Kotak Mahindra Bank Limited

BASEL III (PILLAR 3) DISCLOSURES (CONSOLIDATED)
As at 31st March 2014

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 2013.

In accordance with the guidelines issued by RBI, the insurance subsidiary has 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 Old Mutual Life Insurance Limited	India	Yes	Fully consolidated	No	NA	Deducted from capital for capital adequacy purposes
Kotak Mahindra Investments Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Asset Management Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	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
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
Global Investments Opportunities Fund Limited (GIOFL)*	Mauritius	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 Forex Brokerage 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
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	Non-financial services entity. Investment risk weighted for capital adequacy
Add Albatross Properties Private Limited (till 5th March, 2014)	India	Yes	Equity method	No	NA	Non-financial services entity. Investment risk weighted for capital adequacy

**GIOFL is a collective investment scheme set up as a fund in Mauritius with the status of a limited company under the Mauritius Companies Act. In terms of constitution and private placement memorandum. GIOFL has classes of redeemable participating shares. Each class of participating shares has its own Balance Sheet and Profit and Loss account. The Profit / Loss of each such class belongs to the participating shareholders of that class. KMBL owns 100% of the management share and management shareholder is not entitled to any beneficial interest in the profit / loss of various classes nor is required to make good any shortfall. In substance there are no direct or indirect economic benefits received by the management shareholders. The substance over form must prevail. Accordingly, the Group consolidates management shares of the entity having regard to substance over form of the entity.*

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)	28,427.3	193,079.7
Kotak Securities Limited	Securities Broking, depository, distribution of investment products, advisory services	20,944.4	30,703.4
Kotak Mahindra Capital Company Limited	Investment Banking	4,028.0	4,207.3
Kotak Mahindra Investments Limited	Non Banking Finance Company	4,358.9	17,357.6
Kotak Mahindra Asset Management Company Limited	Asset Management Company for Kotak Mutual Fund	781.7	1,175.7
Kotak Mahindra Trustee Company Limited	Trustee company for Kotak Mutual Fund	479.3	482.2
Kotak Mahindra (International) Limited	Brokerage and advisory services	3,042.1	6,742.9
Kotak Mahindra (UK) Limited	Brokerage and advisory services	890.9	3,943.4
Kotak Mahindra, Inc.	Brokerage and advisory services	161.3	177.6
Global Investments Opportunities Fund Limited (GIOFL)	Investment company	-	-
Kotak Investment Advisors Limited	Asset manager of venture capital, private equity and other alternate asset funds	2,402.4	2,466.6
Kotak Mahindra Trusteeship Services Limited	Trusteeship services and trustee of venture capital, private equity and alternate asset funds	60.3	64.3
Kotak Forex Brokerage Limited	Foreign exchange brokerage services	3.3	13.3
Kotak Mahindra Pension Fund Limited	Pension fund management	255.1	259.7
Kotak Mahindra Financial Services Limited	Advising on financial products for Middle East	6.8	49.6
Kotak Mahindra Asset Management (Singapore) PTE Limited	Asset Management	-	-
Infina Finance Private Limited	Non Banking Finance Company	11,074.9	11,181.4
Phoenix ARC Private Limited	Asset Reconstruction company	1,534.2	1,595.0
ACE Derivatives and Commodity Exchange Limited	Commodity Exchange	290.7	522.8

Capital Deficiencies

As at 31st March, 2014 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 subsidiary as at 31st March, 2014 is deducted from regulatory capital for capital adequacy purpose under Basel III as give below:

₹ in million

Name of the Entity	Total Equity Shareholders' Fund	% shareholding of the Group	Investment value
Kotak Mahindra Old Mutual Life Insurance Limited	10,418.0	74%	3,776.2

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	3,776.2
Capital at 9% based on risk weighted assets	339.9

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

In accordance with the guidelines of RBI, the Group has adopted standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk for computing capital adequacy.

Basel III Capital regulations are applicable to Banks in India from 1st April, 2013. RBI, vide their notification dated 27th March, 2014, extended the transitional period for full implementation of Basel III Capital Regulations in India to 31st March, 2019, as against 31st March, 2018 as notified earlier. This is to align full implementation of Basel III in India closer to the internationally agreed date of January 1, 2019.

The Basel III Capital Regulations implemented by RBI provides for minimum Capital ratio, and further breaks this down into minimum Common equity and maximum threshold for additional Tier I and Tier II capital instruments. With a view to strengthen the financial system and improve the shock absorbing capability, Banks are also expected to hold Capital buffers (Capital conservation buffer and countercyclical capital buffer) out of common equity. In terms of Basel III Capital Regulations issued by the Reserve Bank of India, the Capital Conservation Buffer (CCB) kick in from 31st March, 2016 in phases and will be fully implemented as of 31st March, 2019. 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 2013 and the Amendments (Ref. Circular DBOD.No.BP.BC.102/21.06.201/2013-14) dated 27th March, 2014.

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

Transitional Arrangements							
Minimum capital ratios	**April 1,2013**	**March 31,2014**	**March 31,2015**	**March 31,2016**	**March 31,2017**	**March 31,2018**	**March 31,2019**
Minimum Common Equity Tier 1 (CET1)	4.5	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	1.5
Minimum Tier 1 capital	6.0	6.5	7.0	7.0	7.0	7.0	7.0
Maximum Tier 2 Capital	3.0	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	9.0
Capital conservation buffer (CCB)	-	-	-	0.625	1.25	1.875	2.5
Minimum Total Capital +CCB	9.0	9.0	9.0	9.625	10.25	10.875	11.5
Phase-in of all deductions from CET1 (in %) #	20	40	60	80	100	100	100
# The same transition approach will apply to deductions from Additional Tier 1 and Tier 2 capital.							

Approach to Capital Adequacy Assessment to support business activities

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 organisational structure, risk and reward balance and is supported by dedicated monitoring and risk measuring mechanism.

The Group has a defined Risk appetite that sets the outer boundaries for risk taking and forms an input to the business and capital planning process. Besides the Bank, key legal entities within the group also have a defined Risk Appetite. 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. The Risk appetite is defined in quantitative terms and subjected to annual review and approval by the Board. Performance against the Risk Appetite is monitored every quarter. The framework is operational at the consolidated level as well as for key legal entities thereby ensuring that our aggregate risk exposure is within our desired risk capacity.

The Bank follows an Internal Capital Adequacy Assessment Process (ICAAP) that assesses significant risks (Pillar 2), other than Pillar 1 risks, to which the Bank is exposed. As part of this process, the Bank identifies risks and determines the level of capital to cover those risks. The ICAAP framework thus assists in allocating capital in proportion to risks inherent in the business. The ICAAP also involves capital planning to ensure that the Bank is adequately capitalized for the period ahead and to withstand stress conditions.

The Key risks that are assessed are:

- Credit Risk
- Market Risk
- Operational Risk
- Credit Concentration risk
- Interest Rate Risk in the Banking Book (IRRBB)
- Liquidity Risk
- Settlement Risk
- Reputation risk

- Strategic & Business Risk
- Model Risk
- Residual risk of Securitisation

The Bank supplements capital adequacy computation by performing stress tests, guided by a Board approved stress testing policy. The Bank stress tests its portfolio and projections across a range of historical and hypothetical stress scenarios and assesses the impact on profit and loss and capital levels. Key companies within the Group also perform stress tests relevant to their portfolios.

Capital requirements for various risk categories as at 31st March, 2014

₹ in million

Items	**Amount**
(a) Capital requirements for credit risk	
Portfolios subject to standardised approach	73,228.5
Securitisation exposures	
(b) Capital requirements for market risk	
Using standardised duration approach	
Interest rate risk	5,307.8
Foreign exchange risk (including gold)	317.7
Equity position risk	1,938.6
(c) Capital requirements for operational risk	
Measured using basic indicator approach	9,448.2

Computed as per Basel III guidelines

Capital Adequacy Ratios	**Consolidated**	**Standalone**
Common Equity Tier I	18.00%	17.88%
Tier I	18.00%	17.88%
Total CRAR	18.87%	18.94%

Credit Risk

Credit risk arises as a result of failure or unwillingness on part of customer or counterparties' to fulfil 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.

Credit risk is managed in the Bank 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 ERM framework ensures a consistent approach is applied in identifying, measuring, monitoring and managing credit risk

The Bank's credit policies and process notes articulate the credit risk strategy of the Bank and thereby the approach for credit origination, approval and maintenance. These policies define the Bank's 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 cognizance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the Bank's activities, market dynamics, etc.

The Bank's credit exposure is primarily categorised into wholesale and retail borrowers. Wholesale lending tend to be larger and are managed on an individual basis through credit appraisal by an independent credit risk team and post sanction monitoring.. Wholesale borrowers are internally categorised as belonging to corporate, mid-markets and financial institutional group. Retail advances are primarily schematic lending (for e.g. vehicle loans, mortgage loans etc) within pre-approved parameters for smaller value, are managed 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 framework are in place.

Credit risk management processes

The Bank focuses on ensuring that credit risk taking is in line with approved policies, while meeting risk-reward objectives. The Bank 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. Credit Committee ensures that the credit processes are in compliance with regulatory and internal norms and are enforced across the Bank in a uniform manner.

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 borrower credit rating based on the internal rating model that takes into consideration the relevant credit risk factors. The Bank has operationalized various rating models depending upon the borrower size and segment. The borrower rating is supplemented by the facility rating system, which considers mitigants, such as collateral and guarantees. The ratings are finalised by designated approvers.

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 and account conduct. An independent loan review team also conducts reviews of credit exposures. The Bank has also implemented an enterprise wide Early Warning Signal (EWS) framework that helps identify signs of credit weakness at an early stage for the Bank to work closely with the borrowers and take suitable remedial actions.

The Bank also constantly reviews its concentration across borrowers, groups, portfolio segments, geography, sectors and ratings. This helps the Bank maintain a well diversified portfolio.

Credit Risk Management Principles

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

- The Bank has developed 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 corporate 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. 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, industry in which the customer operates, business & management risks.

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 rating model is being further enhanced to give required inputs to estimate Probability of Default (PDs) and Loss Given Default (LGDs) based on the Bank's own experience.

The Bank has strong governance on the rating models and framework for changes to the model or enhancements. The rating model is drawn up in accordance with the Basel II framework.

On the retail side, 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, minimum margins on collaterals, maximum Loan to Value Ratios (LTV) for products, product tenor etc. These portfolios are assessed for EMI repayment capability based on an individual’s income or business’ annual revenue based on past track record etc. Monitoring of retail exposures is done on the basis of age wise delinquency rates, Infant mortality rates, analysis of roll back and roll forward rates.The Bank is constantly improving the quality of origination through better understanding of its portfolio and improved underwriting standards.

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 RMC & the Board.

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. Risk appetite of the Bank mandates a well-diversified portfolio and the Bank operates within Board approved limits in its loan portfolio that cover obligor concentration, group concentration, substantial exposures, sector & industry concentration & unsecured lending. Exposures are monitored against approved limits to guard against unacceptable risk concentrations, and appropriate actions are taken in case of any excess. Assessment of credit concentration risk is part of the Bank ICAAP.

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.
- 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 180 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 loans of subsidiaries are classified as non-performing in accordance with the guidelines prescribed by their respective regulators.

Total credit risk exposures as at 31st March, 2014

₹ in million

Overall credit exposure	Fund based	Non-fund based	Total
Total gross credit exposures	722,254.8	109,722.5	831,977.3

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 and non-funded facilities like letter of credits, acceptances and guarantees).

Geographic distribution of exposures as at 31st March, 2014

₹ in million

Exposures	Fund based	Non-fund based	Total
Domestic	722,254.1	109,627.0	831,881.1
Overseas	0.7	95.5	96.2
Total	**722,254.8**	**109,722.5**	**831,977.3**

Includes all entities considered for Basel III capital adequacy computation

Industry-wise distribution of exposures as at 31st March, 2014

₹ in million

Industry	Fund based	Non-fund based	Total
Auto loans	211,946.2	-	211,946.2
Personal loans	36,066.8	-	36,066.8
Home loans and Loan against property	121,206.9	-	121,206.9
Credit cards	4,490.4	-	4,490.4
Other retails loans	41,924.7	-	41,924.7
Iron and steel	9,519.0	3,086.5	12,605.5
Engineering	19,237.3	13,562.2	32,799.5
Chemical, dyes, paints etc	26,367.2	8,915.6	35,282.8
Construction	49,507.9	5,978.2	55,486.1
Automobiles	36,885.1	3,681.4	40,566.5
Infrastructure	54,718.8	19,505.9	74,224.7
NBFC's	24,508.8	2,091.9	26,600.7
Other industries [(i)]	85,875.7	52,900.8	138,776.5
Total	**722,254.8**	**109,722.5**	**831,977.3**

Includes all entities considered for Basel III capital adequacy computation

(i) *Other industries include entities from sectors such as cotton textiles, sugar, food processing, vegetable oils and vanaspati, paper and paper products, rubber and rubber products, mining, petroleum, other metals, logistics, traders, commodity brokers, cement, IT-related, gems and jewellery, capital markets, media publication etc*

Residual contractual maturity break-down of assets as at 31st March, 2014

₹ in million

Maturity Pattern	Cash and balances with monetary authority	Balances with other banks	Investments	Advances	Fixed Assets	Other Assets
0 to 14 days	9,101.5	22,471.9	65,072.1	54,628.9		1,397.5
15 to 28 days	1,736.9	0	14,057.3	20,707.7		401.2
29 days to 3 months	4,018.9	40.0	34,827.2	66,010.1		281.7
Over 3 months & upto 6 months	3,681.7	65.8	32,192.8	61,854.9		9.8
Over 6 months & upto 1 year	2,463.3	2,001.0	25,862.8	89,731.0		430.8
Over 1 year & upto 3 years	7,307.4	5.3	64,218.6	275,866.0		454.5
Over -3 year & upto 5 years	472.8	0.6	7,342.2	66,629.8		83.9
Over 5 years	746.4	0.9	14,180.7	75,033.5	11,356.6	9,132.7
Total	**29,528.9**	**24,585.5**	**257,753.7**	**710,461.9**	**11,356.6**	**12,192.1**

Consolidated figures for lending entities namely Kotak Mahindra Bank Limited, Kotak Mahindra Prime Limited and Kotak Mahindra Investments Limited, other entities are primarily engaged in fee based activities only.

Amount of non-performing loans as at 31st March, 2014

₹ in million

Items	Amount	
	Gross NPA	**Net NPA**
Substandard	7,349.5	5,039.9
Doubtful 1	1,559.9	451.6
Doubtful 2	2,241.1	846.7
Doubtful 3	54.8	-
Loss	572.7	-
Total	**11,778.0**	**6,338.2**
NPA Ratio (%)	1.63%	0.88%
Movement of NPAs		
Opening balance as at 1st April, 2013	8,483.6	3,612.2
Additions	10,221.6	5,686.1
Reductions	(6,927.2)	(2,960.0)
Closing balance as at 31st March, 2014	**11,778.0**	**6,338.3**

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

Movement of provisions for NPAs

₹ in million

	Amount
Opening balance as at 1st April, 2013	4,871.4
Provisions made during the year	4,535.5
Write-off/ Write back of excess provisions	(3,967.2)
Closing balance as at 31st March, 2014	**5,439.7**

Amount of Non-performing investments (NPI)

₹ in million

	Amount
Gross NPI as at 31st March, 2014	62.2
Amount of provisions held for NPI	28.3
Net NPI as at 31st March, 2014	33.9

Movement of provisions for depreciation on investments

₹ in million

	Amount
Opening balance as at 1st April, 2013	180.7
Additional provisions during the year	3.8
Write off /Write back of provisions during the year*	(156.2)
Closing balance as at 31st March, 2014	28.3

* *After considering appreciation in investments*

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 counterparties, the Bank has identified following External Credit Assessment Institutions (ECAIs) as approved rating agencies:

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. 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.

Credit exposures by risk weights as at 31st March, 2014

₹ in million

Exposure category	Fund based	Non-fund based	Total
Below 100% risk weight	268,353.6	62,652.5	331,006.1
100% risk weight	267,958.8	30,148.6	298,107.4
More than 100% risk weight	176,602.3	6,700.5	183,302.8
Deducted	-	-	-
TOTAL	**712,914.7**	**99,501.6**	**812,416.3**

includes all entities considered for Basel III capital adequacy computation

Credit Risk Mitigation

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).

The list of eligible financial collaterals recognized 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

The Bank has taken ₹ 19,561.0 million of eligible financial collateral benefit in the capital computation as at 31st March, 2014.

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 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	19,561.0	1,977.4

Exposure management measures

The Bank operates within Board approved limits in its portfolio. 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

Performance against these limits are monitored periodically and reported to the appropriate authorities

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 impact 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 under the securitization exposures as at 31st March, 2014. No securitization activities were undertaken by the Group during the half year ended 31st March, 2014.

B. Trading Book

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

₹ in million

Sr. No.	Type of Securitisation	Amount
1.	Aggregate amount of exposures securitized by the Group for which the Group has retained some exposures and which is subject to the market risk approach	NIL

Aggregate amount of securitisation exposures retained or purchased and outstanding as at 31st March, 2014 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		
	Micro finance (unsecured)	-	-
3	Liquidity facility	-	-
4	Credit commitments (cash collateral)	-	-
5	Other commitments	-	-

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

₹ in million

Exposure type	Amount	Capital charge
Below 100% risk weight	-	-
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 defined as the risk to earnings arising from the movement in market risk factors, namely interest rates, foreign exchange rates, credit spreads or equity prices. For regulatory capital purposes, the Group calculates its market risk capital requirements according to the standardised methodology.

The objective of the risk management function is risk identification, measurement and reporting them to the management. The Group has designed and implemented policies and procedures to ensure that market risk exposures are managed within the approved risk management framework. Embedded within these is a framework of management responsibilities. The Board oversees the market risk management process.

The capital market risk management policies and procedures are based on the product traded.

The Group's risks are managed through a framework that relates the Group's integrated risk management policy to the Group's strategy and objectives. The risk management framework lays emphasis on the Groups risk philosophy, proper organizational structure, risk and reward balance and is supported by dedicated monitoring and risk measurement mechanism. This framework for market risk management ensures that appropriate controls, policies and senior management oversight form the basis of the Group's approach to market risk management.

The market risk for the Bank and each of its major subsidiaries is managed in accordance with the investment policy, which is approved by the respective Boards. These policies ensure that transactions in capital and foreign exchange markets and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial markets and the financial environment.

The policies are reviewed regularly to incorporate changes in regulatory guidelines and business and economic environment.

Risk management objectives

The Group manages its risk with the objectives listed below:

- Achieving risk return balance
- Managing and optimizing interest rate risk in banking and trading book
- Ensuring that mismatches between rate sensitive assets and liabilities is kept within limits
- Managing and optimizing currency and liquidity risk
- Proper recognition, classification, measurement and accounting of investments
- Compliance with regulatory guidelines
- Oversight over the operation and execution of market transactions

Structure and organization of the market risk management function

The Group's risk management architecture is overseen by the Board of Directors and appropriate policies to manage risks are approved by the Board. The Board is involved in defining risk appetite and capital at risk for the Group, at an integrated level, covering all activities of the Group. The Board has also delegated to the Group Head - Risk, the responsibility for middle office and risk management. Risk Management department is entirely independent of Treasury Department.

The Group uses a comprehensive range of quantitative tools and metrics for monitoring and managing risks. Some of these tools are common to a number of risk categories whereas the others are tailored to address the particular features of specific risk categories. Both with a view to bringing in risk sensitivity through policies and to duly meet the regulatory requirements, the Group continually assesses the appropriateness and the reliability of the quantitative tools and metrics in the light of the changing risk environment.

Value at Risk

The Group is computing the market risk capital charge for the trading book as per the standardized approach as per the regulator's guidelines. To complement this, Group also calculates value at risk on its portfolio. Value at risk is computed for each type of market risk i.e. interest rate, foreign currency, equity etc taking into effect the various correlations between the risk factors. The VaR model is also back tested to ensure its accuracy. The Group got the VaR model validated by an independent external consultant.

Stress Testing

The Group periodically stresses the portfolio to highlight the potential risks that may arise due to events that are rare but plausible. 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. During the year, the Group was within the internal and regulatory capital ratios after applying the stress scenarios. The stress test results and the subsequent capital requirements are placed before the RMC & the Board .

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due without adversely affecting its financial condition. Liquidity is also Group's capacity to fund increase in assets and has the potential to constrain growth through depletion of resources available for lending and investment.

Asset Liability Management Committee (ALCO) of the Bank defines its liquidity risk strategy and risk tolerances. Balance Sheet Management Unit (BMU) of the Bank is responsible for managing liquidity under the liquidity risk management framework. 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 queue of payments, forecasting the quantum and timing of cash flows, 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 internal limits for inter-bank liability (IBL), 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.

The Bank uses structural liquidity gap analysis to measure cash flow mismatches at different time bands and manage net funding requirements. The cash flows are bucketed in different time bands based on the residual maturity of the cash flows or the projected behavior of assets, liabilities and off-balance sheet items. There are regulatory and ALCO approved tolerance limits for liquidity gaps. Bank also manages its liquidity on a dynamic basis to supplement the liquidity gap analysis by capturing net cash outflow or inflows for business units considering their business projection for the next 3 months. The Bank also assesses liquidity using stock approach by computing ratios to measure the extent of stability of funds, liquidity, concentration, etc.

The Board-approved Contingency Liquidity Plan (CLP) is another key element of the Bank's Liquidity measurement and management framework. CLP articulates the management action plan to be adopted in case of liquidity crises. The Bank has established and actively uses ratio-based Early Warning Indicators (EWI) framework for tracking impending liquidity stresses. Control & Response Teams are designated. Potential contingency liquidity sources are identified.

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 is proactively assessing the liquidity under stress conditions using Basel III Liquidity Ratio i.e. liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). These measures have been incorporated as part of Bank’s risk appetite definitions and thresholds.

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	5,307.8
Equity position risk	317.7
Foreign exchange risk	1,938.6
Total capital required	**7,564.1**

Includes all entities considered for Basel III capital adequacy computation

Operational Risk Management (ORM)

The Group has well defined operational risk management objectives, strategies and governance structures. The Bank has a comprehensive ORM Framework that covers all activities and governance structure that helps manage operational risk effectively. Through implementation of the Operational Risk Framework and related policies, businesses are able to adopt a structured approach to identify, assess and monitor Operational Risk exposures, design appropriate mitigation strategies, and provide timely and effective reporting to Risk Committee & the Board. The Operational risk framework is supported by policies and processes that help business manage operational risk within approved tolerances, on behalf of its stakeholders.

On the basis of the Enterprise wide Risk Management policy, operational risk policies are prepared for the Bank. These policies outline the ORM governance structure, key risk assessment, risk monitoring and risk mitigating activities. The policy applies to all business lines within the Bank.

Most Group entities, including the Bank, have Risk Management Committees to manage operational risks. Separate sub committees also exist in a few entities to screen all potential new mandates for profitability and to ensure that compliance, legal and reputational issues are addressed before accepting any mandate. Hence, depending upon the size of the group entity, the operational risk governance structure is adequate to manage material operational risks.

Senior Management in all group entities is actively involved in the management of operational risk and implementation of the respective ORM Frameworks / policies. Some group entities have separate operational risk management department. Remaining entities manage operational risk through internal control departments that vary in sophistication depending upon the business needs.

The internal control framework ensures that process related operational risks are minimized by way of regular monitoring and audits. The Group internal audit team, following RBI's risk based audit methodology, and the group compliance department provide sound platform for operational risk management along with risk management unit.

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, 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 forms the basis for this analysis. 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. As part of the annual Risks and Controls Self Assessment ("RCSA") process, 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.

- 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 department's senior management. This enables the Bank to detect changes to the units 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.

- 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.

- Risk transfer via insurance is a key strategy to mitigate operational risk exposure at the Bank. The Operational Risk team helps assess the quantum of insurance cover required and aligns it to the Bank's current and projected operational risk exposures.

Approaches for computation of operational risk capital

In accordance with the guidelines issued by RBI, the Bank has adopted the “Basic Indicator Approach” for calculation of operational risk capital for capital adequacy purposes.

As per these guidelines, the capital for operational risk is based on a single indicator: income. The Capital charge associated with operational risk is calculated as 15% of average positive annual gross income of the previous three years. The Group’s operational risk capital charge using basic indicator approach is ₹ 9,448.2 million as at 31st March, 2014.

At an appropriate time, the Group also plans to adopt the AMA approach for maintaining operational risk capital. Under this approach, operational risk capital is computed on a VaR methodology by evaluating risks on the basis of their likelihood (probability) and the financial consequence (severity) of such an event.

Interest Rate Risk in the Banking Book (IRRBB)

The impact of adverse movements in interest rates on Group financials is referred to as interest rate risk. Although, the very nature of the financial intermediation business makes the Group susceptible to interest rate risk, excessive 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 and VaR. The Group’s tolerance with respect to its 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.

In the context of 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. ALM Risk unit, which is a part of risk management team independently measures and monitors the interest rate risk and provide its assessment to ALCO and BMU for further analysis and decision making. BMU analyses the risks inherent in the balance sheet and accordingly works out appropriate strategies including hedging in consultation with ALCO to mitigate the 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 for upward and downward rate shocks based on Balance Sheet as at 31st March, 2014 are given below:

- Earnings Perspective
  Impact on earnings of 100 bps parallel shift in yield curve ₹ 1,187.6 million

- Economic Value Perspective {Market Value of Equity (MVE)}

Impact on MVE of 100 bps adverse parallel shift in yield curve	₹ 2,188.5 million
Impact as a percentage of Tier I Capital	1.21%

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.

CCR limits for interbank counterparties are set on the basis of an internal model that considers parameters like net worth of the Group, Net NPA %, Credit Deposit Ratio. 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 Investment Policy sets the broad framework for the management of Counterparty Credit Risk. The Board-approved Customer Appropriate Policy 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.

₹ in million

	Currency Derivatives	**Interest Rate Swaps**
Notional	199,083.5	105,311.0
Credit Exposure	10,986.5	1,954.9

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)	62,453.9		A=a1+a2
2	Retained earnings	93,567.4		B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	29,688.4		c
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	185,709.7		
	Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	124.2		
8	Goodwill (net of related tax liability)	16.3	24.4	D=d1+d2
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	170.7	256.1	e
10	Deferred tax assets	777.3	1,166.0	f
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	-		
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	-		
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	1,510.5	1,132.8	g
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
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	2,579.4		
28	**Total regulatory adjustments to Common equity Tier 1**	5,178.3		

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
29	**Common Equity Tier 1 capital (CET1)**	180,531.3		
	Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
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**	-		
	Additional Tier 1 capital: regulatory adjustments			
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)	-		
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	1,166.0		
	of which : goodwill on consolidation and included in associates	24.4		
	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	1,132.9		
	of which : Intangibles other than mortgage-servicing rights (net of related tax liability)	256.1		
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**	2,579.4		
44	**Additional Tier 1 capital (AT1)**	(2,579.4)		
44a	Additional Tier 1 capital reckoned for capital adequacy	-		
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	180,531.3		
	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	6,057.1		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)	896.3		i
49	of which : instruments issued by subsidiaries subject to phase out	896.3		
50	Provisions	2,822.7		J=j1+j2
51	**Tier 2 capital before regulatory adjustments**	9,776.1		
	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	-		

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
	common share capital of the entity (amount above the 10% threshold)			
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)	1,132.9		
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	1,132.9		g
56b	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 : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
57	**Total regulatory adjustments to Tier 2 capital**	1,132.9		
58	**Tier 2 capital (T2)**	8,643.2		
58a	Tier 2 capital reckoned for capital adequacy	8,643.2		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	8,643.2		
59	**Total capital (TC = T1 + Admissible T2) (45 + 58c)**	189,174.5		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	-		
60	**Total risk weighted assets (60a + 60b + 60c)**	1,002,674.7		
60a	of which : total credit risk weighted assets	813,649.6		
60b	of which : total market risk weighted assets	84,045.6		
60c	of which : total operational risk weighted assets	104,979.5		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	18.00%		
62	Tier 1 (as a percentage of risk weighted assets)	18.00%		
63	Total capital (as a percentage of risk weighted assets)	18.87%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.00%		
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)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	1,112.1		
73	Significant investments in the common stock of financial entities	6,411.1		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
	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)	2,822.7		J=j1+j2
77	Cap on inclusion of provisions in Tier 2 under standardised approach	10,170.6		
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	-		

DF-11 : Composition of Capital (₹ in million)			Amounts Subject to Pre-Basel III Treatment	Ref No.
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*	*6,953.4*		*h+i*
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	*3,500.8*		

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		1,943.3
	Total as indicated in row 10		1,943.3
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		2,643.4
	of which : Increase in Additional Tier 1 capital		-
	of which : Increase in Tier 2 capital		1,132.9
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	-
	(ii)	Increase in risk weighted assets	-
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		2,822.7
	Eligible Revaluation Reserves included in Tier 2 capital		-
	Total of row 50		2,822.7
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 31st March, 2014

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	3,851.6	3,851.6
		Reserves & Surplus	186,908.5	182,917.8
		Employees' Stock Options (Grants) Outstanding	85.3	85.3
		Minority Interest	2,708.9	-
		Total Capital	**193,554.3**	**186,854.7**
		Policy Holders Funds	110,145.6	**-**
	ii.	**Deposits**	**569,297.5**	**569,672.8**
		of which : Deposits from banks	7,813.6	7,813.6
		of which : Customer deposits	561,483.9	561,859.2
		of which : Other deposits (pl. specify)		
	iii.	**Borrowings**	**290,071.4**	**291,271.4**
		of which : From RBI	41,533.2	41,533.2
		of which : From banks	76,573.4	76,573.4
		of which : From other institutions & agencies	161,260.6	162,460.6
		of which : Others (Sub Debt/ Upper Tier II Bonds)	10,704.2	10,704.2
		of which : Capital instruments		
	iv.	Other liabilities & provisions	59,297.6	54,538.1
	Total		**1,222,366.4**	**1,102,337.0**
B	**Assets**			
	i.	Cash and balances with Reserve Bank of India	29,605.1	29,529.8
		Balance with banks and money at call and short notice	36,826.0	34,466.7
	ii.	Investments :	**387,910.5**	**275,178.0**
		of which : Government securities	211,052.2	174,653.7
		of which : Other approved securities	-	-
		of which : Shares	42,094.2	2,758.4
		of which : Debentures & Bonds	89,769.7	56,233.3
		of which : Subsidiaries / Joint Ventures / Associates	6,507.2	10,226.0
		of which : Others (Commercial Papers, Mutual Funds etc.)	38,487.2	31,306.6
	iii.	Loans and advances	716,925.2	716,815.0
		of which : Loans and advances to banks	-	-
		of which : Loans and advances to customers	716,925.2	716,815.0
	iv.	Fixed assets	12,606.7	12,311.1
	v.	Other assets	38,458.7	34,002.3
		of which : Goodwill and intangible assets	-	-
		of which : Deferred tax assets	1,943.3	1,943.3
	vi.	Goodwill on consolidation	34.2	34.2
	vii.	Debit balance in Profit & Loss account		
Total Assets			**1,222,366.4**	**1,102,337.0**

As at 31st March, 2014

		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	3,851.6	3,851.6	a1
		Reserves & Surplus	186,908.5	182,917.9	
		of which :			
		Balance in Profit and Loss Account	97,191.9	93,567.4	b1
		of which : current period profits not reckoned for capital adequacy purpose	-	-	b2
		of which : balance in profit and loss relating to insurance subsidiary and associate not considered for regulatory consolidation	3,992.7	-	
		Securities Premium	58,987.4	58,602.3	a2
		Foreign Currency Translation Reserve	1,040.7	1,059.8	
		Investment Reserve	-	-	j1
		Other Reserves and Surplus	29,688.5	29,688.4	c
		Minority Interest	2,708.9	-	
		of which : considered in capital	-	-	
		Total Capital	**193,469.0**	**186,769.5**	
		Employees' Stock Options (Grants) Outstanding	85.3	85.3	
	ii.	**Deposits**	**569,297.5**	**569,672.8**	
		of which : Deposits from banks	7,813.6	7,813.6	
		of which : Customer deposits	561,483.9	561,859.2	
		of which : Other deposits (pl. specify)	-	-	
	iii.	**Borrowings**	**290,071.4**	**291,271.3**	
		of which : From RBI	41,533.2	41,533.2	
		of which : From banks	76,573.4	76,573.4	
		of which : From other institutions & agencies	161,260.6	162,460.5	
		of which : Capital instruments	10,704.2	10,704.2	
		of which :			
		Eligible AT1 capital	-	-	
		Eligible T2 capital issued by Bank	8,876.2	8,876.2	h
		Eligible T2 capital issued by subsidiary	1,578.0	1,578.0	i
	iv.	Policyholders' Reserves	110,145.6	-	
	v.	**Other liabilities & provisions**	**59,297.6**	**54,538.1**	
		of which : DTLs related to goodwill	-	-	
		of which : DTLs related to intangible assets	-	-	
		of which : provision against standard assets	2,822.7	2,822.7	j2
		Total	**1,222,366.4**	**1,102,337.0**	
B	**Assets**				
	i.	Cash and balances with Reserve Bank of India	29,605.1	29,529.8	
		Balance with banks and money at call and short notice	36,826.0	34,466.7	
	ii.	**Investments :**	**387,910.5**	**275,178.0**	
		of which : Government securities	211,052.2	174,653.7	
		of which : Other approved securities	-	-	
		of which : Shares	42,094.2	2,758.4	
		of which : Debentures & Bonds	89,769.7	56,233.3	
		of which : Subsidiaries / Joint Ventures / Associates	6,507.2	10,226.0	
		of which: investment in unconsolidated insurance subsidiary	-	3,776.2	g
		of which: goodwill included as part of carrying amount (net)	*23.8*	*6.5*	d1
		of which : Others (Commercial Papers, Mutual Funds etc.)	38,487.2	31,306.6	
	iii.	Loans and advances	716,925.2	716,815.0	
		of which : Loans and advances to banks	-	-	
		of which : Loans and advances to customers	716,925.2	716,815.0	
	iv.	Fixed assets	12,606.7	12,311.1	
		of which: Intangibles	570.0	426.8	e
	v.	**Other assets**	**38,458.7**	**34,002.2**	
		of which : Deferred tax assets	1,943.3	1,943.3	f
	vi.	Goodwill on consolidation	34.2	34.2	d2
Total Assets			**1,222,366.4**	**1,102,337.0**	

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)	₹ 3,851.6 million
9	Par value of instrument	₹ 3,851.6 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:
http://ir.kotak.com/downloads/pdf/kmbl_moa_aoa.pdf

Capital issuances post conversion into Bank

Date of issue	Nature of issue	Number of 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

** 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 – 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 31st March, 2014)	1,979.8	116.5	95.7
9	Par value of instrument (₹ in million)	USD 45 million (₹ 2,817.2million)	1.00	1.0
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-May-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 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)	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 31st March, 2014)	70.4	48.0	9.6
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 31st March, 2014)	86.4	71.5	64.0
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 31st March, 2014)	64.0	13.4	32.0
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 31st March, 2014)	320	28.8	32.0
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 31st March, 2014)	45.4	14.7	06.4
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 31st March, 2014)	384.0	86.4	200.0
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 31st March, 2014)	1,200.0	248.0
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
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 31st March, 2014)	40.0	800.0
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	Yes-50 bps Over coupon rate
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

Find the detailed terms and conditions of the issues here:

http://ir.kotak.com/downloads/pdf/bank_subdebt_termsandconditions.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 31st March, 2014)	101.5	39.8	43.0
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 31st March, 2014)	152.0	13.3	26.6
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	INE916D08CM 9	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 31st March, 2014)	15.9	34.0	33.2
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 31st March, 2014)	132.8	27.9	19.9
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 31st March, 2014)	19.9	123.5	79.7
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 31st March, 2014)	33.2
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:
http://ir.kotak.com/downloads/pdf/kmp_subdebt_termsandconditions.pdf

DISCLOSURES ON REMUNERATION

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

The remuneration committee comprises of independent directors of the Bank. Key mandate of the remuneration committee is to oversee the overall design and operation of the compensation policy of the Bank and work in coordination with the Risk Management Committee to achieve alignment between risks and remuneration.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Objective of Banks' Compensation Policy is to:

- To maintain fair, consistent and equitable compensation practices in alignment with Bank's core values and strategic business goals;
- To ensure effective governance of compensation and alignment of compensation practices with prudent risk taking;
- To have mechanisms in place for effective supervisory oversight and Board engagement in compensation

The remuneration process is aligned to the Bank's Compensation Policy objectives.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, a significant portion of senior and middle management compensation is variable. Further a reasonable portion of variable compensation is non- cash and deferred, over a period of 3 to 4 years.

In addition, remuneration process provides for 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ company.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/ individual delivery of the Key Result Areas (KRAs), top priorities of business, budgets etc. KRAs of Line roles are linked to financials, people, service and process (Quality) parameters and KRAs of non-Line Roles have linkage to functional deliveries needed to achieve the top business priorities.

Further remuneration process is also linked to Market salaries / job levels, business budgets and achievement of individual KRAs.

e) **A discussion of the banks' policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

A discussion on Policy on Deferral of Remuneration

Employees are classified into following three categories for the purpose of remuneration:

Category I: Whole Time Directors (WTD)/Chief Executive Officer (CEO)

Category II: Risk Control and Compliance Staff

Category III: Other Categories of Staff

Following principles are applied for deferral / vesting of variable remuneration in accordance with RBI guidelines and Bank's compensation policy:

Category I and II

a. Variable Pay will not exceed 70% of Fixed Pay.
b. The Cash component of the Variable Pay will not exceed 50% of the Fixed Pay
c. If Variable Pay is higher than 50% of Fixed Pay, at least 40% of Variable Pay will be deferred over a period of 3 years, or longer, on a pro-rata basis.

Category III

Variable Pay is payable as per approved schemes for incentive or Bonus:

i) The Cash component of the Variable Pay will not exceed 60% of the Fixed Pay.

ii) If Variable Pay is higher than 60% of Fixed Pay, at least 40% of Variable Pay will be deferred over a period of 3 years, or longer, on a pro-rata basis.

iii) However, if Variable Pay is less than or equal to ₹ 1 million, management will have the discretion to pay the entire amount as cash.

For adjusting deferred remuneration before & after vesting:

Malus: Payment of all or part of amount of deferred Variable Pay can be prevented. This clause will be applicable in case of:

- Disciplinary Action (at the discretion of the Disciplinary Action Committee) and/ or
- Significant drop in performance of Individual/ Business/ Company (at the discretion of the Remuneration Committee)
- Resignation of the staff prior to the payment date.

Clawback: Previously paid or already vested deferred Variable Pay can also be recovered under this clause.

This clause will be applicable in case of

- Disciplinary Action (at the discretion of the Disciplinary Action Committee and approval of the Remuneration Committee)

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

The main forms of such variable remuneration include:

- Cash – this may be at intervals ranging from Monthly, Quarterly, Annual.
- Deferred Cash / Deferred Incentive Plan.
- Stock Appreciation Rights (SARs): These are structured, variable incentives, linked to Kotak Mahindra Bank Stock price, payable over a period of time
- ESOP as per SEBI guidelines.

The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality and longevity of the assignments performed.

B. Quantitative Disclosures:

a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

During year ended 31st March, 2014 one meeting of remuneration committee was held. Each Member of the remuneration committee is paid a sitting fee of ₹ 0.01 million per meeting.

b) Number of employees having received a variable remuneration award during the financial year.

Quantitative disclosure restricted to CEO, two Whole Time Directors and five Operating management committee members as risk takers.

c) Number and total amount of sign-on awards made during the financial year.

Nil (previous year NIL)

d) Details of guaranteed bonus, if any, paid as joining / sign on bonus

Nil (previous year NIL)

e) Details of severance pay, in addition to accrued benefits, if any.

Nil (previous year NIL)

f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms

Outstanding SARs as at 31st March, 2014 – 123,917 rights (previous year 115,516 rights)

Outstanding ESOPs as at 31st March, 2014 – 744,118 equity shares (previous year 1,121,976 equity shares)

g) Total amount of deferred remuneration paid out in the financial year.

Payment towards SARs during year ended 31st March, 2014 ₹ 26.3 million (previous year ₹ 15.3 million)

h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.

Total fixed salary for the year ended 31st March, 2014 - ₹ 147.1 million (previous year ₹ 136.6 million)

Deferred Variable Pay*

SARs – 44,692 rights (previous year 53,418 rights)
ESOPs – 279,600 equity shares (previous year 219,110 equity shares)

Non Deferred variable pay* ₹ 34.3 million (previous year ₹ 33.8 million)

** Details relating to variable pay pertains to remuneration awards for the financial year 2012-13 awarded during current financial year. Remuneration award for the year ended 31st March, 2014 are yet to be reviewed and approved by the remuneration committee*