update - Subsidiaries

Kotak Securities

- Mobile transaction volume crossed over ₹ 4,000 cr per month
- No. of trades on mobile app crossed over 3 lacs pm
- Contribution of Kotak Stock Trader app to overall brokerage crossed 7%
- Launched TradeSmart Insights and Derivatives - advance analytics tools to monitor portfolio movements, build derivatives strategies across Indian & 35,000 international stocks
- Launched Kotak Leap, a mobile application for sales teams to access, update, manage leads, track client application status, etc.

Kotak Life Insurance

- Genie (Tablet based end to end sales solution) crosses 10,000 policies in Dec 2015
- 19% (Sales in Dec) of business comes through Genie
- 3.7 Lacs customers registered on the online customer portal.
- 14% of renewal premium coming through digital platform
- 40% of switch requests serviced through online customer portal

Profit and Loss Account

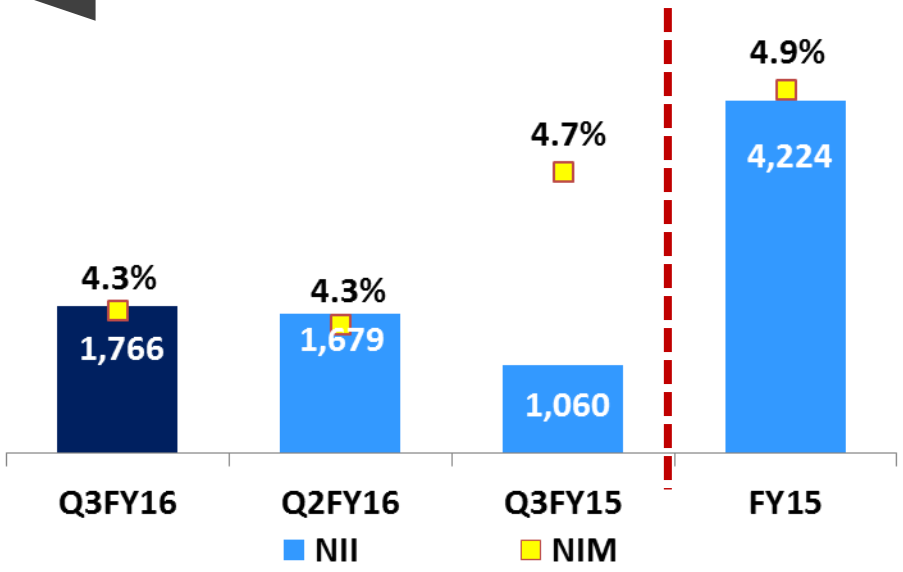
₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
Net Interest Income	1,766	1,679	1,060	4,224
Other Income *	722	616	494	2,028
Net Total Income	**2,488**	**2,295**	**1,554**	**6,252**
Employee Cost	618	623	368	1,450
Other Operating Expenses#	665	627	448	1,805
Operating Expenditure	**1,283**	**1,250**	**816**	**3,255**
Operating Profit	**1,205**	**1,045**	**738**	**2,997**
Provision On Advances (net)	148	189	84	275
Provision On Other Receivables	3	1	2	-
Provision On Investments	84	(14)	(56)	(111)
Provision & Contingencies	**235**	**176**	**30**	**164**
PBT	**970**	**869**	**708**	**2,833**
Provision For Tax	335	299	243	967
PAT	**635**	**570**	**465**	**1,866**

** Q2FY16 Includes reversal of income of ₹62 cr on account of a credit event w.r.t. a derivative customer*

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

Income and Asset Quality

NII (₹ cr) and NIM



Asset Quality

- **Restructured loans considered standard**
  - **₹ 346 cr (0.3%) of which ₹ 202 cr from eIVBL portfolio**
- **Post merger**
  - No CDR participation
  - No transfer to ARC
  - No conversion to off-balance sheet
  - No 5/25 loans
  - No rectification

Other Income (₹ cr)	Q3FY16	Q2FY16	Q3FY15	FY15
Fee and Services	466	457	328	1,353
Others *	256	159	166	675
Total	**722**	**616**	**494**	**2,028**

** Q2FY16 Includes reversal of income of ₹62 cr on account of a credit event w.r.t. a derivative customer*

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

Segment Performance

Bank Segmental PBT

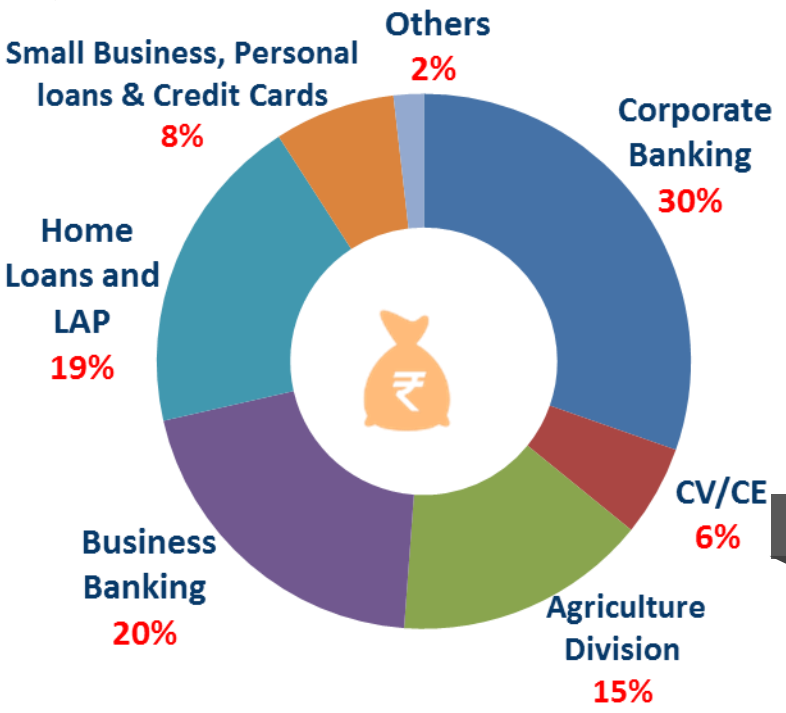
As per RBI (₹ cr)	Q3FY16	Q2FY16	Q3FY15	FY15
Corporate/Wholesale Banking	547	530	338	1,402
Retail Banking	318	328	240	957
Treasury, BMU* & Corporate Centre **	105	11	130	468
Unallocated Income	-	-	-	6
Total	**970**	**869**	**708**	**2,833**

**Balance Sheet Management Unit*
*** integration costs are part of Treasury, BMU & Corporate Centre*
Q2FY16 Includes reversal of income of ₹ 62 cr on account of a credit event w.r.t. a derivative customer

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

Advances & Investments

31-Dec-15 [₹ 115,345 cr]



₹ cr	31-Dec-15	30-Sep-15	31-Dec-14	31-Mar-15
Corporate Banking	35,239	33,909	22,044	20,299
CV/CE	6,550	6,123	5,027	5,204
Agriculture Division	16,811	17,112	10,849	12,106
Business Banking	23,382	22,616	6,079	6,422
Home Loans and LAP	22,327	21,697	13,738	14,709
Small Business, PL & Credit Cards	8,813	8,171	5,929	6,263
Others	2,223	2,034	975	1,158
Total Advances	**115,345**	**111,662**	**64,641**	**66,161**

Advances as per Segmental Classification

₹ cr	31-Dec-15	30-Sep-15	31-Dec-14	31-Mar-15
Retail	48,651	48,339	26,317	29,113
Corporate	66,694	63,323	38,324	37,048
Total Advances	**115,345**	**111,662**	**64,641**	**66,161**
Investments / Treasury Assets	45,269	42,571	28,597	28,659
Total Advances and Investments	**160,614**	**154,233**	**93,238**	**94,820**

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

Balance Sheet

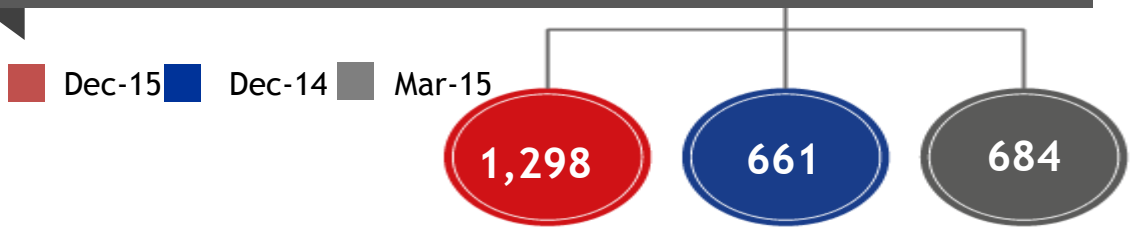
₹ cr	31-Dec-15	30-Sep-15	31-Dec-14	31-Mar-15
Networth	23,307	22,606	13,682	14,141
Deposits	130,939	123,211	73,066	74,860
CA	*19,609*	*20,322*	*10,696*	*13,181*
SA	*26,579*	*24,335*	*12,354*	*14,036*
Certificate of Deposit	*11,505*	*8,987*	*5,206*	*3,785*
Term Deposit Others	*73,246*	*69,567*	*44,810*	*43,858*
Borrowings	19,790	21,873	11,145	12,150
Other Liabilities and Provisions	8,093	7,736	4,342	4,861
Total Liabilities	**182,129**	**175,426**	**102,235**	**106,012**

₹ cr	31-Dec-15	30-Sep-15	31-Dec-14	31-Mar-15
Cash, Bank and Call	9,817	9,498	4,366	6,262
Investments	45,269	42,571	28,597	28,659
Government Securities	*39,038*	*36,358*	*23,267*	*22,882*
Others	*6,231*	*6,213*	*5,330*	*5,777*
Advances	115,345	111,662	64,641	66,161
Fixed Assets and Other Assets	11,698	11,695	4,631	4,930
Total Assets	**182,129**	**175,426**	**102,235**	**106,012**

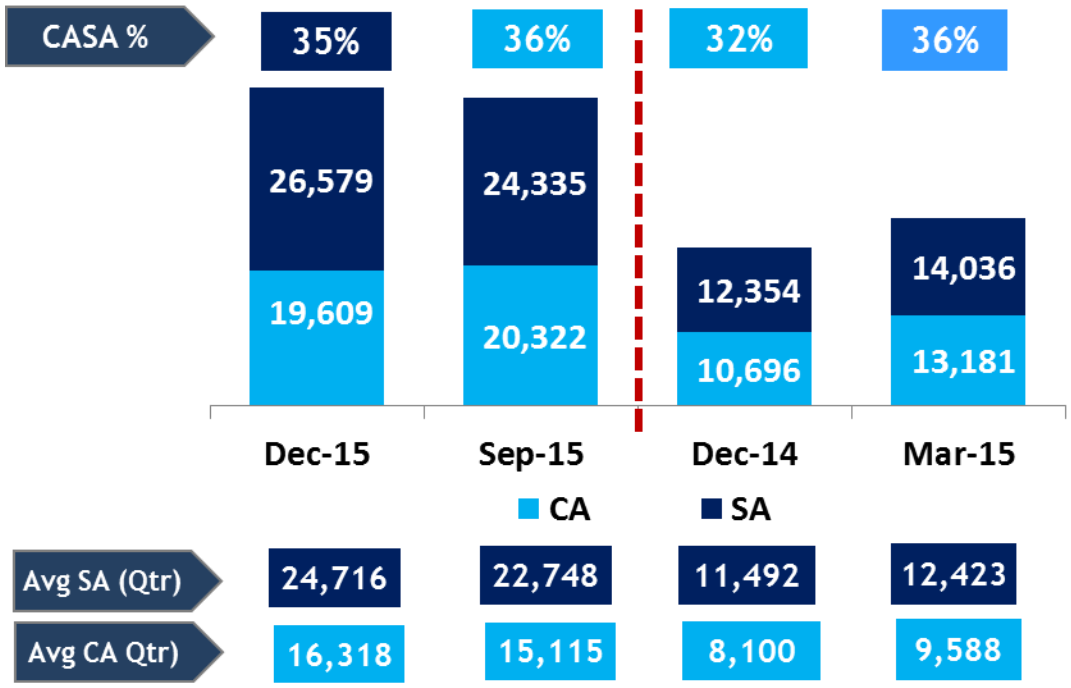
Merger of ING Vysya Bank effective April 1, 2015. Previous year periods not comparable

Branches & Deposits

No of Branches



CASA (₹ cr)

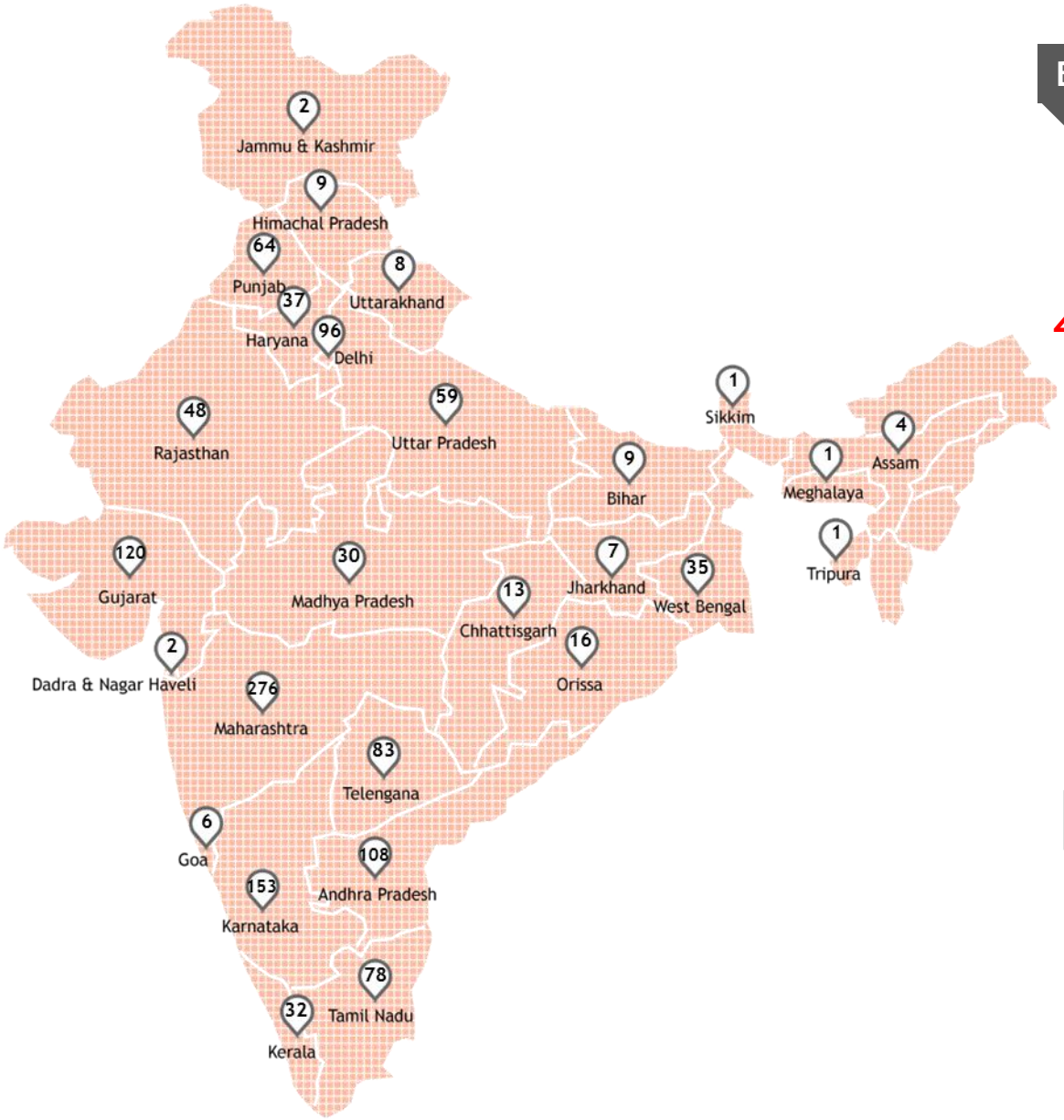


Highlights

- Plan to reach 1,400 branches by CY 2017
- CASA and TDs below ₹ 5 cr constitute 69% of total deposits (65% as on Dec-14)
- TDs below ₹ 1 cr were ₹ 35,214 cr (₹ 18,360 cr as on Dec-14)
- TD sweep were ₹ 7,554 cr (₹ 5,642 cr as on Dec-14)
- Cost of SA – 5.50%

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

Geographical Presence



Branches 1,298 [No./%]

366/28% North

West 404/31%

East 74/6%

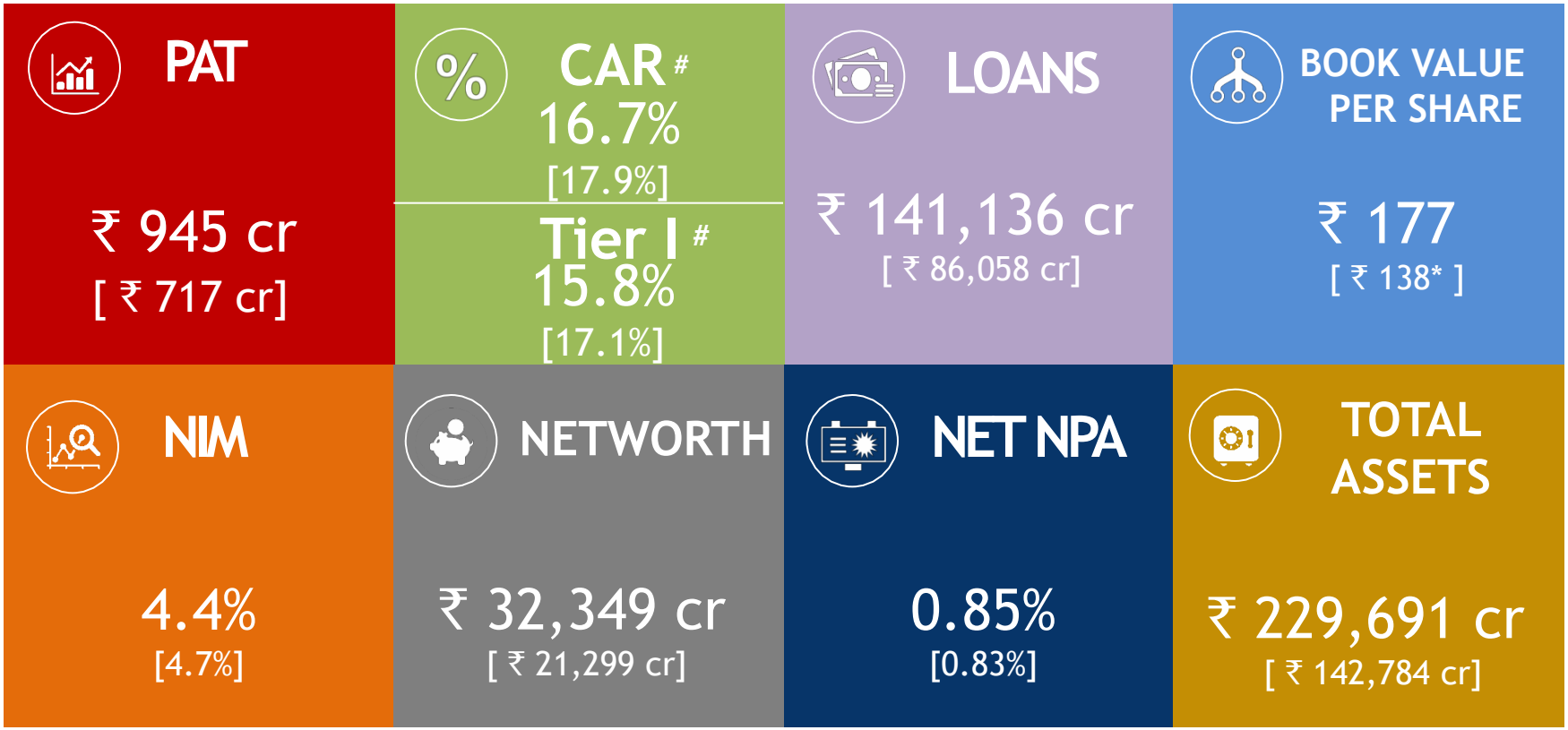
South 454/35%

No of ATMs

1,987

Bank has a Rep office in Dubai

Consolidated Highlights Q3FY16



Figures in [brackets] are Q3FY15 numbers

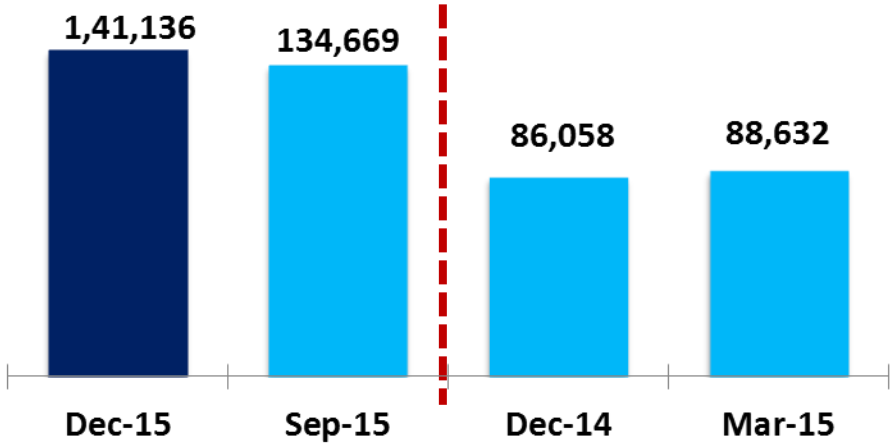
 # As per Basel III, including unaudited profits. Excluding profit CAR 15.5%, Tier I 14.6% (CAR 16.2% and Tier I 15.4%)

** Adjusted for bonus issue*

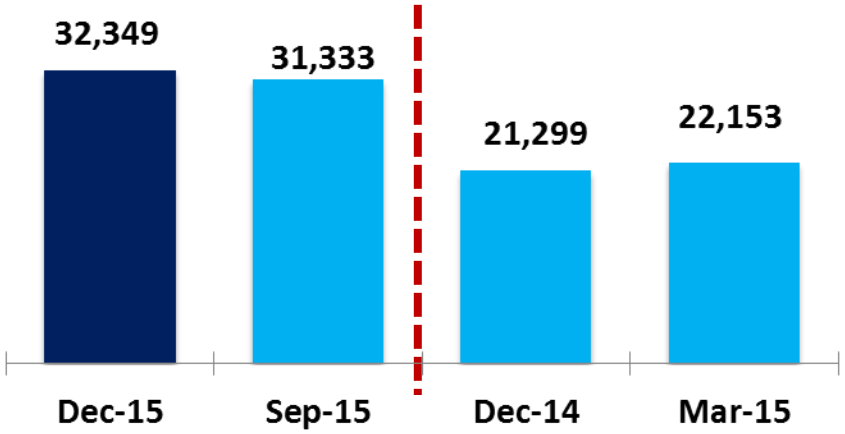
Merger of ING Vysya Bank effective April 1, 2015. Previous year periods not comparable

Consolidated Key Financials

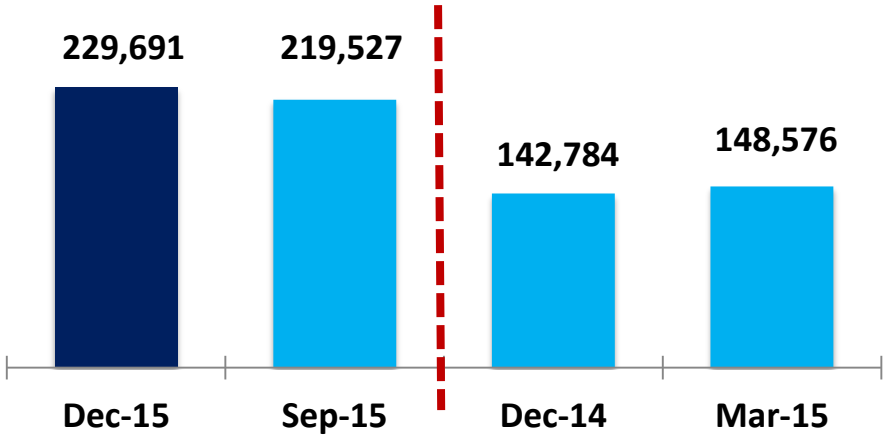
Advances [₹ cr]



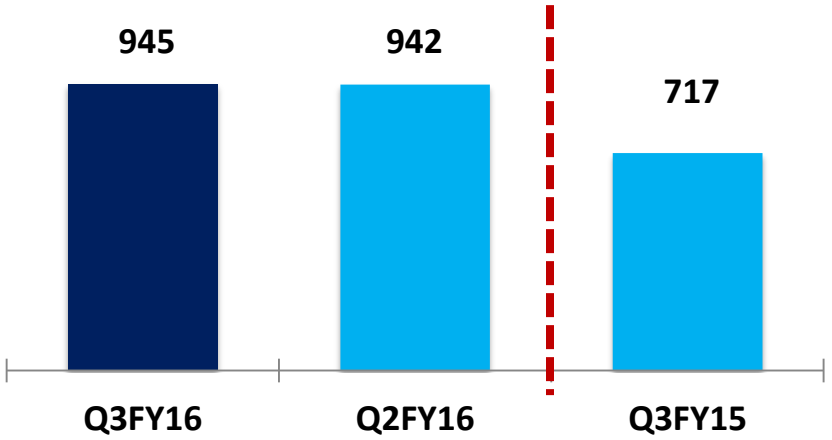
Networth [₹ cr]



Total Assets [₹ cr]



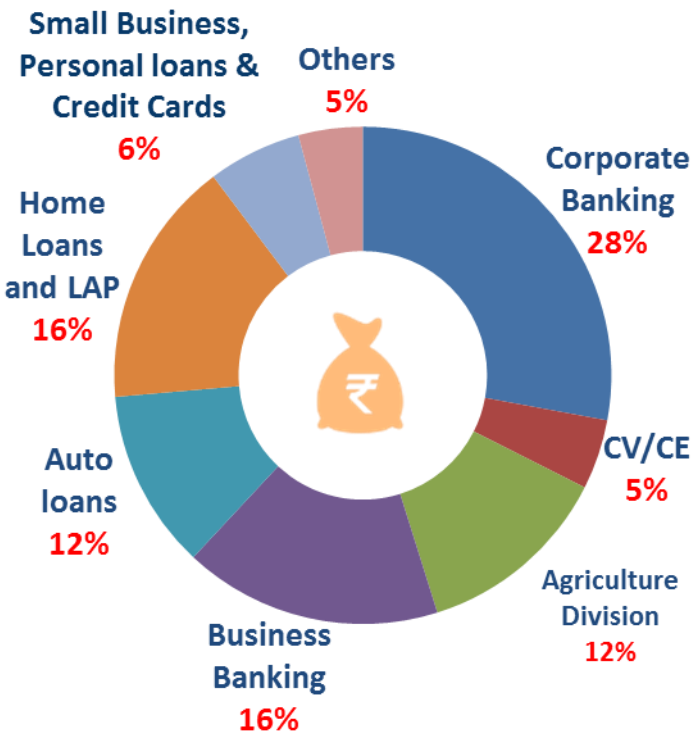
PAT [₹ cr]



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

Consolidated Advances & Investments

31-Dec-15 (₹ 141,136 cr)



₹ cr	31-Dec-15	30-Sep-15	31-Dec-14	31-Mar-15
Corporate Banking	39,988	37,569	25,933	24,546
CV/CE	6,550	6,123	5,027	5,204
Agriculture Division	16,811	17,112	10,849	12,106
Business Banking	23,382	22,616	6,079	6,422
Auto loans	16,410	15,726	14,196	14,691
Home Loans and LAP	22,327	21,697	13,738	14,709
Small Business, PL & Credit Cards	8,835	8,199	5,968	6,298
Others	6,833	5,627	4,268	4,656
Total Advances	**141,136**	**134,669**	**86,058**	**88,632**
Investments/ Treasury Assets *	49,496	40,064	31,746	31,910
Total Advances & Investments	**190,632**	**180,733**	**117,804**	**120,542**

** Does not include policy holders' investments*

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

Consolidated PAT

₹ cr	Q3FY16	Q2FY16	Q3FY15	9MFY16	9MFY15	FY15
Kotak Mahindra Bank	635	570	465	1,394	1,339	1,866
Kotak Mahindra Prime	126	127	120	372	365	507
Kotak Mahindra Investments	39	36	24	104	66	106
Kotak Life Insurance	60	48	51	174	153	229
Kotak AMC and TC	4	23	(10)	47	(11)	(29)
Kotak Securities	55	78	60	200	193	290
Kotak Mahindra Capital	6	7	(6)	16	(17)	12
International subsidiaries	26	32	14	83	33	51
Kotak Investment Advisors	(1)	-	2	-	15	26
Others	(1)	(2)	-	(3)	-	-
Total	**949**	**919**	**720**	**2,387**	**2,136**	**3,058**
Minority Interest	(15)	(13)	(13)	(45)	(40)	(60)
Affiliates and Others	11	36	10	62	37	47
Consolidated PAT	**945**	**942**	**717**	**2,404**	**2,133**	**3,045**

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

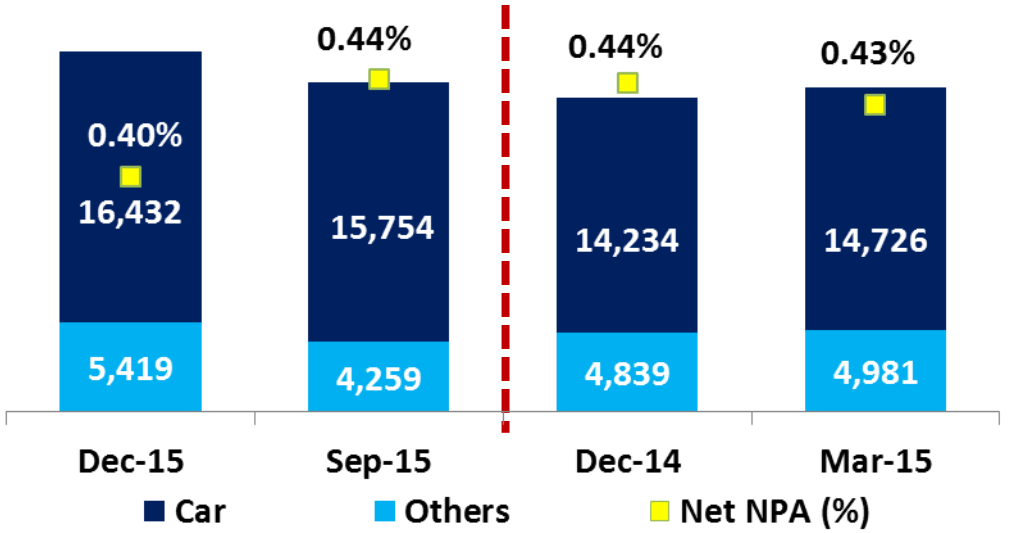
Entity Wise Networth

₹ cr	31-Dec-15	30-Sep-15	31-Dec-14	31-Mar-15
Kotak Mahindra Bank	23,307	22,606	13,682	14,141
Kotak Mahindra Prime	3,721	3,596	3,207	3,350
Kotak Mahindra Investments	791	753	577	617
Kotak Life Insurance	1,445	1,385	1,194	1,291
Kotak AMC and TC	149	144	115	102
Kotak Securities	2,583	2,529	2,288	2,384
Kotak Mahindra Capital	431	425	385	415
Kotak Mahindra General Insurance	131	132	-	1
International subsidiaries	602	571	466	480
Kotak Investment Advisors	266	267	256	266
Other Entities	47	45	32	31
Total	**33,473**	**32,453**	**22,202**	**23,078**
Add: Associates	660	638	583	586
Less: Minority, Inter-company and Other Adjustments	(1,784)	(1,758)	(1,486)	(1,511)
Consolidated Networth	**32,349**	**31,333**	**21,299**	**22,153**

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

Kotak Mahindra Prime

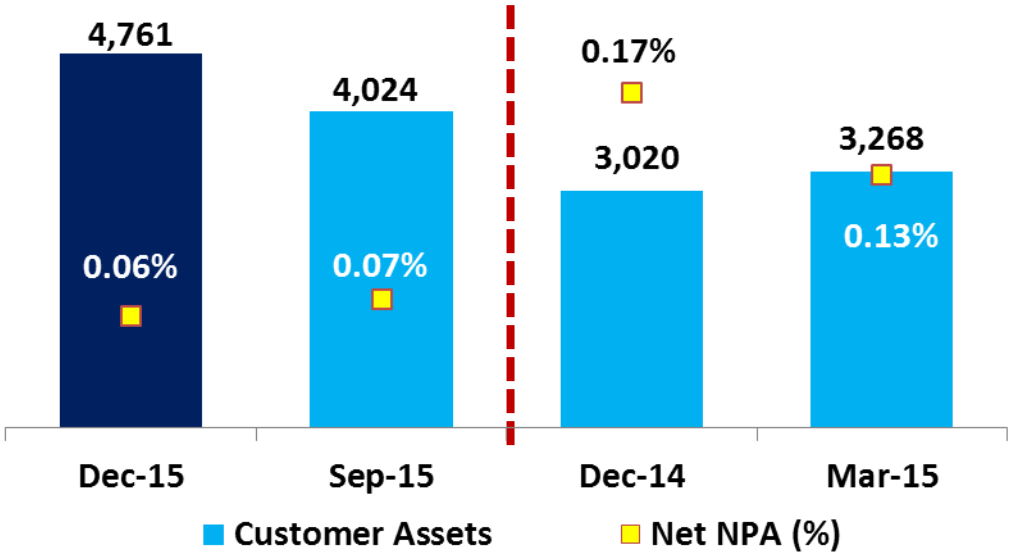
Customer Assets (₹cr) & NPA (%)



₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
NII	247	237	220	915
Other Income	50	61	48	206
Total Income	297	298	268	1,121
Profit Before Tax	193	195	183	774
Profit After Tax	126	127	120	507
CAR (%)				18.3
ROA (%) - annualised				2.5

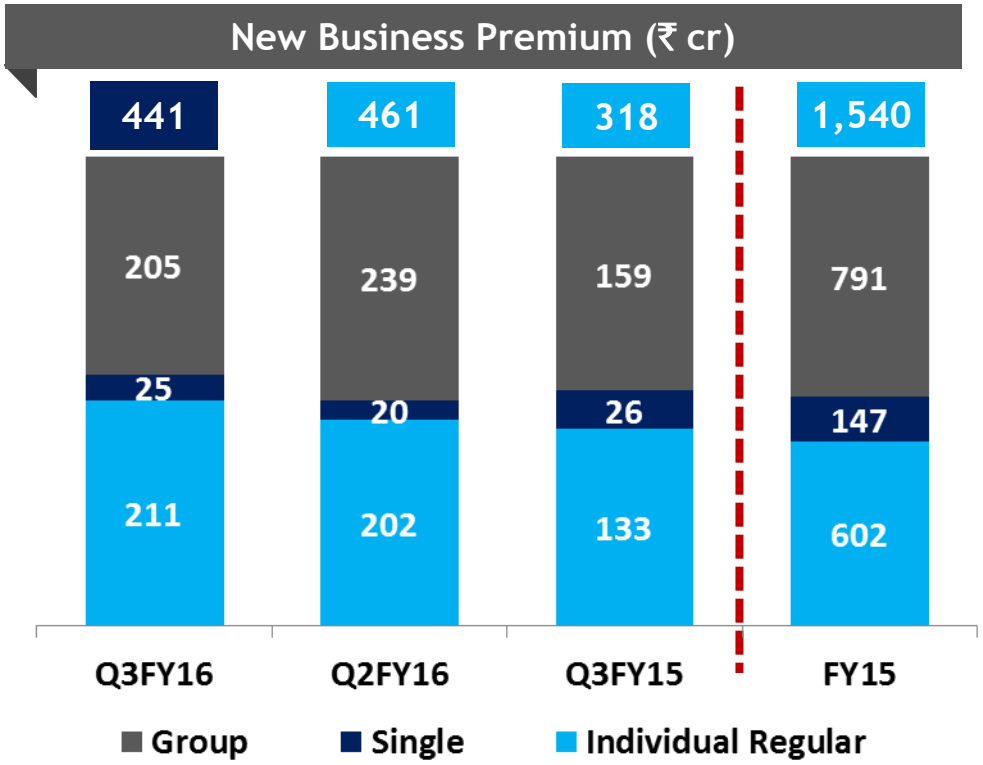
Kotak Mahindra Investment

Customer Assets (₹cr) & NPA (%)



₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
NII	70	63	44	164
Other Income	3	5	3	37
Total Income	73	68	47	201
Profit Before Tax	60	55	37	158
Profit After Tax	39	36	24	106
CAR (%)				18.3
ROA (%) - annualised				5.0

Kotak Mahindra Life Insurance



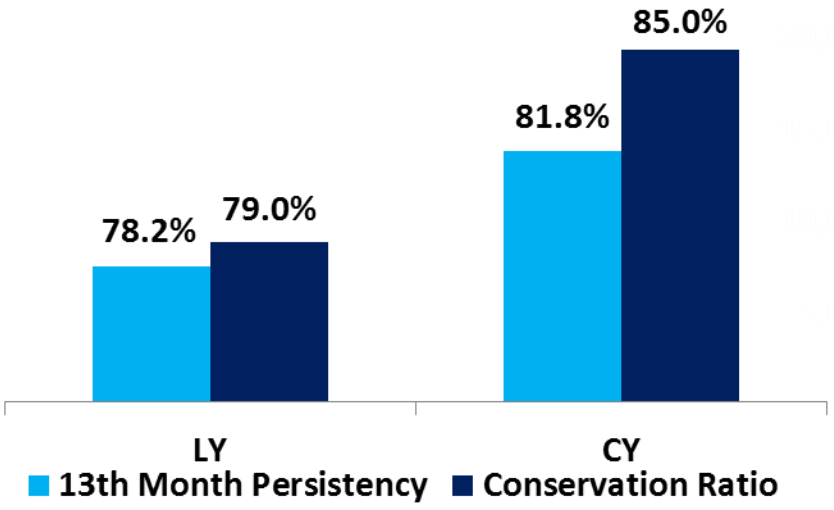
Highlights

- Individual regular business grew by 78% against private insurance industry growth of 13%
- Group business grew by 50%
- On APE basis, Kotak Bank share for Q3FY16 is 48% (PY – 34%) for first year individual premium
- Sum assured increased 29% yoy

₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
Capital	562	562	562	562
Total Premium	842	842	668	3,038
Profit After Tax	60	48	51	229
Persistency Ratio (%)	87	86	86	89
Solvency Ratio (%)	3.20	3.16	2.95	3.13

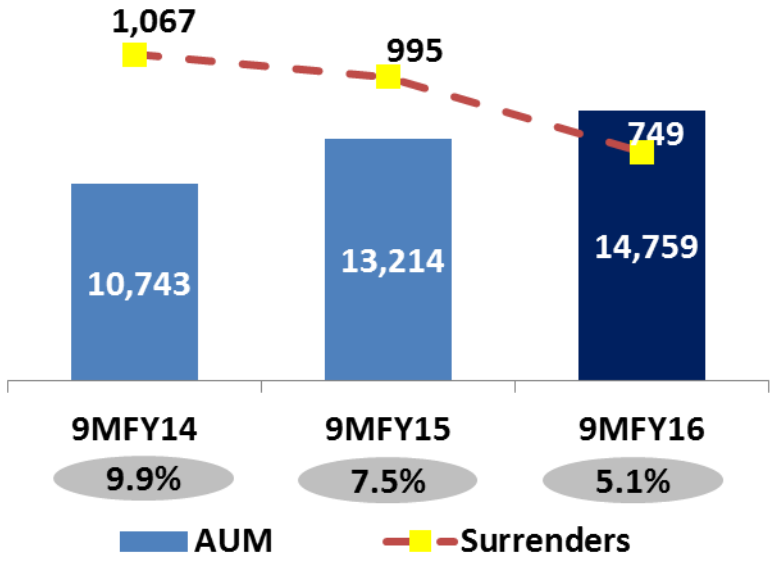
Kotak Mahindra Life Insurance

13th Month Persistency* & Conservation Ratio



** The 13th Month persistency is after a time lag of 45 days from quarter end, accordingly the current number is of Q2FY16*

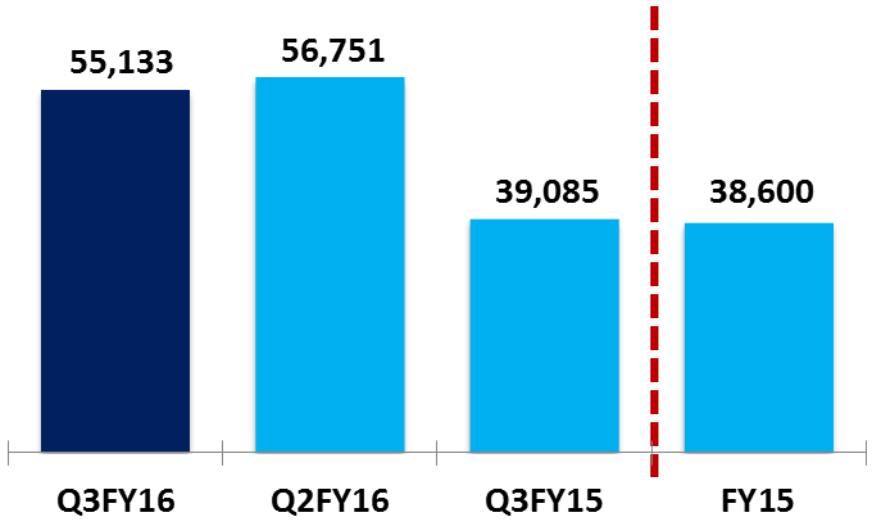
Surrenders and AUM (₹ cr)



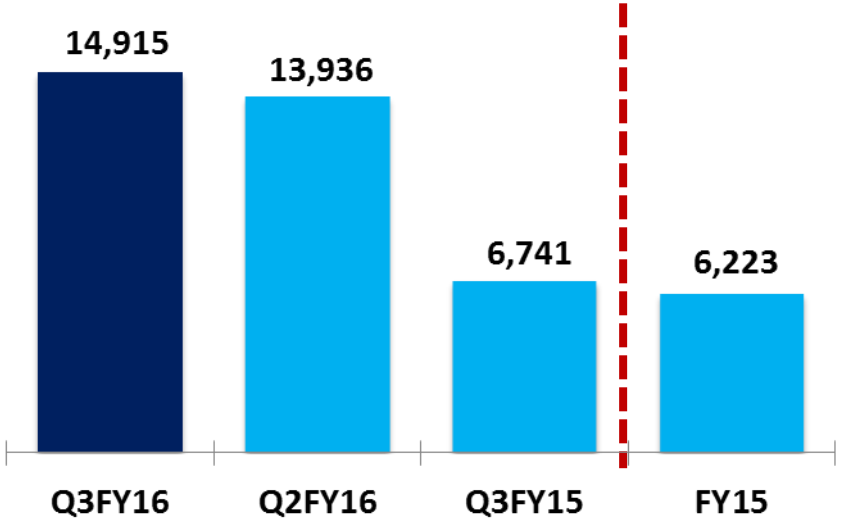
- KLI has shown improvement in Conservation ratio and persistency
- Policyholders' AUM increased at a CAGR (9MFY14-9MFY16) of ~17%
- The claims settlement ratio of KLI for 2014-15 stood at 98.4%, which is one of the best amongst the private players
- Number of lives covered grew by 47% YoY
- Investment Performance of 100% of Equity Funds in Quartile 1

Kotak Mahindra AMC & Trustee Co

Average Assets Under Management (₹cr) - Overall



Average Assets Under Management (₹cr) - Equity



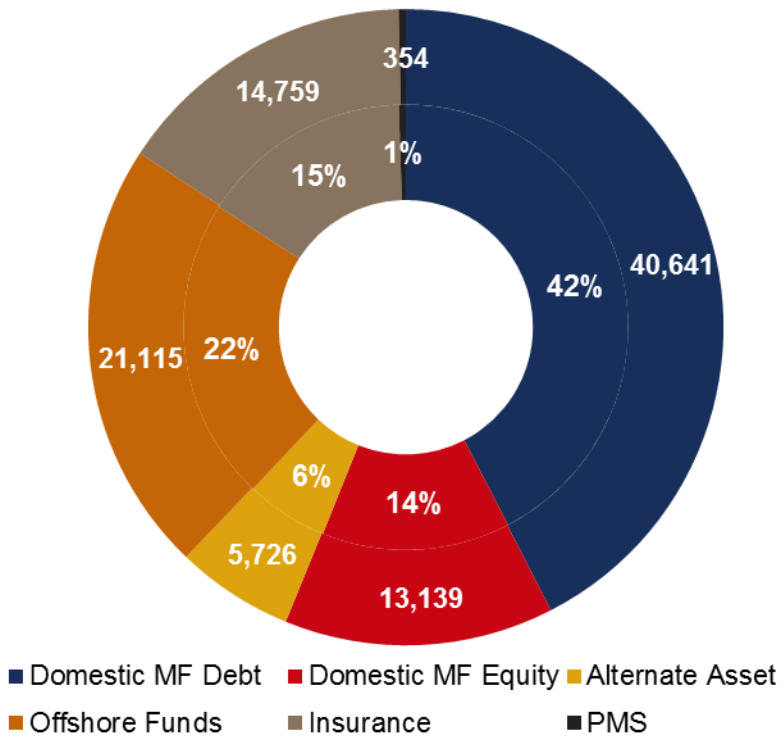
₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
Total Income	59	59	32	137
Profit Before Tax	13	24	(9)	(25)
Profit After Tax	4	23	(10)	(29)

Highlights

- On Avg AUM basis, ranked No. 8 in Q3FY16 (No. 9 - Q2FY16)
- Closing equity market share in Dec-15 at 3.29% (2.59% - Mar 15)
- Mobile factsheet app - first of its kind initiative

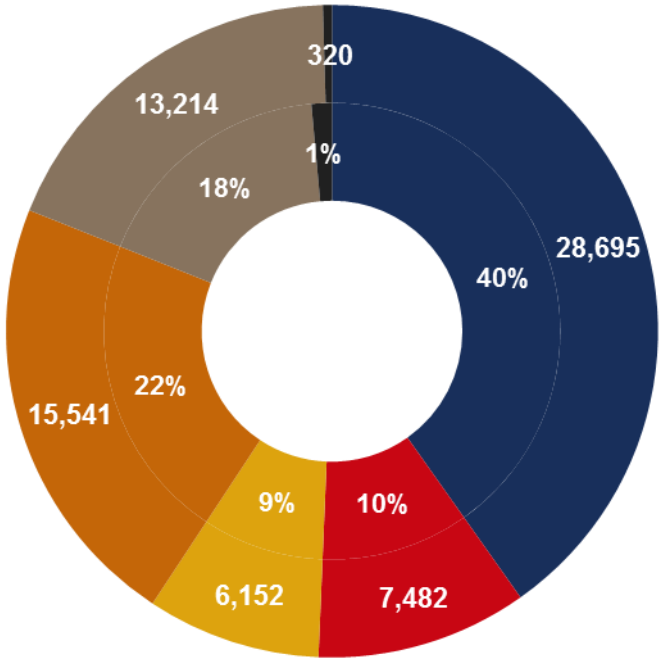
Asset Under Management

Dec 31, 2015



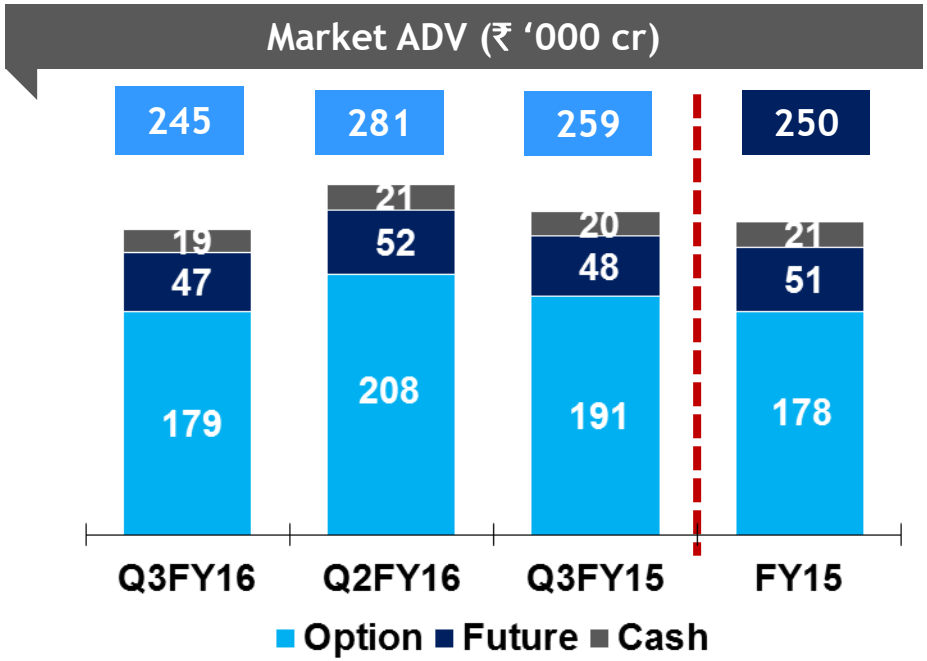
AUM ₹ 95,735 cr

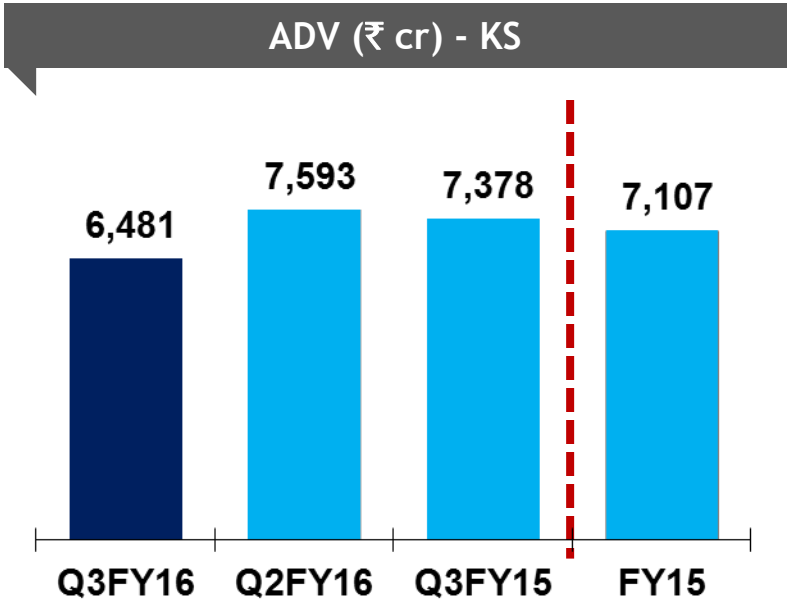
Dec 31, 2014



AUM ₹ 71,404 cr

Kotak Securities





₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
Total Income	228	270	223	960
Profit Before Tax	83	120	91	441
Profit After Tax	55	78	60	290
Market Share * (%) (YTD)	2.7	2.7	2.8	2.8

**excluding BSE Derivative segment*

Kotak Securities services more than 1.1 million secondary market customers through 1,197 branches & franchises

Kotak Mahindra Capital Co.

Mergers & Acquisitions

₹ 13,435 cr	Acquisition of controlling stake in Viom Networks Limited by American Tower Corporation
₹ 4,435 cr	Merger of Advanta Limited with UPL Limited
₹ 616 cr	Advisor to the Committee of Independent Directors of Hitachi Home & Life Solutions India Ltd. for Open Offer by Johnsons Control Inc
₹ 141 cr	Manager to the Buyback Offer
₹ 105 cr	Manager to the open offer for the acquisition of 25% stake in Xchanging Solutions Ltd. by CSC

Equity

₹ 3,017 cr	Initial Public Offering (IPO)
₹ 1,150 cr	Initial Public Offering (IPO)
₹ 632 cr	Initial Public Offering (IPO)
₹ 508 cr	Initial Public Offering (IPO) SH Kelkar

₹ cr	Q3FY16	Q2FY16	Q3FY15	FY15
Total Income	28	29	13	89
Profit Before Tax	8	12	(6)	16
Profit After Tax	6	7	(6)	12

Bank Awards & Recognition

- **Best Private Bank in India**
  Euromoney Awards for Excellence, Asia 2015
- **Best Private Bank India**
  FinanceAsia Country Awards 2015
- **Best Retail Growth Performance**
  Dun & Bradstreet Awards 2015
- **Best Private Bank India**
  Global Private Banking Awards 2015
- **AsiaMoney Cash Management Poll 2015**
  - **Best Local Cash Management Bank in India** (7th year in a row) For SME
  - **Best Overall Domestic Cash Management Services** Small, Medium & large Size Corporates
  - **Best Overall Cross-Border Cash Management Services** Small & Large Size Corporates
- **DataQuest Business Technology Award 2015**
  DataQuest Magazine
- **Bank of the year-2015**
  12th India International Gold Convention in the Emerging Nominated Agency-Bullion category
- **Shanti Ekambaram Most Powerful Women 2015**
  Business Today
- **Jaimin Bhatt CFO Awards - Banking 2015 ICAI**
- **Excellent Performance in CTS & IMPS (Small bank Category)**
  NPCI's National Payments Excellence Awards 2015
- • Market Outperformer
  • Best in Technology
  Global Custodian India Domestic Survey 2015
- **Most Imminent Bank 2014**
  by Outlook Money
- **Mr. Uday Kotak Business Leader of the year**
  ET Awards 2015
- **Entrepreneur of the Year**
  Forbes India Leadership Awards 2015
- Ernst & Young World **Entrepreneur Of The Year India** Award 2014
- **IR Global Ranking** – among the top 5 Best Ranked Companies for Corporate Governance Practices

Awards and Recognition

kotak Investment Banking

- **Best Domestic Equity House** Asiamoney – 2015
- **SKOCH BSE Aspiring Nation Award 2015**
- **Best Investment Bank in India,** FinanceAsia Country Awards for Achievement 2014
- **Best Domestic Investment Bank** - The Asset Triple A Country Awards 2014
- **Securities Advisory Firm of the Year in India** – CorporateINTL Global Awards 2014
- **Best ECM House in India** FinanceAsia Country Awards for Achievement 2014

kotak Institutional Equities

- **Ranked #1** across domestic & foreign brokerages **Institutional Investor's 2015 All-India Research Team**
- **Ranked #2** across foreign & domestic brokerages **Institutional Investor's 2015 All-India Sales Team**
- **Asiamoney Brokers Poll 2015**
  - Ranked #1 in Overall Research for India across foreign & domestic brokerages
  - Ranked #1 in Execution for India across foreign & domestic brokerages
  - Ranked #2 for Most Independent Research Brokerage
- **Best Brokerage House - India** - The Asset Triple A Country Awards 2014

kotak Kotak Securities

- **Best Broker in India** FinanceAsia Country Awards for Achievement 2015
- **Best SEO for Website**, India Digital Media Awards (IDMA) 2015
- **Best SEO for Website** Silver Award at DMAI 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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