



## “Kotak Mahindra Bank Q3 FY2022 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Kotak Mahindra Bank Q3 FY22 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Uday Kotak. Thank you and over to you Mr. Kotak.

**Uday Kotak:** Thank you and good evening colleagues. I wish you all a very Happy New Year and hopefully, 2022 calendar will see the end of COVID from being a pandemic to an endemic. I'm very happy to share with you the financial results of Kotak Mahindra Bank. On a consolidated basis, we have had a profit after tax growth of 30% year-on-year. And I'm extremely happy to share that our business model of Concentrated India Diversified Financial Services is working well. As you know, we are in a broad range of financial services, which includes banking, securities, asset management, investment banking, insurance and financing. And we've seen a very strong growth across the different segments of financial services. As you are aware, our group also owns 100% economic interest in all these businesses. If you look at the mix of our consolidated profits, the bank contributed 63% of Q3 FY22 consolidated profits, and we look forward to a broad continuing performance of the overall consolidated profits of the bank.

Coming specifically to standalone banking, I'm happy to share that we are going for growth. Growth in our advances is 18% year-on-year and interestingly 8% Q-on-Q. Our consumer bank grew at 29% Y-o-Y and 10% Q-on-Q which is nearly 40% annualized. So, the overall advances engine is now working well. Another significant step in our growth trajectory is the step up in our customer acquisition. We added 21 lakh customers in Q3 FY22 versus eight lakh in the same quarter last year, a nearly 3x growth in new customer acquisitions. As you can see from above, we are focused on growth even if it puts some pressure on operating expenditure in the short run.

Another very important aspect of our performance is asset quality. And we are quite enthused with the outcomes at the end of quarter three. At the bank standalone our annualized credit cost on advances is now 35 basis points. Of course, excluding the reversal of COVID provision. The slippages for the quarter are down to 0.3% of advances. In fact, recoveries and upgrades are much higher than the slippages and the standard restructured fund base outstanding under all frameworks COVID 1, 2, MSME resolution framework is 0.54% of the advances. So we are actually seeing a significant improvement in the asset quality and the quality of our balance sheet.

Next, and this is an important item as we see interest rates moving up. The overall duration of our fixed income bond book is at a low of around one and a half years. Having said that, we have a very large part of our fixed income book, which is not in HTM as a result of which in the Q3 we have taken a mark to market provision through the P&L of 484 crores on this account, but going forward with a relatively low duration of our fixed income bond book in a rising interest rate environment, we feel our bank is very well positioned from a risk metrics point of view. Further, as interest rates move up, we believe strategically a high CASA ratio of 60% will be

very, very handy. And all this is in the backdrop of our NIMs now at 4.6%. Also important if I go back to the consolidated numbers, our return on equity is now at 15%. Keeping in mind, despite a high capital adequacy of 24%, including the profits of course for this current year. Therefore, at very high capital adequacy of 15% ROE and also, if you look at the nature of risk we carry on our balance sheet, we think it's a very measured and well moderated and structured risk we are carrying. So, all-in-all, we think we are well geared for 2022 and beyond and happy to continue with the strengthening of our broad financial services model. And we believe different engines will fire at different points of time. And that is the core strength of our business model. With that, I will now hand over to my colleague, Jaimin Bhatt, and thereafter to other colleagues to take you through the various aspects of our financial performance. Over to you, Jaimin.

**Jaimin Bhatt:**

Thank you Uday. Let me start with the consolidated numbers and as Uday mentioned, we closed this quarter with post tax profit of 3,403 crores, a 31% growth on a Y-o-Y basis. And as we can see, the bank contributed for this quarter 63% of the overall profits of the consolidated entity, which is down from 71% in the same period last year. As Uday mentioned, we own 100% of our subsidiaries, and a number of our subsidiaries actually do not need the capital which goes with growth of their businesses. But nevertheless, each of the segments in the subsidiaries have actually grown pretty well in this period. The lending entities, which includes Kotak Prime did pretty well on the back of improved collections also coming in after taking the hit on account of the increased provision requirements thanks to the RBI change. So, Kotak Prime ended the current quarter with a profit of 254 crores as against 149 crores a year ago. The other NBFC KMIL also again clocking in a profit of 111 crores.

The capital market entities going on the back of buoyancy in the markets Kotak Securities, recording a 270 crores profit and the investment bank which is the KMCC bringing in a record 103 crore profit. They've been engaged in several marquee deals during this period both on the IPOs and the advisory side. Life Insurance, which had a negative first quarter this year, has clocked in 247 crores this quarter compared to what it did a year ago, which was 167 crores. The mutual fund businesses bringing in close to 150 crores post tax profit this quarter to an extent held by some investment gains in the trustee company, which is at pre-tax level of 46 crores. As Uday mentioned, we end the period at the consolidated level with a capital adequacy of 24.5% which includes tier one itself of 23.7%. A pretty healthy ROA of 2.6% at the consolidated level.

At the bank standalone level, as we spoke about the post-tax profit ended with 2,131 crores, which is about 15% growth on a year-on-year basis. Our net interest income grew about 12% on a Y-o-Y basis and about 8% on a Q-o-Q basis, on the back of advances growth, which came at 18% Y-o-Y and 8% Q-o-Q. If we add the credit substitutes, the total growth of credit has been at 20% on a Y-o-Y basis. And the growth has come across the board in the consumer segment, the commercial segment and the wholesale segment which my colleagues will take you through as we go forward. The net interest margin on the back of high CASA of 59.9% again continuing to be pretty healthy at 4.62%.

Our fees and services has continued to be a good growth area, a 33% rise on a year-on-year basis coming on the back of improved revenues both on the distribution front as well as in the general banking area. Uday talked about the mark to market book, our bond book duration is at 1.58 years. But a large part of our book is a non-HTM, our HTM portfolio is 38%. As a result, the non-HTM book we had to take a mark to market hit as of the end of December on the back of the rise on interest rates. That has meant that we've taken a knock of 484 crores on the MTM loss for this quarter.

We have seen the employee costs go up this quarter on the back of a family pension provision which came out of the bipartite settlement which the IBA entered into with the bank unions, that has been a hit of 100 crores for this quarter. And again, as Uday talked about, we have continued our push for growth and that has meant continuing to have expenses in certain areas. Apart from growth of employee cost, this has meant rising costs on the customer acquisition side both on the liabilities and assets. We've also had increased advertisement and promotional costs as well as cost increase in the whole tech spend. And as we saw the customer increase this quarter at 21 lakh is significantly higher than what we did a year ago which was eight lakh.

Our asset quality has improved over this period, our absolute GNPA went down from 7,658 crores to 6983 crores. Our slippages during this quarter was all of 750 crores whereas against that we saw recoveries and upgrades of over a 1,000 crores and this is the second quarter in succession where we've seen slippage is lower than recoveries and upgrades. Our credit cost down to 35 bps without taking the COVID right back provision. Our SMA-2 continuing to be low at 298 crores. Our overall restructuring again we've been careful and if I look at the standard restructured book whether it was through COVID-1, COVID-2, MSME resolution framework all put together is 0.54% of our overall book.

On the back of improved realization on the problem assets we took stock and we have written back COVID provision of 279 crores. We continue to carry 1,000 crores of COVID provision on our books still and our overall provision numbers today are higher than what we see as the GNPA number. So, after all this, we end the quarter in the bank with a post-tax profit of 2,131 crores which is about 15% higher than the same period last year. I would request Manian to take up the corporate bank assets after this please.

**KVS Manian:**

Hi. As we usually do, let us look at the corporate assets in two parts the SME part and regular corporate bank side. On the SME side as you can see, the momentum of growth continues, Y-o-Y growth is about 21%, our NTB acquisition remained robust through the quarter and we can see this momentum carrying forward. On the corporate side you need to look at the number along with credit substitutes figure that is reported there. Look at a combination of the two, the assets that have gone up from 77,581 crores to 86,659 crores the sum of the two that's close to 15.5% kind of growth. So overall the segment, the corporates and SME together have grown at about 16.5% Y-o-Y. In the case of SME while the NTB was good, we also saw some small uptick in the utilization numbers. However, we are not yet seeing any pickup in term loan kind of products and we are still seeing traction on the working capital side. At the top end of the corporates, which is the conglomerates, growth has been driven more by credit substitutes than by advances

purely, advances growth is muted, but the combination of the two was quite healthy. And even there we are seeing growth driven more by working capital than by long term loans.

Even the next round of corporates what we call large corporates, they seem to be following the trend that the top end corporates and conglomerates followed. Relatively we have seen uptick in the credit substitute side there as well. In times like this, when pricing pressures are high we find credit substitutes as a better method to do some of these lending. Overall, within corporate banks, NBFC as a segment saw some uptick again, probably because mutual funds, credit funds were not available as a source to them and they came back to banking sector for borrowing. On the CRE side, while we remain cautious on the commercial side, we have seen very good traction on the residential real estate. And as you can see, the Q-o-Q on this has been significantly better than Y-o-Y on the residential real estate side. And more than 80% of our new disbursements are on the residential sector. Between the sub and the bank, this segment credit has revived and we see growth going forward. Of course, we are keeping our focus on the top end and there are a lot of new customers we are able to add in this segment.

Apart from this, our focus on transaction banking continued. We went live on our online trade portal. We created a new CMS platform and migration of customers onto the new platform is in progress and is progressing quite well. Several new features were launched during this last quarter and overall trade FX, CASA and DCM fees, all the non-risk revenues have done quite well through the quarter. Also, our custody business during these times when there has been an IPO, string of IPOs has also done extremely well to help our CASA growth.

Overall, the health of the business remains good, the ROE and the risk adjusted returns thereof remain good and the asset quality of course Jaimin already talked about remains quite healthy in all segments of the business and we look forward to a good momentum carrying forward from there.

Thank you, can I hand over to Kannan. Kannan will you please take on.

**D. Kannan:**

Thank you Manian. I will start with the commercial vehicle financing business.

Heavy commercial vehicle sales further improved during the quarter as compared to the previous quarter. Capacity utilization in the goods transport segment was better than the previous quarter. Cash flows for the transport operators were better due to a combination of better utilization, lower fuel prices as well as stable freight rates.

Our disbursements are in line with the better performance of the vehicle sales. Passenger transportation, staff transportation and school bus segment continue to be impacted. Collection efficiency on demand in this business has been good during the quarter and it's been better than even the previous quarter.

Demand for construction equipment is good both in the roads and the mining segments. It continues to be good driven by government contracts. Demand for smaller equipment at the retail

level has been a bit muted during the quarter. The retail customers or smaller customers have been impacted by the long receivable cycle and hence addition of new equipment is a bit slower there. Capacity utilization of equipments again has improved over the last couple of months which should lead to improved cash flows for the entire industry as a whole. Collection efficiency on demand again here has been good and it's as good as normal times.

Tractor sales during the quarter has been better than the previous quarter, though lower than the same quarter last year. Rural cash flows continue to be strong, though a bit delayed in parts of the country due to the prolonged monsoons. Our disbursements on the tractor finance segment has been good and we continue to maintain our leadership position in this segment. Strong cash flows should lead to continued good demand in the coming quarters. Collection efficiency on demand has been good again in the segment. On the agri finance segment, demand for credit, both working capital and CAPEX in the agri SME and the agri value chain continues to be good, aided by good monsoons and increasing commodity prices. Collections during the quarters show an improving trend as compared to the previous quarters and is closer to normal times.

Our microfinance disbursements have grown as compared to the previous quarter, demand for credit from micro and small entrepreneurs continue to be strong in the markets in which we operate. Collections in the market we operate are improving and collection efficiencies are as good as normal times. I will now hand it over to Shanti to take you through the consumer banking business.

**Shanti Ekambaram:**

Thank you Kannan. In continuation I will start with lending. Consumption saw a good uptick in the quarter being a festival quarter. All our retail lending businesses showed robust growth in Q3. This helped us gain market share in many products. At a consumer asset aggregate level we grew 29% Y-o-Y and 10% Q-o-Q. This is on the back of a 10% Q-o-Q growth in Q2.

Mortgages, we had our best ever quarter on fresh volumes for home loans. A price leadership campaign of 6.5% during the festival season helped us acquire quality customers and strengthen our market share across all the customer segments. We continue to strengthen and widen our distribution in this very key focused business area. As the business momentum picked up we also saw good volumes in LAP. We saw a pickup in some commercial but more on industrial property purchase for self-use. We continue to consolidate our market share in LAP. Mortgages grew at 38% Y-o-Y and 12% quarter-on-quarter.

Unsecured retail, I will start with cards. We had one of our best quarter on cards with acquisition at 3.9 lakh cards. Bulk of the sourcing has been from existing customers. We rolled out attractive offers to our customers in marketing alliances across e-commerce and physical partners across the country. Our Khushi Ka Season campaign and brand ties with Apple and One Plus has helped us deepen our engagement with our customers. We operationalized a co-branded partnership with Indigo. We continue to invest in technology distribution and strong product propositions to grow in this space.

Personal loans. We had our best ever quarter with monthly originations of 1.7x of pre-COVID levels, a large part of the new loans is sold digitally. We saw increased demand as normalcy returned from segments like weddings, home, renovation, travel, etc. We have scaled up our new acquisition in both traditional and data led digital space. We migrated to our new Salesforce platform for origination in this quarter. In phase two our DIY and STP journeys will go live in the upcoming quarters.

Consumer Finance, one of our best quarters thanks to the festive season demand across physical and digital distribution. We continue to scale in this space to widening distribution and relationships with key partners and a strong data led digital business. Overall unsecured retail business saw a Y-o-Y growth of 12% with a strong quarterly growth of 16% on the back of 12% Q-o-Q growth last quarter.

Working capital & Business banking, this quarter saw an increase in credit demand due to better business volumes and CAPEX demand from select pockets. Export segment continue to see demand from specific market clusters. We focused on new quality client acquisition both in the secured and unsecured space in the MSME segment. 85% of the book qualifies for priority sector. We will continue to grow in the MSME space by expanding distribution footprint, multiple and deeper channels and technology enablement. Collections - Our bounce rates and resolutions continue to be better than pre-COVID levels. As we shared last time we launched our digital collections platform where we saw higher customer adoption and over time this should help us reduce our collection cost. We have invested significantly on the customer and consumer assets business across distribution, technology, data & analytics and aggressive customer offers and propositions. We will continue to invest in this space.

Now to deposits. Average saving deposits grew year to date Y-o-Y 11%, current account at 32% and sweep term deposit 20%. The focus on acquisitions as you saw the aggressive customer acquisition continues on granular retail customer growth across digital and physical channels and 811 continues to contribute successfully through our digital customer acquisition. The bank had 30.7 million customers as of December'21 versus 25 million last year. Our CASA ratio was at 59.9% as of December'21. Our TDs below CASA and TD below five crores comprise 88% of the deposit, TD sweep deposits was at 7.6%. Our cost of SA was a 3.5% this quarter versus 3.81 in Q3 last year.

Our asset cross sell in Q3 through the channels were very strong, across all retail products, both in consumer and commercial asset space. Fee income showed good growth, including in insurance, investments and brokerage. We have increased our market share in issuance of Fastag to 10% for December'21 on a monthly incremental basis. We launched a co-branded debit card with PVR during the quarter, we are seeing increased customer engagement.

Now to the digital part of our strategy. As outlined in the previous quarters, our digital strategy and initiatives are centered around our customers across acquisition, engagement and service and across our value proposition of saving, lending, payment, investment protection, powered by AI & ML. We continued on each of the aspects of technology, infrastructure, applications



and DIY customer journeys towards scalability, agility, and resilience. In the digital channel, we will be going live with all our key consumer asset DIY, STP journeys in the coming quarters, providing a seamless, frictionless and convenient experience for our customers. And this investment in our tech stack will be a continuous journey and the backbone of our digital strategy.

Mobile First has always been a key strategy. The last two years we upgraded our mobile app significantly by providing customers, more functionalities and a greater choice across banking, payment, loans and cards. In Q3 we launched many functionalities across assets, payments, lifestyle, protection and risk. Our customer centric experience and functionality has allowed us to be consistently amongst the top-rated banking apps in both OS and Android. We have seen significant increase in monthly average users which has grown 37% Y-o-Y. Transaction volume which has grown 126% Y-o-Y & in value 54% Y-o-Y through our mobile banking channel.

In retail assets we have been working on enabling mobile first and in Q3, launched several functionalities across home loans, cards and revamped the entire loans module in the app, making it easier for access to customers. On the payment side, UPI transactions have grown 3x December'21 over April'21, including P2P and P2M transactions. Pay Your Contact continues to see rapid adoption and we saw a 6.6x growth in transaction in December versus June this year. That was when we had launched this.

In merchant acquiring we embarked on the path of delivering a complete bouquet of e-services with the launch of our merchant app Kotak Biz in Q2. This helped us onboard merchants for payments and collection services digitally, serve them digitally and deliver targeted offers on multiple banking and value-added services. In Q3 we enriched the digital onboarding by extending it to our existing current account customers and added new features. We have gone live in a partnership with EasyTap to increase our merchant acquisition footprint and service their merchants. To help our merchants in managing their cash flows better, we have introduced the same day settlements in this quarter. And we in this quarter continue to leverage our partnership with PineLabs for new acquisition.

Ecosystem. The strategy on ecosystem is in three parts Orchestrate, Partner & Participate. In Q3 we added four new partners in KayMall including Myntra in the in-app shopping mall. In Q3 we continue building on our API stacks for partners. We have 391 APIs live. As of now we have 298 registered partnerships. Some key names include Pine Labs, Vivifi, Setu amongst others. We are rapidly expanding our FinTech partnership network and are experimenting use cases in business models. We plan to leverage the regulatory network of account aggregator and OCEN for Retail and SME lending in the upcoming quarters.

Now to the corporate and business banking stack. We've upgraded our transaction banking tech stack towards transforming customer experience in trade and cash management products. Trade portal, we launched a paperless end-to-end seamless trade portal creating significant differentiation to meet our customer's unfulfilled needs. Customers can transact for outward remittances, import LCs and collection, export LCs and collection. We will be going live with

an inward remittances pre and post shipment finance soon. We have seen active adoption by customers and have received very positive views. We migrated 14,000+ customers to our new CMS portal which is simple to operate with superior interfaces and customer experience. We offer full stack digital capabilities on host-to-host and API solution basis, which again has created a significant differentiation in meeting our customer's need.

On the transaction banking side we introduced many services with enhanced user experience. Talk about some, our corporate mobility app 2.0 saw 17 lakh+ transactions which is a 46% Y-o-Y growth for YTD December. We introduced BBPS Click Pay a new feature in BBPS which speeds up the transaction processing with a one click journey. We introduced CMS 24/7 for corporates via APIs and the advanced payment architecture allowing them straight through processing. We introduced paperless supply chain financing on e-way bill data verification. We partnered with a FinTech for international acquiring bill sponsorship for cross border transaction. The helpdesk provide a superior international payments gateway to key e-commerce customers. We will continue to invest in the tech stack for a superior experience for our business banking customers.

Digital transactions through mobile and net continue to grow across deposits, lending, service and transactions. 97% of our savings volume transactions were in digital or non-branch mode even in this quarter. I now request Gaurang Shah to take you through the insurance business highlights.

**Gaurang Shah:**

Thanks Shanti. Let me take you through the financial performance of Kotak Life this quarter, a quarter with more normalized environment for life insurance business. Our gross written premium for the quarter increased to 3,108 crore from 2,623 crore in the previous year. Showing an increase of 18.5%. We continue to maintain a balanced product mix between participating and non-participating products, channel mix of agency and bancassurance and also between the individual and group business. Individual APE growth for the quarter was 31.6% against the private industry growth of 27.5%. Group business for the quarter was up by around 28% on the back of protection business growth of over 60%. Overall claim experience continues to be in line with the excess mortality claims we estimated in June'21. We carry adequate provision to cover future expected claims if something arises out of Omicron. Overall a 600 crore excess mortality hit for the year net of reinsurance, that has been the hit which we have taken. Our networth has crossed 4,000 crores with strong solvency margin of 2.66 times. Now, I hand over to Jaideep to take the presentation forward.

**Jaideep Hansraj:**

Thank you Gaurang. The top line for Kotak Securities is 656 crores for the quarter ending 31-12-2021. This is comparable to 613 crores for the previous quarter and 474 crores for the same quarter last year. The profit before tax for this quarter is at 359 crore. This is again comparable with 325 crores for the previous quarter and 245 crores for the same period last year. And the PAT for the quarter ending 31-12-2021 is 270 crores, this number was 243 crores for the quarter ending September'21 and for the quarter ending December'20 it was 184 crore.

We clocked a market share of 10.4% in the cash segment for the quarter December'21. This is a tag lower than 11% which we got in September'21. Some sense of the market ADV. The total daily volumes for this quarter was at 38,75,000 crores, out of this, the options market was at 37.3 lakh crore, cash at 51,000 crores and futures at 92,000 crores. The growth has been the biggest in the options space, whereas cash and futures have seen marginal or flat kind of numbers. I'd also like to share some information on some of the digital initiatives taken at Kotak Securities. The DIY journey of account opening for accounts in Kotak Securities has been enhanced significantly. We have reached a level of an account being opened in close to six minutes.

The second big thing which we introduced in the quarter was a pre login application of IPOs, which were allowed to be done which was not there in the previous quarter. This made a reasonable difference to our market share in the IPO space and we see this going ahead as well. For derivative trades, the launch of the NEST platform has helped a lot in the stability of the platform and a reasonably large, enhanced customer journey and experience. We launched our new trading website with the latest technology stack with cutting edge UI and UX. From a service initiative, a multilingual chat bot in nine languages, 15 self-service options were launched. And we migrated our telephony to cloud with again multilingual IVR capability enhancing customer inbound call experience. With this I'd hand over to Manian to talk about the investment bank.

**KVS Manian:**

Kotak Mahindra Capital Company, clocked for the first time in its history a profit after tax of over 100 crores this quarter. It was involved with marquee IPO transactions in the market and we remained a go to investment bank in the ECM side of the business. What is even more important is that our advisory business is also in very good shape and we have built a good franchise on the advisory side. In fact, even on advisory we should end this year at close to record levels, last year was a record year, this year again we could end almost at the same levels. So the investment banking business both on the ECM side as well as on the advisory side seems to be in good shape. And we have mentioned some of these marquee transactions there for all of you to see.

Coming to Kotak Mahindra Investments, this is a company which is largely into corporate real estate lending business or structured corporate lending transactions. As you can again see this has grown significantly. I made an earlier comment on good momentum on the real estate lending side and part of the real estate lending gets done in the bank and part of it gets done here. As you can see robust growth here of close to 30%. In the asset book, this is driven by residential real estate transactions as well as some other structured corporate lending business. We have also been able to maintain balance sheet quality here and as you can see the net NPAs have dropped to 0.4%. Basically our lending policies in terms of focusing on cash flows and the right security and choosing the right projects has really shown results here. In this NBFC we have been also able to reverse COVID provisions to the extent of seven crore given the fact that some of our assets which were at risk have actually been recovered. I will now hand over this to Kannan to take you through Kotak Mahindra Prime.

**D. Kannan:** Thanks Manian. Kotak Mahindra Prime had at a profit after tax of 254 crores this quarter as compared to 149 crores in the same quarter last year. Disbursements during the quarter has been better than the comparable quarter of the previous financial year, but continues to be slightly impacted by supply constraints faced by the manufacturers. Collections during the quarter has shown further improvement and its collection efficiencies on demand are closer to normal times. During this quarter, Kotak Mahindra Prime acquired the retail car finance portfolio of Ford Credit. I now hand it over to Nilesh to take you through the presentation

**Nilesh Shah:** Thanks Kannan. Good evening friends. Let me take you through our Asset Management Business for December'21 quarter. Our total average AUM grew 32% year-on-year to Rs.2.87 trillion. Our equity average AUM supported by market bounce back grew 67% year-on-year to Rs.1.41 trillion. Our total AUM market share increased to 7.4%. And our equity AUM market share increased by 40 basis points to 5.4%. Our SIP registrations as on December 31, 2021 were Rs.9.1 billion and SIP inflows for the month of December were Rs.6.65 billion. Our SIP book and average AUM growth continues to outpace industry. We continue to serve investor requirements by launching active as well as passive funds focused on local as well as offshore markets across debt equity and commodities. We also remain focused on ESG investing as India's first signatory to the United Nations principle of responsible investing. Consequently, our profit before tax has grown 20% year-on-year to Rs.146 crore excluding non-recurring gains of Rs.46 crore. Our total AUM across mutual funds, CMS, offshore. insurance and alternate assets grew 23% year-on-year to Rs.3.86 trillion. Our relationship value across wealth priority and investment advisory grew 73% to Rs.6.49 trillion. I will hand it over to Jaimin Bhatt.

**Jaimin Bhatt:** Thank you Nilesh. Friends, any questions, clarifications, explanations the whole team is here.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Jain from Goldman Sachs. Please go ahead.

**Rahul Jain:** Just a couple of questions. First on, the provisioning policy, so the reversal that you've done. Can you just elaborate and explain the thought process is it led by the recoveries and up-gradation that we had or you generally feel that the kind of worst is behind us and from here on it should be a more normalized?

**Jaimin Bhatt:** Sure, Rahul it's like this. Yes, as we saw the realizations are certainly continuing to improve, the gross accretion of NPA has slowed down and actually the realizations up-gradations continuing to increase quarter-on-quarter. The restructuring requests coming lower. As well as the fact that we saw the SMA-2 numbers very much in the control. So we followed the process and if you look at the background of how the provision on COVID was created, it was based on a set of accounts which had gone for moratorium and what not. A lot of those accounts which were under stress actually are no longer with us. They've actually paid up all their dues into what was due at that point of time. So continuing to carry some provisions on that was something which were not necessarily required, especially on the back of what's happening on the market with respect to collections. So we looked at the overall thing and we've not taken back all of what is possibly we felt at this stage, also considering the fact that there is the wave Omicron

which is the wave three which is going around in the market. But though it is less viral and we did keep a cushion for that. And as we've seen as against what we had 1279, we will continue to keep a 1000 crores at this stage. And of course, we'll keep taking stock of this, every period.

**Rahul Jain:** Thanks. Given that now we're focusing even on the unsecured businesses which generally have a higher loan losses through the cycle. Let's say a year out or two years out as this book start to become more meaningful subject of course growth trajectory. Would we then, take provision as and when it sort of happens, or you think building a buffer from now on would be more prudent?

**Jaimin Bhatt:** Rahul, while we are growing the unsecured book, the unsecured book even today, like the unsecured retail, which is your credit cards and personal loans, business loans, consumer durables is still about 5% of my advances book. Even that, while that is growing on a lower base, if that newer thing goes bad, we certainly end up providing that under provision requirements or as a policy on the unsecured bit far more aggressive than what the regulatory requirements are. So we'll take those if it comes. But right now, it's looking fine.

**Rahul Jain:** Great thanks. Can I just squeeze in one more question more on the franchise side. So the customer addition is pretty impressive. Can you just talk about the customer profile that you're onboarding and also in the home loan business is it all organic or you've had some balance transfer business also coming into the bank. That is it from my side. Thank you.

**Shanti Ekambaram:** Yes. So as far as the customer acquisition is concerned, we continue to attract a lot of millennials, and people in let's say from 25 to 40, but we are not restricting any customer. So across our channels, whether it's physical, digital, 811, we go and look for customers across all segments, but we are seeing a flow like I said if I were to put 25 to 40 is a good range to sort of look at the customer profile. On the home loan side, I don't know what you call inorganic as balance transfer, but that is also acquisition for us. Balance transfer has always been about 30% of our business, historically as well as now. But we continue to see the primary market business flow is very strong. Manian had talked about the fact that, residential sales have been really good and we see that in the demand in our home loan business. So we have a combination strategy of primary market, customers buying readymade property, secondary market sales, and balance transfer. It is a mix of all of it.

**Moderator:** Thank you. The next question is from the line of Sumeet Kariwala from Morgan Stanley. Please go ahead.

**Sumeet Kariwala:** I wanted to get some perspective on loan growth in the current cycle from a two, three-year perspective. So there are two sub segments that I'm trying to get some views on, first on corporate banking. And if I look at Kotak Bank this time, it's very differently placed in the sense that, there's a sharp improvement in funding franchise and one maybe is better placed to accelerate growth in corporate banking. Also digital capabilities will be a key differentiator. So should one expect that as the pricing normalizes, which should happen as the cycle turns, this time Kotak Bank would see much more market share gains in corporate banking. So that's, part one of the question, please.

**Uday Kotak:** So you said part one, is there a part two?

**Sumeet Kariwala:** Yes, which is on unsecured loans, maybe I should do it after your reply, if that's fine?

**Uday Kotak:** Okay. Manian you want to go for this?

**KVS Manian:** Yes, Sumeet we have always stated that if risk return tradeoffs work well we are always open to growing the corporate book, at a pace that the market offers the opportunity at. Our key metrics has always been the right risk return tradeoffs, our relationships are fairly wide, we have fair presence in most corporates. Right from the top end to medium sized corporates, our coverage and presence is fairly wide and we're fairly confident that if the secular growth in the corporate credit requirement goes up, we will be able to capitalize on that. And as I mentioned, our transaction banking franchise is also growing very well. And Shanti also took you through a couple of slides, where in the corporate we have used our new digital products, new online portal, new CMS platform, all of that is making a lot of difference. And we are quite confident that we can grow this franchise if the market opportunity allows us to do that.

**Uday Kotak:** Yes, Sumeet second question you had?

**Sumeet Kariwala:** Second is on unsecured loan growth. And if I look at Kotak Bank's market share in unsecured, personal loans and Cards there's some moderation of the past two years and maybe rightly so because the macro was not good. How should we think about this unsecured loan mix going forward and if I compare this to some of the large private banks, Kotak is relatively lower. So over the next three, four years should we expect a meaningful jump. That will be my second question.

**Uday Kotak:** I will ask my colleague Dipak Gupta, to really specifically answer on unsecured retail and the mix overall as a part of our strategy going forward, Dipak would you want to give a short at it?

**Dipak Gupta:** Sumeet, there is no number which one has, all one is trying to do is there is a great opportunity within our existing customer base, we have engaged with at this point of time only a small percentage of that customer base, and there is massive opportunity for us to use analytics and expand that base through the unsecured side. And that is what we are after, and it be progressively done. And remember, on the unsecured side there are two separate sides, one is your unsecured which is really the personal loan, and the consumer durable financing and the business loan. That's one type of unsecured, the other side is really the credit cards and that's a very different opportunity because that is not just a pure lending opportunity it's a very significant payment engagement and for some of them unsecured opportunity, but it's a very significant engagement opportunity. So we'll drive all of that and we are using a fair amount of analytics combined with some amount of experimentation to drive that.

**Moderator:** Thank you. The next question is from the line of Adarsh Parasrampur from CLSA. Please go ahead.

**Adarsh Parasrampuria:** Question is on growth again, just wanted to understand the last few years we've consolidated. And now we have benefits of cost of funds and lower share, would now system credit be a constraint for us or we are at a point where that one and a half times or whatever the multiple is, you'll be comfortable consistently growing above that and under what circumstances do you would want to put the brake again?

**Uday Kotak:** I'll take that question. We feel actually we are coming into a sweet spot. Base case is we are moving into an endemic from a pandemic. We are very light in terms of current risks we are carrying on our balance sheet. We don't have baggage; we have finally begun to get our analytics pieces in place. Our digital engines and a lot of the technology initiatives which was started are coming in place actually in the first half of calendar 22. So between now and June 22 a lot of our technology and digital initiatives on the lending side are also coming into place and we actually feel that it's a good place to be, our risk management skills are something we have got reasonable confidence in and as the cycle goes, as inflation comes back steadily, as interest rates start moving up, with a positioning on our cost of funds and everything else, we have the ability to have an accelerator going. And I want to very clearly say that we are not constrained by the market size or the credit growth in the marketplace, we will be constrained by what we think is the right parameters and therefore as long as those parameters of our matrix gets met, we will go to whatever it takes to grow our loan book and assets.

**Adarsh Parasrampuria:** Got it. And second question is on the OPEX side, if you just observe most large banks, including yours, there's been a pickup in OPEX, partly to do with low base, partly to do with business momentum coming back, but there's some accelerated tech spends as well. So if you take two to three years' time with added tech and spends in various projects, with an accelerating growth, would you still expect cost income to moderate or we have come to a point where cost income for industry for us remains where it is in spite of better growth?

**Uday Kotak:** Ultimately cost to income will get corrected, but we are very clear at this stage. There are three clear engines which we are growing. First is on retail loans and there are front end acquisition costs. Just think about home loan. If there is a fee for acquisition or distribution to be paid a home loan, which has say average life of six, seven years or eight years though the loan may be 15 years average life is six, seven, eight years, you're paying the fee cost upfront. And under banking regulation you have to take the full distribution hit at the point of time you underwrite the loan. And that doesn't bother us because we are driven by underlying value creation, not necessarily what it does to my pre operating profit in a quarter that is not something which is the basis on which we take decisions, if we believe substantively it is going to add value, we are ready to take those costs upfront. But that is one, second you got to keep in mind, we have dramatically increased our customer acquisition from eight lakhs in the last year same quarter to 21 lakhs in this quarter. And we see that engine continuing to fire, again that takes front end cost. And we of course are very focused on unit economics of our acquisition cost on customers. But we think the acquisition cost upfront is not something which is going to deter us as long as we believe the underlying unit economics are strong. Therefore that is point number two. And point number three is, with the opportunity in the marketplace, which is coming in, with our overall balance sheet metrics, we will drive growth and we believe the cost to income ratio will

be an outcome rather than a target. Therefore we think about getting the right outcomes, which will improve the cost to income ratio, because a lot of our costs are front end. And also keep in mind that as we get more and more digitized, the actual straight through processing digital lending transactions will ultimately reduce the effective intermediation cost as well. But these three or four parameters are what is going to drive us and in simple language first is really, the front end cost we are ready to take. Second, if we are growing our customer base at a very high speed, keeping in mind unit economics versus front end cost. Digitization will ultimately make straight through journeys, significantly lower operating costs, and fourth cost to income for us is an outcome, not a target.

**Adarsh Parasrampur:** Thanks Uday. And I will just squeeze in one last question, the last two, three years as our liability franchise has improved and cost of funds like drastically come down, we kind of having advantage of growing slowly. So the pressure on branches to raise resources, financial resources has been low. When you get to high growth and now run rate is North of 20% growth we need to raise more money it kind of puts more pressure, offer more LTVs at some point. So how does that equation change from almost zero growth, no growth getting to 20%- 25% growth that adds to some pressure on margins or cost of funds both on absolute and relative basis?

**Uday Kotak:** So, we are confident about our liability franchise and the strength of it. And that does not mean we can afford to be complacent. We are driving the liability engine, we know where are the gaps as I speak to you and there is a significant internal focus, energy and introspection going on how we get the liability engine firing much faster as we go forward. And we are quite confident that we will get our execution on that as well, including digital is a very key part of our medium-term strategy even on the liability side.

**Moderator:** Thank you. The next question is from the line of Kunal Shah from ICICI Securities. Please go ahead.

**Kunal Shah:** So in terms of the growth, maybe in terms of the capital allocation or in terms of the opportunities and now almost home loan and LAP is equivalent to where the corporate banking is, and both of them are equally competitive, we were hearing that larger part of growth is coming from NBFCs and most of them are doing it. So, when we get to RAROC or maybe even in terms of the cross-sell opportunities in corporate banking, as well as with the home loan customer, which would be the preference and where should we see a relatively higher growth no doubt, it's coming in from the home loan and LAP we have scaled it up, but here on how should we see between both this product segments?

**Uday Kotak:** Kunal, let me just reiterate to you. Yes, home loan and LAP in absolute stock terms is high. But on a growth rate basis there are other pockets which are also catching up significant pace. Therefore, if you look at our unsecured retail, though of a small base, is growing at about close to 15% Q-on-Q. That's on a very small base, but that is catching up pace. So yes, the mix is still very low, which enables us to grow at a much faster rate. And that does not mean we don't like home loans. We like it a lot, we like the wholesale banking business. And you have to look at horses for courses, risk adjusted returns. And with our mix of 60% CASA our cost of funds is a



significant competitive advantage I would like to believe, probably best in class. And we will hammer that cost of funds advantage to get significant customer engagement and produce our risk adjusted returns in totality. And keep in mind that in the COVID period 2020 a lot of our assets were actually in treasury assets, which were earning 4.0, 4.5. And as that mix changes to even 6.5, 6.6, 6.7 it's still a significant mix change in favor of improving NII and NIMs. So we think, we will be able to get the right mix and one of the most important things we have learned in risk management is if you get your risk adjusted matrix on a well-balanced portfolio with high focus on individual product segments the outcomes can be significant and sustainable, while being dramatic as well.

**Kunal Shah:** Sure. But currently which one would be giving us a better return if I have to look at say home loans and corporate banking at this juncture on a Raroc basis?

**Uday Kotak:** Home loan and corporate banking Kunal, let me also give you this. Say on corporate banking, when we look at returns, and home loans we look at customer returns, for example in corporate banking, as Manian mentioned, in addition to the spread in the lending business, we make significant flows on foreign exchange, transaction banking, deeper customer engagement, translating into our broader relationships, including with our investment bank. So there are a whole host of linkages in the corporate banking business beyond just the lending products. Trade is another very major part, current account growth, all that is deeply interconnected and integrated to the lending piece in the corporate banking, and therefore I would request look at some of these as engines for customer returns. Similar for home loans, we think home loans is one of the most sticky products in a customer journey. And the ability to cross sell a variety of products to a home loan customer is also a significant opportunity. A home loan customer who has got a core mortgage is a much safer customer to add a credit card or a personal loan, a home loan customer who has an engaging bank account, that again gives us a deeper engaging relationship with that customer. So we look, we are getting significantly more focused on customer engagement and customer returns, in addition to making sure that the product makes economic sense.

**Kunal Shah:** Sure. And secondly in terms of ECLGS pool, how the behavior has been. So it's been nine, twelve months so if you can highlight and any risk or we are seeing a much better collections equivalent to the overall portfolio, how is the overall behavior of that?

**KVS Manian:** So, the ECLGS portfolio we are not seeing any significantly differential behavior compared to our normal portfolio. And there is therefore no perception of any enhanced risk coming out of the ECLGS portfolio.

**Kunal Shah:** Sure. And one last question in terms of investment portfolio, given the size and the movement in yield, the NOC seems to be slightly on a higher side. So have we protected ourselves for any further movement, or maybe have we reduced the duration during the quarter and it was relatively higher in Q3 how should we look at it and maybe any further movement of 30, 50 bps on how could be the impact now on?

**Uday Kotak:** Kunal, I've put down on paper what our duration is, we have put down on paper what our HTM, we have put down our balance sheet in front of you. It is pretty straightforward that the pain is behind. And we are actually in a pretty comfortable zone as we go forward. Of course, it depends on the amount of yields, even in a one-year paper if the yields move up 150 basis points, there will be some impact. But at duration of around one and a half years, we think we are in a very sweet spot in a rising yield environment with a CASA ratio of 60%.

**Moderator:** Thank you. The next question is from the line of Gaurav Kochhar from Mirae Asset. Please go ahead.

**Gaurav Kochhar:** Just extending the question that Adarsh asked earlier regarding pressure on NIMs, if the growth comes back, just wanted your thoughts around SA balance especially in the last 18 months ever since we've cut down on rates, the SA traction has slowed down a bit. And given that we have been spending on tech and on liability acquisitions for the last 18 months. What kind of outcome do you expect from this given that in the last 18 months, the SA traction hasn't been very or growth has tapered off a bit. So outlook on SA in next maybe two years and in that context, if I look at the growth in overall balance sheet was just 2.5%. So it seems optically because the overall growth in interest earning assets has been lower than loan growth, there was a positive uptick on margin. So, going ahead given that some part of excess liquidity is gone. How should we look at margins, should we assume that the deposit growth would broadly mirror the loan growth and hence, could have some impact on margin just wanted your thoughts around it?

**Uday Kotak:** So, I will answer the second first and then ask the first to be answered by Shanti. So on the second question, the way you need to look at it is, we have gone for what I call as an asset mix change in the last 12 months. The asset mix was, first when COVID hit us in April 2020, we loaded up on fixed income government securities assets. Of course they were lower yielding and we were carrying huge amount of surplus liquidity. We are now with a very clear mix change it has gone into customer assets and loan assets from Treasury assets. So, that mix change has taken place. So you may not see the same level of growth in the balance sheet as you will see in advances because it's a mix change in the asset profile which we are carrying. So that is point number one. And that actually is a big positive for our earning and spreads because even if you take the lowest yield asset in that sense on the retail side, which is say a home loan, a four and a half asset is moving to a six and a half asset as a very simple mix change which is happening and we are still carrying as you can see 130% to 140% LCR, we are still in a very comfortable liquidity position even now. Now as far as your first question is concerned on savings accounts. I will ask Shanti to answer that and give you a perspective of what we are doing as we go forward, Shanti.

**Shanti Ekambaram:** Yes, thank you Uday. When we dropped off 6%, we sort of dropped it off in a relatively short period of time. And it has taken us time to replace the value proposition for the customers like many other banks have. And if you saw some of the OPEX, we have sort of stepped up our engagement through, offers, propositions, tie-up with Apple, Flipkart, Amazon, et cetera which has increased the engagement layer with the customer. So the increase in engagement layer is something that we have, stepped up. It has taken us the last six odd months to build it, and we

are well on that journey. Last year our new to bank customer acquisitions was impacted because of COVID, but that has stepped up and we have again gone for very aggressive acquisition which is what gives you the kicker, we missed out the kicker we would have got last year on the NTB as I call it, which we have restarted the program. This third thing is that we are still very largely retail focused and we don't have a large institutional business particularly the government business, as you now know agency bank has been extended to all, we have got approvals for GST, for CBBT, for PPF and a lot of other things. So, we are building the whole government business model, including at the wholesale and the retail end to be able to sort of support the growth. So, three parts to the strategy. Our retail model continues with aggressive acquisition, but deeper engagement to replace the 6%. Second, is really the aggressive NTBs which will build value over a period of time. Focusing on building the institutional business now with the agency business having opened up and these are some of the steps which sort of focus on getting us back the SA growth which has been relatively slower in the last three quarters.

**Gaurav Kochhar:** Understood, okay. And the next question is on the MTM loss, just wanted to clarify is there any provision on security receipts, in this quarter, because that number of 484 crores taking 62% AFS with a duration of 1.5 doesn't add up to the investment portfolio?

**Jaimin Bhatt:** For the 484 doesn't really have any SR related hit.

**Gaurav Kochhar:** Okay. Because if I look at a FY21 the entire profit from treasury was 270 odd crore and in this quarter, the loss is around 484 crore which is almost 2x of the profit last year. So, this number seems a little high, has the modified duration changed, or was it FY21 for this book, as a result of which the loss seems high or just wanted to?

**Uday Kotak:** We have definitely moderated duration that is clear. Okay, we have moderated duration.

**Gaurav Kochhar:** No, my question was, if the duration was higher in FY21 and moderated ideally the loss should have been lower?

**Uday Kotak:** It has been moderated over time in the last few months. So obviously the rate started going up as you know October, November onwards. So we have moderated the duration, we have taken that call and second you got to keep in mind that there is a concept of pull to par, therefore if I bought a security say originally government issued security of 7% coupon and which last year was trading at 4.5%. There's a pull to par impact while the NII on that comes in my top line. So that pull to par impact is also a part of the MTM provision. I hope you get the point because that security was bought at a premium, therefore 7% security if it's bought at a four and a half yield. The security is bought at a premium to par. So the premium to par has to be marked down on that security, which is also a part of the reason why 484 has happened.

**Moderator:** Thank you. The next question is from the line of Abhishek Murarka from HSBC. Please go ahead.

**Abhishek Murarka:** So two questions. The first is on NIM, so starting with the cost of SA that you've reported, it's down 19 bps Q-o-Q, I'm assuming this is the impact of the SA rate reduction that you probably did around October. But how much more re-pricing is there to go in the SA book, that's one. And the second part is, you've raised your TD rates a bit. And generally your concentration of deposits is more in the less than one year and one to three buckets. So how soon or how much time can pass before it starts showing up in your cost of funds and your cost of funds starts going up?

**Uday Kotak:** So first of all on SA now, the rates we have are a uniform three and a half. We believe that, if you look at some of the larger banks, they are at 2.75, and three at less than 50 lakhs. So we believe that as interest rates start moving up, we don't need to increase our SA deposit rates, particularly since our lowest is three and a half, there are banks at 2.75, there are banks at three. So we think the pressure on SA in terms of just rates will not impact us for a while. That is point number one in terms of our need to be doing anything on SA. On TDs, we are quite comfortable with, TDs our view is that a 10 to 20 basis points pricing difference, and you start getting a reasonably good flow on TDs when we need to open the tap. And we will consider it appropriately. We have also, just to share with you, we have taken significant fixed rate refinance on some of our liabilities in the last three months, so at about average maturity of two to three years. So from some of the institutions. So we've actually taken a conscious decision in the last couple of months to step up on our refinance, of fixed rate refinance from the institutions on the book and simultaneously, the duration of our bond book is also got significantly lower. We think we are reasonably comfortable on managing margins and getting growth. And you also keep in mind that even if there is some shift in the mix of our loan book, one from Treasury assets to customer assets, and second is some change in the mix of unsecured retail, that will also be a kicker to our NIMs.

**Abhishek Murarka:** So, what you're essentially saying is that you have got enough levers to keep NIM at 4.6?

**Uday Kotak:** I am not saying that I'm saying that we have enough levers to have a very good NIM management ability.

**Abhishek Murarka:** Okay. Understood and my second question is on fees, I just wanted some granularity on this other fees, so the reporting is minus 132 and the loss in MTM was 484. So that gap of 350, what are the components of that gap?

**Jaimin Bhatt:** I am sorry, I didn't get you on.

**Uday Kotak:** What are the components of that, one thing I want to explain is that provisioning.

**Jaimin Bhatt:** Okay, I'll come to that. So there would be things like, there'll be prop activity relating to the whole area of fixed income as well as the derivative side. So that's the fixed income side. The other income will also include what we sell on the priority sector certificates. And there are pockets where we have excess and we actually trade in PSLC while, when we buy there would be an expense item, but the entire gross amount of what we sell is sitting in the other income

that would be a positive number. And also there are stressed asset division buys and sells assets. So there is some income coming from the stress asset division. So if you look at the corresponding number in the previous year, the minus 132 was something like 170 positive, so 132 negative is after the hit of 484.

**Abhishek Murarka:** Does dividend also sit there?

**Jaimin Bhatt:** There is no dividend from subsidiary in this quarter.

**Abhishek Murarka:** Yes, but it would come in that line.

**Jaimin Bhatt:** It will come in that line. Yes, there will be something if you look at the nine-month number in quarter one, but not in this quarter.

**Abhishek Murarka:** And FOREX and derivative income also comes there?

**Jaimin Bhatt:** That will come here, that's correct.

**Moderator:** Thank you. The next question is from the line of Nilanjan Karfa from Nomura. Please go ahead.

**Nilanjan Karfa:** So, two sets of questions. One is on IPO financing now that's something that would go away from March onwards. Could you talk about how, I'm guessing that's a reasonable part of the book and definitely gives you good margins and income, so, how are we trying to sort of mitigate that impact, if any. Does that also have some kind of impact on your overall deposits or average deposit?

**KVS Manian:** So, as you know RBI had asked bank owned subsidiaries to not do loan again shares and IPO financing of that, and therefore there is no IPO financing built into these quarterly results. They have been stopped in the main bank or its subsidiaries, the associate company Infina does IPO financing and that comes in the consolidation as part of the Infina's profit being consolidated into this. Otherwise, the main bank and its subsidiaries have no IPO financing business.

**Nilanjan Karfa:** It's not there currently at all.

**KVS Manian:** No, not at all.

**Nilanjan Karfa:** Okay. But does it impact the deposit side also, or because of the way it is usually structured?

**KVS Manian:** No, not too much, nothing significant. As you know, IPO financing business had moved to term deposit model, if you know, the money was laying in term deposits, and very short-term deposit, so it doesn't have too much implication on the deposit side.

**Nilanjan Karfa:** Okay. Second question goes back to the unsecured piece that we are talking about. I think we are a reasonably smaller player, but the market is also very well penetrated. How do you think you're going to gain market share, is it going to be more organic, is it going through more

penetration and already we are looking in a lot of cost so is that something that will continue over the course of next two, three years?

**Dipak Gupta:** That's pretty easy, given our small base it is pretty comfortable to grow from that small base. And like I said earlier, we are really looking at the whole unsecured piece, essentially from our existing customer base. And within our existing customer base, our penetration on the unsecured side is practically negligible. So it basically means that we don't really have to go out to get the growth, which we are talking about. So, I don't think it's a problem.

**Nilanjan Karfa:** Dipak just want to clarify, it is generally said that our salary franchise is a little less, so at least the market perception is the salaried unsecured piece is something where you earn your margin and have lower losses. Are we sort of disadvantaged on that front?

**Dipak Gupta:** That's a misconception. We have reasonable new salary accounts, which keep coming in and stock of salary accounts is pretty large, but the unsecured is not only to corporate salary customers of which are acquired through that route, there are large customer acquisitions which are happening, which are salaried customers with their corporate salaries with other banks also.

**Nilanjan Karfa:** Okay. And a quick question to Jaimin. Jaimin, could you clarify at least either now or anytime in the call, the items of MTM provision on AFS, the trading or Treasury gains and recovery from written off items, these three items for the last, let's say at least on a Y-o-Y basis, or at least previous quarter as well. And net interest margin and total deposits on a consolidated basis. Thank you.

**Jaimin Bhatt:** I can share that with you separately, if that should be fine.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Uday Kotak for closing comments.

**Uday Kotak:** Thank you very much colleagues, we have spent nearly one and a half hours I really appreciate your time and a very frank and candid discussion and I do look forward to hopefully better situation in the post Omicron period as most people seem to be getting it and the current lethality of that is much, much lesser than any other earlier forms of COVID. I do feel that we are getting into 2022 with new risks and new opportunities and there are something which are changing and from a Kotak point of view if there are three most important things in terms of us driving for the future, it is customer acquisition and customer experience, which is point number one. Second is significant investment and growth in the technology piece. And the third and the most important is getting the right talent for a new future in financial services. And all the three are very major focus areas. And I would like to share with you that we are moving in all these three areas at great speed. Thank you very much and have a wonderful weekend and good bye.

**Moderator:** Thank you. Ladies and gentlemen on behalf of Kotak Mahindra Bank that concludes this conference call. Thank you for joining us and you may now disconnect your lines.