

## SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

### A BACKGROUND

In February 2003, Kotak Mahindra Finance Limited was given a license to carry out banking business by the Reserve Bank of India ("RBI"). It was the first Non Banking Finance Company (NBFC) in India to be converted into a Bank. Kotak Mahindra Bank Limited ("Kotak Mahindra Bank", "Kotak" or "the Bank") provides a full suite of banking services to its customers encompassing Retail Banking, Treasury and Corporate Banking in India and also has a representative office in Dubai. The Bank set up and commenced operations in May 2016, at its International Financial Services Center Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat which is India's first global financial and IT services hub designed on the lines of global financial centres.

### B BASIS OF PREPARATION

The financial statements have been prepared in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of Kotak Mahindra Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention and it conforms with Generally Accepted Accounting Principles in India ("Indian GAAP"), the Accounting Standards specified under section 133 and the relevant provision of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ("the 2013 act") and the Companies (Accounting Standards) Amendment Rules 2016 in so far as they apply to banks and the guidelines issued by RBI.

#### Use of estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Bank's Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

### C. SIGNIFICANT ACCOUNTING POLICIES

#### 1 Investments

##### Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines at the lower of the acquisition cost or carrying value and market value on the date of the transfer, and depreciation, if any, on such transfer is fully provided.

Under each of these categories, investments are further classified under six groups (hereinafter called "groups") - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities, except in the case of equity shares where 'Trade Date' accounting is followed.

##### Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified

as AFS securities as on that date. Investments which the Bank intends to hold till maturity are classified as HTM securities. The Bank has classified investments in subsidiaries, joint ventures and associates under HTM category. Investments which are not classified in either of the above two categories are classified under AFS category.

#### **Acquisition Cost:**

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, etc. paid at the time of acquisition of investments is recognised in Profit and Loss Account.

#### **Disposal of investments:**

- **Investments classified as HFT or AFS** - Profit or loss on sale or redemption is recognised in the Profit and Loss Account.
- **Investments classified as HTM** - Profit on sale or redemption of investments is recognised in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale or redemption is recognised in the Profit and Loss Account.

#### **Valuation:**

The valuation of investments is performed in accordance with the RBI guidelines as follows:

- a) **Investments classified as HTM** – These are carried at their acquisition cost. Any premium on acquisition of debt instruments / government securities is amortised over the balance maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided.
- b) **Investments classified as HFT or AFS** – Investments in these categories are marked to market and the net depreciation, if any, within each group is recognised in the Profit and Loss Account. Net appreciation, if any, is ignored. Further, provision other than temporary diminution is made at individual security level. Except in cases where provision other than temporary diminution is made, the book value of the individual securities is not changed as a result of periodic valuations.
- c) The market or fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared on Fixed Income Money Market and Derivatives Association of India ('FIMMDA') website by Financial Benchmark India Private Limited (FBIL) as at the year end.
- d) Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- e) Units of mutual funds are valued at the latest net asset value declared by the mutual fund.
- f) Investments in subsidiaries / joint ventures (as defined by RBI) are categorised as HTM and assessed for impairment to determine other than temporary diminution, if any, in accordance with RBI guidelines.
- g) Market value of investments where current quotations are not available, are determined as per the norms prescribed by the RBI as under:
  - In case of unquoted bonds, debentures and preference shares where interest /dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity for Government Securities as published by FIMMDA / FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit rating along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose;
  - In case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI. Interest on such securities is not recognised in the Profit and Loss Account until received;

- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1 per investee company;
  - Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF. Investment in unquoted VCF after 23<sup>rd</sup> August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines;
  - Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Asset Reconstruction Company or Securitisation Company or estimated recovery whichever is lower.
- h) Non-performing investments are identified and valued based on the RBI guidelines.
- i) **Repurchase and reverse repurchase transactions** - Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) are accounted as collateralised borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo is recognised as interest income or interest expense over the period of the transaction.

## 2 Advances

### Classification:

Advances are classified as performing and non-performing advances ('NPAs') based on RBI guidelines and are stated net of bills rediscounted, specific provisions, interest in suspense for non-performing advances and claims received from Export Credit Guarantee Corporation, provisions for funded interest term loan and provisions in lieu of diminution in the fair value of restructured assets. Also, NPAs are classified into sub-standard, doubtful and loss assets as required by RBI guidelines. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

Amounts paid for acquiring non-performing assets from other banks and NBFCs are considered as advances. Actual collections received on such non-performing assets are compared with the cash flows estimated while purchasing the asset to ascertain overdues. If these overdues are in excess of 90 days, then these assets are classified into sub-standard, doubtful or loss as required by the RBI guidelines on purchase of non-performing assets.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

### Provisioning:

Provision for NPAs comprising sub-standard, doubtful and loss assets is made in accordance with RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally

include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made.

In accordance with RBI guidelines the Bank has provided general provision on standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by RBI from time to time - farm credit to agricultural activities, individual housing loan and SME at 0.25%, commercial real estate at 1.00%, restructured standard advances at 5%, teaser rate housing loans at 2.00%, commercial real estate-residential housing at 0.75% and for other sectors at 0.40%. Additional 2% standard asset provision is done for overseas stepdown subsidiaries of Indian corporates. Standard provision is also done at higher than the prescribed rates in respect of advances to stressed sectors as per the framework approved by the Board of Directors.

Further to provisions required as per the asset classification status, provisions are held for individual country exposure (except for home country) as per the RBI guidelines. Exposure is classified in the seven risk categories as mentioned in the Export Credit Guarantee Corporation of India Limited ('ECGC') guidelines and provisioning is done for that country if the net funded exposure is one percent or more of the Bank's total assets based on the rates laid down by the RBI.

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

### **3 Loss on Sale of Advances to Asset Reconstruction Company**

Loss on sale of Advances sold to Asset Reconstruction Company are recognised immediately in the Profit and Loss Account.

### **4 Securitisation**

The Bank enters into arrangements for sale of loans through Special Purpose Vehicles (SPVs). In most cases, post securitisation, the Bank continues to service the loans transferred to the SPV. At times, the Bank also provides credit enhancement in the form of cash collaterals and / or by subordination of cash flows to Senior Pass Through Certificate (PTC) holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision / disclosure is made at the time of sale in accordance with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets".

In accordance with the RBI guidelines, the profit or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset amortised over the tenure of the securities issued. Loss on account of securitisation on assets is recognised immediately to the Profit and Loss Account.

The Bank invests in PTCs of other SPVs which are accounted for at the deal value and are classified under Investments.

### **5 Fixed assets (Property, Plant & Equipment and Intangible) and depreciation / amortisation**

Property, Plant & Equipment and Intangible Assets have been stated at cost less accumulated depreciation and amortisation and adjusted for impairment, if any. Cost includes cost of purchase inclusive of freight, duties, incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to put to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Gain or losses arising from the retirement or disposal of a Property Plant and Equipment / Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Profit on sale of premises, if any, is transferred to Capital Reserve as per the RBI guidelines.

**Depreciation / Amortisation** - Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II

of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Asset Type	Estimated Useful life in years
Premises	58
Improvement to leasehold premises	Over the period of lease subject to a maximum of 6 years.
Office equipments (High capacity chillers, Transformers, UPS, DG set, Fire Suppression, HVAC, PAC & Elevators)	10
Office equipments (other than above)	5
Computers	3
Furniture and Fixtures	6
Motor Vehicles	4
ATMs	5
Software (including development) expenditure	3

Used assets purchased are depreciated over the residual useful life from the date of original purchase.

Items costing less than ₹ 5,000 are fully depreciated in the year of purchase.

## 6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

## 7 Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale and retail customers. The difference between the sale price to customers and actual price quoted by supplier is reflected under other income.

The Bank also borrows and lends gold, which is treated as borrowings or lending as the case may be in accordance with the RBI guidelines and the interest paid or received is classified as interest expense or income and is accounted on an accrual basis.

## 8 Revenue recognition

Interest income is recognised on accrual basis.

Interest income in respect of retail advances is accounted for by using the internal rate of return method to provide a constant periodic rate of return on the outstanding on the contract.

Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.

Interest income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return.

Service charges, fees and commission income are recognised when due except for guarantee commission and letter of credit which is recognised over the period of the guarantee / letter of credit. Syndication / arranger fee is recognised as income as per the terms of engagement.

Upon an asset becoming NPA the income accrued gets reversed, and is recognised only on realisation, as per RBI guidelines. Penal interest is recognised as income on realization other than on running accounts where it is recognised when due.

Dividend income is accounted on an accrual basis when the Bank's right to receive the dividend is established.

Gain on account of securitisation of assets is amortised over the life of the securities issued in accordance with the guidelines issued by the RBI. Loss on account of securitisation of assets is recognised immediately in Profit and Loss account.

In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.

## **9 Employee benefits**

### **Defined Contribution Plan**

#### *Provident Fund*

Contribution as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is debited to the Profit and Loss Account when an employee renders the related service. The Bank has no further obligations.

#### *Superannuation Fund*

The Bank makes contributions in respect of eligible employees, subject to a maximum of ₹ 0.01 crore per employee per annum to a Fund administered by trustees and managed by Life Insurance Companies. The Bank recognises such contributions as an expense in the year when an employee renders the related service.

#### *New Pension Scheme*

The Bank contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Bank recognises such contributions as an expense in the year when an employee renders the related service.

### **Defined Benefit Plan**

#### *Gratuity*

The Bank provides for Gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, service regulations and service awards as the case may be. The Bank's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The Bank makes contribution to Gratuity Funds administered by trustees and managed by Life Insurance Companies.

#### *Pension Scheme*

In respect of pension payable to certain erstwhile ING Vysya Bank Limited ("eIVBL") employees under Indian Banks' Association ("IBA") structure, the Bank contributes 10% of basic salary to a pension fund and the balance amount is provided based on actuarial valuation conducted by an independent actuary as at the Balance Sheet date. The Pension Fund is administered by the Board of Trustees and managed by Life Insurance Company. The present value of the Bank's defined obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan

The contribution made to the Pension fund is recognised as planned assets. The defined benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains or losses in respect of all defined benefit plans are recognised immediately in the Profit and Loss Account in the year they are incurred.

## Compensated Absences – Other Long-Term Employee Benefits

The Bank accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the year in which they arise.

### Other Employee Benefits

As per the Bank's policy, employees are eligible for an award after completion of a specified number of years of service with the Bank. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the Projected Unit Credit Method.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include performance incentives.

### Employee share based payments

#### *Equity-settled scheme:*

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank and its Subsidiaries to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to General Reserve. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

Where the terms of an equity-settled award are modified, the minimum expense recognised in 'Payments to and provision for employees' is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total intrinsic value of the share-based payment arrangement, or is otherwise beneficial to the employee as remeasured as at the date of modification.

In respect of options granted to employees of subsidiaries, the Bank recovers the related compensation cost from the respective subsidiaries.

#### *Cash-settled scheme:*

The cost of cash-settled transactions (Stock Appreciation Rights – ["SARs"]) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic value is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each Balance Sheet date up to and including the vesting date with changes in intrinsic value recognised in Profit and Loss Account in 'Payments to and provision for employees'.

The SARs that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

## **10 Foreign currency transactions**

Foreign currency monetary assets and monetary liabilities are translated as at the Balance Sheet date at rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gain or loss is accounted in the Profit and Loss Account.

Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transactions except in respect of representative office (which are integral in nature) expenses, which are translated at monthly average exchange rates.

Outstanding forward exchange contracts (other than deposit and placement swaps) and spot contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are recognised in the Profit and Loss Account as per the regulations stipulated by the RBI.

Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and the same is recognised in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies are translated at year-end rates notified by FEDAI.

The financial statements of IBU which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

## **11 Derivative transactions**

Notional amounts of derivative transactions comprising of forwards, swaps, futures and options are disclosed as off Balance Sheet exposures. The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument. Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

## **12 Lease accounting**

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognised as expense immediately in the Profit and Loss Account.

## **13 Accounting for provisions, contingent liabilities and contingent assets**

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event



and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognised nor disclosed in the financial statements.

#### 14 Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is provided in the Profit and Loss Account to the extent carrying amount of assets exceeds their estimated recoverable amount.

#### 15 Taxes on income

The Income Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets on account of timing differences are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, under tax laws, all the deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of the change.

#### 16 Accounting for Dividend

As per AS 4 (Revised), with effect from April 2016, the Bank is not required to provide for dividend proposed/ declared after the balance sheet date. The same shall be appropriated from next year amount available for appropriation.

#### 17 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

#### 18 Share issue expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

## 19 Credit cards reward points

The Bank estimates the liability for credit card reward points and cost per point using actuarial valuation conducted by an independent actuary, which includes assumptions such as mortality, redemption and spends.

## 20 Segment reporting

In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated 18<sup>th</sup> April, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into the following segments whose principal activities were as under:

Segment	Principal activity
Treasury, BMU and Corporate Centre	Money market, forex market, derivatives, investments and primary dealership of government securities and Balance Sheet Management Unit (BMU) responsible for Asset Liability Management and Corporate Centre which primarily comprises of support functions.
Corporate / Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included under retail banking.
Retail Banking	Includes: <ul style="list-style-type: none"> <li>I Lending <ul style="list-style-type: none"> <li>Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans / services and exposures which fulfill the four criteria' for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards : A Revised Framework".</li> </ul> </li> <li>II Branch Banking <ul style="list-style-type: none"> <li>Retail borrowings covering savings, current, term deposit accounts and Branch Banking network / services including distribution of financial products.</li> </ul> </li> <li>III Credit Cards <ul style="list-style-type: none"> <li>Receivables / loans relating to credit card business.</li> </ul> </li> </ul>
Other Banking business	Any other business not classified above.

A transfer pricing mechanism has been established by Asset Liability Committee (ALCO) for allocation of interest cost to the above segments based on borrowing costs, maturity profile of assets / liabilities etc. and which is disclosed as part of segment revenue.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions.

Segment results are net of segment revenues and segment expenses.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, employees' stock option (grants outstanding) and proposed dividend and dividend tax thereon.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

**SCHEDULE 18 – NOTES TO ACCOUNTS****A. DISCLOSURES AS LAID DOWN BY RBI CIRCULARS:****1. Capital Adequacy Ratio:**

The Bank's Capital Adequacy Ratios as per Basel III guidelines are as follows:

(₹ in crore)

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>Capital Ratios:</b>		
(i) Common Equity Tier I Capital (%)	17.53%	15.86%
(ii) Tier I Capital (%)	17.56%	15.90%
(iii) Tier II Capital (%)	0.66%	0.87%
(iv) Total CRAR %	18.22%	16.77%
(v) Percentage of the shareholding of the Government of India	-	-
(vi) Amount raised by issue of Equity Shares *	5,915.91	249.20
(vii) Amount of Additional Tier I capital raised of which		
PNCPS	-	-
PDI	-	-
(viii) Amount of Tier II Capital raised of which		
Debt capital instruments	-	-
Preference share capital instruments	-	-

\* The Bank on 18<sup>th</sup> May, 2017, concluded a Qualified Institutions Placement (QIP) of 62,000,000 equity shares at a price of ₹ 936 per equity share aggregating ₹ 5,803.20 crore. Accordingly, Share Capital increased by ₹ 31.00 crore and share premium increased by ₹ 5,733.67 crore, net of share issue expenses of ₹ 38.53 crore. The above expenses include ₹ 0.72 crore paid to the statutory auditors in connection with the issue.

Further the Bank has allotted during the year 2,750,629 equity shares consequent to exercise of ESOPs vested. Accordingly the share capital further increased by ₹ 1.37 crore and share premium increased by ₹ 149.87 crore, net of share issue expenses of ₹ 0.18 crore.

**2. Investments held under the 3 categories viz. "Held for Trading (HFT)", "Available for Sale (AFS)" and "Held to Maturity (HTM)" are as under:****In India**

(₹ in crore)

	31 <sup>st</sup> March, 2018				31 <sup>st</sup> March, 2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities *	713.11	23,633.23	27,281.67	51,628.01	207.71	9,020.02	26,929.81	36,157.54
Other Approved Securities	-	-	-	-	-	-	-	-
Shares	-	1,244.96	-	1,244.96	1.95	700.76	-	702.71
Debentures and Bonds	400.99	5,574.05	-	5,975.04	1,167.20	3,679.09	-	4,846.29
Subsidiaries, Associates and Joint Ventures	-	-	2,443.02	2,443.02	-	-	835.91	835.91
Units, Certificate of Deposits, CP, SRs, PTCs etc.	-	3,116.82	-	3,116.82	549.93	1,925.42	-	2,475.35
<b>Total</b>	<b>1,114.10</b>	<b>33,569.06</b>	<b>29,724.69</b>	<b>64,407.85</b>	<b>1,926.79</b>	<b>15,325.29</b>	<b>27,765.72</b>	<b>45,017.80</b>

\* Includes securities with face Value of ₹ 3,246.48 crore (previous year ₹ 1,231.53 crore) pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with RBI for LAF

**Outside India**

(₹ in crore)

	31 <sup>st</sup> March, 2018				31 <sup>st</sup> March, 2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities	-	129.69	-	129.69	-	32.35	-	32.35
Other Approved Securities	-	-	-	-	-	-	-	-
Shares	-	1.65	-	1.65	-	0.88	-	0.88
Debentures and Bonds	-	-	-	-	-	-	-	-
Subsidiaries, Associates and Joint Ventures	-	-	23.16	23.16	-	-	23.16	23.16
Units, Certificate of Deposits, CP, SRs PTCs etc.	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>131.34</b>	<b>23.16</b>	<b>154.50</b>	<b>-</b>	<b>33.23</b>	<b>23.16</b>	<b>56.39</b>

3. The details of investments and the movement of provisions held towards depreciation of investments of the Bank as on 31st March, 2018 and 31st March, 2017 are given below:

(₹ in crore)

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
1. Value of Investments		
i. Gross value of Investments		
a. In India	64,933.74	45,346.76
b. Outside India	154.50	56.41
ii. Provision for Depreciation		
a. In India	(525.89)	(328.96)
b. Outside India	-	(0.02)
iii. Net value of Investments		
a. In India	64,407.85	45,017.80
b. Outside India	154.50	56.39
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	328.98	202.61
ii. Add: Provisions made during the year	254.93	140.31
iii. Less: Write-back of provisions during the year	58.02	13.94
iv. Closing balance	525.89	328.98

4. Details of Repo / Reverse Repo (excluding LAF and MSF transactions for the year) deals (in face value terms):

**Year ended 31<sup>st</sup> March, 2018:**

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	31 <sup>st</sup> March, 2018
Securities sold under repos				
i. Government securities	-	7,835.85	2,039.43	2,020.27
ii. Corporate debt securities	-	200.00	1.25	-
Securities purchased under reverse repos				
i. Government securities	-	10,797.21	1,396.80	5,088.65
ii. Corporate debt securities	-	-	-	-

**Year ended 31<sup>st</sup> March, 2017:**

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	31 <sup>st</sup> March, 2017
Securities sold under repos				
i. Government securities	-	7,182.03	1,856.57	2,536.99
ii. Corporate debt securities	-	100.00	0.27	-
Securities purchased under reverse repos				
i. Government securities	-	6,051.97	624.07	1,941.96
ii. Corporate debt securities	-	-	-	-

5. Disclosure in respect of Non-SLR investments:

**(i) Issuer composition of Non-SLR investments as at 31<sup>st</sup> March, 2018:**

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	834.27	788.87	-	-	703.62
2	FIs	66.99	4.00	-	-	-
3	Banks	292.81	200.00	-	203.01	200.00
4	Private Corporates	8,431.35	6,216.38	17.83	1,327.45	2,136.11
5	Subsidiaries, Associates and Joint Ventures	2,496.00	1,141.38	-	2,496.00	2,496.00

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6	Others	1,174.73	1,171.71	831.06	116.69	1,174.73
7	Provision held towards depreciation	(491.51)	-	-	-	-
<b>TOTAL</b>		<b>12,804.64</b>	<b>9,522.34</b>	<b>848.89</b>	<b>4,143.15</b>	<b>6,710.46</b>

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition of Non-SLR investments as at 31<sup>st</sup> March, 2017:

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	153.81	143.47	-	-	8.00
2	FIs	-	-	-	-	-
3	Banks	407.87	358.00	-	-	-
4	Private Corporates	5,977.42	3,825.76	232.84	818.19	1,316.10
5	Subsidiaries, Associates and Joint ventures	891.17	834.00	-	891.17	891.17
6	Others	1,782.07	1,770.81	756.83	41.69	1,782.07
7	Provision held towards depreciation	(328.04)	-	-	-	-
<b>TOTAL</b>		<b>8,884.30</b>	<b>6,932.04</b>	<b>989.67</b>	<b>1,751.05</b>	<b>3,997.34</b>

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

## (ii) Non-performing Non-SLR investments:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Opening balance	140.88	152.21
Additions during the year since 1 <sup>st</sup> April	140.87	6.52
Reductions during the year	(43.72)	(17.85)
Closing balance	238.03	140.88
<b>Total provisions held</b>	<b>138.76</b>	<b>109.32</b>

6. During the year ended 31<sup>st</sup> March, 2018 and year ended 31<sup>st</sup> March, 2017, the value of sale / transfer of securities to / from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of instruments in HTM category at the beginning of the year.

## 7. Derivatives:

## A. Forward Rate Agreements/ Interest Rate Swaps:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
The notional principal of swap agreements	29,765.31	27,864.71
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	178.19	134.68
Collateral required by the Bank upon entering into swaps	NA	NA
Concentration of credit risk arising from the swaps	92.68% (Banks)	95.93% (Banks)
The fair value of the swap book	50.45	11.98

## B. Exchange Traded Interest Rate Derivatives:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-	301.57
6.97CG 06/09/2026	-	103.54
7.59CG 11/01/2026	-	66.80
7.72CG 25/05/2025	-	-
7.88CG 19/03/2030	-	131.23
8.40CG 28/07/2024	-	-
Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
7.59CG 11/01/2026	-	-
Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" *	NA	NA
Mark to market value of exchange traded interest rate derivatives outstanding and not "highly effective" *	NA	NA

\* Being trading positions

## Disclosures on risk exposures in derivatives:

## Qualitative disclosures:

## a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO), the Risk Management Committee (RMC), the Senior Management Committee for Derivatives (SMC) and the Market Risk Management Department are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved Investment and Derivative policies. The ALCO of the Bank is empowered to set the limit-framework for derivatives. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis and also reviews Stress Testing.

The Senior Management Committee for Derivatives (SMC) performs the ongoing oversight and monitoring of the client derivatives business. This committee is responsible for reviewing and approving the derivative products that can be offered to clients (within the regulatory framework provided by the RBI). The Board approved 'Customer Suitability and Appropriateness Policy for Derivatives' lays down the risk management & governance framework for offering derivatives to clients.

The Market Risk Management Department is responsible for monitoring, measurement & reporting of risks in derivatives. The Market Risk Management Department is independent of the Treasury Front-Office & Back-Office and directly reports into the Group Chief Risk Officer.

**b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:**

All significant risks of the derivative portfolio are monitored, measured & reported to the senior management. The Market Risk Management Department, on a daily basis, measures & reports risk-metrics like Value-at-Risk (VaR), PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho etc. Credit Risk exposure from the derivatives portfolio is also reported daily. The Market Risk Management Department independently reports profitability on a daily basis. Rate reasonability tests are performed on the Derivative portfolio to ensure that all trades are entered into at market rates. Stress testing is performed to measure the impact of extreme market shifts on the Bank's portfolio (including derivatives). Suitability and Appropriateness assessment is performed before offering derivatives to clients. The Bank continuously invests in technology to enhance the Risk Management architecture.

**c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:**

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

**d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:**

Derivative transactions are segregated into trading or hedge transactions. Trading transactions outstanding as at the Balance Sheet dates are marked to market and the resulting profits or losses, are recorded in the Profit and Loss Account.

Derivative transactions designated as "Hedges" are accounted in accordance with hedging instruments on an accrual basis over the life of the underlying instrument.

Option premium paid / received is accounted for in the Profit and Loss Account on expiry of the option.

Pursuant to the RBI guidelines, any receivables as well positive Mark to Market (MTM) in respect of future receivable under derivative contracts comprising of crystallised receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account. Derivative exposures for Corporates are approved by the Credit Committee and for Banks by the ALCO. These exposures are renewable annually and are duly supported by ISDA agreements. MTM breaches are monitored daily and are cash collateralised wherever necessary.

**Quantitative Disclosures:**

**31<sup>st</sup> March 2018:**

		(₹ in crore)	
Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>		
	a) For hedging	2,466.26	-
	b) For trading	130,419.11	29,765.31
<b>2</b>	<b>Marked to Market Positions **</b>		
	a) Asset (+)	1,991.50	171.94
	b) Liability (-)	2,221.09	121.49
<b>3</b>	<b>Credit Exposure</b>	4,188.25	459.10



(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01) #</b>		
	a) On hedging derivatives	1.35	-
	b) On trading derivatives	0.55	87.99
<b>5</b>	<b>Maximum of 100*PV01 observed during the year #</b>		
	a) On hedging derivatives	4.90	-
	b) On trading derivatives	11.66	90.25
<b>6</b>	<b>Minimum of 100*PV01 observed during the year #</b>		
	a) On hedging derivatives	1.35	-
	b) On trading derivatives	0.01	63.20

Currency interest rate swaps have been included under currency derivatives.

# Excludes PV01 on options.

\*\* MTM has been considered at product level.

The nature and terms of the Interest Rate Swaps (IRS) as on 31st March, 2018 are set out below:

(₹ in crore)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	83	3,107.54	LIBOR	Receive Fixed Vs. Pay Floating
Trading	135	7,392.22	LIBOR	Receive Floating Vs. Pay Fixed
Trading	169	6,425.00	MIFOR	Receive Fixed Vs. Pay Floating
Trading	56	2,901.00	MIFOR	Receive Floating Vs. Pay Fixed
Trading	73	3,148.43	MIBOR	Receive Fixed Vs. Pay Floating
Trading	195	6,791.12	MIBOR	Receive Floating Vs. Pay Fixed
<b>TOTAL</b>	<b>711</b>	<b>29,765.31</b>		

The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2018 are set out below:

(₹ in crore)

Nature	No.	Notional Principal	Benchmark	Terms
Hedging	3	395.20	LIBOR	Receive Floating Vs. Pay Fixed
Hedging	1	266.52	LIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	1	3.93	EURIBOR	Receive Fixed Vs. Pay Floating
Trading	1	150.53	EURIBOR	Receive Floating Vs. Pay Fixed
Trading	2	367.67	EURIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	1	41.99	FIXED	Pay Fixed
Trading	24	717.06	FIXED	Receive Fixed
Trading	56	1,375.17	FIXED	Receive Fixed Vs. Pay Fixed
Trading	37	1,258.86	LIBOR	Receive Fixed Vs. Pay Floating
Trading	1	325.98	LIBOR	Receive Floating Vs. Pay Fixed
Trading	2	3.93	LIBOR Vs. EURIBOR	Receive Floating Vs. Pay Floating
Trading	2	350.42	LIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
<b>TOTAL</b>	<b>131</b>	<b>5,257.26</b>		

The overnight Net open position as at 31<sup>st</sup> March, 2018 is ₹ 90.54 crore (previous year ₹ 258.16 crore).

**31<sup>st</sup> March 2017:**

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>		
a)	For hedging	1,714.84	-
b)	For trading	125,609.15	27,864.71
<b>2</b>	<b>Marked to Market Positions **</b>		
a)	Asset (+)	4,503.61	127.76
b)	Liability (-)	4,451.12	115.78
<b>3</b>	<b>Credit Exposure</b>	5,674.56	403.97
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01) #</b>		
a)	On hedging derivatives	4.88	-
b)	On trading derivatives	9.28	80.66
<b>5</b>	<b>Maximum of 100*PV01 observed during the year #</b>		
a)	On hedging derivatives	11.59	-
b)	On trading derivatives	16.95	130.27
<b>6</b>	<b>Minimum of 100*PV01 observed during the year #</b>		
a)	On hedging derivatives	0.14	-
b)	On trading derivatives	0.77	77.62

Currency interest rate swaps have been included under currency derivatives.

# Excludes PV01 on options.

\*\* MTM has been considered at product level.

The nature and terms of the Interest Rate Swaps (IRS) as on 31st March, 2017 are set out below:

(₹ in crore)

Nature	No.	Notional Principal	Benchmark	Terms
Trading	81	3,572.06	LIBOR	Receive Fixed Vs. Pay Floating
Trading	109	6,725.28	LIBOR	Receive Floating Vs. Pay Fixed
Trading	1	32.43	LIBOR	Receive Floating Vs. Pay Floating
Trading	1	20.00	INBMK	Receive Floating Vs. Pay Fixed
Trading	132	6,020.00	MIFOR	Receive Fixed Vs. Pay Floating
Trading	75	3,586.00	MIFOR	Receive Floating Vs. Pay Fixed
Trading	60	2,631.06	MIBOR	Receive Fixed Vs. Pay Floating
Trading	136	5,277.88	MIBOR	Receive Floating Vs. Pay Fixed
<b>TOTAL</b>	<b>595</b>	<b>27,864.71</b>		

The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2017 are set out below:

(₹ in crore)

Nature	No.	Notional Principal	Benchmark	Terms
Hedging	3	386.55	LIBOR	Receive Floating Vs. Pay Fixed
Hedging	1	265.19	LIBOR	Receive Floating Vs. Pay Floating
Trading	1	4.04	EURIBOR	Receive Fixed Vs. Pay Floating
Trading	1	150.00	EURIBOR	Receive Floating Vs. Pay Fixed
Trading	1	160.00	EURIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	2	129.70	FIXED	Pay Fixed
Trading	24	843.46	FIXED	Receive Fixed
Trading	67	1,717.50	FIXED	Receive Fixed Vs. Pay Fixed
Trading	54	1,353.65	LIBOR	Receive Fixed Vs. Pay Floating
Trading	7	647.32	LIBOR	Receive Floating Vs. Pay Fixed
Trading	1	4.06	LIBOR Vs. EURIBOR	Receive Floating Vs. Pay Floating
Trading	1	58.91	MIFOR Vs. LIBOR	Receive Floating Vs. Pay Floating
<b>TOTAL</b>	<b>163</b>	<b>5,720.38</b>		

#### 8. Credit default swaps:

The Bank has not entered into any Credit Default Swap transactions.

#### 9. Movements in Non Performing Advances (Funded):

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
i. Net NPAs to Net Advances %	0.98%	1.26%
ii. Movement of Gross NPAs		
Gross NPAs as on 1 <sup>st</sup> April (opening balance)	3,578.61	2,838.11
Additions (Fresh NPAs) during the year	1,858.21	1,797.13
Sub-total (A)	5,436.82	4,635.24
Less:		
a. Upgradations	575.69	347.87
b. Recoveries (excluding recoveries made from upgraded accounts)#	628.41	286.50
c. Technical / Prudential Write-offs	267.55	328.12
d. Write-offs other than those under (iii) above	139.79	94.14
Sub-total (B)	1,611.44	1,056.63
Gross NPAs as on 31 <sup>st</sup> March (closing balance) (A-B)	3,825.38	3,578.61
iii. Movement of Net NPAs		
a. Opening balance	1,718.07	1,261.96
b. Additions during the year	724.85	904.30
c. Reductions during the year	(777.87)	(448.19)
d. Closing balance	1,665.05	1,718.07
iv. Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	1,860.54	1,576.15
b. Provisions made during the year	1,133.36	892.83
c. Write-off / write-back of excess provisions	(833.57)	(608.44)
d. Closing balance	2,160.33	1,860.54

# includes ₹ 88.87 crore towards conversion into investments

#### 10. Movement of Technical Write-offs and Recoveries:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Opening balance of Technical / Prudential written-off accounts as at 1 <sup>st</sup> April	870.39	636.50
Add: Technical / Prudential write-offs during the year	267.55	328.12
Sub-Total (A)	1,137.94	964.62
Less: Recoveries / Reductions made from previously Technical / Prudential written-off accounts during the year (B)	112.29	94.23
Closing Balance as at 31 <sup>st</sup> March (A-B)	<b>1,025.65</b>	<b>870.39</b>

11. The Provision Coverage Ratio (PCR) of the Bank after considering technical write-off is 65.68% as at 31<sup>st</sup> March, 2018 (previous year: 61.38%).

#### 12. Concentration of NPAs:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total Exposure to top four NPA accounts	612.80	737.73

Above represents Gross NPA and NPI

13. RBI vide its circular dated 18<sup>th</sup> April 2017, has directed banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. There has been no divergence observed by RBI for the financial year 16-17 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

#### 14. Sector-wise Advances

(₹ in crore)

Sl. No	Sector	31 <sup>st</sup> March, 2018			31 <sup>st</sup> March, 2017		
		Outstanding Total Advances*	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector	Outstanding Total Advances*	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector
<b>A</b>	<b>Priority Sector</b>						
1	Agricultural and Allied Activities	19,075.24	675.49	3.54%	16,923.83	438.59	2.59%
2	Advances to Industries Sector eligible as Priority sector lending	15,531.76	396.59	2.55%	13,785.12	299.31	2.16%
3	Services	23,935.09	308.76	1.29%	16,938.82	205.72	1.21%
4	Personal Loans and others	1,433.15	27.59	1.93%	1,547.89	20.15	1.29%
	<b>Sub-Total (A)</b>	<b>59,975.24</b>	<b>1,408.43</b>	<b>2.35%</b>	<b>49,195.66</b>	<b>963.77</b>	<b>1.96%</b>
<b>B</b>	<b>Non Priority Sector</b>						
1	Agricultural and Allied Activities	1,615.17	11.66	0.72%	1,335.54	16.15	1.21%
2	Industry	48,433.86	1,505.26	3.11%	40,690.15	1,930.08	4.74%
3	Services	34,549.38	485.85	1.41%	26,095.57	376.57	1.44%
4	Personal loans and others	27,366.86	414.18	1.51%	20,663.84	292.04	1.41%
	<b>Sub-Total (B)</b>	<b>111,965.27</b>	<b>2,416.95</b>	<b>2.16%</b>	<b>88,785.10</b>	<b>2,614.84</b>	<b>2.95%</b>
	<b>Total (A+B)</b>	<b>171,940.51</b>	<b>3,825.38</b>	<b>2.22%</b>	<b>137,980.76</b>	<b>3,578.61</b>	<b>2.59%</b>

\* Represents Gross Advances

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

**15. Priority sector lending certificates**

The amount of PSLCs (categorywise) sold and purchase during the year:

**As at 31<sup>st</sup> March, 2018:**

(₹ in crore)

S. No	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	1,537.50	2,499.50
2	PSLC - SF / MF	6,270.00	500.00
3	PSLC - Micro Enterprises	-	-
4	PSLC – General	-	9,260.00
<b>TOTAL</b>		<b>7,807.50</b>	<b>12,259.50</b>

**As at 31<sup>st</sup> March, 2017:**

(₹ in crore)

S. No	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	40.00	2,261.00
2	PSLC - SF / MF	3,651.50	-
3	PSLC - Micro Enterprises	-	-
4	PSLC – General	-	1,550.00
<b>TOTAL</b>		<b>3,691.50</b>	<b>3,811.00</b>

**16. Details of Loan Assets subjected to Restructuring:  
As at 31<sup>st</sup> March, 2018:**

(₹ in crore)

Sl. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total					
		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total			
1	Restructured Accounts as on April 1 of the FY (opening figures)	4	1	5	10	-	-	-	21	4,223	1,455	5,699	25	4,224	1,460	5,709
	Amt. Outstanding	123.19	39.29	400.19	562.67	-	-	-	9.02	30.06	251.68	290.76	132.21	69.35	651.87	853.43
	Provision thereon	25.79	31.08	320.23	377.10	-	-	-	4.69	9.75	152.81	167.25	30.48	40.83	473.04	544.35
	Movement in the Accounts	-	-	-	-	-	-	-	(12)	(665)	(175)	(852)	(12)	(665)	(175)	(852)
	Amt. Outstanding	(39.94)	0.36	(45.55)	(85.13)	-	-	-	(1.63)	(6.35)	(73.52)	(81.50)	(41.57)	(5.99)	(119.07)	(166.63)
	Provision thereon	(1.06)	0.28	14.06	13.28	-	-	-	0.77	1.25	(27.95)	(25.93)	(0.29)	1.53	(13.89)	(12.65)
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	4,332	290	4,622	-	4,332	290	4,622
	Amt. Outstanding	-	-	-	-	-	-	-	-	135.83	4.79	140.62	-	135.83	4.79	140.62
	Provision thereon	-	-	-	-	-	-	-	-	38.96	3.14	42.10	-	38.96	3.14	42.10
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	-	-	5	(1)	(4)	-	5	(1)	(4)	-
	No. of borrowers	-	-	-	-	-	-	-	83.41	(0.23)	(83.18)	-	83.41	(0.23)	(83.18)	-
	Amt. Outstanding	-	-	-	-	-	-	-	35.40	(0.01)	(35.39)	-	35.40	(0.01)	(35.39)	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amt. Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	(2)	-	2	-	-	-	-	(3)	(2,458)	2,461	-	(5)	(2,458)	2,463	-
	No. of borrowers	(2)	-	2	-	-	-	-	(3)	(2,458)	2,461	-	(5)	(2,458)	2,463	-
	Amt. Outstanding	(24.29)	(28.53)	52.82	-	-	-	-	(1.79)	(20.01)	21.80	-	(26.08)	(48.54)	74.62	-
	Provision thereon	(6.70)	(29.62)	36.32	-	-	-	-	(1.70)	(7.62)	9.32	-	(8.40)	(37.24)	45.64	-
6	Write-offs of restructured accounts during the FY	-	-	(1)	(1)	-	-	-	-	(1,043)	(263)	(1,306)	-	(1,043)	(264)	(1,307)
	No. of borrowers	-	-	(1)	(1)	-	-	-	-	(1,043)	(263)	(1,306)	-	(1,043)	(264)	(1,307)
	Amt. Outstanding	-	-	(207.77)	(207.77)	-	-	-	-	(1.62)	(8.06)	(9.68)	-	(1.62)	(215.83)	(217.45)
	Provision thereon	-	-	(207.77)	(207.77)	-	-	-	-	(1.62)	(8.06)	(9.68)	-	(1.62)	(215.83)	(217.45)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	2	1	6	9	-	-	-	11	4,388	3,764	8,163	13	4,389	3,770	8,172
	No. of borrowers	2	1	6	9	-	-	-	11	4,388	3,764	8,163	13	4,389	3,770	8,172
	Amt. Outstanding	58.96	11.12	199.69	269.77	-	-	-	89.01	137.68	113.51	340.20	147.97	148.80	313.20	609.97
	Provision thereon	18.03	1.74	162.84	182.61	-	-	-	39.16	40.71	93.87	173.74	57.19	42.45	256.71	356.35

\* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

As at 31<sup>st</sup> March, 2017:

(₹ in crore)

Sl. No	Type of Restructuring Asset Classification Details	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total				
		Standard	Sub standard	Doubtful	Standard	Sub standard	Doubtful	Standard	Sub standard	Doubtful	Standard	Sub standard	Doubtful	Total	
1	Restructured Accounts as on April 1 of the FY (opening figures)	4	5	9	18	-	-	45	2,808	772	3,625	49	2,813	781	3,643
	Amt. Outstanding	122.09	238.68	465.97	826.74	-	-	147.98	38.39	96.59	282.96	270.07	277.07	562.56	1,109.70
	Provision thereon	25.91	177.39	328.23	531.53	-	-	4.07	13.25	62.68	80.00	29.98	190.64	390.91	611.53
	Movement in the Accounts	-	(1)	-	(1)	-	-	(27)	(708)	(156)	(891)	(27)	(709)	(156)	(892)
	Amt. Outstanding	1.10	(19.33)	(5.02)	(23.25)	-	-	(142.67)	(8.04)	(7.08)	(157.79)	(141.57)	(27.37)	(12.10)	(181.04)
	Provision thereon	(0.12)	9.57	76.94	86.39	-	-	(0.14)	2.93	8.81	11.60	(0.26)	12.50	85.75	97.99
2	Fresh restructuring during the year	-	-	-	-	-	-	-	4,179	108	4,287	-	4,179	108	4,287
	Amt. Outstanding	-	-	-	-	-	-	-	29.59	145.55	175.14	-	29.59	145.55	175.14
	Provision thereon	-	-	-	-	-	-	-	9.55	74.11	83.66	-	9.55	74.11	83.66
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	-	6	(4)	(2)	-	6	(4)	(2)	-
	Amt. Outstanding	-	-	-	-	-	-	7.30	(5.44)	(1.86)	-	7.30	(5.44)	(1.86)	-
	Provision thereon	-	-	-	-	-	-	1.06	(1.38)	(1.22)	(1.54)	1.06	(1.38)	(1.22)	(1.54)
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY, and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	(1)	-	-	(1)	(1)	-	-	(1)
	Amt. Outstanding	-	-	-	-	-	-	(3.25)	-	-	(3.25)	(3.25)	-	-	(3.25)
	Provision thereon	-	-	-	-	-	-	(0.17)	-	-	(0.17)	(0.17)	-	-	(0.17)
5	Downgradations of restructured accounts during the FY	-	(2)	2	-	-	-	(2)	(1,097)	1,099	-	(2)	(1,099)	1,101	-
	Amt. Outstanding	-	(84.59)	84.59	-	-	-	(0.34)	(23.09)	23.43	-	(0.34)	(107.68)	108.02	-
	Provision thereon	-	(60.41)	60.41	-	-	-	(0.13)	(13.25)	13.38	-	(0.13)	(73.66)	73.79	-
6	Write-offs of restructured accounts during the FY	-	(1)	(6)	(7)	-	-	-	(955)	(366)	(1,321)	-	(956)	(372)	(1,328)
	Amt. Outstanding	-	(95.47)	(145.35)	(240.82)	-	-	-	(1.35)	(4.95)	(6.30)	-	(96.82)	(150.30)	(247.12)
	Provision thereon	-	(95.47)	(145.35)	(240.82)	-	-	-	(1.35)	(4.95)	(6.30)	-	(96.82)	(150.30)	(247.12)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	4	1	5	10	-	-	21	4,223	1,455	5,699	25	4,224	1,460	5,709
	Amt. Outstanding	123.19	39.29	400.19	562.67	-	-	9.02	30.06	251.68	290.76	132.21	69.35	651.87	853.43
	Provision thereon	25.79	31.08	320.23	377.10	-	-	4.69	9.75	152.81	167.25	30.48	40.83	473.04	544.35

\* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

## Disclosure on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period):

As at 31<sup>st</sup> March, 2018:

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date		Amount outstanding as on the reporting date	
	Classified as standard	Classified as NPA	with respect to accounts where conversion of debt to equity is pending	with respect to accounts where conversion of debt to equity is pending	with respect to accounts where conversion of debt to equity has taken place	with respect to accounts where conversion of debt to equity has taken place
1	NIL	76.48	NA	NA	NIL	76.48

As at 31<sup>st</sup> March, 2017:

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date		Amount outstanding as on the reporting date	
	Classified as standard	Classified as NPA	with respect to accounts where conversion of debt to equity is pending	with respect to accounts where conversion of debt to equity is pending	with respect to accounts where conversion of debt to equity has taken place	with respect to accounts where conversion of debt to equity has taken place
2	NIL	71.70	NA	NA	NIL	71.70

## Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A):

As at 31<sup>st</sup> March, 2018:

(₹ in crore)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	39.88	27.55	12.33	8.64
Classified as NPA	74.03	33.16	40.87	37.45

As at 31<sup>st</sup> March, 2017:

(₹ in crore)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	NIL	NIL	NIL	NIL
Classified as NPA	NIL	NIL	NIL	NIL



## 17. Overseas Assets, NPAs and Revenue:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total Assets*	2,953.14	1,409.16
Total NPAs	Nil	Nil
Total Revenue*	<b>99.81</b>	<b>45.40</b>

\* pertains to IBU

## 18. A. Details of financial assets (including written off accounts) sold to Securitisation / Reconstruction Company for Asset Reconstruction (SC/RC):

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) No. of accounts	6	Nil
(b) Aggregate value (net of provisions) of accounts sold to SC/RC	10.81	Nil
(c) Aggregate consideration*	47.48	Nil
(d) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(e) Aggregate gain / (loss) over net book value	36.67	Nil
(f) Excess provision reversed to Profit and Loss Account in case of sale of NPAs	2.88	Nil

\* The entire consideration was received in cash.

## B. Net Book Value of Investments in Security Receipts:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(i) Backed by NPAs sold by the bank as underlying	117.46	132.18
(ii) Backed by NPAs sold by other banks / financial institutions / nonbanking financial companies as underlying	216.59	167.05
<b>TOTAL</b>	<b>334.05</b>	<b>299.23</b>

## C. Details of non-performing financial assets purchased:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) Number of accounts purchased during the year*	13	14
(b) Aggregate outstanding in the Banks books**	136.89	175.46

\* Retail assets portfolio purchased by the Bank has been considered as single portfolio.

\*\* Represents outstanding balance of total non-performing financial assets purchased by the Bank at the Balance Sheet date.

None of the non-performing financial assets purchased have been restructured during the year (previous year Nil).

**D. Details of non-performing financial assets sold (including written off accounts), excluding those sold to SC/RC:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) No. of accounts sold	2	Nil
(b) Aggregate value (net of provisions)	61.62	Nil
(c) Aggregate consideration received	109.45	Nil

19. There are no unsecured advances for which intangible security such as charge over the rights, licenses, authority, etc. are accepted as collateral by the Bank.

**20. Provisions on Standard Assets (including unhedged foreign currency exposure)**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Provisions towards Standard Assets	760.91	648.56

**21. Business ratios / information:**

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Interest income as a percentage of working funds	8.38%	8.97%
Non Interest income as a percentage of working funds	1.72%	1.76%
Operating profit as a percentage of working funds	3.04%	3.03%
Return on assets (average)	1.73%	1.73%
Business (deposit plus advance) per employee (₹ in crore)	9.04	8.35
Profit per employee (₹ in crore)	0.12	0.11

**Definitions:**

(A) Working funds is the monthly average of total assets as reported by the Bank's Management to the RBI under Section 27 of the Banking Regulation Act, 1949.

(B) Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).

(C) Business is monthly average of net advances and deposits as reported to the RBI under section 27 of the Banking Regulation Act, 1949. Interbank deposits are excluded for the purposes of computation of this ratio.

(D) Productivity ratios are based on average number of employees.

**22. Maturity pattern of certain items of assets and liabilities:**

**31<sup>st</sup> March, 2018:**

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 12 months	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	187.27	2,248.46	3,282.32	5,904.98	14,795.73	10,582.94	12,633.60	77,716.80	20,605.30	21,760.52	169,717.92
Investments*	13,139.62	5,837.31	1,128.84	1,738.87	5,837.26	5,134.40	7,075.60	19,167.73	1,747.66	3,485.38	64,292.67
Deposits	4,706.58	6,321.02	3,769.46	6,101.05	26,166.50	24,580.21	25,314.25	94,104.81	1,200.56	378.83	192,643.27
Borrowings	365.02	4,760.12	284.46	217.82	3,103.42	6,163.66	2,869.56	5,124.82	2,265.27	-	25,154.15
Foreign Currency Assets	766.70	1,398.44	219.41	758.99	2,817.53	2,023.20	749.97	1,513.23	1,315.23	281.76	11,844.48
Foreign Currency Liabilities	724.19	420.77	472.45	596.08	2,735.52	2,840.39	1,754.78	2,205.04	964.27	-	12,713.49

\* Listed equity investments in AFS have been considered at 50% (₹ 269.67 crore) haircut as per RBI directions

In computing the above information, certain estimates and assumptions have been made by the Bank's Management.

**31<sup>st</sup> March, 2017:**

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 12 months	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	344.28	1,942.42	2,469.49	3,819.64	13,498.55	10,069.06	9,323.19	62,534.00	14,212.87	17,868.63	136,082.13
Investments *	16,160.77	4,001.13	1,434.93	1,004.92	4,249.03	2,744.34	2,379.08	10,456.17	371.93	2,028.09	44,830.39
Deposits	3,685.29	6,514.99	2,590.65	5,102.47	22,355.37	25,417.34	20,671.34	69,273.84	1,300.94	513.63	157,425.86
Borrowings	580.83	5,079.27	245.68	582.46	2,372.31	3,314.20	1,191.77	6,174.94	1,112.00	442.02	21,095.48
Foreign Currency Assets	1,030.27	109.09	224.44	485.49	2,770.96	2,644.10	770.15	898.42	151.63	24.42	9,108.97
Foreign Currency Liabilities	727.27	1,623.76	460.22	332.71	1,675.96	2,206.22	755.55	2,322.98	164.18	16.12	10,284.97

\* Listed equity investments in AFS have been considered at 50% (₹ 243.79 crore) haircut as per RBI directions

In computing the above information, certain estimates and assumptions have been made by the Bank's Management.

**23. Exposures:****(a) Exposure to Real Estate Sector\*:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
a) Direct exposure	25,054.24	20,702.93
i. Residential Mortgages –	10,991.61	8,458.65
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at 31 <sup>st</sup> March, 2018 ₹ 317.76 crore and as at 31 <sup>st</sup> March, 2017 ₹ 362.28 crore)		
ii. Commercial Real Estate -	14,062.63	12,244.28
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure also includes non-fund based (NFB) limits		
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures-	-	-
- Residential,	-	-
- Commercial Real Estate	-	-
b) Indirect Exposure	3,784.40	3,171.86
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	3,784.40	3,171.86
<b>Total Exposure to Real Estate Sector</b>	<b>28,838.64</b>	<b>23,874.79</b>

\* On limit basis or outstanding basis whichever is higher

**(b) Exposure to Capital Market\*:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;#	754.45	758.22
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	347.01	267.37
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	2,675.95	678.41
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	3,471.94	2,715.85
vi. Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. Bridge loans to companies against expected equity flows / issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	0.03	0.03
xi. Others (Financial Guarantees)	0.12	0.24
<b>Total Exposure to Capital Market*</b>	<b>7,249.50</b>	<b>4,420.12</b>

\* On limit basis or outstanding basis whichever is higher

# The above amount excludes shares/convertible bonds aggregating to ₹ 135.18 crore (Previous year ₹ 11.47 crore) acquired due to conversion of debt to equity under restricting process. As per para 20 of DBR.No.BP.BC.101/21.04.048/2017-18 dated 12<sup>th</sup> February, 2018, the above amount is exempt from regulatory ceilings/restriction on capital market exposure.

**(c) Risk category wise country exposure:**

As per extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in following table. Since the country exposure (net) of the Bank in respect of any country does not exceed 1% of the total funded assets, no provision is required to be maintained on country exposure as on 31<sup>st</sup> March, 2018 (Nil provision for the year ended 31<sup>st</sup> March, 2017).

(₹ in crore)

Risk Category	Exposure (net)	Provision held	Exposure (net)	Provision held
	as at 31 <sup>st</sup> March, 2018	as at 31 <sup>st</sup> March, 2018	as at 31 <sup>st</sup> March, 2017	as at 31 <sup>st</sup> March, 2017
Insignificant	3,561.78	-	3,249.69	-
Low	702.72	-	280.21	-
Moderate	10.02	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
<b>TOTAL</b>	<b>4,274.52</b>	<b>-</b>	<b>3,529.90</b>	<b>-</b>

**24. Concentration of deposits:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total deposits of twenty largest depositors	25,812.97	15,237.74
Percentage of deposits of twenty largest depositors to total deposits of the Bank	13.40%	9.68%

**25. Concentration of advances\*:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total advances to twenty largest borrowers	25,568.50	23,288.20
Percentage of advances to twenty largest borrowers to total advances of the bank	8.68%	9.40%

\* Advances represents credit exposure including derivatives furnished in Master Circular on Exposure Norms DBR.No.Dir.BC. 12/13.03.00/2015-16 dated 1<sup>st</sup> July, 2015.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

**26. Concentration of exposures\*\*:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total exposure to twenty largest borrowers/customers	27,848.74	24,180.58
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers	9.05%	9.41%

\*\* Exposures represents credit, derivatives and investment exposure as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC. 12/13.03.00/2015-16 dated 1<sup>st</sup> July, 2015.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

27. During the year ended 31<sup>st</sup> March, 2018 and year ended 31<sup>st</sup> March, 2017 the Bank has not exceeded the prudential exposure limits as laid down by RBI guidelines for the Single Borrower Limit (SBL)/ Group Borrower Limit (GBL).

**28. Provision made for taxes during the year:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Current tax	2,080.60	1,800.31
Deferred tax	53.32	(63.74)
<b>TOTAL</b>	<b>2,133.92</b>	<b>1,736.57</b>

29. During the year penalty of ₹ NIL (previous year ₹ 0.05 crore) had been imposed by the Reserve Bank of India in terms of the Section 47 A (1) read with Section 46(4)(i) of the Banking Regulation Act, 1949 for non-compliance of RBI instructions.

30. There are no Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) (previous year ₹ Nil).

**31. Bancassurance Business:**

(₹ in crore)

Sr. No.	Nature of Income	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
1.	For selling life insurance policies	182.51	158.42
2.	For selling non life insurance policies	9.18	3.10
3.	For selling mutual fund products	250.75	176.54
4.	Others	-	-

*This Income has been reflected under Commission, exchange and brokerage under Other Income.*

**32. Floating Provisions:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) Opening balance in the floating provisions account	Nil	Nil
(b) The quantum of floating provisions made in the accounting year	Nil	Nil
(c) Amount of draw down made during the accounting year	Nil	Nil
(d) Closing Balance in floating provisions account	Nil	Nil

**33. Draw Down from Reserves:**

In accordance with the RBI requirement on creation and utilisation of Investment reserve in respect of HFT and AFS investments, no amounts has been utilised during the year (previous year ₹ 48.49 crore utilised).

**34. a) Status of Shareholder Complaints:**

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	9	14
(c) No. of complaints redressed during the year	9	14
(d) No. of complaints pending at the end of the year	-	-

**b) Status of Customer Complaints:**

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) No. of complaints pending at the beginning of the year	1,149	293
(b) No. of complaints received during the year	117,678	36,273
(c) No. of complaints redressed during the year	118,315	35,417
(d) No. of complaints pending at the end of the year	512	1,149

**c) Status of Awards passed by the Banking Ombudsman:**

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b) No. of Awards passed by the Banking Ombudsman during the year	Nil	Nil
(c) No. of Awards implemented during the year	Nil	Nil
(d) No. of unimplemented Awards at the end of the year	Nil	Nil

*The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.*

35. There are no outstanding letter of awareness / letter of comfort (previous year Nil).

**36. DISCLOSURES ON REMUNERATION****A. Qualitative Disclosures:****a) Information relating to the composition and mandate of the Remuneration Committee:**

The Nomination & Remuneration committee comprises of independent directors of the Bank. Key mandate of the Nomination & 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 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 reasonable portion variable compensation is non- cash and deferred, over a period of 3 years or longer.

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**

- 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.

The compensation will be approved by the Nomination and Remuneration committee and RBI

**Category 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 ₹ 10 lakhs, 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 Nomination & Remuneration Committee) and/ or
- 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 Nomination & 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 31<sup>st</sup> March, 2018 4 meetings of Nomination and Remuneration committee was held. Each Member of the Nomination and Remuneration committee is paid a sitting fee of ₹ 40,000 per meeting.

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

Quantitative disclosure restricted to CEO, one Whole Time Director and Seven Executive Board members as risk takers.

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

Not applicable

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

Not applicable

**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**

Cash – NIL (previous year Nil)

Outstanding SARs as at 31<sup>st</sup> March, 2018 – 156,428 rights (previous year 96,004 rights)

Outstanding ESOPs as at 31<sup>st</sup> March, 2018 – 1,218,277 equity shares (previous year 878,448 equity shares)

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

Payment towards SARs during year ended 31<sup>st</sup> March, 2018 ₹ 8.91 crore (previous year ₹ 5.29 crore)

**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 31<sup>st</sup> March, 2018 - ₹ 20.82 crore (previous year ₹ 16.28 crore)

**Deferred Variable Pay\***

SARs – 68,180 rights (previous year 54,220 rights)

ESOPs – 497,100 equity shares (previous year 494,060 equity shares)

**Non Deferred variable pay\*** ₹ 4.68 crore (previous year ₹ 3.99 crore)

*\* Details relating to variable pay pertains to remuneration awards for the financial year 2016-17 awarded during current financial year. Remuneration award for the year ended 31<sup>st</sup> March, 2018 are yet to be reviewed and approved by the remuneration committee*

**i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. – Nil (Previous year Nil)**

**j) Total amount of reductions during the financial year due to ex- post explicit adjustments. – Nil (Previous year Nil)**

**k) Total amount of reductions during the financial year due to ex- post implicit adjustments. – Nil (Previous year Nil)**

**37. Intra – Group Exposures:**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
(a) Total amount of intra-group exposures	4,186.80	3,814.88
(b) Total amount of top-20 intra-group exposures	4,186.59	3,814.88
(c) Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	1.36%	1.48%
(d) Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	NA	NA

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

**38. Transfers to Depositor Education and Awareness Fund (DEAF):**

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Opening balance of amounts transferred to DEAF	135.91	114.04
Add: Amounts transferred to DEAF during the year	30.57	24.28
Less: Amounts reimbursed by DEAF towards claim	1.16	2.41
Closing balance of amounts transferred to DEAF	165.32	135.91

### 39. Unhedged Foreign Currency Exposure of borrowers:

The bank recognises the importance of the risk of adverse fluctuation of foreign exchange rates on the profitability and financial position of borrowers who are exposed to currency risk. Currency induced credit risk refers to the risk of inability of borrowers to service their debt obligations due to adverse movement in the exchange rates and corresponding increase/decrease in their book values of trade payables, loan payables, trade receivables, etc. thereby exposing the Bank to risk of default by the borrower. In this regard, the Bank had put in place requisite policies & processes for monitoring and mitigation of currency induced credit risk of borrowers. These include the following:

- (a) Currency risk of borrowers on account of un-hedged foreign currency exposures ("UFCE") is duly considered and analysed in credit appraisal notes.
- (b) Periodic monitoring of un-hedged foreign currency exposures of borrowers.
- (c) Risk classification of borrowers having un-hedged foreign currency exposures, into Low / Medium / High, as per internal norms, based on likely loss / EBID ratio. Likely loss means the potential loss which can be caused over a one year horizon by adverse movement of exchange rates.
- (d) Incremental provisioning (over and above provision applicable for standard assets) is made in Bank's Profit and Loss Account, on borrower counterparties having UFCE, depending on the likely loss / EBID ratio, in line with stipulations by RBI. Incremental capital is maintained in respect of borrower counterparties in the highest risk category, in line with stipulations by RBI. These requirements are given below:

Likely Loss / EBID ratio	Incremental Provisioning Requirement (computed on the total credit exposures reckoned for standard asset provisioning)	Incremental Capital Requirement
Up to 15%	Nil	Nil
More than 15% to 30%	20 bps	Nil
More than 30% to 50%	40 bps	Nil
More than 50% to 75%	60 bps	Nil
More than 75% (Most risky)	80 bps	25 per cent increase in the risk weight

- (e) In case of borrowers exposed to currency risk where declarations for foreign currency payables/ receivables (UFCE declarations) are not submitted, provision for currency induced credit risk is made as per RBI stipulated rates mentioned below:
  - 10 bps in cases where limits with banking system are less than ₹ 25 crore;
  - 80 bps in cases where limits with banking system are ₹ 25 crore or more.
- (f) Further, where annual certification from statutory auditors of UFCE data is not submitted, such borrowers are treated as UFCE declaration not submitted cases and provision is computed as per point (e) above.
- (g) Borrowers where the credit exposure is only Letter of Credit Bills Discounting, Fixed Deposit backed, Bank Guarantee / Standby Letter of Credit backed are exempted from the above requirements. Exposures on other Banks and Public Financial Institutions like SIDBI, EXIM Bank, NABARD, NHB are also exempted from the above requirements.
- (h) Management of foreign exchange risk is considered as a parameter for internal risk rating of borrowers.

Provision held for currency induced credit risk as at 31<sup>st</sup> March, 2018 is ₹ 50.24 crore. (Previous year ₹ 50.54 crore). Incremental Risk weighted Assets value considered for the purpose of CRAR calculation in respect of currency induced credit risk as at 31<sup>st</sup> March, 2018 is ₹ 1,293.22 crore (Previous year ₹ 2,156.04 crore.)

#### 40. a) Liquidity Coverage Ratio

(₹ in crore)

	Average Q4 2017-2018			Average Q3 2017-2018			Average Q2 2017-2018			Average Q1 2017-2018		
	Total Value (average)	Weighted Value (average)	Total Value (average)	Total Value (average)	Weighted Value (average)	Total Value (average)	Total Value (average)	Weighted Value (average)	Total Value (average)	Total Value (average)	Weighted Value (average)	Total Value (average)
<b>High Quality Liquid Assets</b>												
1 Total High Quality Liquid Assets (HQLA)	-	43,661	-	37,490	-	33,091	-	33,091	-	-	-	32,720
<b>Cash Outflows</b>												
2 Retail deposits and deposits from small business customers, of which:												
(i) Stable deposits	15,118	756	14,432	722	13,640	682	13,154	658				
(ii) Less stable deposits	84,162	8,416	79,455	7,946	76,975	7,697	73,960	7,396				
3 Unsecured wholesale funding, of which												
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	64,228	37,547	60,553	36,025	54,672	33,136	49,837	30,010				
(iii) Unsecured debt	1,988	1,988	3,158	3,158	2,415	2,415	2,612	2,612				
4 Secured wholesale funding	-	1	-	-	-	-	-	-				
5 Additional requirements, of which												
(i) Outflows related to derivative exposures and other collateral requirements	11,275	11,275	10,584	10,584	9,669	9,669	7,993	7,993				
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-				
(iii) Credit and liquidity facilities	3,564	469	3,963	525	4,180	470	4,982	731				
6 Other contractual funding obligations	2,371	2,371	2,477	2,477	2,483	2,483	2,233	2,233				
7 Other contingent funding obligations	64,634	2,497	62,715	2,425	59,514	2,308	57,192	2,206				
8 Total Cash Outflows	-	65,320	-	63,862	-	58,859	-	53,839				
<b>Cash Inflows</b>												
9 Secured lending (e.g. reverse repos)	11,680	0	12,383	0	8,865	0	12,688	0				
10 Inflows from fully performing exposures	30,617	23,874	28,261	22,237	27,079	21,247	23,248	17,463				
11 Other cash inflows	881	441	1,037	518	730	365	874	437				
12 Total Cash Inflows	43,178	24,315	41,681	22,755	36,674	21,612	36,810	17,900				
	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>	<b>Total Adjusted Value</b>
21 TOTAL HQLA	43,661	43,661	37,490	37,490	33,091	33,091	32,720	32,720				
22 Total Net Cash Outflows	41,005	41,005	41,107	41,107	37,247	37,247	35,939	35,939				
23 Liquidity Coverage Ratio (%)	106.48%	106.48%	91.20%	91.20%	88.84%	88.84%	91.04%	91.04%				

(₹ in crore)

	Average Q4 2016-2017		Average Q3 2016-2017		Average Q2 2016-2017		Average Q1 2016-2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLA)	-	29,641	-	29,364	-	26,434	-	27,108
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	13,353	668	12,750	637	10,588	529	10,183	509
(ii) Less stable deposits	73,432	7,343	71,614	7,161	64,216	6,422	60,221	6,022
3 Unsecured wholesale funding, of which								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	45,085	27,833	44,129	27,427	44,578	27,097	46,813	27,215
(iii) Unsecured debt	1,948	1,948	2,117	2,117	2,248	2,248	3,544	3,544
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	11,512	11,512	7,752	7,752	5,852	5,852	5,856	5,856
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	4,495	694	3,859	611	4,149	647	3,159	475
6 Other contractual funding obligations	2,764	2,764	2,768	2,768	2,591	2,591	2,206	2,206
7 Other contingent funding obligations	56,532	2,189	55,341	2,098	54,561	2,057	54,892	2,093
8 Total Cash Outflows	-	54,951	-	50,571	-	47,443	-	47,920
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repos)	8,240	18	3,029	-	679	-	2,165	-
10 Inflows from fully performing exposures	26,364	21,178	19,701	15,254	16,964	12,796	16,685	12,300
11 Other cash inflows	643	321	1,303	651	1,002	502	1,151	576
12 Total Cash Inflows	35,247	21,517	24,033	15,905	18,645	13,298	20,001	12,876
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
21 TOTAL HQLA		29,641		29,364		26,434		27,108
22 Total Net Cash Outflows		33,434		34,666		34,145		35,044
23 Liquidity Coverage Ratio (%)		88.66%		84.71%		77.42%		77.35%

Note: Average LCR for Q4 2016-17 is computed using daily LCR numbers during the quarter but the average LCR for Q1, Q2 and Q3 2016-17 are monthly averages.

#### 40. b) Qualitative disclosure around LCR

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The LCR requirement has been introduced in a phased manner with banks required to maintain minimum LCR of 60% till Dec 2015 and the 70% from Jan 2016 onwards. The requirement will be increasing by 10% annually to 100% by Jan 2019. LCR requirement is currently at 90% effective Jan 2018.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, SLR securities in excess of minimum SLR requirement and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Bank has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31<sup>st</sup> March, 2018 was 106.48% which is above the regulatory limit of 90%. For the quarter ended 31<sup>st</sup> March, 2018 Level 1 HQLA stood at 94.67% (41,366 crs.) of the total HQLA.

LCR is expected to bring in more funding stability due to severe run-off factors on wholesale funding but at the same time it has increased the liquidity cost due to maintenance of high quality liquid assets. Apart from LCR, Bank uses various stock liquidity indicators to measure and monitor the liquidity risk in terms of funding stability, concentration risk, dependence on market borrowings, liquidity transformation, etc. The Bank maintains a diversified source of funding in terms of depositor concentration, lender concentration as well as instrument concentration. This is evident through low depositor and lender concentration with top 20 depositors contributing 13.4% of Bank's total deposits and top 10 lenders contributing 5.7% of Bank's total liabilities.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management supported by Balance Sheet Management Unit (BMU), Risk Management Department (RMD), Finance and ALCO Support Group. BMU is the central repository of funds within the Bank and is vested with the responsibility of managing liquidity risk within the risk appetite of the Bank. Bank has incorporated Basel III Liquidity Standards - LCR and NSFR as part of its risk appetite statement for liquidity risk.

#### 41. Frauds

The Bank has reported 268 (Previous year 126 cases) fraud cases involving fraud amount of one lakh and above during the financial year ended 31<sup>st</sup> March 2018 amounting to ₹ 56.73 crore (Previous year ₹ 111.54 crore). The Bank has recovered / expensed off / provided the entire amount where necessary.

**B. OTHER DISCLOSURES:****1. Earnings per Equity Share:**

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Reconciliation between weighted shares used in the computation of basic and diluted earnings per share		
Weighted average number of equity shares used in computation of basic earnings per share	1,896,049,700	1,837,185,095
Effect of potential equity shares for stock options outstanding	2,572,354	2,013,926
Weighted average number of equity shares used in computation of diluted earnings per share	1,898,622,054	1,839,199,021
Following is the reconciliation between basic and diluted earnings per share		
Nominal value per share	5.00	5.00
Basic earnings per share	21.54	18.57
Effect of potential equity shares for stock options	0.03	0.02
Diluted earnings per share	21.51	18.55
Earnings used in the computation of basic and diluted earnings per share (₹ in crore)	4,084.30	3,411.50

**2. Segment Reporting:**

The Summary of the operating segments of the Bank for the year ended 31<sup>st</sup> March, 2018 are as given below:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>1. Segment Revenue</b>		
a. Treasury, BMU and Corporate Centre	5,730.26	5,063.21
b. Corporate / Wholesale Banking	9,061.32	8,330.52
c. Retail Banking	11,437.61	10,274.57
d. Other Banking business	-	-
<b>Sub-total</b>	<b>26,229.19</b>	<b>23,668.30</b>
Less : Inter-segmental revenue	2,428.49	2,492.21
<b>TOTAL</b>	<b>23,800.70</b>	<b>21,176.09</b>
<b>2. Segment Results</b>		
a. Treasury, BMU and Corporate Centre	1,723.06	1,258.54
b. Corporate / Wholesale Banking	2,984.45	2,694.81
c. Retail Banking	1,510.71	1,194.72
d. Other Banking business	-	-
<b>Sub-total</b>	<b>6,218.22</b>	<b>5,148.07</b>
<b>TOTAL PROFIT BEFORE TAX</b>	<b>6,218.22</b>	<b>5,148.07</b>
Provision for Tax	2,133.92	1,736.57
<b>TOTAL PROFIT AFTER TAX</b>	<b>4,084.30</b>	<b>3,411.50</b>

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>3. Segment Assets</b>		
a. Treasury, BMU and Corporate Centre	91,500.50	75,727.48
b. Corporate / Wholesale Banking	100,506.20	81,612.15
c. Retail Banking	143,303.89	122,665.94
d. Other Banking business	-	-
<b>Sub-total</b>	<b>335,310.59</b>	<b>280,005.57</b>
Less : Inter-segmental Assets	70,571.48	65,663.21
<b>TOTAL</b>	<b>264,739.11</b>	<b>214,342.36</b>
Add : Unallocated Assets	194.28	247.60
<b>Total Assets as per Balance Sheet</b>	<b>264,933.39</b>	<b>214,589.96</b>
<b>4. Segment Liabilities</b>		
a. Treasury, BMU and Corporate Centre	76,300.61	67,352.79
b. Corporate / Wholesale Banking	88,984.44	71,189.88
c. Retail Banking	132,725.09	114,071.16
d. Other Banking business	-	-
<b>Sub-total</b>	<b>298,010.14</b>	<b>252,613.83</b>
Less : Inter-segmental Liabilities	70,571.48	65,663.21
<b>TOTAL</b>	<b>227,438.66</b>	<b>186,950.62</b>
Add : Unallocated liabilities	13.08	23.27
Add : Share Capital & Reserves & surplus	37,481.65	27,616.07
<b>Total Liabilities as per Balance Sheet</b>	<b>264,933.39</b>	<b>214,589.96</b>
<b>5. Capital Expenditure</b>		
a. Treasury, BMU and Corporate Centre	44.21	57.62
b. Corporate / Wholesale Banking	20.71	23.01
c. Retail Banking	237.94	203.27
d. Other Banking business	-	-
<b>TOTAL</b>	<b>302.86</b>	<b>283.90</b>
<b>6. Depreciation / Amortisation</b>		
a. Treasury, BMU and Corporate Centre	101.30	90.97
b. Corporate / Wholesale Banking	16.47	17.29
c. Retail Banking	184.92	182.40
d. Other Banking business	-	-
<b>TOTAL</b>	<b>302.69</b>	<b>290.66</b>

Segmental Information is provided as per the MIS available for internal reporting purposes, which includes certain estimates and assumptions.

### 3. Lease Disclosures:

- The Bank has taken various premises and equipment under operating lease. The lease payments recognised in the Profit and Loss Account are ₹ 453.31 crore (previous year ₹ 430.81 crore). The sub-lease income recognised in the Profit and Loss Account is ₹ 5.56 crore (previous year ₹ 5.95 crore).



- b. The future minimum lease payments under non-cancellable operating lease – not later than one year is ₹ 402.44 crore (previous year ₹ 366.42 crore), later than one year but not later than five years is ₹ 1,275.44 crore (previous year ₹ 1,160.15 crore) and later than five years ₹ 1,089.00 crore (previous year ₹ 1,003.01 crore).

The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by lease arrangements. There are escalation clauses in the lease agreements.

#### 4. Deferred Taxes:

“Others” in Other Assets (Schedule 11 (VI)) includes deferred tax asset (net) of ₹ 194.28 crore (previous year ₹ 247.60 crore). The components of the same are as follows:

(₹ in crore)

Particulars of Asset / (Liability)	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Provision for NPA and general provision on standard assets	197.66	252.50
Expenditure allowed on payment basis	130.47	141.04
Depreciation	9.43	(21.13)
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(143.28)	(124.81)
<b>Net Deferred Tax Asset</b>	<b>194.28</b>	<b>247.60</b>

#### 5. Credit card reward points:

The following table sets forth, for the periods indicated, movement in provision for credit card account reward points:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Opening provision for reward points	7.95	4.98
Provision for reward points made during the year	17.18	10.62
Utilisation/write-back of provision for reward points	(12.01)	(7.65)
Closing provision for reward points*	13.12	7.95

\* This amount will be utilised towards redemption of the credit card accounts reward points.

#### 6. Fixed Assets as per Schedule 10 B include intangible assets relating to purchased software and system development expenditure which are as follows:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>Gross Block</b>		
At cost on 31 <sup>st</sup> March of the preceding year	506.01	430.03
Additions during the year	67.47	75.98
Deductions during the year	84.32	-
<b>TOTAL</b>	<b>489.16</b>	<b>506.01</b>
<b>Depreciation / Amortisation</b>		
As at 31 <sup>st</sup> March of the preceding year	424.45	363.66
Charge for the year	60.48	60.79
Deductions during the year	84.32	-
<b>Depreciation to date</b>	<b>400.61</b>	<b>424.45</b>
<b>Net Block</b>	<b>88.55</b>	<b>81.56</b>

## 7. Related Party Disclosures:

### A. Parties where control exists:

Nature of relationship	Related Party
Subsidiary Companies	Kotak Mahindra Prime Limited
	Kotak Securities Limited
	Kotak Mahindra Capital Company Limited
	Kotak Mahindra Life Insurance Company Limited (formerly known as Kotak Mahindra Old Mutual Life Insurance Limited)
	Kotak Mahindra Investments Limited
	Kotak Mahindra Asset Management Company Limited
	Kotak Mahindra Trustee Company Limited
	Kotak Mahindra (International) Limited
	Kotak Mahindra (UK) Limited
	Kotak Mahindra Inc.
	Kotak Investment Advisors Limited
	Kotak Mahindra Trusteeship Services Limited
	Kotak Infrastructure Debt Fund Limited
	Kotak Mahindra Pension Fund Limited
	Kotak Mahindra Financial Services Limited
	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.
	Kotak Mahindra General Insurance Company Limited
IVY Product Intermediaries Limited	
BSS Microfinance Limited (formerly known as BSS Microfinance Private Limited) (w.e.f 27 September 2017)	

### B. Other Related Parties:

Nature of Relationship	Related Party
Individual having significant influence over the enterprise	Mr. Uday S. Kotak along with relatives and enterprises in which he has beneficial interest holds 30.04% of the equity share capital of Kotak Mahindra Bank Limited as on 31 March 2018
Associates / Others	ACE Derivatives and Commodity Exchange Limited.
	Infina Finance Private Limited
	Matrix Business Services India Private Limited
	Phoenix ARC Private Limited
	Kotak Education Foundation
ING Vysya Foundation	
Key Management Personnel (KMP)	Mr. Uday S. Kotak, Executive Vice Chairman and Managing Director
	Mr. C. Jayaram, Joint Managing Director (upto 30 April 2016)
	Mr. Dipak Gupta, Joint Managing Director

Nature of Relationship	Related Party
Enterprises over which KMP / relatives of KMP have control / significant influence	Aero Agencies Limited Kotak and Company Private Limited Komaf Financial Services Private Limited Asian Machinery & Equipment Private Limited. Insurekot Sports Private Limited Kotak Trustee Company Private Limited Cumulus Trading Company Private Limited Palko Properties Private Limited Kotak Chemicals Limited Kotak Ginning & Pressing Industries Private Limited Kotak Commodities Services Private Limited Harisiddha Trading and Finance Private Limited Puma Properties Private Limited Business Standard Private Limited Business Standard Online Private Limited Allied Auto Accessories Private Limited Uday S Kotak HUF Suresh A Kotak HUF USK Benefit Trust II Kotak Family Foundation (w.e.f. 2 May 2017) Helena Realty Private Limited (w.e.f. 2 Feb 2018) Doreen Realty Private Limited (w.e.f. 15 Feb 2018) Renato Realty Private Limited (w.e.f. 15 Feb 2018) Pine Tree Estates Private Limited (w.e.f. 20 Mar 2018) Meluha Developers Private Limited (w.e.f. 20 Mar 2018) Quantyco Realty Private Limited (w.e.f. 16 Mar 2018) Xanadu Properties Private Limited (w.e.f. 20 Mar 2018)
Relatives of KMP	Ms. Pallavi Kotak Mr. Suresh Kotak Ms. Indira Kotak Mr. Jay Kotak Mr. Dhawal Kotak Ms. Aarti Chandaria Ms. Anita Gupta Ms. Urmila Gupta Mr. Arnav Gupta Mr. Parthav Gupta Mr. Prabhat Gupta Ms. Jyoti Banga Ms. Usha Jayaram (upto 30 April 2016) Mr. K. Madhavan Kutty (upto 30 April 2016) Mr. Vivek Menon (upto 30 April 2016) Ms. Nayantara Menon Mehta (upto 30 April 2016)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
<b>Liabilities</b>						
Deposits	<b>1,407.47</b> (1,885.86)	<b>57.75</b> (201.86)	<b>128.35</b> (127.80)	<b>134.45</b> (249.13)	<b>1.99</b> (11.58)	<b>1,730.01</b> (2,476.23)
Borrowings	- (10.00)	- (-)	- (-)	- (-)	- (-)	- (10.00)
Interest Payable	<b>8.21</b> (11.96)	<b>0.05</b> (1.34)	<b>0.95</b> (0.90)	<b>1.37</b> (1.73)	<b>0.01</b> (0.07)	<b>10.59</b> (16.00)
Other Liabilities	<b>14.42</b> (1.15)	<b>0.01</b> (0.12)	- (-)	<b>0.30</b> (-)	- (-)	<b>14.73</b> (1.27)
<b>Assets</b>						
Advances	# (60.43)	- (-)	- (-)	- (-)	- (-)	# (60.43)
Investments-Gross	<b>3,072.15</b> (1,267.31)	<b>33.88</b> (33.88)	- (-)	# (#)	- (-)	<b>3,106.03</b> (1,301.19)
Diminution on Investments	- (2.28)	<b>29.82</b> (29.82)	- (-)	# (#)	- (-)	<b>29.82</b> (32.10)
Commission Receivable	<b>43.81</b> (34.43)	- (-)	- (-)	- (-)	- (-)	<b>43.81</b> (34.43)
Others	<b>69.58</b> (71.34)	<b>0.04</b> (0.03)	- (-)	<b>0.07</b> (-)	- (-)	<b>69.69</b> (71.37)
<b>Expenses</b>						
Salaries/fees (Include ESOP)	- (-)	- (-)	<b>8.06</b> (7.83)	- (-)	- (-)	<b>8.06</b> (7.83)
Interest Paid	<b>88.37</b> (174.14)	<b>38.23</b> (61.93)	<b>12.02</b> (6.10)	<b>15.38</b> (26.21)	<b>0.31</b> (0.93)	<b>154.31</b> (269.31)
Others	<b>27.85</b> (11.70)	<b>19.00</b> (13.33)	- (-)	<b>4.51</b> (4.50)	- (-)	<b>51.36</b> (29.53)
<b>Income</b>						
Dividend	<b>7.61</b> (3.42)	- (-)	- (-)	- (-)	- (-)	<b>7.61</b> (3.42)
Interest Received	<b>44.23</b> (41.06)	- (-)	- (-)	- (-)	- (-)	<b>44.23</b> (41.06)
Others	<b>319.71</b> (286.11)	<b>0.10</b> (0.10)	# (-)	<b>0.87</b> (0.89)	- (-)	<b>320.68</b> (287.10)
<b>Other Transactions</b>						
Sale of investment	<b>180.27</b> (435.59)	- (-)	- (-)	- (-)	- (-)	<b>180.27</b> (435.59)
Purchase of Investment	<b>821.57</b> (563.07)	- (-)	- (-)	- (-)	- (-)	<b>821.57</b> (563.07)
Loan disbursed during the year	<b>1,820.23</b> (1,194.78)	- (-)	- (-)	- (-)	- (-)	<b>1,820.23</b> (1,194.78)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Loan repaid during the year	<b>1,881.48</b> (1,194.78)	- (-)	- (-)	- (-)	- (-)	<b>1,881.48</b> (1,194.78)
Loan portfolio acquired under Assignment	- (247.35)	- (-)	- (-)	- (-)	- (-)	- (247.35)
Dividend paid	- (-)	- (-)	<b>34.10</b> (30.69)	<b>0.04</b> (0.04)	<b>0.22</b> (0.19)	<b>34.36</b> (30.92)
Reimbursement to companies	<b>20.06</b> (20.59)	- (0.09)	- (-)	- (0.15)	- (-)	<b>20.06</b> (20.83)
Reimbursement from companies	<b>165.17</b> (134.81)	<b>0.10</b> (0.16)	- (-)	- (-)	- (-)	<b>165.27</b> (134.97)
Purchase of Fixed assets	<b>0.59</b> (0.43)	- (-)	- (-)	- (-)	- (-)	<b>0.59</b> (0.43)
Sale of Fixed assets	<b>0.55</b> (0.29)	- (-)	- (-)	- (-)	- (-)	<b>0.55</b> (0.29)
Swaps/Forward/ Options contracts	<b>5,068.59</b> (3,787.74)	- (-)	- (-)	- (-)	- (-)	<b>5,068.59</b> (3,787.74)
Guarantees/Lines of credit	<b>0.25</b> (100.00)	<b>0.05</b> (-)	- (-)	- (-)	- (-)	<b>0.30</b> (100.00)
QIP Issuance Expense adjusted against Share Premium	<b>10.09</b> (-)	- (-)	- (-)	<b>#</b> (-)	- (-)	<b>10.09</b> (-)
Professional Charges towards Strategic investment - capitalized	<b>3.51</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>3.51</b> (-)
<b>I. Liabilities:</b>						
<b>Other liabilities</b>						
<b>Other Payable</b>						
Kotak Mahindra Prime Limited	<b>0.33</b> (0.54)	- (-)	- (-)	- (-)	- (-)	<b>0.33</b> (0.54)
Kotak Mahindra Investments Limited	<b>0.05</b> (0.04)	- (-)	- (-)	- (-)	- (-)	<b>0.05</b> (0.04)
Kotak Securities Ltd	<b>6.86</b> (#)	- (-)	- (-)	- (-)	- (-)	<b>6.86</b> (#)
Others	<b>7.19</b> (0.56)	<b>0.01</b> (0.12)	- (-)	<b>0.30</b> (#)	- (-)	<b>7.50</b> (0.68)
<b>II. Assets:</b>						
<b>Investments</b>						
Kotak Mahindra Life Insurance Company Limited	<b>1,557.20</b> (260.25)	- (-)	- (-)	- (-)	- (-)	<b>1,557.20</b> (260.25)
Kotak Mahindra Prime Limited	<b>361.82</b> (411.80)	- (-)	- (-)	- (-)	- (-)	<b>361.82</b> (411.80)
Kotak Mahindra Capital Company Limited	<b>65.14</b> (65.14)	- (-)	- (-)	- (-)	- (-)	<b>65.14</b> (65.14)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Kotak Mahindra Investments Limited	<b>338.03</b> (238.03)	- (-)	- (-)	- (-)	- (-)	<b>338.03</b> (238.03)
Kotak Mahindra General Insurance Company Limited	<b>175.00</b> (135.00)	- (-)	- (-)	- (-)	- (-)	<b>175.00</b> (135.00)
Kotak Infrastructure Debt Fund	<b>342.19</b> (92.19)	- (-)	- (-)	- (-)	- (-)	<b>342.19</b> (92.19)
Others	<b>232.78</b> (64.91)	- (-)	- (-)	<b>#</b> (#)	- (-)	<b>232.78</b> (64.91)
ACE Derivatives and Commodity Exchange Limited	- (-)	<b>33.88</b> (33.88)	- (-)	- (-)	- (-)	<b>33.88</b> (33.88)
<b>Diminution on Investments</b>						
Kotak Infrastructure Debt Fund Limited	- (2.28)	- (-)	- (-)	- (-)	- (-)	- (2.28)
ACE Derivatives and Commodity Exchange Limited	- (-)	<b>29.82</b> (29.82)	- (-)	- (-)	- (-)	<b>29.82</b> (29.82)
Business Standard Private Ltd	- (-)	- (-)	- (-)	<b>#</b> (#)	- (-)	<b>#</b> (#)
<b>Commission Receivable</b>						
Kotak Mahindra Life Insurance Company Limited	<b>42.81</b> (34.10)	- (-)	- (-)	- (-)	- (-)	<b>42.81</b> (34.10)
Kotak Mahindra General Insurance Company Limited	<b>0.99</b> (0.33)	- (-)	- (-)	- (-)	- (-)	<b>0.99</b> (0.33)
<b>Others Receivable</b>						
Kotak Mahindra Prime Limited	<b>22.29</b> (29.64)	- (-)	- (-)	- (-)	- (-)	<b>22.29</b> (29.64)
Kotak Securities Limited	<b>2.89</b> (9.09)	- (-)	- (-)	- (-)	- (-)	<b>2.89</b> (9.09)
Kotak Investment Advisors Ltd	<b>3.29</b> (16.89)	- (-)	- (-)	- (-)	- (-)	<b>3.29</b> (16.89)
Kotak Mahindra Life Insurance Company Limited	<b>8.97</b> (8.35)	- (-)	- (-)	- (-)	- (-)	<b>8.97</b> (8.35)
Others	<b>32.14</b> (7.37)	<b>0.04</b> (0.03)	- (-)	<b>0.07</b> (#)	- (-)	<b>32.25</b> (7.40)
<b>III. Expenses:</b>						
<b>Salaries / fees (Include ESOPs)</b>						
Mr. Uday Kotak	- (-)	- (-)	<b>3.20</b> (2.85)	- (-)	- (-)	<b>3.20</b> (2.85)
Mr. C. Jayaram	- (-)	- (-)	- (0.78)	- (-)	- (-)	- (0.78)
Mr. Dipak Gupta	- (-)	- (-)	<b>4.86</b> (4.20)	- (-)	- (-)	<b>4.86</b> (4.20)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
<b>Other Expenses</b>						
<b>Brokerage</b>						
Kotak Securities Limited	<b>0.30</b> (0.08)	- (-)	- (-)	- (-)	- (-)	<b>0.30</b> (0.08)
<b>Premium</b>						
Kotak Mahindra Life Insurance Company Limited	<b>3.30</b> (3.03)	- (-)	- (-)	- (-)	- (-)	<b>3.30</b> (3.03)
Kotak Mahindra General Insurance Company Limited	<b>2.66</b> (1.67)	- (-)	- (-)	- (-)	- (-)	<b>2.66</b> (1.67)
<b>Donations</b>						
Kotak Education Foundation	- (-)	<b>18.79</b> (13.03)	- (-)	- (-)	- (-)	<b>18.79</b> (13.03)
<b>Others</b>						
Kotak Mahindra Prime Limited	<b>3.30</b> (2.82)	- (-)	- (-)	- (-)	- (-)	<b>3.30</b> (2.82)
Kotak Infrastructure Debt Fund Limited	- (0.03)	- (-)	- (-)	- (-)	- (-)	- (0.03)
Aero Agencies Limited	- (-)	- (-)	- (-)	<b>4.39</b> (4.48)	- (-)	<b>4.39</b> (4.48)
Kotak & Company Limited	- (-)	- (-)	- (-)	- (0.03)	- (-)	- (0.03)
Business Standard Private Limited	- (-)	- (-)	- (-)	<b>0.12</b> (-)	- (-)	<b>0.12</b> (-)
BSS Microfinance Limited	<b>13.78</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>13.78</b> (-)
Kotak Mahindra Financial Services Limited	<b>4.51</b> (4.39)	- (-)	- (-)	- (-)	- (-)	<b>4.51</b> (4.39)
IVY Product Intermediaries Limited	- 0.32	- (-)	- (-)	- (-)	- (-)	- 0.32
Others	<b>#</b> (#)	<b>0.22</b> (0.30)	- (-)	- (-)	- (-)	<b>0.22</b> (0.30)
<b>IV. Income:</b>						
<b>Dividend</b>						
IVY Product Intermediaries Limited	- (3.32)	- (-)	- (-)	- (-)	- (-)	- (3.32)
Kotak Mahindra Trustee Co Ltd	<b>7.50</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>7.50</b> (-)
Kotak Mahindra Prime Limited	<b>0.11</b> (0.11)	- (-)	- (-)	- (-)	- (-)	<b>0.11</b> (0.11)
<b>Other Income</b>						
Kotak Mahindra Life Insurance Company Limited	<b>193.44</b> (165.10)	- (-)	- (-)	- (-)	- (-)	<b>193.44</b> (165.10)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Kotak Mahindra General Insurance Company Limited	<b>11.73</b> (5.52)	- (-)	- (-)	- (-)	- (-)	<b>11.73</b> (5.52)
Kotak Securities Limited	<b>22.82</b> (22.72)	- (-)	- (-)	- (-)	- (-)	<b>22.82</b> (22.72)
Kotak Mahindra Capital Company Limited	<b>9.91</b> (9.96)	- (-)	- (-)	- (-)	- (-)	<b>9.91</b> (9.96)
Kotak Mahindra Asset Management Company Limited	<b>47.13</b> (38.70)	- (-)	- (-)	- (-)	- (-)	<b>47.13</b> (38.70)
Kotak Mahindra Prime Limited	<b>14.19</b> (13.07)	- (-)	- (-)	- (-)	- (-)	<b>14.19</b> (13.07)
Kotak Investment Advisors Ltd	<b>11.32</b> (22.60)	- (-)	- (-)	- (-)	- (-)	<b>11.32</b> (22.60)
Others	<b>9.17</b> (8.42)	<b>0.10</b> (0.10)	<b>#</b> (#)	<b>0.87</b> (0.89)	- (-)	<b>10.14</b> (9.41)
<b>V. Other Transactions:</b>						
<b>Sale of Investment</b>						
Kotak Mahindra Life Insurance Company Ltd.	<b>130.15</b> (117.90)	- (-)	- (-)	- (-)	- (-)	<b>130.15</b> (117.90)
Kotak Mahindra Prime Limited	- (225.00)	- (-)	- (-)	- (-)	- (-)	- (225.00)
Kotak Mahindra Investments Limited	- (92.69)	- (-)	- (-)	- (-)	- (-)	- (92.69)
Kotak Infrastructure Debt Fund	<b>50.12</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>50.12</b> (-)
<b>Purchase of Investments</b>						
Kotak Mahindra Life Insurance Company Ltd	<b>70.37</b> (21.15)	- (-)	- (-)	- (-)	- (-)	<b>70.37</b> (21.15)
Kotak Mahindra Prime Limited	<b>300.67</b> (350.00)	- (-)	- (-)	- (-)	- (-)	<b>300.67</b> (350.00)
Kotak Infrastructure Debt Fund Limited	<b>250.00</b> (88.90)	- (-)	- (-)	- (-)	- (-)	<b>250.00</b> (88.90)
Kotak Mahindra Investments Limited	<b>100.00</b> (92.69)	- (-)	- (-)	- (-)	- (-)	<b>100.00</b> (92.69)
Kotak Investment Advisors Ltd	<b>50.00</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>50.00</b> (-)
Kotak Mahindra General Insurance Company Limited	<b>40.00</b> (10.33)	- (-)	- (-)	- (-)	- (-)	<b>40.00</b> (10.33)
Kotak Securities Limited	<b>10.53</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>10.53</b> (-)
<b>Loan Disbursed during the year</b>						
Kotak Mahindra Prime Limited	<b>60.00</b> (60.00)	- (-)	- (-)	- (-)	- (-)	<b>60.00</b> (60.00)



(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Kotak Mahindra (International) Limited	<b>1,760.23</b> (1,134.78)	- (-)	- (-)	- (-)	- (-)	<b>1,760.23</b> (1,134.78)
<b>Loan Repaid during the year</b>						
Kotak Mahindra (International) Limited	<b>1,761.48</b> (1,134.78)	- (-)	- (-)	- (-)	- (-)	<b>1,761.48</b> (1,134.78)
Kotak Mahindra Prime Limited	<b>120.00</b> (60.00)	- (-)	- (-)	- (-)	- (-)	<b>120.00</b> (60.00)
<b>Loan portfolio acquired under Assignment</b>						
Kotak Mahindra Prime Limited	- (247.35)	- (-)	- (-)	- (-)	- (-)	- (247.35)
<b>Dividend paid</b>						
Mr. Uday Kotak	- (-)	- (-)	<b>34.02</b> (30.63)	- (-)	- (-)	<b>34.02</b> (30.63)
Mr. Dipak Gupta	- (-)	- (-)	<b>0.08</b> (0.07)	- (-)	- (-)	<b>0.08</b> (0.07)
Ms. Pallavi Kotak	- (-)	- (-)	- (-)	- (-)	<b>0.07</b> (0.06)	<b>0.07</b> (0.06)
Ms. Indira Kotak	- (-)	- (-)	- (-)	- (-)	<b>0.14</b> (0.12)	<b>0.14</b> (0.12)
Others	- (-)	- (-)	- (-)	<b>0.04</b> (0.04)	<b>0.02</b> (0.01)	<b>0.06</b> (0.05)
<b>Reimbursements to companies</b>						
Kotak Mahindra Capital Company Limited	<b>2.39</b> (2.53)	- (-)	- (-)	- (-)	- (-)	<b>2.39</b> (2.53)
Kotak Mahindra Prime Limited	<b>5.99</b> (5.92)	- (-)	- (-)	- (-)	- (-)	<b>5.99</b> (5.92)
Kotak Securities Ltd.	<b>9.87</b> (10.22)	- (-)	- (-)	- (-)	- (-)	<b>9.87</b> (10.22)
Kotak Mahindra Life Insurance Company Limited	<b>0.79</b> (0.43)	- (-)	- (-)	- (-)	- (-)	<b>0.79</b> (0.43)
Kotak Infrastructure Debt Fund	<b>0.03</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.03</b> (-)
Others	<b>1.00</b> (1.49)	- (0.09)	- (-)	- (0.15)	- (-)	<b>1.00</b> (1.73)
<b>Reimbursements from companies</b>						
Kotak Mahindra Capital Company Limited	<b>7.09</b> (6.84)	- (-)	- (-)	- (-)	- (-)	<b>7.09</b> (6.84)
Kotak Mahindra Prime Limited	<b>21.64</b> (18.16)	- (-)	- (-)	- (-)	- (-)	<b>21.64</b> (18.16)
Kotak Mahindra Life Insurance Company Limited	<b>20.20</b> (18.92)	- (-)	- (-)	- (-)	- (-)	<b>20.20</b> (18.92)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Kotak Securities Limited	<b>84.93</b> (62.12)	- (-)	- (-)	- (-)	- (-)	<b>84.93</b> (62.12)
Kotak Mahindra Investments Limited	<b>9.45</b> (8.22)	- (-)	- (-)	- (-)	- (-)	<b>9.45</b> (8.22)
Others	<b>21.86</b> (20.55)	<b>0.10</b> (0.16)	- (-)	- (-)	- (-)	<b>21.96</b> (20.71)
<b>Purchase of Fixed assets</b>						
Kotak Mahindra Prime Limited	<b>0.03</b> (0.02)	- (-)	- (-)	- (-)	- (-)	<b>0.03</b> (0.02)
Kotak Securities Limited	<b>0.52</b> (0.11)	- (-)	- (-)	- (-)	- (-)	<b>0.52</b> (0.11)
Kotak Infrastructure Debt Fund Limited	- (#)	- (-)	- (-)	- (-)	- (-)	- (#)
Kotak Mahindra Life Insurance Company Limited	- (0.14)	- (-)	- (-)	- (-)	- (-)	- (0.14)
Kotak Mahindra Asset Management Company Limited	- (0.14)	- (-)	- (-)	- (-)	- (-)	- (0.14)
Kotak Mahindra Capital Company Limited	<b>0.04</b> (#)	- (-)	- (-)	- (-)	- (-)	<b>0.04</b> (#)
<b>Sale of Fixed assets</b>						
Kotak Mahindra Capital Company Ltd	<b>0.08</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.08</b> (-)
Kotak Investment Advisors Limited	<b>#</b> (0.23)	- (-)	- (-)	- (-)	- (-)	<b>#</b> (0.23)
Kotak Mahindra Asset Management Company Limited	<b>0.06</b> (0.06)	- (-)	- (-)	- (-)	- (-)	<b>0.06</b> (0.06)
Kotak Infrastructure Debt Fund	<b>0.25</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.25</b> (-)
Kotak Mahindra Life Insurance Company Limited	<b>0.06</b> (#)	- (-)	- (-)	- (-)	- (-)	<b>0.06</b> (#)
Kotak Mahindra Prime Limited	<b>0.09</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.09</b> (-)
Kotak Securities Limited	<b>#</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>#</b> (-)
<b>Swaps/Forward /Options contract</b>						
Kotak Mahindra (International) Limited	<b>5,068.59</b> (3,787.74)	- (-)	- (-)	- (-)	- (-)	<b>5,068.59</b> (3,787.74)
<b>Guarantees/Lines of credit</b>						
Kotak Securities Limited	- (100.00)	- (-)	- (-)	- (-)	- (-)	- (100.00)
Kotak Mahindra Life Insurance Company Limited	<b>0.25</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.25</b> (-)

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Matrix Business Services India Private Limited	- (-)	0.05 (-)	- (-)	- (-)	- (-)	0.05 (-)
<b>QIP Issuance Expense adjusted against Share Premium</b>						
Kotak Mahindra Capital Company Ltd	10.09 (-)	- (-)	- (-)	- (-)	- (-)	10.09 (-)
Aero Agencies Limited	- (-)	- (-)	- (-)	# (-)	- (-)	# (-)
<b>Professional Charges towards Strategic investment - capitalized</b>						
Kotak Mahindra Capital Company Ltd	3.51 (-)	- (-)	- (-)	- (-)	- (-)	3.51 (-)

Note:

1. Figures in brackets represent previous year's figures.
2. The above does not include any transactions in relation to listed securities done on recognised stock exchange during the year. However above includes transactions done on NDS with known related parties.
3. # in the above table denotes amounts less than ₹ 50,000

**Maximum Balance outstanding during the year:**

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of Key Management Personnel
<b>Liabilities</b>					
Deposits	5,936.64 (8,714.93)	5,180.30 (5,902.00)	358.56 (149.22)	397.28 (522.73)	16.37 (55.70)
Borrowings	10.00 (10.00)	- (-)	- (-)	- (-)	- (-)
Other Liabilities	116.96 (44.40)	1.56 (2.84)	1.52 (1.03)	2.55 (10.94)	0.03 (0.38)
<b>Assets</b>					
Advances	412.05 (302.77)	- (-)	- (-)	# (0.04)	- (-)
Investments-Gross	3,222.15 (1,267.31)	33.88 (33.88)	- (-)	# (#)	- (-)
Commission Receivable	43.81 (34.43)	- (-)	- (-)	- (-)	- (-)
Others	138.65 (100.80)	0.10 (0.14)	- (-)	0.32 (0.19)	- (-)

**Note:**

1. Figures in brackets represent previous year's figures.
2. # in the above table denotes amounts less than ₹ 50,000

**8. Employee Share Based Payments:**

At the General Meetings, the shareholders of the Bank had unanimously passed Special Resolutions on 28<sup>th</sup> July, 2000, 26<sup>th</sup> July, 2004, 26<sup>th</sup> July, 2005, 5<sup>th</sup> July, 2007, 21<sup>st</sup> August, 2007 and 29<sup>th</sup> June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

- (a) Kotak Mahindra Equity Option Scheme 2001-02;
- (b) Kotak Mahindra Equity Option Scheme 2002-03;
- (c) Kotak Mahindra Equity Option Scheme 2005;
- (d) Kotak Mahindra Equity Option Scheme 2007; and
- (e) Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank Limited with the Bank, the Bank has renamed and adopted the ESOP Schemes of the eIVBL, as given below:

- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2005;
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2007;
- Kotak Mahindra Bank Limited (IVBL) Employee Stock Option Scheme 2010; and
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2013

Consequent to the above, the Bank has granted stock options to the employees of the Group. The Bank under its various plan / schemes, has granted in aggregate 148,401,294 options (including options issued in exchange on amalgamation) as on 31<sup>st</sup> March, 2018 (Previous year 144,210,124).

In aggregate 9,475,005 options are outstanding as on 31<sup>st</sup> March, 2018 (Previous year 8,663,925) under the aforesaid schemes.

**Equity-settled options**

The Bank has granted options to employees of the Group vide various employee stock option schemes. During the year ended 31<sup>st</sup> March, 2018, the following schemes were in operation:

	Plan 2007	Plan 2015
Date of grant	Various Dates	Various Dates
Date of Board Approval	Various Dates	Various Dates
Date of Shareholder's approval	5 <sup>th</sup> July, 2007 as amended on 21 <sup>st</sup> August, 2007	29 <sup>th</sup> June, 2015
Number of options granted	68,873,000	8,087,640
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period	1.00 – 4.14 years	1.00 – 4.02 years
Exercise Period	0.30 – 1.08 years	0.25 – 0.50 years
Vesting Conditions	Graded / Cliff vesting	Graded / Cliff vesting

	KMBL(IVBL) Plan 2007	KMBL (IVBL) Plan 2010	KMBL (IVBL) Plan 2013
Number of options granted (addition on amalgamation)	1,245,010	5,773,046	4,642,198
Method of Settlement (Cash / Equity)	Equity	Equity	Equity

The details of activity under Plan 2007 have been summarised below:

	Year ended 31 <sup>st</sup> March, 2018		Year ended 31 <sup>st</sup> March, 2017	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	3,228,236	572.03	8,743,098	467.54
Granted during the year	-	-	-	-
Forfeited during the year	149,740	640.29	417,350	587.02
Exercised during the year	1,741,978	533.47	5,086,246	391.04
Expired during the year	15,730	657.33	11,266	632.12
Outstanding at the end of the year	1,320,788	614.14	3,228,236	572.03
Out of the above exercisable at the end of the year	231,244	396.02	330,038	397.83
Weighted average remaining contractual life (in years)	-	0.87	-	1.25
Weighted average fair value of options granted	-	-	-	-

The details of activity under Plan 2015 have been summarised below:

	Year ended 31 <sup>st</sup> March, 2018		Year ended 31 <sup>st</sup> March, 2017	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	3,778,230	721.10	14,000	690.00
Granted during the year	4,191,170	952.24	3,882,470	720.94
Forfeited during the year	453,894	849.09	114,740	712.88
Exercised during the year	631,975	704.46	3,500	690.00
Expired during the year	10,097	710.00	-	-
Outstanding at the end of the year	6,873,434	855.14	3,778,230	721.10
Out of the above exercisable at the end of the year	103,630	710.00	-	-
Weighted average remaining contractual life (in years)	-	1.94	-	2.40
Weighted average fair value of options granted	-	232.34	-	201.36

The details of activity under KMBL (IVBL) Plan 2007 have been summarised below:

	Year ended 31 <sup>st</sup> March, 2018		Year ended 31 <sup>st</sup> March, 2017	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	156,022	408.82	407,684	395.25
Forfeited during the year	-	-	-	-
Exercised during the year	5,220	201.50	251,662	386.84
Expired during the year	-	-	-	-
Outstanding at the end of the year	150,802	416.00	156,022	408.82
Out of the above exercisable at the end of the year	150,802	416.00	156,022	408.82
Weighted average remaining contractual life (in years)	-	1.70	-	2.63

The details of activity under KMBL (IVBL) Plan 2010 have been summarised below:

	Year ended 31 <sup>st</sup> March, 2018		Year ended 31 <sup>st</sup> March, 2017	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	716,978	280.53	1,392,986	275.34
Forfeited during the year	-	-	6	416.00
Exercised during the year	164,572	263.45	676,002	269.82
Expired during the year	-	-	-	-
Outstanding at the end of the year	552,406	285.62	716,978	280.53
Out of the above exercisable at the end of the year	552,406	285.62	716,978	280.53
Weighted average remaining contractual life (in years)	-	1.31	-	2.19

The details of activity under KMBL (IVBL) Plan 2013 have been summarised below:

	Year ended 31 <sup>st</sup> March, 2018		Year ended 31 <sup>st</sup> March, 2017	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	784,459	387.72	1,282,136	387.44
Forfeited during the year	-	-	28	379.50
Exercised during the year	206,884	391.05	497,649	387.01
Expired during the year	-	-	-	-
Outstanding at the end of the year	577,575	386.53	784,459	387.72
Out of the above exercisable at the end of the year	577,575	386.53	784,459	387.72
Weighted average remaining contractual life (in years)	-	2.04	-	3.02

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,008.92 (Previous year ₹ 772.59).

The details of exercise price for stock options outstanding at the end of the year are:

#### 31<sup>st</sup> March, 2018:

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
201-300	442,958	1.14	247.70
301-400	469,656	2.08	379.50
401-500	629,573	1.21	416.89
501-600	50,001	1.43	550.00
601-700	1,134,954	1.07	667.27
701-800	2,877,113	1.71	728.13
901-1000	3,823,950	2.10	955.07
1001-1100	46,800	2.71	1,076.10

#### 31<sup>st</sup> March, 2017:

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
201-300	649,724	1.89	250.50
301-400	883,365	2.26	375.32
401-500	1,226,430	1.66	413.82
501-600	71,430	2.00	550.00
601-700	2,136,676	1.47	665.12
701-800	3,696,300	2.41	724.50

### Stock appreciation rights

At the General Meeting, the shareholders of the Bank had unanimously passed Special Resolution on 29<sup>th</sup> June, 2015 to grant SARs to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue.

The SARs are settled in cash and vest on the respective due dates in a graded manner as per the terms and conditions of grant. The contractual life of the SARs outstanding range from 1.10 to 4.02 years.

Detail of activity under SARs is summarised below:

	Year Ended 31 <sup>st</sup> March, 2018	Year Ended 31 <sup>st</sup> March, 2017
Outstanding at the beginning of the year	1,355,642	1,391,816
Granted during the year	586,858	693,108
Additions/(Reduction) due to transfer of employees	23,823	(7,572)
Settled during the year	611,673	610,270
Lapsed during the year	130,094	111,440
Outstanding at the end of the year	1,224,556	1,355,642

### Fair value of Employee stock options

The fair value of the equity-settled and cash-settled options is estimated on the date of grant using Black-Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the cash-settled options is remeasured at each Balance Sheet date. The following table lists the inputs to the model used for equity-settled and cash-settled options:

Year ended 31st March,	2018		2017	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Exercise Price ₹	700-1,084	0-955	550-795	0-406
Weighted Average Share Price ₹	957.63	948.80	724.39	711.94
Expected Volatility	18.12%-39.37%	16.74%-22.56%	23.63%-28.05%	14.68%-24.24%
Historical Volatility	18.12%-39.37%	16.74%-22.56%	23.63%-28.05%	14.68%-24.24%
Life of the options granted (Vesting and exercise period)				
- At the grant date	1.19-3.88		1.24-4.21	
- As at 31 <sup>st</sup> March	0.08-3.59		0.08-2.71	
Risk-free interest rate	6.30%-7.42%	6.01%-7.33%	6.64%-7.46%	5.89%-6.64%
Expected dividend rate	0.06%	0.06%	0.06%-0.07%	0.06%

The expected volatility was determined based on historical volatility data and the Bank expects the volatility of its share price may reduce as it matures. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The above information has been prepared by Management.



Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

(₹ in crore)

Year ended 31st March,	2018	2017
Total Employee compensation cost pertaining to share-based payment plans	67.42	61.74
Compensation cost pertaining to equity-settled employee share-based payment plan included above	1.75	1.50
Liability for employee stock options outstanding as at year end	4.41	3.45
Deferred Compensation Cost	2.24	1.59
Closing balance of liability for cash-settled options	73.10	67.05
Expense arising from increase in intrinsic value of liability for cash stock appreciation plan	56.79	42.44

Had the Bank recorded the compensation cost computed on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 42.26 crore (Previous year ₹ 33.21 crore) and the profit after tax would have been lower by ₹ 27.64 crore (Previous year ₹ 21.72 crore). Consequently the basic and diluted EPS would have been ₹ 21.40 (Previous year ₹ 18.45) and ₹ 21.37 (Previous year ₹ 18.43) respectively.

*In computing the above information, certain estimates and assumptions have been made by Management.*

#### 9. Advances securitised by the Bank :

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Book value of advances securitized	-	-
Number of accounts	-	-
Sale consideration received for the accounts securitised	-	-
Gain on securitisation amortised during the year	-	-
Credit enhancement, liquidity support provided	-	-
Provision on securitised assets	-	-
Nature of post securitisation support	-	-

#### 10. Employee Benefits

- i. The Bank has recognised the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Provident Fund	97.23	88.65
Superannuation Fund	1.85	2.38
New Pension Fund	3.56	2.72

## ii. Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank subject to a maximum of ₹ 0.20 crore. There is no ceiling on gratuity payable to directors and certain categories of employees subject to service regulations and service awards.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits is given below.

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b><i>Change in benefit obligations</i></b>		
Liability at the beginning of the year	280.66	278.33
Current Service cost	32.13	28.49
Interest cost	21.38	20.89
Actuarial Losses / (Gain)	5.98	6.32
Past Service Cost	81.92	-
Liability assumed on acquisition / (Settled on divestiture)	(0.04)	0.18
Benefits paid	(48.90)	(53.55)
Liability at the end of the year	373.13	280.66
<b><i>Change in plan assets</i></b>		
Fair value of plan assets at the beginning of the year	296.23	256.35
Expected return on plan assets	22.83	19.75
Actuarial Gain / (Losses)	(0.84)	12.66
Benefits paid	(48.90)	(53.55)
Employer contributions	20.24	61.02
Fair value of plan assets at the end of the year	289.56	296.23

(₹ in crore)

<b><i>Reconciliation of present value of the obligation and the fair value of the plan assets</i></b>	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Fair value of plan assets at the end of the year	289.56	296.23
Liability at the end of the year	373.13	280.66
Net Asset (included under Schedule 11.VI) / (Liability) (included under Schedule 5.IV)	(83.57)	15.57
<b><i>Expense recognised for the year</i></b>		
Current Service cost	32.13	28.49
Interest cost	21.38	20.89
Expected return on plan assets	(22.83)	(19.75)
Actuarial (Gain) / Loss	6.82	(6.34)
Past Service Cost	81.92	-
Net gratuity expense recognised in Schedule 16.I	119.42	23.29
Actual return on plan assets	21.98	32.41

(₹ in crore)

<b>Reconciliation of the Liability recognised in the Balance Sheet</b>	<b>31<sup>st</sup> March, 2018</b>	<b>31<sup>st</sup> March, 2017</b>
Net Liability / (Asset) at the beginning of the year	(15.57)	21.98
Expense recognized	119.42	23.29
Liability assumed on acquisition / (Settled on divestiture)	(0.04)	0.18
Employer contributions	(20.24)	(61.02)
Net Liability / (asset)	83.57	(15.57)

**Investment details of plan assets**

The plan assets are invested in insurer managed funds. Major categories of plan assets as a percentage of fair value of total plan assets are as follows:

	<b>31<sup>st</sup> March, 2018</b>	<b>31<sup>st</sup> March, 2017</b>
	<b>%</b>	<b>%</b>
LIC managed funds #	26.16%	32.15%
Government securities	33.94%	12.33%
Bonds, debentures and other fixed income instruments	14.03%	13.19%
Money market instruments	1.63%	6.66%
Equity shares	24.24%	35.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

**Actuarial assumptions used**

Discount rate	7.71% - 7.90% p.a. (Previous Year 7.18% - 7.22% p.a.)
Salary escalation rate	5.50% (IBA) and 7.00% (others) p.a. (Previous Year 5.50% (IBA) and 7.00% (others) p.a.)
Expected return on plan assets	7.50% - 8.00% p.a. (Previous Year 7.50% - 8.00% p.a.)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Experience adjustments**

Amounts for the current and previous four years are as follows:

(₹ in crore)

	<b>Gratuity</b>				
	<b>Year ended 31<sup>st</sup> March</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Defined benefit obligation	373.13	280.66	278.33	86.23	67.29
Plan assets	289.56	296.23	256.35	84.68	71.07
Surplus / (Deficit)	(83.57)	15.57	(21.98)	(1.55)	3.78
Experience adjustments on plan liabilities	10.20	3.15	43.40	1.30	1.54
Experience adjustments on plan assets	(0.83)	11.38	(6.66)	15.59	3.76

The Bank expects to contribute ₹ 39.82 crore to gratuity fund in financial year 2018-19.

The above information is as certified by the actuary and relied upon by the auditors.

### iii. Pension

Pension liability relates to employees of eIVBL.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension benefits is given below.

(₹ in crore)

	As at	As at
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
	Funded	Funded
<b><i>Change in benefit obligations</i></b>		
Liability at the beginning of the year	950.14	782.02
Transfer of liabilities funded during the year	-	-
Current Service cost	29.19	29.52
Interest cost	67.99	52.01
Actuarial (gain) / loss on obligations	147.03	210.06
Past Service cost	-	-
Benefits paid	(136.50)	(123.47)
<b>Liability at the end of the year</b>	<b>1,057.85</b>	<b>950.14</b>
<b><i>Change in plan assets</i></b>		
Fair value of plan assets at the beginning of the year	924.91	747.24
Expected return on plan assets	79.54	66.89
Actuarial Gain / (loss)	(0.72)	(0.75)
Benefits paid	(136.50)	(123.47)
Employer contributions	196.46	235.00
<b>Fair value of plan assets as at the end of the year</b>	<b>1,063.69</b>	<b>924.91</b>

(₹ in crore)

Reconciliation of present value of the obligation and the fair value of the plan Assets	As at	As at
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
	Funded	Funded
Fair value of plan assets as at the end of the year	1,063.69	924.91
Liability at the end of the year	1,057.85	950.14
<b>Net Asset / (Liabilities) included in "Others" under "Other Assets" / "Other Liabilities"</b>	<b>5.84</b>	<b>(25.23)</b>
Expenses recognised for the year		
Current service cost	29.19	29.52
Interest cost	67.99	52.01
Expected return on plan assets	(79.54)	(66.89)
Actuarial (gain) / loss	147.75	210.81
Effect of the limit in Para 59(b)	-	-
<b>Net pension expense included in "[payments to and provision for employees]" under "Operating Expenses" [Schedule 16.I]</b>	<b>165.39</b>	<b>225.45</b>
<b>Actual return on plan assets</b>	<b>78.82</b>	<b>66.14</b>

(₹ in crore)

Reconciliation of the Liability recognised in the Balance Sheet	As at	As at
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
	Funded	Funded
Net (Asset) / Liability at the beginning of the year	25.23	34.78
Expense recognized	165.39	225.45
Employer contributions	(196.46)	(235.00)
Effect of the limit in Para 59(b)	-	-
<b>Net (Asset) / Liability is included in "Others" under "Other Assets" / "Other Liabilities"</b>	<b>(5.84)</b>	<b>25.23</b>

**Investment details of plan assets**

The plan assets are invested in a fund managed by Life Insurance Corporation of India. In the absence of detailed information regarding plan assets of the fund, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

**Actuarial assumptions used**

	As at	As at
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Discount rate	7.71% p.a.	7.22% p.a.
Salary escalation rate	5.50% p.a.	5.50% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Inflation	8.00% p.a.	6.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Experience adjustments**

Amounts for the current year are as follows:

(₹ in crore)

Pension	Year ended 31 <sup>st</sup> March, 2018	Year ended 31 <sup>st</sup> March, 2017
Defined benefit obligation	1,057.85	950.14
Plan assets	1,063.69	924.91
Surplus / (deficit)	5.84	(25.23)
Experience adjustments on plan liabilities	208.24	178.79
Experience adjustments on plan assets	(0.72)	(7.02)

The Bank expects to contribute ₹ 109.37 crore to pension fund in financial year 2018-2019.

#### iv. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Bank is given below:

(₹ in crore)

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total actuarial liability	177.57	188.17
<b>Assumptions:</b>		
Discount rate	7.71% - 7.90%	7.18% - 7.22%
Salary escalation rate	5.50% (IBA) and 7.00% (others)	5.50% (IBA) and 7.00% (others)

#### v. Long Service Award

The actuarially determined liability in respect of Long Service Award of the employees of the Bank is given below:

(₹ in crore)

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Total actuarial liability	9.22	8.42
Assumptions:		
Discount rate	7.90%	7.18%

### 11. Provisions and Contingencies

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Provisions for Depreciation on Investments	196.91	139.24
Loss on valuation of securities on transfer between categories	-	-
Provision towards NPA	624.81	614.41
Provision towards Unhedged Foreign Currency Exposure	(0.30)	(9.46)
Provision towards Standard Assets	112.65	85.95
Provision for Taxes	2,133.92	1,736.57
Other Provision and Contingencies	5.88	6.60
<b>Total Provisions and Contingencies</b>	<b>3,073.87</b>	<b>2,573.31</b>

### 12. Corporate Social Responsibility (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013 the Bank is required to contribute ₹ 73.97 crore. The Bank has contributed ₹ 18.79 crore to the Kotak Education Foundation and ₹ 7.61 crore to other CSR initiatives in the current financial year. The Bank has also adopted a strong CSR policy, charting out

its plan to invest in society and its own future. The Bank is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years.

(₹ in crore)

#### Details of CSR expenditure

a) **Gross amount required to be spent during the year ₹ 73.97 (Previous year ₹ 54.92)**

(b) Amount spent during the year ending on 31 <sup>st</sup> March, 2018:	Paid	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	26.40	-	26.40
<b>b) Amount spent during the year ending on 31<sup>st</sup> March, 2017:</b>	<b>Paid</b>	<b>Yet to be paid</b>	<b>Total</b>
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	17.33	-	17.33

### 13. Tier II Bonds

a) Lower Tier II Bonds outstanding as at 31<sup>st</sup> March, 2018 ₹ 701.80 crore (previous year ₹ 858.80 crore).

During the current year and previous year the Bank had not issued lower Tier II bonds. In accordance with the RBI requirements lower Tier II bonds of ₹ 367.00 crore (previous year ₹ 383.64 crore) are not considered as Tier II capital for the purposes of capital adequacy computation under Basel III guidelines.

b) Upper Tier II Bonds outstanding as at 31<sup>st</sup> March, 2018 are ₹ 225.10 crore (previous year ₹ 348.28 crore) of which bonds issued outside India are ₹ 225.10 crore (previous year ₹ 212.28 crore).

During the current and previous year, the Bank did not issue upper Tier II bonds.

c) Interest Expended-Others (Schedule 15(III)) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 81.68 crore (previous year ₹ 116.19 crore).

### 14. Details of payments of audit fees

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Statutory Audit fees	1.93	1.87
Other Matters	0.18	0.08
<b>Total</b>	<b>2.11</b>	<b>1.95</b>

### 15. Description of Contingent Liabilities:

Sr. No.	Contingent Liability*	Brief Description
1.	Claims not acknowledged as debts	<p>This includes liability on account of income tax, sales tax, lease tax demands, property tax demands and legal cases filed against the Bank.</p> <p>The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, result of operations or cash flows. In respect of appeals filed by the Income Tax department with higher authorities, where the matter was settled in favour of the Bank at the first appellate stage, and where in view of the Management, it gives rise to an item of timing difference, no contingent liability is envisaged by the Bank.</p>

Sr. No.	Contingent Liability*	Brief Description
2.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts with inter Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3.	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.
4.	Acceptances, endorsements and other obligations	These includes: <ul style="list-style-type: none"> <li>• Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank.</li> <li>• Bills re-discounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.</li> <li>• Underwriting commitments in respect of Debt Syndication.</li> </ul>
5.	Other items for which the Bank is contingently liable	These include: <ul style="list-style-type: none"> <li>• Liabilities in respect of interest rate swaps, currency swaps, forward rate agreements, futures and options contracts. The Bank enters into these transactions with inter Bank participants on its own account and for customers. Currency Swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are amounts used as a benchmark for the calculation of interest component of the contracts.</li> <li>• Liability in respect of Capital commitments relating to fixed assets and undrawn commitments in respect of investments.</li> <li>• Amount Transferred to RBI under the Depositor Education and Awareness Fund ('DEAF').</li> </ul>

\* Also refer Schedule 12 – Contingent Liability

16. The Bank has received few intimations from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and there is no outstanding against those suppliers as on 31<sup>st</sup> March, 2018, hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given. The above is based on information available with the Bank and relied upon by the Auditors.
17. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years’ presentation.

As per our report of even date attached.

For and on behalf of the Board of Directors

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

**Dr. Shankar Acharya**

Chairman

**Uday Kotak**

Executive Vice Chairman and Managing Director

**per Viren H. Mehta**

Partner

Membership No. 048749

Mumbai

30<sup>th</sup> April, 2018

**Dipak Gupta**

Joint Managing Director

**Prakash Apte**

Director

**Jaimin Bhatt**

President and Group Chief Financial Officer

**Bina Chandarana**

Company Secretary