Kotak Mahindra Bank Limited

BASEL III (PILLAR 3) DISCLOSURES (CONSOLIDATED)

As at 30th September, 2018

Scope of Application and Capital Adequacy

Pillar 3 disclosures apply to Kotak Mahindra Bank Limited (KMBL) and its consolidated entities for regulatory purposes, wherein KMBL is the controlling entity in the group.

Basis of Consolidation for capital adequacy

The consolidated capital adequacy is based on consolidated financial statements of Kotak Mahindra Bank and its subsidiaries, prepared in accordance with guidelines for consolidated accounting and other quantitative methods vide circular DBOD.No.BP.BC.72/21.04.018/2001-02 dated 25th February 2003 issued by Reserve Bank of India (RBI). The capital charge is computed as per RBI guidelines for implementation of the New Capital Adequacy Framework (Basel III) released in July 2015.

In accordance with the guidelines issued by RBI, the insurance subsidiaries have been excluded from consolidation for the purpose of capital adequacy. The entities which carry on activities of financial nature are considered for consolidation for capital adequacy purpose as stated in the scope for preparing consolidated prudential reports laid down in RBI guidelines. The Bank consolidates all subsidiaries as defined in Accounting Standard -21 (AS-21) *Consolidated Financial Statements* on a line by line basis by adding together like items of assets, liabilities, income and expenses. Further, investments in Associates are consolidated using the equity method of accounting as defined by Accounting Standard – 23 (AS-23) *Accounting for Investments in Associates in Consolidated Financial Statements*. KMBL and its subsidiaries, which have been consolidated, constitute the “Group”.

The list of subsidiaries / associates consolidated as per AS-21 along with their treatment in consolidated capital adequacy computation is as under:

Name of the entity	Country of incorporation	Included under accounting scope of consolidation (yes / no)	Method of consolidation	Included under regulatory scope of consolidation (yes / no)	Method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
Kotak Mahindra Prime Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Securities Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Capital Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Life Insurance Company Limited (formerly known as Kotak Mahindra Old Mutual Life Insurance Limited)	India	Yes	Fully consolidated	No	NA	Deducted from capital for capital adequacy purposes
Kotak Mahindra General Insurance Company Limited	India	Yes	Fully consolidated	No	NA	Deducted from capital for capital adequacy purposes
Kotak Mahindra Investments	India	Yes	Fully	Yes	Fully	NA

Name of the entity	Country of incorporation	Included under accounting scope of consolidation (yes / no)	Method of consolidation	Included under regulatory scope of consolidation (yes / no)	Method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
Limited			consolidated		consolidated	
Kotak Mahindra Asset Management Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Trustee Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra (International) Limited	Mauritius	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra (UK) Limited	UK	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra, Inc.	USA	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Asset Management (Singapore) Pte	Singapore	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Investment Advisors Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Trusteeship Services Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Infrastructure Debt Fund Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Pension Fund Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Financial Services Limited	UAE	Yes	Fully consolidated	Yes	Fully consolidated	NA
BSS Microfinance Limited (formerly known as BSS Microfinance Private Limited)	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
IVY Product Intermediaries Limited	India	Yes	Fully consolidated	No	NA	Deducted from capital for capital adequacy purposes
Infina Finance Private Limited #	India	Yes	Equity method	Yes	NA	Risk weighted for capital adequacy
Phoenix ARC Private Limited #	India	Yes	Equity method	Yes	NA	Risk weighted for capital adequacy
ACE Derivatives and Commodity Exchange Limited #	India	Yes	Equity method	Yes	NA	Risk weighted for capital adequacy
Matrix Business services India Private Limited#	India	Yes	Equity method	No	NA	Risk weighted for capital adequacy

Consolidated as per Equity Method of accounting prescribed by AS 23 wherein assets and liabilities of the investee company are not consolidated.

There are no entities / subsidiaries which are not considered for consolidation both under the accounting and regulatory scope of consolidation.

List of group entities considered for consolidation:

₹ in million

Name of the entity	Principle activity of the entity	Total Equity Shareholders' Fund	Total Assets
Kotak Mahindra Prime Limited	Non Banking Finance Company (Specialises in car finance)	51,123.1	316,744.0
Kotak Securities Limited	Securities Broking, depository, distribution of investment products, advisory services	37,682.4	71,554.3

Name of the entity	Principle activity of the entity	Total Equity Shareholders' Fund	Total Assets
Kotak Mahindra Capital Company Limited	Investment Banking	5,481.2	5,859.7
Kotak Mahindra Investments Limited	Non Banking Finance Company (Providing finance against securities, lending to real estate sector and other corporate loans, investment holding)	14,760.7	93,072.5
Kotak Mahindra Asset Management Company Limited	Asset management company for Kotak Mahindra Mutual Fund	3,117.2	3,876.6
Kotak Mahindra Trustee Company Limited	Trustee company for Kotak Mahindra Mutual Fund	1,198.6	1,216.6
Kotak Mahindra (International) Limited	Brokerage and advisory services	6,188.3	10,572.7
Kotak Mahindra (UK) Limited	Brokerage and advisory services	2,745.5	5,056.5
Kotak Mahindra, Inc.	Brokerage and advisory services	86.5	110.4
Kotak Mahindra Asset Management (Singapore) Pte	Asset Management	768.5	1,062.6
Kotak Investment Advisors Limited	Asset manager of venture capital, private equity funds and alternate assets	3,539.0	3,672.2
Kotak Mahindra Trusteeship Services Limited	Trusteeship services and trustee of venture capital, private equity and alternate asset funds	176.3	197.4
Kotak Infrastructure Debt Fund Limited	Foreign exchange brokerage services	3,373.4	7,590.1
Kotak Mahindra Pension Fund Limited	Pension fund management	250.8	257.3
Kotak Mahindra Financial Services Limited	Advising on financial products for Middle East	85.7	149.7
BSS Microfinance Limited	Business Correspondent	1,350.6	1,681.5
Infina Finance Private Limited	Non Banking Finance Company	17,302.5	19,347.3
Phoenix ARC Private Limited	Asset Reconstruction company	3,836.7	9,294.7
ACE Derivatives and Commodity Exchange Limited	Commodity Exchange	162.7	167.0

Capital Deficiencies

As at 30th September, 2018 the Bank and all of its subsidiaries are adequately capitalised. There are no capital deficiencies in consolidated as well as non-consolidated subsidiaries in the Group. The Bank maintains an oversight over its subsidiaries through its representation on their respective Boards and the Management Committee of the Bank is regularly updated.

Investment in Insurance subsidiary

The Group's investment in insurance subsidiaries as at 30th September, 2018 is deducted from regulatory capital for capital adequacy purpose under Basel III as given below:

₹ in million

Name of the Entity	Total Equity Shareholders' Fund	% shareholding of the Group	Investment Value
Kotak Mahindra Life Insurance Company Limited	24,820.9	100%	16,715.6
Kotak Mahindra General Insurance Company Limited	1,257.7	100%	2,200.0

The quantitative impact on regulatory capital of using risk weights on investments versus using the deduction method is given below:

₹ in million

Method	Quantitative Impact
Deduction method	18,915.6
Capital at 9% based on risk weighted assets	1,702.4

The transfer of regulatory capital and funding within the Group is subject to restrictions imposed by local regulatory requirements. In particular, RBI establishes prudential limits on the level of exposure that the Bank may have to a related entity. There are no restrictions or other major impediments on the transfer of funds within the Group.

Capital Adequacy

The Group's approach to capital adequacy is driven by strategic and organisational requirements while taking into account the regulatory and macro-economic environment.

The Group manages its capital position to maintain strong capital ratios well in excess of regulatory and Board Approved minimum capital adequacy at all times. Capital management practices are built on an assessment of all identified risks and consider the risk reward balance. The objective is to maintain a strong capital base to support long-term stability, planned business growth and risks inherent in various businesses. The Group's approach to capital management ensures that businesses are adequately capitalised to meet their business plans at all times, while holding adequate capital buffers to absorb the impact of stress events. The strong Tier I capital position of the Group is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors and shareholders.

In accordance with the RBI guidelines on NCAF (New Capital Adequacy Framework under Basel norms), the Bank adopts the Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardised Duration Approach for Market Risk.

Capital planning is an important element of overall financial planning and capital requirements of businesses are assessed based on the growth plans.

Each legal entity within the Group, manages its capital base to support planned business growth and meet regulatory capital requirements. The Capital utilisation & requirement is monitored every quarter to ensure sufficient capital buffer above regulatory and internal requirement. The Bank and each legal entity in the Group are adequately capitalised above existing regulatory requirements.

Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and will be fully phased in by 31st March, 2019. With a view to strengthen the financial system and improve the shock absorbing capability, going forward, Banks are also expected to hold Capital buffers (Capital conservation buffer, countercyclical capital buffer and additional buffer for Domestic Systemically Important Banks) out of common equity. There are restrictions on Banks, including those on dividend distribution, if the buffer is not maintained.

Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations July 2015.

The transitional arrangements for minimum Basel III capital ratios are given below.

Minimum capital ratios	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier 1 (CET1)	5.0	5.5	5.5	5.5	5.5	5.5
Maximum Additional Tier 1 capital	1.5	1.5	1.5	1.5	1.5	1.5
Minimum Tier 1 capital	6.5	7.0	7.0	7.0	7.0	7.0
Maximum Tier 2 Capital	2.5	2.0	2.0	2.0	2.0	2.0
Minimum Total Capital	9.0	9.0	9.0	9.0	9.0	9.0
Capital conservation buffer (CCB)	-	-	0.625	1.25	1.875	2.5
Minimum Total Capital +CCB	9.0	9.0	9.625	10.25	10.875	11.5
Phase-in of all deductions from CET1 (in %)	40	60	80	100	100	100

Approach to Capital Adequacy Assessment to support business activities

The Group views risk management as a core competency and tries to ensure that risks are identified, assessed and managed well in time. The success of the Group is built on sound management of a broad range of inter-related risks. The diversified business activities require the Group to identify, measure, aggregate and manage risks effectively and to allocate capital among its businesses appropriately. The risk management framework lays emphasis on the Group's risk philosophy, proper organizational structure, risk and reward balance and is supported by dedicated monitoring and risk measuring mechanism.

The Group manages Risk under an Enterprise wide Risk Management (ERM) framework that aligns risk and capital management to business strategy, protects its financial strength, reputation and ensures support to business activities for adding value to customers while creating sustainable shareholder value.

The ERM framework sets the direction by defining clear standards, objectives and responsibilities for all areas. It supports the CEO & CRO in embedding strong risk management and risk culture. The ERM framework lays down the following components for effective Risk Management across the Group

- An Independent Risk organization and governance structure with a clear common framework of risk ownership and accountability
- Governance standards and controls to identify, measure, monitor and manage risks
- Policies to support and guide risk taking activities across the Group
- Risk Appetite Statements
- Policies to support and guide risk taking activities across the Group
- Standardised risk metrics and risk reports to identify and communicate and risks
- Periodic stress testing to assess the impact of adverse business conditions on earnings, Capital and liquidity

Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity

Managing risk is a collective responsibility and Business units and risk management unit's work together to ensure that business strategies and activities are consistent with approved policies and defined risk appetite. The enterprise-wide risk management aligns with the three lines of defence model towards risk management. Responsibilities for risk management at each line of defence are defined, thereby providing clarity in the roles and responsibilities towards risk management function. The Group believes that all employees must play their part in risk management, regardless of position, function or location.

The risk management process is the responsibility of the Board of Directors which approves risk policies and the delegation matrix. The Board is supported by various management committees as part of the Risk Governance framework. The Bank and every legal entity in the Group, operates within overall limits set by the Board and Committees to whom powers are delegated by the Board. Every quarter, the Group CRO reports to the Board, on the risk appetite levels and the risk profile. Besides this, formal updates on various portfolios are provided to the Board periodically.

Risk Appetite

The Group faces a variety of risks across businesses. Defining acceptable levels of risk is fundamental to delivering consistent and sustainable performance over the long term. The success of the Group is dependent on its ability to manage the broad range of interrelated risks.

The Risk Appetite is an expression of the risks, the organisation is willing to take in pursuit of its financial and strategic objectives. The Risk Appetite thus sets the outer boundaries for risk taking. The risk appetite is set by the Board and is a top-down process consisting of specific quantitative and qualitative factors and provides an enforceable risk statement on the amount of risk the Group is willing to accept in support of its financial and strategic objectives. To ensure the organization stays within its risk appetite, performance against approved risk appetite is measured every quarter and reviewed by the Senior Management, RMC & Board. Action is taken as needed, to maintain balance of risk and return.. Risk Appetite forms a key input to the business and capital planning process by linking risk strategy to the business strategy, through a set of comprehensive indicators.

Risk Appetite is defined both quantitatively and qualitatively and covers key risk parameters.

The financial plans for the forthcoming year are tested against the Risk Appetite to ensure business strategy and plans are within approved Risk Appetite.

The framework is operational at the consolidated level as well as for key legal entities thereby ensuring that the Group's aggregate risk exposure is within the Group's desired risk bearing capacity. The overall Bank risk appetite is cascaded to key business segments thereby ensuring the aggregate risk exposure is within the desired risk bearing capacity.

ICAAP

The ICAAP encompasses Management's assessment of material risks and their governance, measurement and mitigants. It is linked to overall business planning for maintaining appropriate capital levels during the business horizon. The Group identifies risks to which it is exposed and determines the method and extent of risk mitigation. Risk mitigation takes place through strengthening policies, procedures, improving risk controls and having suitable contingency plans. Finally, the Group determines the risks that will be covered by capital and the level of capital sufficient to cover those risks. There are methodologies implemented that help in capital allocation towards quantifiable Pillar II risks.

Capital planning under ICAAP takes into account the demand for capital from businesses for their growth plans and ensures that the Group on an aggregate basis as well as the major legal entities on a standalone basis are sufficiently capitalized for the specified time horizon and hold sufficient capital buffers to withstand stress conditions.

The key risks assessed as part of the ICAAP are:

- Credit Risk
- Market Risk
- Operational Risk
- Credit Concentration risk
- Underestimation of Credit Risk under Standardised Approach
- Currency induced credit risk
- Interest Rate Risk in the Banking Book (IRRBB)
- Liquidity Risk
- Settlement Risk
- Reputation risk
- Strategic & Business Risk
- Model Risk
- Compliance Risk
- Country Risk
- Pension Obligation Risk
- Conduct Risk
- IT / Cyber Risks
- Group Risk

Based on the Group ICAAP outcome; the Group was well capitalized to cover Pillar I & Pillar II risks.

Stress Testing

Stress testing is a key element of the ICAAP and an integral tool in the Risk Management framework as it provides management a better understanding of how portfolios perform under adverse economic conditions. Stress testing is integral to strengthening the predictive approach to risk management and supplements other risk management tools by providing an estimate of tail risks. The Bank is guided by a comprehensive Board approved stress testing policy, which is aligned to regulatory guidelines. The Bank tests its portfolio across a range of historical and hypothetical stress scenarios that provide for severe shocks to various risk parameters.

Impact of the stress scenarios is then assessed on profit and loss and capital levels to determine the level of additional capital if any, that will be needed to absorb losses experienced during a stress condition. Key companies within the Group also perform stress tests relevant to their portfolios. Stress-testing provides senior management with an assessment of the financial impact of identified extreme events. Stress testing is integral to strengthening the predictive approach to risk management and is a key component in managing risks. The stress tests determine the level of capital needed to absorb losses that may be experienced during stress conditions.

The Bank performs Reverse Stress testing across key risk areas to test the stress levels at which capital falls below the internal capital threshold. Results of stress tests are reported to management and the Board.

The stress testing exercise provides an opportunity to the Bank to develop suitable mitigating response prior to onset of actual conditions exhibiting the stress scenarios. During the year, the Bank was above regulatory and internal target capital ratios under all approved stress scenarios.

Capital requirements for various risk categories as at 30th September, 2018

₹ in million

Items	Amount
(a) Capital requirements for credit risk	
Portfolios subject to standardised approach	212,512.1
Securitisation exposures	12.8
(b) Capital requirements for market risk	
Using standardised duration approach	
Interest rate risk	5,686.7
Equity position risk	6,400.9
Foreign exchange risk (including gold)	710.0
(c) Capital requirements for operational risk	
Measured using basic indicator approach	25,668.4

Computed as per Basel III guidelines

Capital Adequacy Ratios	Consolidated	Standalone
Common Equity Tier I	16.9%	16.2%
Tier I	17.0%	16.4%
Total CRAR	17.6%	17.0%

Credit Risk

Credit risk arises as a result of failure or unwillingness on part of customer or counterparties' to fulfill their contractual obligations. These obligations arise from wholesale, retail advances and off balance sheet items. Credit risks also emanate from investment and trading portfolio by way of issuer risk in debt paper, settlement risk on OTC trades and downgrade risk on non SLR investments and OTC contracts. The Group assumes credit risk in a wide range of lending and other activities in diverse markets.

Credit risk is managed through committees that approve credit and an enterprise wide risk management framework which sets out policies and procedures covering the measurement and management of credit risk. The Group has a comprehensive top down credit risk framework defined by Credit policies & Standards that sets out the principles and control requirements under which credit is extended to customers in various business divisions. The policies and standards cover all stages of the credit cycle including Origination; client ratings, risk assessment; credit approval; risk mitigation; documentation, administration, monitoring and recovery. The Group aims to have a consistent approach across legal entities when measuring, monitoring and managing credit risk. Formal credit standards apply to all credit risks, with specific standards in major lending areas.

The credit policies and process notes articulate the credit risk strategy and thereby the approach for credit origination, approval and maintenance. These policies define the overall credit sanction criteria, including the general terms and conditions. The policies / processes generally address such areas as target markets / customer segmentation, qualitative-quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms, etc. They take cognisance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the activities, market dynamics, etc.

The Credit philosophy in the Group mandates that lending is based on credit analysis, with full understanding of the purpose of the loan and is commensurate to customer financials and ability to repay. The Bank's credit exposure is primarily categorised into wholesale and retail borrowers.

Wholesale and retail portfolios are managed separately owing to difference in the risk profile of the assets. Wholesale lending is managed on a name-by-name basis for each type of counterparty and borrower Group. Credit rating models provide a consistent and structured assessment, which, supplemented with expert judgment determines Credit Approval. Wholesale credit is monitored at an aggregate portfolio, industry, and individual client, borrower Group level. Annual credit reviews of borrowers are a key credit control measure and all wholesale accounts are reviewed at least once, annually with updated information on financial position, market position, industry and economic condition and account conduct. Besides client account reviews, sectoral outlook and performance of borrower within sectors are monitored and reported to senior management.

Retail portfolios are typically consist of a large number accounts of relatively small value loans. They comprise of mortgage loans, vehicle loans, personal loans, credit cards, small business loans etc. These are mainly schematic lending within pre-approved parameters. The credit assessment in such portfolios is typically done using a combination of client scoring, product policy, external credit reporting information such as credit bureaus where available and is also supplemented by Credit officer's judgment. Internal historical information from previous borrowers also forms an input into credit decisions. There are specific guidelines in place for each product, the credit decision will take into account the parameters like loan to value, borrower demographics, income, loan tenor, availability of guarantors etc. There is a loan origination system (LOS) on which cases are tracked for completion and policy deviations if any.

Retail clients are monitored on a portfolio basis. Business-specific credit risk policies and procedures including client acceptance criteria, approving authorities, frequency of reviews, as well as portfolio monitoring frameworks and robust collections and recovery processes are in place.

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Credit Risk Management Process

The Group focuses on ensuring that credit risk taking is in line with approved policies, while meeting risk-reward objectives. The Group expects to achieve its earnings objectives and to satisfy its customers' needs while maintaining a sound portfolio.

The Board has delegated credit approval authority to the Management Committee, Credit Committee and other approval authorities. Credit Committee may further delegate the responsibility as required from time to time.

The Bank's credit process is divided into three stages **-** pre-sanction, sanction and post **-**sanction.

At the pre-sanction stage, the independent credit function within respective businesses conduct credit appraisal and assign a credit rating based on internal rating model. The appraisal note prepared by Credit, analyses the credit risk, financial status of borrower, industry risk, the quantum of financing needed etc. Reference checks, bureau data and NCIF checks are completed as part of the credit appraisal process.

Based on the independent credit risk assessment, appropriate credit decisions are taken by the sanctioning authorities. The Bank has a tiered credit sanction process where credit approvals are reported to the next higher level.

As part of the post sanction process, the credit administration team processes documentation, on the completion of which, credit is disbursed.

In accordance with credit policies, the borrowers are subject to periodic review with updated information on financial position, market position, industry and economic condition, delinquency trends and account conduct.

Retail monitoring teams monitor the retail portfolio through delinquency monitoring, early warning indicators identification, collection efficiency analysis, churning and utilization.

Borrowers are monitored regularly, commensurate with their level of risk. Credit managers use a variety of measures to conduct follow-up on accounts. The Bank has an enterprise wide Early Warning Signal (EWS) framework that helps identify signs of credit weakness at an early stage for the Bank to take suitable remedial actions. In case of loans where there is significant deterioration, the Bank employs various recovery mechanisms, including transferring the account to an internal unit specialized in managing problem accounts, to maximize collection from these accounts. Accounts categorized under EWS are discussed at the EWS committee meetings and have enhanced monitoring. Compliance and progress against the committee decisions is reported regularly to management.

Besides the EWS framework, the Bank has also implemented a Loan Review Mechanism (LRM) that does a comprehensive assessment of the overall credit across credit appraisal, assessment, sanction, post sanction activities and also checks compliance with internal policies and regulatory framework. The LRM framework helps to identify weaknesses if any in the credit value chain and suitable controls are implemented to strengthen the credit process. To maintain a diversified portfolio, the Bank operates within Board approved limits in its credit portfolio. The Bank also constantly reviews its concentration across borrowers, groups, portfolio segments, geography, sectors and ratings. This helps the Bank maintain a diversified portfolio.

Credit Risk Management Principles

The Bank measures and manages its credit risk based on the following principles:

- The Bank has a Basic Customer Acceptance Criteria for appraisal of corporate and mid-market customers. The Retail business is governed by approved product papers in selection of customers.
- The approval of all limits to counterparties should be in line with the credit policy of the Bank. Such approval should generally be within the Bank’s portfolio guidelines and credit strategies.
- The credit worthiness of borrowers is regularly reviewed and monitored at least once a year. Customers with emerging credit problems are identified early and classified accordingly. For retail loans, delinquency trends are monitored on an ongoing basis to identity any deterioration of portfolio quality. Remedial action is initiated promptly to minimize the potential loss to the Bank.
- All business units have a credit monitoring function which monitors conduct of the account post disbursement.

Credit Risk measurement systems

Credit Rating is an integral part of the lending decision. The Bank has a two scale internal rating model for wholesale exposures that assigns obligor ratings & facility ratings. The rating model is capable of rating large and emerging corporates, traders, brokers, Non-Banking Finance Companies (NBFCs), real estate clients and service sector clients. Ratings are supported by financial analysis and combined with credit head’s judgment to arrive at the final rating for a borrower / counterparty. The Bank uses an 18 point scale to grade borrowers.

The obligor rating provides an estimate of the probability of default of the borrower in the next year. The obligor rating is independent of the type/nature of facilities and collaterals offered. The obligor rating consists of quantitative and qualitative factors and includes assessment of customer’s financial position including Net Worth, Profitability, Cash Flows, Repayment Capacity, Debt protection metrics and credit standing. Besides financial parameters, industry in which the customer operates business & management risks are also considered while arriving at the obligor rating. The underwriting process is based on obligor rating.

The facility ratings take into account structuring features of specific facilities and the collaterals offered. The facility rating provides an estimate of the loss given default (LGD) for the facility.

The product of the obligor rating (Probability of Default) and Facility rating (LGD) provides an estimate of the expected loss against each facility.

The Bank has governance structure covering the rating models and framework for changes to the model or enhancements and operates under the Board approved Model Risk Policy. The rating model is drawn up in accordance with the Basel framework.

For the retail portfolio, the Bank has processes for risk assessment of retail loan exposures. These are through product notes, processes or policies, that specify entry criteria for loan origination, bureau data, minimum margins on collaterals, maximum Loan to Value Ratios (LTV) for products, product tenor etc. The Bank aims to constantly improve the quality of origination through better understanding of its portfolio and improved underwriting standards. Portfolio delinquency trends are monitored periodically.

All credit proposals are put up under the approved framework of policies. Discussions are also done on whether the credit portfolio is within the overall Board approved risk appetite. Performance against key Board approved limits are periodically reported and discussed at the Board. This enables the Board to analyse exceptions level and also assess compliance with its policies.

The Bank has a defined stress testing policy that lays down the framework for stress testing. Credit risk framework covers corporate as well as retail portfolio and the portfolios are stressed on approved scenarios to assess the impact of stress conditions on profitability and capital adequacy. The stress tests are performed periodically and results of these stress tests are placed before the Risk Management Committee (RMC) & the Board.

Credit Risk Concentration

Concentration of credit risk arises when a number of obligors are engaged in similar activities, or operate in the same geographical areas or belong to the same industry. The Bank has defined internal limits for managing borrower concentrations, which are tighter than regulatory norms. Risk appetite of the Bank mandates a well-diversified portfolio and has quantitative metrics for credit concentration. The Bank operates within Board approved limits in its loan portfolio that cover obligor concentration, group concentration, substantial exposures, sector & industry concentration & unsecured lending. These limits are monitored periodically and reported to senior management. Assessment of credit concentration risk is part of the ICAAP.

Risk Profile

The Bank prepares its risk profile on a periodic basis and monitors the level of credit risk (low / moderate / high) and direction of change in credit risk (increasing / decreasing / stable) at the portfolio level on a regular basis. The risk profile is reported to the senior management and the Board.

Definition and Classification of Non-Performing Assets (NPA)

The Bank classifies its advances into performing and non-performing advances in accordance with extant RBI guidelines**.**

An NPA is defined as a loan or an advance where;

- interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan;
- the account remains ‘out of order’ – in respect of an overdraft/cash credit (OD/CC); and
- the bill remains overdue for more than 90 days in case of bills purchased and discounted.
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment

- An existing NPA account is upgraded to standard category only on collection of all overdues.

In respect of NBFCs, if the overdue is in excess of 90 days, the loan is classified into sub-standard, doubtful, and loss as required by RBI guidelines. Cheques deposited at quarter end but returned in subsequent month are considered for NPA and provisioning.

Out of Order

An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power for a continuous period of 90 days. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

Overdue

Any amount due to the bank under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the Bank.

Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for a period exceeding 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully. The advances of subsidiaries are classified as non-performing in accordance with the guidelines prescribed by their respective regulators.

Total credit risk exposures as at 30th September, 2018

₹ in million

Overall credit exposure	Fund based	Non-fund based	Total
Total gross credit exposures	2,481,025.0	451,317.5	2,932,342.5

Includes all entities considered for Basel III capital adequacy computation

Credit exposure include term loans, working capital facilities (i.e. funded facilities like cash credit, demand loans, temporary limits, credit substitutes, non-funded facilities like letter of credits, acceptances and guarantees) and current exposure for derivatives.

Exposure management measures

The Corporate Credit policy of the Bank defines the exposure management measures. Exposure includes credit exposure (funded and non-funded credit limits), investment exposure (including underwriting and similar commitments) and derivatives exposure which includes MTM and Potential Future exposure as per current exposure method.

To avoid undue concentration in credit exposures and maintain diversification, the Bank operates within Board approved limits or operational controls in its loan portfolio. Concentration limits represent the maximum exposure levels the Bank will hold on its books. Key portfolio limits include:

- Single borrower limits
- Exposure to borrower groups
- Substantial exposure limits
- Limits on capital market exposure
- Limits on real estate exposure
- Limits on exposure to NBFCs
- Industry exposure limits
- Limits on Unsecured lending Country / Bank exposure limits

Performance against these limits are monitored periodically and reported to the appropriate authorities. The risk appetite of the Bank mandates a diversified portfolio and has suitable metrics for avoiding excessive concentration of credit risk.

The Bank has a policy on exposure to Borrowers with Unhedged Foreign Exchange. The Corporate Credit Policy stipulates review of unhedged forex exposure as part of every credit appraisal for sanction of facilities to a borrower. The Bank maintains provisions and capital on its exposure to borrowers with unhedged foreign currency exposure, as per regulatory guidelines.
To manage credit risk exposure on treasury contracts, the Bank operates within approved limits on Countries, Inter Bank counterparties and corporates.

Geographic distribution of exposures as at 30th September, 2018

₹ in million

Exposures	Fund based	Non-fund based	Total
Domestic	2,427,774.9	450,985.1	2,878,760.0
Overseas	53,250.1	332.4	53,582.5
Total	**2,481,025.0**	**451,317.5**	**2,932,342.5**

Includes all entities considered for Basel III capital adequacy computation

Industry-wise distribution of exposures as at 30th September, 2018

₹ in million

Industry	Fund Based	Non Fund Based	Total
Banks	170,447.4	50,210.6	220,658.0
Commercial Real Estate, of which	132,499.3	5,492.6	137,991.9
LRD	*35,263.3*	*-*	*35,263.3*
NBFCs	145,586.0	519.0	146,105.0
Automobiles incl ancilliaries	91,512.4	17,724.6	109,237.0
Wholesale Trade	82,307.2	9,358.9	91,666.1
Engineering	50,574.1	38,687.7	89,261.8
Iron and steel	61,624.6	12,458.5	74,083.1
Food Processing	57,978.1	4,865.5	62,843.6
Drugs and Pharmaceuticals	59,224.8	8,676.0	67,900.8
Logistics and Auxiliary transport activities	56,839.9	4,842.9	61,682.8
Gems and Jewellery	45,762.8	2,904.7	48,667.5
Power, of which	41,294.9	6,577.2	47,872.1
Generation-Thermal, Nuclear	17,246.9	2,849.4	20,096.3
Generation-Renewable	20,212.6	3,468.0	23,680.6
Others (Transmission, Distribution, Trading)	3,835.4	259.8	4,095.2
Mutual Funds	7,269.3	-	7,269.3
Telecommunication	28,116.0	27,608.3	55,724.3
Crude oil Petroleum and Natural Gas	8,193.5	48,532.1	56,725.6
Chemical, dyes, paints etc.	38,626.5	9,708.9	48,335.4
Infrastructure ex telecom, power, roads and ports	7,318.3	38,425.0	45,743.3
Construction	23,682.9	22,070.4	45,753.3

Industry	Fund Based	Non Fund Based	Total
Agriculture Related Service Activity	34,264.3	1,337.5	35,601.8
Man Made textiles	38,932.6	6,000.9	44,933.5
Non-ferrous metals	24,350.4	12,730.5	37,080.9
Hospitality and Tourism	29,342.9	3,780.5	33,123.4
Apparels and Accessories	29,365.6	2,363.6	31,729.2
Education	24,498.6	517.9	25,016.5
Paper and Paper products	16,176.6	2,001.6	18,178.2
Stock Broking	9,917.7	11,086.3	21,004.0
Entertainment and Media	14,880.7	4,158.7	19,039.4
Fertilisers	11,814.0	4,429.1	16,243.1
Cotton textiles	13,302.3	836.9	14,139.2
Roads and Ports	6,203.9	7,334.8	13,538.7
Organised Retail	7,893.0	4,869.7	12,762.7
Other Industries	307,004.7	81,206.8	388,211.5
Auto loans	336,949.0	-	336,949.0
Personal and Other retails loans (including Agri)	217,067.5	-	217,067.5
Home loans/Loan against property	216,672.7	-	216,672.7
Credit cards	33,530.4	-	33,530.4
Total Gross Exposure	**2,481,025.0**	**451,317.5**	**2,932,342.5**

(i)Includes all entities considered for Basel III capital adequacy computation
(ii)Other industries include entities from sectors such as Plastic & plastic products, Cables, IT Services, retail trade financial intermediation etc.

Exposure to industries (other than retail assets) in excess of 5% of total exposure

₹ in million

Industry	Fund based	Non-fund based	Total
Banks	170,447.4	50,210.6	220,658.0

Residual contractual maturity break-down of assets as at 30th September, 2018

₹ in million

Maturity Pattern	Cash and balances with monetary authority	Balances with other banks	Investments	Advances	Fixed Assets	Other Assets
1 day	11,370.5	135,692.8	179,546.9	11,455.2	-	1,572.0
2 to 7 days	2,933.1	32,740.0	16,200.5	26,262.5	-	4,619.7
8 to 14 days	2,001.8	-	9,802.4	35,632.7	-	6,643.7
15 to 30 days	3,294.1	-	25,780.9	71,272.6	-	2,642.7
31 days to 2 months	4,279.5	-	22,963.3	103,348.9	-	8,390.4
Over 2 months & upto 3 months	4,932.9	6.0	33,891.9	107,666.4	-	3,870.2

Maturity Pattern	Cash and balances with monetary authority	Balances with other banks	Investments	Advances	Fixed Assets	Other Assets
Over 3 months & upto 6 months	11,152.0	4,138.0	58,049.3	151,174.9	-	3,985.4
Over 6 months & upto 1 year	13,816.9	4,332.0	75,185.5	217,427.0	-	4,574.8
Over 1 year & upto 3 years	37,493.3	1.1	209,383.5	977,360.5	-	21,690.8
Over -3 year & upto 5 years	797.8	-	12,526.5	261,771.7	-	16,954.0
Over 5 years	855.6	0.9	30,043.9	250,985.9	16,292.9	29,267.8
Total	**92,927.5**	**176,910.8**	**673,374.6**	**2,214,358.3**	**16,292.9**	**104,211.5**

Consolidated figures for lending entities, other entities are primarily engaged in fee based activities only.

Amount of non-performing advances as at 30th September, 2018

₹ in million

Items	Amount	
	Gross NPA	**Net NPA**
Substandard	13,614.1	9,322.8
Doubtful 1	11,854.4	3,259.4
Doubtful 2	12,481.3	3,594.4
Doubtful 3	3,360.7	-
Loss	1,711.2	-
Total	**43,021.7**	**16,176.6**
NPA Ratio (%)	1.91%	0.73%
Movement of NPAs		
Opening balance as at 1st April, 2018	40,710.4	17,686.0
Additions	8,362.3	1,788.7
Reductions	(6,051.0)	(3,298.1)
Closing balance as at 30th September, 2018	**43,021.7**	**16,176.6**

Includes all entities considered for Basel III capital adequacy computation
Gross NPA ratio is computed as a ratio of gross non-performing advances to gross advances
Net NPA ratio is computed as a ratio of net non-performing advances to net advances

Movement of provisions for NPAs

₹ in million

	Amount
Opening balance as at 1st April, 2018	23,024.4
Provisions made during the year	6,573.6
Write-off/ Write back of excess provisions	(2,752.9)
Closing balance as at 30th September, 2018	**26,845.1**

₹ in million

	Q2FY19
Write offs booked directly to income statement	924.4
Recoveries booked directly to income statement	246.4

Amount of Non-performing investments (NPI)

₹ in million

	Amount
Gross NPI as at 30th September, 2018	2,495.9
Amount of provisions held for NPI	1,634.4
Net NPI as at 30th September, 2018	861.5

Movement of provisions for depreciation on investments

₹ in million

	Amount
Opening balance as at 1st April, 2018	1,411.9
Additional provisions during the year	247.8
Write off /Write back of provisions during the year	(25.3)
Closing balance as at 30th September, 2018	1,634.4

Geographic distribution

₹ in million

	Domestic	Overseas	Total
Gross NPA	43,021.7	-	43,021.7
Provisions for NPA	26,845.1	-	26,845.1
Provision for standard assets	9,660.1	-	9,660.1

Industry-wise distribution

₹ in million

	Gross	Specific Provision
NPA in top 5 Industries	5,564.0	3,766.5

Credit risk – portfolios subject to the standardised approach

External Ratings

As per the NCAF, the Bank has adopted standardised approach for measurement of credit risk. The risk weights under this approach are based on external ratings of borrowers. The Bank has identified the following External Credit Assessment Institutions (ECAIs) as approved rating agencies for risk weighting purposes:

a. Domestic credit rating agencies: CRISIL, ICRA, CARE and India Ratings (erstwhile FITCH India)
b. International rating agencies: S&P, FITCH and Moody's

The Bank assigns risk weight on the basis of long-term and short-term rating of the borrower, as appropriate for the transaction. The issue/issuer ratings of the ECAI's are considered for the borrowers and the risk weights are then derived on a case by case basis in accordance with the rules laid down by RBI as part of the New Capital Adequacy Framework.

As per RBI guidelines dated 25 August 2016, claims on corporates, AFCs, and NBFC-IFCs having aggregate exposure from banking system of more than ₹100 crore which were rated earlier and subsequently have become unrated are risk weighted at 150%.

Credit exposures by risk weights as at 30th September, 2018

₹ in million

Exposure category	Fund based	Non-fund based	Total
Below 100% risk weight	1,168,876.5	267,603.0	1,436,479.5
100% risk weight	742,962.7	116,083.1	859,045.8
More than 100% risk weight	539,508.5	29,400.8	568,909.3
Deducted	-	-	
TOTAL	**2,451,347.7**	**413,086.9**	**2,864,434.6**

Includes all entities considered for Basel III capital adequacy computation, net of risk mitigation as per the standardised approach

Credit Risk Mitigation

Risk mitigation, begins with proper customer selection through assessment of the borrower, along financial and non-financial parameters, to meet commitments. A number of methods to mitigate credit risk are used, depending on suitability of the mitigant for the credit, legal enforceability, type of customer and the internal experience to manage the particular risk mitigation technique.

When granting credit facilities, the sanctioning authorities base their decision on credit standing of the borrower, source of repayment and debt servicing ability. Based on the risk profile of the borrower while unsecured facilities may be provided, within the Board approved limits for unsecured lending, collateral is taken wherever needed, depending upon the level of borrower risk and the type of loan granted. Common credit risk mitigation techniques are facility structuring, obtaining security / collateral, guarantees and lending covenants. Mitigating mechanisms like syndication, loan assignments as well as reduction in the amount of credit granted are also used. The credit policies lay down parameters for acceptable level of credit risk.

The Bank has a credit risk mitigation policy that lists possible credit risk mitigation techniques and associated haircuts as envisaged in RBI guidelines. The objective of this Policy is to enable classification and valuation of credit risk mitigants in a manner that allows regulatory capital adjustment to reflect them. The Policy adopts the Comprehensive Approach, which allows full offset of collateral wherever applicable against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The collateral values are suitably adjusted by (appropriate haircuts to take account of possible future fluctuations in their value due to market movements).

Legal enforceability of collateral obtained is critical, to improve recoveries in the event of a default. The Bank has specific requirements in its internal policies with regards to security verification and appropriate legal documentation. The control process for various credit risk mitigation techniques includes credit review and approval requirements, specific credit product policies, credit risk monitoring and control.

The list of eligible financial collaterals recognised by the Bank for risk Mitigation is as follows:

- Cash / Fixed deposits with the Bank
- Gold – including Bullion & Jewelry
- Central & State Government securities
- Kisan Vikas Patra and National Savings Certificates
- Life Insurance policies with a declared surrender value of an insurance company which is regulated by the insurance sector regulator
- Debt securities rated investment grade or better
- Mutual Fund units where investment is in debt instruments

Where available, the Bank also makes use of credit mitigation by way of guarantees / letters of credit provided by other eligible guarantors / banks as per RBI guidelines. Where eligible guarantees are used towards credit mitigation, the Bank follows a substitution approach and applies the risk weight of the guarantor in lieu of the obligor risk weight.

The Bank has taken ₹ 67,907.9 million of eligible financial collateral benefit in the capital computation as at 30th September, 2018.

The highest share of Financial Collaterals considered for Credit Risk Mitigation, is by way Cash/FD's and thus there is not much risk concentration envisaged on account of these mitigants.

₹ in million

Type of Credit exposure	Eligible financial collateral after haircut	Covered by Guarantees/Credit derivatives
Total Exposure	67,907.9	51,724.9

Securitisation

a. Securitisation objectives and policies

Securitisation of assets is undertaken with the following objectives:

- **Meeting credit needs of borrowers** – Due to various constraints such as single party and group exposure norms, paucity of capital, internal sectoral exposure norms, etc, at times the Group is unable to meet the entire credit requirements of the borrowers. Securitisation helps overcoming such constraints and meet customer's credit needs.
- **Assistance in management of asset-liability mismatches** – With traditional on balance sheet borrowing and lending, the maturity of assets tends be much longer than that of the liabilities. Securitisation effectively makes Group's assets more liquid providing scope to more flexibly manage maturity mismatches.
- **Reduction of credit risk, interest rate and liquidity risk** – Through Securitisation, the Group can transfer credit, interest rate and liquidity risks to third parties.
- **Freeing up of capital and Improvement in return on capital -** Securitisation removes assets from the Group's balance sheet and hence frees up capital for other uses. It also improves return on capital.
- **Contingency plan** – Securitisation of retail asset portfolio is considered as an important element of the contingency funding plan of the Group.

b. The major risks inherent in securitisation/loan assignment transactions are given below:

- **Credit Risk**
  Investors in a securitisation transaction may bear a loss in the event of shortfall in credit enhancement provided. Where credit enhancement is provided in the form of a corporate guarantee, the investor is exposed to risk of a downgrade in the rating of the corporate guarantee provider. In case of loan assignment transactions, the assignee bears the loss arising from defaults/delinquencies by the underlying obligors.

- **Market Risk:**

  - Liquidity Risk
    This is the risk arising on account of absence of a secondary market for asset backed securities, which provides exit options to the investor/participant.
  - Interest Rate Risk
    Fluctuation in interest rates impacts the valuation of securitisation and may lead to mark to market losses.
  - Prepayment Risk

Prepayments in the securitised /assigned pool result in early amortisation and loss of future interest (reinvestment risk) to the investor.

Role played by the Group in the securitisation process:

- **Structurer:** The Bank scans the market to identify potential investors and structures the transaction to meet their requirements in compliance with the extant guidelines.
- **Collection and paying agent:** The SPV may appoint the concerned entity in the Bank as the collection and paying Agent. In such cases, the Bank collects the amounts due from the underlying obligors on the due dates and remits the same into the account of the SPV.

c. Summary of Group's accounting policies for securitisation activities

In terms of RBI guidelines the Group sells assets to SPV only on cash basis and the sale consideration is received not later than the transfer of the asset to the SPV. Any loss arising on account of the sale is accounted immediately and reflected in the profit and loss account for the period during which the sale is affected and any profit/premium arising on account of sale is amortised over the life of the securities issued or to be issued by the SPV.

In case the securitised assets qualify for derecognition from the books of the Group, the entire expenses incurred on the transaction e.g. legal fees, etc., is expensed at the time of the transaction and is not deferred. Where the securitised assets do not qualify for derecognition the sale consideration received is treated as a secured borrowing.

d. Rating of the securitisation transactions:

The Group uses the ratings provided by external credit rating agencies viz. CRISIL, India Ratings (erstwhile FITCH India), ICRA and CARE for the securitization of corporate loans and retail pools.

e. Breakup of the exposure securitised by the Group during the year and subject to securitization framework:

A. Banking Book

There are no outstanding securitization exposures as at 30th September, 2018. No securitization activities were undertaken by the Group during the period ended 30th September, 2018.

Sr. No.	Type of Securitisation	Amount
1.	Aggregate amount of exposures purchased or retained by the Group	-

Aggregate amount of securitisation exposures retained or purchased and outstanding as at 30th September, 2018 is given below:

₹ in million

S No.	Exposure type	On Balance Sheet Amount	Off Balance Sheet Amount
1	Total amount of exposures retained		
2	Securities purchased	-	-
	Vehicle Loans	650.8	-
3	Liquidity facility	-	-
4	Credit commitments (cash collateral)	-	-
5	Other commitments	-	-

Risk-weight wise and bucket wise details of the securitisation exposures on the basis of book value

₹in million

Exposure type	Amount	Capital charge
Below 100% risk weight	650.8	12.8
100% risk weight	-	-
More than 100% risk weight	-	-
Deductions	-	-
-Entirely from Tier I capital	-	-
-Credit enhancing I/Os deducted from total capital	-	-
- Credit enhancement (cash collateral)	-	-

Includes all entities considered for Basel III capital adequacy computation

B. Trading Book

Breakup of the exposure securitised by the Group during the year and subject to securitisation framework:

₹ in million

Sr. No.	Type of Securitisation	Amount
1.	Aggregate amount of exposures purchased or retained by the Group and which is subject to the market risk approach	10,498.9

Aggregate amount of securitisation exposures retained or purchased and outstanding as at 30th September, 2018 is given below:

S No.	Exposure type	On Balance Sheet Amount	Off Balance Sheet Amount
1	Total amount of exposures retained	-	-
2	Securities purchased		-
	Micro Finance	9,540.8	
	Vehicle Loans	109.3	-
	Tractors	855.7	-
	Mortgage Loans	268.1	-
3	Liquidity facility	-	-
4	Credit commitments (cash collateral)	-	-
5	Other commitments	-	-

Risk-weight wise and bucket wise details of the securitisation exposures on the basis of book value

₹in million

Exposure type	Amount	Capital charge
Below 100% risk weight	10,773.9	437.5
100% risk weight	-	-
More than 100% risk weight		
Deductions	-	-
-Entirely from Tier I capital	-	-
-Credit enhancing I/Os deducted from total capital	-	-
- Credit enhancement (cash collateral)	-	-

Includes all entities considered for Basel III capital adequacy computation

Market Risk in Trading Book

Market risk management policy

Market Risk is the risk that earning or capital will be affected by adverse changes in market risk variables such as interest rates, foreign exchange rates, volatilities, credit spreads, commodity and equity prices.

For Regulatory capital purposes, the Group calculates its Market Risk Capital as per the Calculation Rules under the Standardized Measurement Method (SMM).

Market Risk Management encompasses the following imperatives:

- Managing Interest Rate Risk in Trading & Banking Books
- Managing Currency & other Trading Book Risks
- Proper Valuation & Measurement
- Compliance with regulatory & Board guidelines
- Oversight over the operation and execution of market transactions

Market Risk for the Bank and each of its major subsidiaries is managed in accordance with policies approved by the respective Boards or ALCO. These policies ensure that transactions in Debt, Capital, Foreign Exchange, Derivatives & other markets are conducted in accordance with sound & acceptable business practices and are as per the extant regulatory guidelines & laws governing transactions. The policies are reviewed regularly to incorporate changes in regulatory guidelines and business and economic environment. Additionally, the Bank has a Senior Management Committee for derivatives that is responsible for approval of product structures and its oversight.

Structure and organization of the Market Risk Management functions

The Group's Risk Management Architecture is overseen by the Board of Directors. The Board of Directors defines Risk Appetite and approves appropriate policies to manage risks. The Asset Liability Management Committee (ALCO) oversees the Market Risks in the Trading Book and the Banking Book.

Risk limits are monitored and utilizations are reported by the Market Risk Management unit. Market Risk Management unit is independent of the dealing function and the settlements function and reports directly to the Group Chief Risk Officer. The unit is responsible for identifying and escalating any risk, limit excesses on a timely basis. This unit ensures that all market risks are identified, assessed, monitored and reported – for management decision making.

The Group uses a comprehensive range of quantitative tools and metrics for monitoring and managing risks. The Group continually assesses the appropriateness and the reliability of the quantitative tools and metrics in the light of the changing risk environment.

The limit-framework is comprehensive and effectively controls market risk. Limits on sensitivity measures like PV01, Duration, Delta, Gamma, Vega etc. and other limits like loss-limits, value-limits, gap-limits, deal-size limits, holding-period limits constitute the Market Risk limit-framework

Value at Risk

Value-at-Risk (VaR) is used to quantify the potential price-risk in the portfolio. Value-at-Risk (VaR) is a statistical measure that estimates, at a certain confidence level, the potential decline in the value of a position (or portfolio) under normal market conditions - assuming a holding period.

Value-at-Risk is computed for each type of market risk factor i.e. interest rate, foreign currency, equity etc. The VaR model is based on Historical Simulation and a Confidence level of 99%. Additionally, to assess the tail risk, the Bank computes Expected Shortfall. The VaR model is periodically validated through a process of Back-testing. Metrics like Stressed Value-at-Risk are used to supplement VaR.

Stress Testing

Stress testing & Scenario Analysis are periodically performed to measure the exposure to extreme, but plausible market movements The Group conducts various tests like the impact of shock to one risk factor, extreme events that may change various risk factors simultaneously and worst case scenario that captures the potential damaging shift in various market risk factors.

Liquidity Risk

Liquidity refers to the Group's ability to fund increase in assets or withdrawals of liabilities and meet both expected and unexpected cash and collateral obligations at reasonable cost without adversely affecting its financial condition and liquidity risk arises where the Group is unable to meet such obligations.

There is a Group liquidity risk management policy which lays down the structure for liquidity risk governance and its management for the Group. The Group follows a decentralized model of liquidity management where in each entity is responsible for its own liquidity planning and fund management. The entities have either Asset Liability Management Committee (ALCO) or senior management, who is responsible for establishing framework for managing and monitoring liquidity risk. The Bank's Asset Liability Management Committee (ALCO) is responsible for overseeing the management and governance of liquidity risk for Group entities.

Liquidity risk management in the Bank (standalone) is governed by Board approved Asset Liability Management (ALM) policy which provides the framework for its monitoring & management. The Bank actively manages its liquidity risk covering both market funding risk and market liquidity risk. The Bank maintains a diversified funding profile with emphasis on building retail franchise to increase customer deposits. The Bank ensures that there is sufficient liquidity headroom available, including liquid assets, at all times to manage any contingency.

The Bank dynamically manages the daily funds inflows and outflows, prioritizing critical payment transactions, assessing the drawing power of intraday liquidity facilities, etc. Considering the inter-dependencies that exist among systems, which may lead to liquidity dislocations that cascade quickly across many systems, especially banks, ALCO has set thresholds for inter-bank liabilities, call money borrowing and lending limits.

Liquidity risk is assessed from both structural and dynamic perspective and the Bank uses various approaches like stock approach, cash flow approach & stress test approach to assess liquidity risk. Cash flow management is critical for liquidity risk management and the Bank has developed models for predicting cash flows for products with indeterminate maturity, products with embedded options, contingents, etc. The outcome of the models are periodically back tested to test their effectiveness.

The Bank uses liquidity gap analysis to measure cash flow mismatches at different time bands. The cash flows are bucketed based on the residual maturity of the cash flows or the projected behavior of assets, liabilities and off-balance sheet items. Bank also manages its liquidity on a dynamic basis to supplement the liquidity gap analysis by estimating net cash outflow or inflows for business units considering their business projection for the next 3 months. The Bank also employs stock approach to assess various aspects of liquidity risk such as stability of funds, liquid assets cover, funding concentration, etc.

The Board-approved Contingency Liquidity Plan (CLP) is another liquidity measurement and management framework. The CLP incorporates ratio-based early warning indicators (EWIs) to forewarn emerging stress liquidity conditions. CLP articulates the management action plan to be adopted in case of liquidity crises. Potential contingency liquidity sources are identified to be tapped under liquidity stress and the Bank has identified Control & Response Teams to manage such eventuality.

The Bank follows scenario based approach for Liquidity Stress Testing. These scenarios & assumptions are employed to evaluate the impact of stress on the existing liquidity position of the Bank. Market Liquidity

Risk is considered through haircuts to sell liquid assets considering instrument type, expected change in interest rate in liquidity crisis, etc. Bank also assess the impact on P&L in utilizing liquidity mitigates (e.g. selling liquid assets, marginal standby facility, refinance head rooms, etc.) with appropriate haircuts and increased cost of funding.

The Bank has also implemented Basel III liquidity standards i.e. liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR measures the adequacy of high quality liquidity asset to cover short term net outflows under severe stress conditions. These measures have been incorporated as part of Bank's risk appetite definitions and thresholds. The Bank has implemented LCR framework across group companies from Jan 2016 and consolidated LCR level is well above the regulatory threshold

The Net Stable Funding Ratio (NSFR), measures the ratio between available stable funding (>1 year) and the required stable funding (> 1 year) to support long-term lending and other long term assets. The BIS, in October 2014, released the final guidelines for NSFR and aims for an NSFR of at least 100%.

The Bank is on track to meet the NSFR requirements as per final Basel III framework. For banks in India, RBI released the draft guidelines on NSFR in May 2015 and the final guidelines are awaited.

Hedging and risk mitigation

The Bank has defined limits on the positions that can be taken and all the business groups are required to adhere to the same. The hedging transactions are periodically assessed for hedged effectiveness in accordance with the applicable guidelines.

Market risk capital charge

₹ in million

Risk category	**Capital charge**
Interest rate risk	5,686.7
Equity position risk	6,400.9
Foreign exchange risk	710.0
Total capital required	**12,797.6**

Includes all entities considered for Basel III capital adequacy computation

Operational Risk Management (ORM)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. This definition includes legal risk but excludes reputational risk. Therefore, in line with the Basel II risk management framework and best practices, operational risk in the Bank is composed of the following risk types: people, process, technology, legal, compliance, outsourcing risk.

For effective management of Operational Risk, the Group has developed a comprehensive framework, which details the governance structure and the process of identifying, measuring and monitoring of Operational risk. The framework is supported by policies and processes that help manage operational risk within approved tolerances, on behalf of its stakeholders.
The independent Operational Risk Management function reporting directly to the Group CRO lays down the operational risk management policies, standards, processes, procedures; and operational risk management framework.

The following are some of the key techniques applied by Bank and / or group companies to manage operational risks -

- The Bank has built into its operational process segregation of duties, clear reporting structures, well defined processes, clearly defined approval authority structure, operating manuals, staff training, verification of high value transactions and strong audit trails to control and mitigate operational risks.

- New Product & activity notes prepared by business units are reviewed by all concerned departments including compliance, risk management and legal. All concerned departments coordinate and discuss key operational risk issues involving people, process, technology, external factors, etc. so as to minimize them or ensure adequate controls over them. In subsidiaries, internal controls unit reviews the product notes in consultation with the respective departments, including compliance and legal.

- The Operational risk team performs detailed risk analysis and root cause analyses on operational risk events, reported by business units, to identify inherent areas of risk and suggest suitable risk mitigating actions which are monitored for resolution. The Bank wide unusual event reporting and capture system (which includes near miss events) forms the basis for this analysis. All such unusual events are captured in the loss database. The Bank now has a loss database of more than 8 years. The Operational risk team also proactively scans information on external events occurring in the industry to ensure that the Bank can respond suitably to similar incidents.

- The Bank has in place a 'Risks and Controls Self Assessment' programme for formally assessing operational risks and related controls to mitigate these risks. The self assessments are performed by individual business units and functions in accordance with the minimum standards established by the ORM function. The ORM team provides independent challenge to the RCSAs and evaluates the residual risks. Areas with high risk potential are highlighted and business unit / function either proposes mitigating measures to resolve the issue or provides a rationale for why the risk is acceptable. Further the Bank also has defined Key Risk Indicators that are monitored regularly

- The Bank continuously takes various steps to increase the overall level of operational risk awareness amongst staff at all levels using various tools like trainings, workshops, risk assessment exercise and process related compliance certification / testing, etc. Operational risk profile reports for business divisions are reviewed and discussed with the division's senior management. This enables the Bank to detect changes to the vertical's risk profile at an early stage and take necessary corrective actions. The Bank believes that this process helps build a strong risk management culture and increased level of risk awareness amongst work force.

- The Group level IT Security Committee provides direction for mitigating the operational risk in IT security. There is group wide IT security programme (ARISTI) to ensure complete data security and integrity.

- The Bank has committed significant resources to protect the security of its systems, software, networks and other technology assets through security programs, with the goal of maintaining overall cyber resilience. The Bank constantly monitors the environment including cyber threats, emerging regulatory requirements around cyber risks and mitigation strategies. The bank regularly conducts tests to assess the robustness of its cyber defences to minimize the impact of any incidents that may occur and provides regular updates to the Senior Management. New digital product offerings are also thoroughly assessed for cyber risks prior to roll out.

- Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions.

- In the larger group entities, Risk Containment Unit has been setup within Business Units, which identifies and monitors risk on an ongoing basis including sample checks and control testing.

- There is also a Committee on Frauds, which reviews all frauds above a threshold amount.

- Risk transfer via insurance is a key strategy to mitigate operational risk exposure at the Bank. The Operational Risk team helps to review and provide inputs on insurance coverage basis trends and triggers emerging from unusual events or changes in risk profile basis introduction of new products or developments in the external environment

Interest Rate Risk in the Banking Book (IRRBB)

The impact of adverse movements in interest rates on financials is referred to as interest rate risk. The very nature of the financial intermediation business makes the Group susceptible to interest rate risk and unmanaged risk could potentially pose a significant threat to the Group's earnings and capital.
Interest rate risk results from both trading book and banking book. The impact of interest rate risk on trading book is actively measured through a variety of risk metrics like PV01, option greeks, VaR. etc. The tolerance with respect to exposure to market risk in the trading book is articulated through various risk limits and monitored through different MIS reports. The Group also provides for capital for exposure to market risk in the trading book.

For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items. As interest rate risk can impact both net interest income (NII) and value of capital, it is assessed and managed from both earning and economic perspective.

ALCO is the guiding body for management of IRRBB in the Bank and sets the overall policy and risk limits. Balance Sheet Management Unit (BMU), which is part of the treasury, is entrusted with the responsibility of IRRBB and works out appropriate strategies including hedging in consultation with ALCO to mitigate the risk. ALM Risk unit, which is a part of risk management team independently measures and monitors the interest rate risk. As a policy, no interest rate risk is retained within the business units other than treasury and it is transferred from business units to BMU using Funds Transfer Pricing (FTP). FTP rates are reviewed by the ALCO in its meetings periodically and are calibrated considering the markets, business needs and overall balance sheet plans.

Earning at Risk (EaR) is a short term interest rate risk measure which assesses the change in NII by estimating the impact on interest income from rate sensitive assets and interest expense on rate sensitive liabilities including off-balance sheet items. The Bank has set limit for change in NIM for given change in interest rates to manage the re-pricing gaps. Basis the overall NIM limit, re-pricing gap limits are also set for various re-pricing time bands.

Group uses Economic Value of Equity (EVE), which is a long term risk measure to assess the change in value of equity due to change in economic value of asset and liabilities. The duration gap approach is used to determine the sensitivity of EVE. Modified duration is computed for all assets, liabilities (excluding equity capital) and rate sensitive derivatives to assess the Leveraged Duration Gap / Duration of Equity. Leveraged Duration gap is computed including and excluding trading book and are subject to interest rate shocks to assess the impact on EVE. Group has incorporated change in EVE as percentage of Tier I capital in its risk appetite definition and set a threshold for it for a given change in interest rate.

Details of increase (decline) in earnings and economic value of equity for upward (downward) rate shocks based on Consolidated Balance Sheet as at 30th September, 2018 are given below:

- Earnings Perspective
  Impact on earnings of 100 bps parallel shift in yield curve ₹ 4,957.7 million
- Economic Value Perspective {Market Value of Equity (MVE)}

Impact on MVE of 100 bps adverse parallel shift in yield curve	₹ 3,905.6 million
Impact as a percentage of Tier I Capital	0.8%

Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. The exposure is calculated using Current Exposure Method.

The CCR limits for interbank counterparties are set on the basis of an evaluation of parameters like capitalization, asset quality, profitability, credit ratings of the banks & their country of origin (as applicable for foreign banks), amongst others. The contours of the framework for credit assessment of bank counterparties are prescribed by ALCO.

CCR limits for other counterparties are set on the basis of their internal ratings, Loan Equivalent Ratio and business requirement of the counterparty. These CCR limits are approved by the appropriate sanctioning authorities under the respective credit policies.

The Board-approved Customer Suitability & Appropriateness Policy for Derivatives sets the framework to evaluate the Suitability of the customer and Appropriateness of the derivative to the client’s hedging requirements. The MTM on client exposures are monitored on a daily basis. The Bank computes Loan Equivalent Ratio (LER) and reviews it periodically to evaluate the risk arising out of customer contracts. The Group does not recognize bilateral netting for capital computation. The Group computes Credit Valuation Adjustment, which captures the risk of mark to market losses due to deterioration in the credit worthiness of the counterparty.

With a view to reduce counterparty and systemic risk, there are regulatory initiatives directing OTC trades to be cleared through Central Counterparties (CCPs). The Bank has a dedicated team that manages the interface with CCPs and understands the implications of the risk transfer from being distributed among individual bilateral counterparties to CCPs. The Bank operates within ALCO approved limits on individual CCP.

₹ in million

	Currency Derivatives	**Interest Rate Swaps**
Notional	1,520,610.8	344,343.7
Credit Exposure	48,123.7	5,313.4

Detailed Capital Disclosures Template

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	173,137.3		A=a1-a3
2	Retained earnings	235,462.7		B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	83,407.8		C=c1+c2
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
	Public sector capital injections grandfathered until January 1, 2018	-		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	Common Equity Tier 1 capital before regulatory adjustments	492,007.8		
Common Equity Tier 1 capital : regulatory adjustments				
7	Prudential valuation adjustments	859.2		
8	Goodwill (net of related tax liability)	307.7	-	D=d1+d2
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	1,451.0	-	E
10	Deferred tax assets	-	-	
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	146.6		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which : significant investments in the common stock of financial entities	-		

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
24	of which : mortgage servicing rights	-		
25	of which : deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	18,915.7	-	F
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	21.0	-	G
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	of which : Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which : [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory adjustments to Common equity Tier 1**	21,701.2		
29	**Common Equity Tier 1 capital (CET1)**	470,306.6		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-		
31	of which : classified as equity/capital under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	5,000		a3
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which : instruments issued by subsidiaries subject to phase out	-		
36	**Additional Tier 1 capital before regulatory adjustments**	5,000		
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which : deferred tax assets arising from temporary differences	-		
	of which : goodwill on consolidation and included in associates	-		
	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-		
	of which : Investments in the equity capital of unconsolidated non financial subsidiaries	-		G
	of which : Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-		
44	**Additional Tier 1 capital (AT1)**	5,000		
44a	Additional Tier 1 capital reckoned for capital adequacy	5,000		
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	475,306.6		
Tier 2 capital : instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	5,386.6		H
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		I
49	of which : instruments issued by subsidiaries subject to phase out	-		
50	Provisions	9,660.1		J=j1+j2
51	**Tier 2 capital before regulatory adjustments**	15,046.7		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-		
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-		F
	of which : Investments in the equity capital of unconsolidated non financial subsidiaries	-		G
57	**Total regulatory adjustments to Tier 2 capital**	-		
58	**Tier 2 capital (T2)**	15,046.7		
58a	Tier 2 capital reckoned for capital adequacy	15,046.7		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	15,046.7		
59	**Total capital (TC = T1 + Admissible T2) (45 + 58c)**	490,353.3		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	-		
60	**Total risk weighted assets (60a + 60b + 60c)**	2,788,788.3		
60a	of which : total credit risk weighted assets	2,361,388.0		
60b	of which : total market risk weighted assets	142,195.9		
60c	of which : total operational risk weighted assets	285,204.4		
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.86%		
62	Tier 1 (as a percentage of risk weighted assets)	17.04%		
63	Total capital (as a percentage of risk weighted assets)	17.58%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	-		
65	of which : capital conservation buffer requirement	-		
66	of which : bank specific countercyclical buffer requirement	-		
67	of which : G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
National minima (if different from Basel III)				

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-		
71	National total capital minimum ratio (if different from Basel III minimum)	-		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	439.7		
73	Significant investments in the common stock of financial entities	16,341.6		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	3,445.5		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	9,660.1		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	29,517.4		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
82	Current cap on AT1 instruments subject to phase out arrangements	-		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on T2 instruments subject to phase out arrangements	5,386.6		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	3,173.0		

Notes to the template

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0.0
	Total as indicated in row 10	0.0
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which : Increase in Common Equity Tier 1 capital	18,915.7
	of which : Increase in Additional Tier 1 capital	0.0
	of which : Increase in Tier 2 capital	0.0
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	
	(i) Increase in Common Equity Tier 1 capital	21.0
	(ii) Increase in risk weighted assets	262.5
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	9,660.1
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	9,660.1
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

As at 30th September, 2018

		DF-12 : Composition of Capital- Reconciliation Requirements (₹ in million)	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	**Capital & Liabilities**			
	i.	**Paid-up Capital**	**14,535.0**	**14,535.0**
		of which : eligible for CET1	9,535.0	9,535.0
		of which : eligible for AT1	5,000.0	5,000.0
		Reserves & Surplus	528,951.4	514,061.3
		Employees' Stock Options (Grants) Outstanding	27.0	27.0
		Minority Interest		
		Total Capital	**543,513.4**	**528,623.3**
		Policy Holders Funds	234,213.9	
	ii.	**Deposits**	2,039,300.3	2,039,918.3
		of which : Deposits from banks	7,348.9	7,348.9
		of which : Customer deposits	2,031,951.4	2,032,569.4
		of which : Other deposits (pl. specify)	-	-
	iii.	**Borrowings**	665,350.0	665,350.0
		of which : From RBI	-	-
		of which : From banks	334,705.9	334,705.9
		of which : From other institutions & agencies	320,297.7	320,297.6
		of which : Others (Sub Debt/ Upper Tier II Bonds)	9,009.6	9,009.6
		of which : Capital instruments	1,336.9	1,336.9
	iv.	Other liabilities & provisions	149,913.9	139,915.3
	Total		**3,632,291.5**	**3,373,806.9**
B	**Assets**			
	i.	Cash and balances with Reserve Bank of India	93,008.7	92,937.0
		Balance with banks and money at call and short notice	220,114.5	210,443.3
	ii.	Investments :	933,139.7	701,563.7
		of which : Government securities	662,258.5	559,435.2
		of which : Other approved securities	-	-
		of which : Shares	98,289.0	16,866.8
		of which : Debentures & Bonds	116,352.4	56,508.8
		of which : Subsidiaries / Joint Ventures / Associates	10,709.0	29,588.3
		of which : Others (Commercial Papers, Mutual Funds etc.)	45,530.8	39,164.6
	iii.	Loans and advances	2,221,722.5	2,220,760.1
		of which : Loans and advances to banks	-	-
		of which : Loans and advances to customers	2,221,722.5	2,220,760.1
	iv.	Fixed assets	18,229.5	17,517.6
	v.	Other assets	138,146.0	130,284.0
		of which : Goodwill and intangible assets	-	-
		of which : Deferred tax assets	3,448.6	3,448.6
	vi.	Goodwill on consolidation	7,930.6	301.2

DF-12 : Composition of Capital- Reconciliation Requirements (₹ in million)			Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	vii.	Debit balance in Profit & Loss account	-	-
Total			**3,632,291.5**	**3,373,806.9**

As at 30th September, 2018

DF-12 : Composition of Capital- Reconciliation Requirements (₹ in million)			Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No
A	**Capital & Liabilities**				
	i.	**Paid-up Capital**	**14,535.0**	**14,535.0**	a1
		of which : eligible for CET1	9,535.0	9,535.0	
		of which : eligible for AT1	5,000.0	5,000.0	a3
		Reserves & Surplus	528,951.4	514,061.3	
		of which :			
		Balance in Profit and Loss Account	280,903.4	266,403.2	b1
		of which : current period profits not reckoned for capital adequacy purpose	33,218.5	30,940.5	b2
		of which : balance in profit and loss relating to insurance subsidiary and associate not considered for regulatory consolidation	14,889.1	-	
		Securities Premium	163,987.4	163,602.3	a2
		Foreign Currency Translation Reserve	2,570.8	2,592.0	
		of which : eligible for CET1	-	1,944.0	c1
		Investment Reserve	-	-	j1
		Other Reserves and Surplus	81,489.8	81,463.8	c2
		Minority Interest			
		of which : considered in capital	-	-	
		Employees' Stock Options (Grants) Outstanding	27.0	27.0	
		Total Capital	**543,513.4**	**528,623.3**	
	ii.	**Deposits**	2,039,300.3	2,039,918.3	
		of which : Deposits from banks	7,348.9	7,348.9	
		of which : Customer deposits	2,031,951.4	2,032,569.4	
		of which : Other deposits (pl. specify)	-	-	
	ii.	**Borrowings**	665,350.0	665,350.0	
		of which : From RBI	-	-	
		of which : From banks	334,705.9	334,705.9	
		of which : From other institutions & agencies	320,297.7	320,297.6	
		of which : Capital instruments	10,346.5	10,346.5	
		of which :			
		Eligible AT1 capital	1,336.9	1,336.9	

DF-12 : Composition of Capital- Reconciliation Requirements (₹ in million)			Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No
		Eligible T2 capital issued by Bank	7,498.6	7,498.6	H
		Eligible T2 capital issued by subsidiary	1,061.0	1,061.0	I
	iv.	Policyholders' Reserves	234,213.9	-	
	v.	**Other liabilities & provisions**	149,913.9	139,915.3	
		of which : DTLs related to goodwill	-	-	
		of which : DTLs related to intangible assets	-	-	
		of which : provision against standard assets	9,685.6	9,660.1	j2
		Total	**3,632,291.5**	**3,373,806.9**	
B	**Assets**				
	i.	Cash and balances with Reserve Bank of India	93,008.7	92,937.0	
		Balance with banks and money at call and short notice	220,114.5	210,443.3	
	ii.	**Investments :**	933,139.7	701,563.7	
		of which : Government securities	662,258.5	559,435.2	
		of which : Other approved securities	-	-	
		of which : Shares	98,289.0	16,866.8	
		of which : Debentures & Bonds	116,352.4	56,508.8	
		of which : Subsidiaries / Joint Ventures / Associates	10,709.0	29,588.3	
		of which: investment in unconsolidated insurance subsidiary	-	18,915.7	F
		of which: investment in unconsolidated non financial subsidiary	-	21.0	G
		of which: goodwill included as part of carrying amount (net)	15.8	6.5	d1
		of which : Others (Commercial Papers, Mutual Funds etc.)	45,530.8	39,164.6	
	iii.	**Loans and advances**	2,221,722.5	2,220,760.1	
		of which : Loans and advances to banks	-	-	
		of which : Loans and advances to customers	2,221,722.5	2,220,760.1	
	iv.	**Fixed assets**	18,229.5	17,517.6	
		of which: Intangibles	1,702.0	1,451.0	E
	v.	**Other assets**	138,146.0	130,284.0	
		of which : Deferred tax assets	3,448.6	3,448.6	
	vi.	**Goodwill on consolidation**	**7,930.6**	301.2	d2
Total Assets			**3,632,291.5**	**3,373,806.9**	

Kotak Mahindra Bank - Main features of regulatory capital instruments – Ordinary Shares

1	Issuer	Kotak Mahindra Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A01028
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group & solo	Group & solo
7	Instrument type	Ordinary Shares
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 9,535.0 million
9	Par value of instrument	₹ 9,535.0 million
10	Accounting classification	Equity Share Capital
11	Original date of issuance	Various dates, refer table below
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	
	Coupons / dividends	NA
17	Fixed or floating dividend / coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Represents the most subordinated claim in liquidation
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Find the detailed terms and conditions of the issue here: https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/memorandum-and-articles-of-association.pdf

Kotak Mahindra Bank - Main features of regulatory capital instruments – Preference Shares

1	Issuer	Kotak Mahindra Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A04014
3	Governing law(s) of the instrument	Applicable Indian Statute and RBI Basel III guidelines dated July 1 , 2015
	Regulatory treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	Additional Tier 1 Capital (AT1)
6	Eligible at solo / group / group & solo	Group & solo
7	Instrument type	Perpetual Non-Cumulative Preference Shares
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 5,000 million
9	Par value of instrument	₹ 5,000 million
10	Accounting classification	Capital
11	Original date of issuance	02-Aug-2018
12	Perpetual or dated	Perpetual
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Call Option Date: On or after 02-Aug-2018 or Regulatory Call in accordance with the terms and conditions of the instrument Redemption: at par (in case of exercise of call option)
16	Subsequent call dates, if applicable	[On or after 02-Aug-2018 or Regulatory Call in accordance with the terms and conditions of the instrument]
	Coupons / dividends	Dividend
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	8.10% per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	There are two types of write down triggers: 1. CET1 Trigger Event, when the Issuer's or its group Common Equity Tier 1 Ratio is: a. if calculated at any time prior to March 31, 2019, at or below 5.500% (or such other percentage as may be prescribed by the RBI);

		b. if calculated at any time from and including March 31, 2019 at or below 6.125% or such other percentage as may be prescribed by the RBI). 2. PONV Trigger Event, which in respect of the Issuer or its group, means the earlier to occur of: a. a decision that a conversion or principal write-down, without which the Issuer or its group (as the case may be) would become non-viable, is necessary, as determined by RBI; and b. the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or its group (as the case may be) would become non-viable, is necessary, as determined by RBI.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	In case of CET1 Trigger Event: Permanent or temporary In case of PONV Trigger Event: Permanent
34	If temporary write-down, description of write-up mechanism	Following a write-down pursuant to CET1 Trigger Event, the value of the instrument may be increased in accordance with the Master Circular No. DBR.No. BP.BC.1/ 21.06.201/ 2015-16 dated July 1, 2015 issued by the Reserve Bank of India on Basel III Capital Regulations or any other conditions prescribed by applicable law.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The claims in respect of the instrument, subject to applicable law, will rank superior to the claims of investors in equity shares, and subordinate to the claims of all perpetual debt instruments, all capital instruments qualifying as tier II capital instruments, and depositors and general creditors of the Bank.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Find the detailed terms and conditions of the issue here:
https://www.kotak.com/content/dam/Kotak/investor-relation/capital-instruments/bank-pncps-terms-and-condition.pdf

Capital issuances post conversion into Bank
Equity share capital as on 31st March, 2003 was ₹ 592.1 million (118.4 million* equity shares)

Date of issue	Nature of issue	Number of equity shares million	Amount ₹ million
April, 2006	GDR	30.0*	4,500.5
October, 2007	QIP	34.0*	16,150.0
August, 2010	Preferential issue	32.8*	13,661.2
April, 2013	Preferential issue	20.0	12,960.0
April, 2015	Issue to eIVBL	139.2	696.0
May, 2017	QIP	620.0	58,032.0

** adjusted for split of equity shares from ₹ 10 fully paid up to ₹ 5 fully paid up*

Kotak Mahindra Bank - Main features of regulatory capital instruments – Perpetual Debt (Issued by eIVBL)

1	Issuer	Kotak Mahindra Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Perpetual Bonds
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier I
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo / group / group & solo	Solo
7	Instrument type	Perpetual Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	-
9	Par value of instrument	100,000 JPY
10	Accounting classification	Liability
11	Original date of issuance	22-Oct-08
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	On 22-Oct-18
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	3 month LIBOR plus 400 basis points
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Partially discretionary
21	Existence of step up or other incentive to redeem	Yes
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Upper Tier II
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	No loss absorption features

Kotak Mahindra Bank - Main features of regulatory capital instruments – Subordinated debt

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	25800	INE237A09070	INE237A09088
3	Governing law(s) of the instrument	Laws of England	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II loans	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	USD 45 million (₹ 2,817.2million)	1.00	1.00
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	22-Mar-07	1-Jun-05	2-Jun-05
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	15-Jun-22	1-Jun-15	2-Jun-15
14	Issuer call subject to prior supervisory approval	Yes	No	No
15	Optional call date, contingent call dates and redemption amount	22-Mar-17 and redemption at par	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	6 monthly floating	Fixed	Fixed
18	Coupon rate and any related index	6 month LIBOR +155 bps till June 15, 2017. Thereafter till maturity 6 month LIBOR+255 bps	7.85%	7.70%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Step up of 100 bps from 11th year	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA

33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Payment shall be subordinated in right of payment to the prior payment in full of all other creditors, except those liabilities which rank equally or junior to the IFC Bonds, including claims of investors eligible for inclusion in Tier I Capital	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A09096	INE237A08767	INE237A08783
3	Governing law(s) of the instrument	Indian law	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	29-Sep-05	3-Oct-05	25-Oct-05
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	29-Sep-15	3-Oct-15	25-Oct-15
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	7.50%	7.50%	7.50%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A09104	INE237A08742	INE237A08791
3	Governing law(s) of the instrument	Indian law	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	19-Jun-06	19-Jun-06	14-Nov-06
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	19-Jun-16	19-Jun-16	14-Apr-17
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	8.90%	8.90%	9.10%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A09112	INE237A08809	INE237A09120
3	Governing law(s) of the instrument	Indian law	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	14-Nov-06	20-Nov-06	20-Nov-06
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	14-Apr-17	20-Apr-17	20-Apr-17
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.10%	9.10%	9.10%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A08817	INE237A08825	INE237A09138
3	Governing law(s) of the instrument	Indian law	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	6-Dec-06	25-Jan-07	25-Jan-07
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	6-May-17	25-Apr-17	25-Apr-17
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.00%	9.50%	9.50%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A08833	INE237A08841	INE237A09146
3	Governing law(s) of the instrument	Indian law	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	6-Feb-07	21-Feb-07	21-Feb-07
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	6-May-17	21-May-17	21-May-17
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.50%	9.50%	9.50%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A08858	INE237A08866	INE237A09153
3	Governing law(s) of the instrument	Indian law	Indian law	Indian law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	16-Mar-07	9-Jul-07	9-Jul-07
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	16-May-17	9-May-18	9-May-18
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	10.15%	10.25%	10.25%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A08890	INE237A08874
3	Governing law(s) of the instrument	Indian law	Indian law
	Regulatory treatment		
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	600.0	-
9	Par value of instrument (₹ in million)	1.0	1.0
10	Accounting classification	Liability	Liability
11	Original date of issuance	7-Apr-11	30-Aug-07
12	Perpetual or dated	Dated	Dated
13	Original maturity date	7-Apr-21	30-Aug-22
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	30-Aug-17 and redemption at par
16	Subsequent call dates, if applicable	NA	NA
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Fixed	Fixed
18	Coupon rate and any related index	9.31%	9.95%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes-50 bps Over coupon rate after 30-Aug-17
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A09161	INE237A08882
3	Governing law(s) of the instrument	Indian law	Indian law
	Regulatory treatment		
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-
9	Par value of instrument (₹ in million)	1.0	1.0
10	Accounting classification	Liability	Liability
11	Original date of issuance	30-Aug-07	7-Sep-07
12	Perpetual or dated	Dated	Dated
13	Original maturity date	30-Aug-22	7-Sep-22
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	30-Aug-17 and redemption at par	07-Sep-17 and redemption at par
16	Subsequent call dates, if applicable	NA	NA
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Fixed	Fixed
18	Coupon rate and any related index	9.95%	10.30%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Yes-50 bps Over coupon rate after 30-Aug-17	Yes-50 bps Over coupon rate after 07 Sept 2017
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE166A09030	INE166A09048	INE166A09055
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	17-Mar-06	24-Mar-06	29-Mar-06
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	17-May-15	24-May-15	29-May-15
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	8.75%	8.95%	8.95%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE166A09063	INE166A08016	INE166A08024
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	28-Aug-06	15-Jul-08	31-Jan-09
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	28-Aug-2016	14-Jul-2018	30-Jan-19
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.70%	10.40%	9.65%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank	All depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited	Kotak Mahindra Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE166A08032	Upper Tier 2 Capital 22MAR2022	Upper Tier 2 Capital 23JAN2024
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt Instruments	Upper Tier 2 Capital Instruments	Upper Tier 2 Capital Instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	2,448.0	-	2,338.6
9	Par value of instrument (₹ in million)	1.0	100,000 JPY	100,000 JPY
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	14-Dec-12	22-Mar-07	23-Jan-09
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	13-Dec-22	22-Mar-22	23-Jan-24
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	After 22-Mar-17	After 23-Jan-19
16	Subsequent call dates, if applicable	NA	on 22-Mar-17 and quarterly coupon payment dates thereafter	on 23-Jan-19 and quarterly coupon payment dates thereafter
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Floating	Floating
18	Coupon rate and any related index	9.90%	3 month LIBOR plus 110 basis points	3 month LIBOR plus 230 basis points
19	Existence of a dividend stopper	No	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Partially Discretionary	Partially Discretionary
21	Existence of step up or other incentive to redeem	No	Yes	Yes
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other Creditors of the Bank	Lower Tier 2	Lower Tier 2

36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

Find the detailed terms and conditions of the issue here: https://www.kotak.com/content/dam/Kotak/investor-relation/capital-instruments/bank-sub-debt-terms-and-condition.pdf

Kotak Mahindra Prime - Main features of regulatory capital instruments – Subordinated debt

1	Issuer	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE916D08CI7	INE916D08CJ5	INE916D09024
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	23-Oct-07	7-Feb-08	7-Feb-08
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	23-Apr-18	7-Aug-18	7-Aug-18
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	11.10%	10.00%	10.00%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors	All other creditors	All other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE916D08CK3	INE916D09032	INE916D08CL1
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	15-May-08	23-Jun-08	23-Jun-08
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	15-Nov-18	23-Dec-18	23-Dec-18
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	10.40%	10.70%	10.70%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors	All other creditors	All other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE916D09040	INE916D08CM9	INE916D09057
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	30-Jun-08	30-Jun-08 & 14-Jul-08	31-May-10
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	31-Dec-18	23-Dec-18	30-Nov-20
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	11.00%	11.00%	10.10%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors	All other creditors	All other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE916D08CX6	INE916D09065	INE916D08DK1
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	31-May-2010 & 29-Jun-2010	30-Aug-10	30-Aug-10
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	30-Nov-20	30-Aug-17	30-Aug-17
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	10.10%	9.50%	9.50%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors	All other creditors	All other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE916D08DM7	INE916D08DN5	INE916D08DO3
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law
	Regulatory treatment			
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo	Group & Solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments	Tier 2 Debt instruments	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-	-	-
9	Par value of instrument (₹ in million)	1.0	1.0	1.0
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	31-May-11	31-May-11 & 16-Jun-11	30-Jun-11
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	22-Dec-17	22-Jun-21	30-Jun-21
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	10.70%	10.80%	10.80%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors	All other creditors	All other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No loss absorption features	No loss absorption features	No loss absorption features

1	Issuer	Kotak Mahindra Prime Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE916D08DP0
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Sub-ordinated Tier II Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo / group / group & solo	Group & Solo
7	Instrument type	Tier 2 Debt instruments
8	Amount recognised in regulatory capital (₹ in million, as of 30th September, 2018)	-
9	Par value of instrument (₹ in million)	1.0
10	Accounting classification	Liability
11	Original date of issuance	30-Jun-11
12	Perpetual or dated	Dated
13	Original maturity date	30-Jun-21
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	10.80%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	No loss absorption features

Find the detailed terms and conditions of the issues here:
https://www.kotak.com/content/dam/Kotak/investor-relation/capital-instruments/kmp-sub-debt-terms-and-condition.pdf

Equities – Disclosure for Banking Book Position

Overview

The Group makes direct investments in public and private equity securities; Group also makes investments in debt securities and loans, public and private equity securities and real estate entities. These investments are typically longer-term in nature and are primarily held for capital appreciation purposes; they are therefore classified for regulatory capital purposes as banking book equity investments. The Group also makes commitments to invest, primarily in private equity, real estate and other assets; such commitments are made both directly and primarily through funds that Group raises and manages.

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Risk Management

Group equity investments and investment commitments are subject to comprehensive risk management processes through which group assesses investment opportunities, and monitor, evaluate and manage the risks associated with such investments.

Risk management governance starts with the Board, which plays an important role in reviewing and approving risk management policies and practices, both directly and through its committees.

Prior to making an investment, or entering into an investment commitment, opportunities are subjected to rigorous due diligence, review and, where appropriate, approval by the relevant investment, capital and/or risk committee as per the investment policy. Such committees are specific to the relevant entity within the group. The committees consider, among other matters, the risks and rewards of the opportunity, as well as factors such as balance sheet usage and risk measures such as stress tests.
On an ongoing basis, group's equity exposures are reviewed by senior management, including Group CFO, JMD and VC & MD. Other critical components of group's risk management processes and procedures include setting limits (such as balance sheet limits).

Group's equity exposures are included in the scope of stress tests, which are conducted on a regular basis as part of routine risk management process and on an ad hoc basis in response to market events or concerns. Group uses stress tests to examine the risks of specific equity investments as well as the potential impact of significant risk exposures across the group. Group uses a variety of scenarios to calculate the potential loss from a wide range of market moves on group's equity investments.

Valuation and Accounting Policies

All the long-term equity investments are included in banking book and are presented as part of non-current investments in Balance sheet.

Such investments are valued at cost and provision for diminution in value is made to recognise a other than temporary decline in the value of investment. Such reduction is determined and made for each investment individually.

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Regulatory Capital Measurement

If an equity investment in a nonconsolidated financial entities is 10% or more of that entity's common equity (or equivalent), then it is regarded as "significant." Group is required to deduct from our CET1 any excess of the aggregate of such significant investments in the common stock of nonconsolidated financial entities that exceed 10% of a measure of group's capital, and all non-common significant investments must be deducted from Tier 1 or Tier 2 capital using the corresponding deduction approach. Aggregate of all such significant investments in the common stock of nonconsolidated financial entities that do not exceed 10% of a measure of group's capital, are risk weighted at 250%.

If an equity investment in a non-financial entity is 10% or more of that entity's common equity (or equivalent), it is risk weighted at 1250%. An equity investment in a non-financial entity that is less than or equal to 10% or more of that entity's common equity (or equivalent), it is risk weighted at 125%

Risk weights are applied to the market value of the equity exposure.

₹ in million

Equity investments	**As on 30th September, 2018**	
	Balance sheet value	**Fair value**
Value of listed (publicly traded) equities	28.7	98.9
Value of unlisted (privately held) equities	11,092.3	11,103.0

₹ in million

Realised gains (losses) on equity investments	**Period ended 30th September, 2018**
Realised gains (losses) arising from sales and liquidations	188.4

₹ in million

Unrealised gains (losses) on equity investments	**Period ended 30th September, 2018**
Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account	-
Unrealised gains (losses) not recognised either in the balance sheet or through the profit and loss account	80.9

The above does not include equity investments in unconsolidated insurance subsidiaries and a non-financial subsidiary, which are deducted from capital.

Disclosure on Leverage Ratio

Leverage ratio

₹ in million

	As at 30th September, 2018
Tier I Capital	475,306.6
Exposure Measure	3,799,119.8
Leverage Ratio	12.5%

Table 1- Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	₹ in million
1	Total consolidated assets as per published financial statements	3,632,291.5
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	383,653.3
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	53,437.2
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	107,000.0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	411,745.5
7	Other adjustments	21,701.2
8	**Leverage ratio exposure**	**3,799,119.7**

₹ in million

Table 2 – Leverage ratio common disclosure template		
	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,248,638.2
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(21,701.2)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**3,226,937.1**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	18,168.7
5	Add-on amounts for PFE associated with all derivatives transactions	35,268.5

6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**53,437.2**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	107,000.0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**107,000.0**
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	1,242,694.9
18	(Adjustments for conversion to credit equivalent amounts)	(830,949.4)
19	**Off-balance sheet items (sum of lines 17 and 18)**	411,745.5
Capital and total exposures		
20	**Tier 1 capital**	475,306.6
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	3,799,119.8
22	**Basel III leverage ratio**	**12.5%**