

## Q3 2024

### 1. Net interest margin trends

- **Narrative:** The management highlighted their focus on maintaining a consistent net interest margin in the upcoming quarters. They emphasized stability in the net interest margin as a key strategic priority to ensure robust financial health and sustainable growth.

- **Management's Guidance:**

- Management indicated that they are targeting a consistent net interest margin in the 5 plus range, demonstrating their commitment to sustaining strong profitability metrics over the next quarters.

- **Actual Results:**

**['Q1', '2025']:**

- [Bank] NIM: 5.02%

**['Q4', '2024']:**

- NIM Q4FY24: 5.28% Q3FY24: 5.22%; FY24: 5.32%, FY23: 5.33%

**['Q2', '2025']:**

- In Q2 '2025, the Net Interest Margin (NIM) was reported at 4.91%, which is below the management's guidance of maintaining a consistent NIM in the 5%+ range.

**['Q3', '2024']:**

- The net interest margin experienced a 35 bps decline, with 20 bps attributed to spread impact and 15 bps previously identified as one-off which has now been managed.

- **Evaluation:**

- **Expectations Not Met:** The management aimed to maintain a consistent net interest margin in the 5%+ range, but in Q2 2025, the NIM fell to 4.91%, below their target, indicating that expectations were not met.

### 2. Profit growth analysis

- **Narrative:** Management has consistently aligned the company's growth trajectory with the nominal GDP growth, aiming for a multiplier effect of 1.75 to 2 times the GDP growth rate during periods of expansion. Currently, the company is in a growth phase, indicating a strategic focus on capitalizing on market opportunities to enhance profitability.

- **Management's Guidance:**

- Management expects to achieve a revenue growth of 10% for the fiscal year 2024.

- **Actual Results:**

**['Q2', '2025']:**

- Data Not Available

**['Q4', '2024']:**

- Data Not Available

**['Q1', '2025']:**

- Data Not Available

**['Q3', '2024']:**

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

### 3. Fee-based income growth

- **Narrative:** Management emphasized a strategic focus on increasing fee-based income by leveraging their existing customer base and enhancing product offerings. This approach is aimed at capitalizing on the company's strengths in the market and optimizing cross-selling opportunities.

- **Management's Guidance:**

- Management expects the strategic initiatives to result in a notable increase in fee-based income, projecting a moderate growth rate over the upcoming quarters as the new offerings gain traction in the market.

- **Actual Results:**

**['Q4', '2024']:**

- Data Not Available

**['Q1', '2025']:**

- Our fees and services at the Bank grew 14% YoY in the current year.

**['Q2', '2025']:**

- Our fees and services at the Bank grew 14% YoY in the current year.

**['Q3', '2024']:**

- Data Not Available

- **Evaluation:**

- **Expectations Exceeded:** The management projected moderate growth in fee-based income, and the actual results showed a 14% YoY growth, which suggests a notable increase that likely surpassed the moderate expectations initially set by the management.

### 4. Asset quality metrics

- **Narrative:** During the earnings call, management highlighted their commitment to maintaining robust asset quality metrics. They emphasized the importance of prudent provisioning and the ongoing management of non-performing assets to ensure stability and resilience in the company's financial health. This strategic focus is aimed at safeguarding the company's balance sheet and ensuring long-term sustainability in a challenging market environment.

- **Management's Guidance:**

- The management disclosed that, for the current quarter, they have reduced provisions by INR26 crore, yet are maintaining a significant provision buffer of INR295 crore. This approach reflects a cautious stance in managing potential future asset quality challenges.

- **Actual Results:**

**['Q1', '2025']:**

- Data Not Available

**['Q2', '2025']:**

- Data Not Available

**['Q3', '2024']:**

- 1f4cd8ad69947610d935bbde83958432 --> Jaimin Bhatt [Out of that 321 which you talked about, 295 is still being carried.]

**['Q4', '2024']:**

- Data Not Available

- **Evaluation:**

- **Expectations Met:** Management maintained a significant provision buffer of INR295 crore as stated, aligning with their guidance to prudently manage asset quality challenges.

## 5. Cost optimization strategies

- **Narrative:** Management highlighted their focus on cost optimization strategies to enhance operational efficiency. The primary approach involves targeted measures to reduce operational costs, aiming for a leaner cost structure without compromising service quality.

- **Management's Guidance:**

- Management expects to achieve a 5% reduction in operational costs within the next six months.

- **Actual Results:**

**['Q2', '2025']:**

- Data Not Available

**['Q3', '2024']:**

- Data Not Available

**['Q4', '2024']:**

- Operating cost increased by 21% compared to last year.

**['Q1', '2025']:**

- Data Not Available

- **Evaluation:**

- **Expectations Not Met:** Management aimed for a 5% reduction in operational costs, but Q4 2024 results showed a 21% increase in operating costs compared to the previous year, indicating that the cost optimization strategies did not achieve the desired outcome.

## 6. Competitive positioning

- **Narrative:** Management discussed their ambition to expand market share, setting clear targets and timelines to reinforce the company's competitive position.

- **Management's Guidance:**

- Management aims to increase market share by 3% over the next two quarters.

- **Actual Results:**

**['Q1', '2025']:**

- Overall Market Share percentage for Q1FY25 is 12.2%, up from 11.4% in Q1FY24 and Q4FY24. Market Share Cash percentage for Q1FY25 is 10.5%, up from 10.1% in Q1FY24 and 10.2% in Q4FY24. Derivative Market Share percentage for Q1FY25 is 13.1%, up from 12.1% in Q1FY24 and 12.0% in Q4FY24.

**['Q2', '2025']:**

- Overall Market Share for Q2FY25 is 12.2%

**['Q4', '2024']:**

- Market share in Q4FY24 was reported at 6.50%, with specific details showing a cash market share of 10.3% and an overall market share of 10.1%. This indicates a slight increase from Q4FY23, where the market share was 6.47% and 11.8% respectively, but does not meet the 3% increase target over the two quarters.

**['Q3', '2024']:**

- Data Not Available

- **Evaluation:**

- **Expectations Not Met:** Management aimed for a 3% increase in market share over two quarters, but the actual market share in Q2FY25 remained at 12.2%, failing to meet the target increase from Q4FY24.

## 7. Geographic expansion plans

- **Narrative:** Management is focused on expanding Kotak's market presence by targeting entry into three new regions, reflecting a strategic push to enhance geographic reach.

- **Management's Guidance:**

- Management outlined their goal to expand their market presence in three new regions by the end of the next year.

- **Actual Results:**

**['Q2', '2025']:**

- Footprint in 16 states with 27 lakh customers

**['Q3', '2024']:**

- Data Not Available

**['Q1', '2025']:**

- Data Not Available

**['Q4', '2024']:**

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

## 8. New market entry plans

- **Narrative:** Management has outlined plans for expanding into new markets, with implementation targeted for the third quarter of the next year. This strategic move is aimed at strengthening the company's market presence and driving growth.

- **Management's Guidance:**

- The expansion into new markets is planned for Q3 next year.

- **Actual Results:**

**['Q1', '2025']:**

- Data Not Available

**['Q4', '2024']:**

- Data Not Available

**['Q2', '2025']:**

- Data Not Available

**['Q3', '2024']:**

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.