



## Qatar National Bank (Q.P.S.C.) - India Branch

(Formerly known as Qatar National Bank SAQ - India Branch)  
(Incorporated in Qatar with Limited Liability)

### Independent Auditor's Report

To the Chief Executive Officer

Qatar National Bank (Q.P.S.C.) – India Branch

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Qatar National Bank (Q.P.S.C.) – India Branch (Formerly known as Qatar National Bank SAQ – India Branch) (the 'Bank'), which comprise the Balance Sheet as at 31 March 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2019, and profit, and its cash flows for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's management is responsible for the other information. The other information comprises the information included in the Basel III Pillar 3 Disclosures report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's responsibility for the financial statements

The Bank's management is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's management is also responsible for overseeing the Bank's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on other legal and regulatory requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, read with Rule 7 of the Companies (Accounts) Rules, 2014.

A. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 1 branch.



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B. Further, as required by Section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- (e) the requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Qatar National Bank (Q.P.S.C.), which is incorporated in Qatar; and
- (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

C. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Bank does not have any pending litigations which would impact its financial position – Refer Schedule 18 – Note 6.25 to the financial statements;
- ii. the Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Schedule 18 – Note 6.26 to the financial statements;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank; and
- iv. The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

D. With respect to the matter to be included in the Auditor's Report under Section 197(16):

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply.

Mumbai  
28 June 2019

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022  
**Pranav Gune**  
Partner  
Membership No: 121058



## Qatar National Bank (Q.P.S.C.) - India Branch

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### Annexure A to the Independent Auditor's Report of even date on the financial statements of Qatar National Bank (Q.P.S.C.) – India Branch for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in paragraph (B.f.) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

We have audited the internal financial controls with reference to financial statements of Qatar National Bank (Q.P.S.C.) – India Branch (Formerly known as Qatar National Bank SAQ – India Branch) (the 'Bank') as of 31 March 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

#### Management's responsibility for internal financial controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

#### Auditor's responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

#### Meaning of internal financial controls over financial reporting

A bank's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorisations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

#### Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Mumbai  
28 June 2019

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022  
Pranav Gune  
Partner  
Membership No: 121058



## Qatar National Bank (Q.P.S.C.) - India Branch

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### BALANCE SHEET AS AT 31 MARCH 2019

(Currency in Indian Rupees)

(Rs. in 000s)

	Schedule	As at 31 March 2019	As at 31 March 2018
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	3,155,432	3,155,432
Reserves and surplus	2	288	-
Deposits	3	1,392,615	56,195
Borrowings	4	370,000	-
Other liabilities and provisions	5	218,171	151,500
<b>Total</b>		<b>5,136,506</b>	<b>3,363,127</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	82,268	26,530
Balances with banks and money at call and short notice	7	1,300,996	1,813,685
Investments	8	779,336	442,106
Advances	9	2,755,000	900,000
Fixed assets	10	78,646	72,837
Other assets	11	140,260	107,969
<b>Total</b>		<b>5,136,506</b>	<b>3,363,127</b>
Contingent liabilities	12	358,051	45,616
Bills for collection		-	-
Significant accounting policies and notes to the financial statements	18		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

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

Chartered Accountants

Firm's Registration

No: 101248W/W-100022

**Pranav Gune**

Partner

Membership No: 121058

Mumbai

28 June 2019

**For Qatar National Bank (Q.P.S.C.) - India Branch**

**Gaurav Gupta**

Chief Executive Officer

Mumbai

28 June 2019

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

(Currency in Indian Rupees)

(Rs. in 000s)

	Schedule	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>I. INCOME</b>			
Interest earned	13	287,483	168,957
Other income	14	2,600	1,599
<b>Total</b>		<b>290,083</b>	<b>170,556</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	51,264	6,934
Operating expenses	16	215,905	192,113
Provisions and contingencies	17	21,761	(4,629)
<b>Total</b>		<b>288,930</b>	<b>194,418</b>
<b>III. PROFIT / (LOSS)</b>			
Net profit / (loss) for the year / period		1,153	(23,862)
Profit / (loss) brought forward from previous period		(39,340)	(15,478)
<b>Total</b>		<b>(38,187)</b>	<b>(39,340)</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to statutory reserves		288	-
Balance carried over to the balance sheet		(38,475)	(39,340)
<b>Total</b>		<b>(38,187)</b>	<b>(39,340)</b>
Significant accounting policies and notes to the financial statements	18		

The schedules referred to above form an integral part of the Profit and loss account.

As per our report of even date attached

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

Chartered Accountants

Firm's Registration

No: 101248W/W-100022

**Pranav Gune**

Partner

Membership No: 121058

Mumbai

28 June 2019

**For Qatar National Bank (Q.P.S.C.) - India Branch**

**Gaurav Gupta**

Chief Executive Officer

Mumbai

28 June 2019



## Qatar National Bank (Q.P.S.C.) - India Branch

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### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Rs. in 000s)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Cash flow from Operating Activities</b>		
Net profit / (loss) before tax	15,494	(32,091)
<b>Adjustment for:</b>		
Depreciation charge (refer to note 16(v))	21,180	14,806
<b>Operating profit / (loss) before working capital changes</b>	<b>36,674</b>	<b>(17,285)</b>
Increase in deposits	1,336,420	56,195
Increase in borrowings	370,000	-
Increase in other liabilities	48,465	65,782
Increase in investments	(337,230)	(442,106)
Increase in advances	(1,855,000)	(900,000)
Increase in other assets	(27,571)	(20,063)
<b>Cash generated from / (used in) operations</b>	<b>(428,242)</b>	<b>(1,257,477)</b>
Taxes paid	(22,635)	-
<b>A Net cash generated from / (used in) operating activities</b>	<b>(450,877)</b>	<b>(1,257,477)</b>
Cash flow from investing activities		
Purchase of fixed assets including capital work in progress	(6,074)	(57,740)
<b>B Net cash from/(used in) investing activities</b>	<b>(6,074)</b>	<b>(57,740)</b>
<b>Cash flow from financing activities</b>		
Capital from Head Office	-	3,112,125
Unremitted Head Office expenses (refer to schedule 1)	-	43,307
<b>C Net cash generated from / (used in) financing activities</b>	<b>-</b>	<b>3,155,432</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(456,951)</b>	<b>1,840,215</b>
D Cash and cash equivalent at the beginning of the year / period	1,840,215	-
E Cash and cash equivalent at the end of the year / period	1,383,264	1,840,215
Net increase / (decrease) in cash and cash equivalents (E-D)	(456,951)	1,840,215
<b>Cash and cash equivalent represents</b>		
Cash and Balances with Reserve Bank of India (as per Schedule 6)	82,268	26,530
Balances with Banks and Money at Call and Short Notice (as per Schedule 7)	1,300,996	1,813,685
<b>TOTAL</b>	<b>1,383,264</b>	<b>1,840,215</b>

Note: The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 - Cash Flow Statements.

As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration  
No: 101248W/W-100022

**Pranav Gune**  
Partner  
Membership No: 121058

Mumbai  
28 June 2019

**For Qatar National Bank (Q.P.S.C.) - India Branch**

**Gaurav Gupta**  
Chief Executive Officer

Mumbai  
28 June 2019



## Qatar National Bank (Q.P.S.C.) - India Branch

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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2019

(Rs. in 000s)

	(Rs. in 000s)	As at 31 March 2019	As at 31 March 2018		As at 31 March 2019	As at 31 March 2018
<b>1 CAPITAL</b>				<b>7 BALANCES WITH BANKS &amp; MONEY AT CALL AND SHORT NOTICE</b>		
Amount of deposit kept with Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949		2,000	2,000	<b>I. In India</b>		
<b>Capital</b>				<b>i) Balances with banks</b>		
Opening balance		3,155,432	-	(a) in current accounts	874	4,675
Additions during the year		-	3,112,125	(b) in other deposit accounts	1,100,000	1,808,900
Unremitted Head Office expenses (refer Schedule 18 - Note 5.28)		-	43,307	<b>ii) Money at call and short notice</b>		
<b>Total</b>		3,155,432	3,155,432	(a) with banks	200,000	-
<b>2 RESERVES AND SURPLUS</b>				(b) with other institutions	-	-
Statutory reserve				<b>Total (i + ii)</b>	1,300,874	1,813,575
Opening balance		-	-	<b>II. Outside India</b>		
Additions during the year		288	-	i) in current accounts	122	110
Deductions during the year		-	-	ii) in other deposit accounts	-	-
<b>Total</b>		288	-	iii) money at call and short notice	-	-
<b>3 DEPOSITS</b>				<b>Total (i + ii + iii)</b>	122	110
<b>A.I. Demand deposits</b>				<b>GRAND Total (I + II)</b>	1,300,996	1,813,685
(i) From banks		4,602	2,644	<b>8 INVESTMENTS</b>		
(ii) From others		35,513	53,426	<b>I. Investments in India in</b>		
<b>II. Savings bank deposits</b>		-	125	i) Government securities	779,336	442,106
<b>III. Term deposits</b>				ii) Other approved securities	-	-
(i) From banks		-	-	iii) Shares	-	-
(ii) From others		1,352,500	-	iv) Debentures and Bonds	-	-
<b>Total (I + II + III)</b>		1,392,615	56,195	v) Subsidiaries and /or joint ventures	-	-
<b>B.I. Deposits of branches in India</b>		1,392,615	56,195	vi) Others	-	-
<b>II. Deposits of branches outside India</b>		-	-	<b>Total</b>	779,336	442,106
<b>Total (I + II)</b>		1,392,615	56,195	<b>II. Investments outside India</b>	-	-
<b>4 BORROWINGS</b>				<b>Total</b>	779,336	442,106
<b>I. Borrowings in India</b>				<b>9 ADVANCES</b>		
(i) Reserve Bank of India		-	-	<b>A. i) Bills purchased and discounted</b>	-	-
(ii) Other banks		370,000	-	ii) Cash credits, overdrafts and loans repayable on demand	2,080,000	450,000
(iii) Other institutions and agencies		-	-	iii) Term loans	675,000	450,000
<b>II. Borrowings outside India</b>		-	-	<b>Total</b>	2,755,000	900,000
<b>Total (I + II)</b>		370,000	-	<b>B. i) Secured by tangible assets (book debts)</b>	980,000	450,000
<b>Secured Borrowings included in I and II above</b>		-	-	ii) Covered by bank / Government guarantees	-	-
<b>5 OTHER LIABILITIES AND PROVISIONS</b>				iii) Unsecured	1,775,000	450,000
<b>I. Bills payable</b>		-	-	<b>Total</b>	2,755,000	900,000
<b>II. Inter - office adjustment (net)</b>		-	-	<b>C. I Advances in India</b>		
<b>III. Interest accrued*</b>		25,479	-	i) Priority sectors	450,000	450,000
<b>IV. Others (including provisions)</b>				ii) Public sector	-	-
- Provision for standard advances		11,020	3,600	iii) Banks	-	-
- Payable to Head Office		147,435	105,511	iv) Others	2,305,000	450,000
- Others		34,237	42,389	<b>Total</b>	2,755,000	900,000
<b>Total</b>		218,171	151,500	<b>II Advances outside India</b>	-	-
* interest accrued less than 1 ('000) as at 31 March 2018				<b>Grand total (C.I + C.II)</b>	2,755,000	900,000
<b>6 CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>				<b>10 FIXED ASSETS</b>		
<b>I. Cash in hand (including foreign currency notes)</b>		214	214	<b>I. Premises</b>	-	-
<b>II. Balances with Reserve Bank of India</b>				<b>II. Other fixed assets (including furniture and fixtures)</b>		
(i) in current account		82,054	26,316	At cost as on 31 March of the preceding year	78,277	254
(ii) in other account		-	-	Additions during the year / period	9,636	78,023
<b>Total (I + II)</b>		82,268	26,530	Deductions during the year / period	-	-
				Depreciation to date	(35,997)	(14,816)
				Net book value of other fixed assets	51,916	63,461
				Capital work in progress	26,730	9,376
				<b>Total</b>	78,646	72,837



# Qatar National Bank (Q.P.S.C.) - India Branch

(Formerly known as Qatar National Bank SAQ - India Branch)  
(Incorporated in Qatar with Limited Liability)

		(Rs. in 000s)				(Rs. in 000s)	
		As at 31 March 2019	As at 31 March 2018			As at 31 March 2019	As at 31 March 2018
<b>11</b>	<b>OTHER ASSETS</b>			VII. Postages, telegrams, telephones, etc.		6,631	2,066
	I. Inter-office adjustment (net)	-	-	VIII. Repairs and maintenance		3,001	2,201
	II. Interest accrued	23,279	8,712	IX. Insurance		1,149	870
	III. Tax paid in advance / tax deducted at sources	-	-	X. Law charges		1,922	1,201
	IV. Stationery and stamps	-	-	XI. Professional fees		1,962	11,729
	V. Non Banking assets acquired in satisfaction of claims	-	-	XII. Information Technology expenses		5,827	8,906
	VI. Deferred tax assets (net) (refer Schedule 18 - Note 6.5)	17,013	11,429	XIII. Other expenditures (refer Schedule 18 - Note 6.7 & Note 6.21)		26,059	12,419
	VII. Others*	99,968	87,828	<b>Total</b>		215,905	192,113
	<b>Total</b>	140,260	107,969	<b>17 PROVISIONS &amp; CONTINGENCIES</b>			
	* Others include debit balance in Profit and loss account of Rs.38,475 thousand as at 31 March 2019 (P.Y. Rs.39,340 thousand)			I. Provision on standard assets		7,420	3,600
<b>12</b>	<b>CONTINGENT LIABILITIES</b>			II. Provision on account of tax			
	I. Claims against the bank not acknowledged as debts	-	-	- Current tax		18,990	3,200
	II. Liability for partly paid investments	-	-	- Tax for earlier period		935	-
	III. Liability on account of outstanding forward exchange contracts	-	-	- Deferred tax		(5,584)	(11,429)
	IV. Guarantees given on behalf of constituents			<b>Total</b>		21,761	(4,629)
	a) In India	358,051	34,217				
	b) Outside India	-	-				
	V. Acceptances, endorsements and other obligation	-	11,399				
	VI. Other items for which the bank is contingently liable	-	-				
	<b>Total</b>	358,051	45,616				
<b>13</b>	<b>INTEREST EARNED</b>						
	I. Interest / discount on advances / bills	170,344	12,659				
	II. Income on investments	33,519	16,265				
	III. Interest on balances with Reserve Bank of India and other inter-bank funds	83,620	140,033				
	IV. Others	-	-				
	<b>Total</b>	287,483	168,957				
<b>14</b>	<b>OTHER INCOME</b>						
	I. Commission, exchange and brokerage	2,225	1,028				
	II. Net profit/ (loss) on sale of investments	-	-				
	III. Net profit / (loss) on sale of premises and other assets	-	-				
	IV. Net profit / (loss) on exchange transactions	375	571				
	V. Miscellaneous income	-	-				
	<b>Total</b>	2,600	1,599				
<b>15</b>	<b>INTEREST EXPENDED</b>						
	I. Interest on deposits	25,591	1,591				
	II. Interest on Reserve Bank of India and inter-bank borrowing	25,673	5,343				
	III. Others	-	-				
	<b>Total</b>	51,264	6,934				
<b>16</b>	<b>OPERATING EXPENSES</b>						
	I. Payments to and provision for employees	100,963	79,266				
	II. Rent, taxes and lighting	42,989	51,036				
	III. Printing and stationery	794	466				
	IV. Advertisement and publicity	(447)	5,247				
	V. Depreciation on Bank's property	21,180	14,806				
	VI. Auditor's fees and expenses	3,875	1,900				

## Schedule 18

### 1. Background:

The accompanying financial statements are for the year ended 31 March 2019 comprising of the accounts of Qatar National Bank (Q.P.S.C.) - India Branch (the 'Bank'), branch of Qatar National Bank (Q.P.S.C.) which is incorporated in Qatar with limited liability.

On 6 October 2016, the Bank's parent company was granted a license by Reserve Bank of India ('RBI') to commence banking business in India. The Bank commenced its banking business in India with effect from 8 June 2017. The Bank was included in the Second Schedule of the Reserve Bank of India Act, 1934 vide notification dated 5 July 2017 published in the Gazette of India (Part III - Section 4) dated 26 August 2017.

During the current financial year there was change in the name of the bank from Qatar National Bank SAQ to Qatar National Bank (Q.P.S.C.) vide gazette notification dated 24 August 2018.

The Bank has only one branch in India as on 31 March 2019 which is in Mumbai.

### 2. Basis of preparation:

The accompanying financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, unless otherwise stated, and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time, Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 (the 'Act') to the extent applicable and practices prevailing within banking industry in India.

The financial statements are presented in Indian Rupees and rounded off to the nearest thousand, unless otherwise stated.

### 3. Use of estimates:

The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

### 4. Significant accounting policies

#### 4.1. Revenue recognition

- Revenue is recognized to the extent that is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.
- Interest income is accounted on an accrual basis, except for interest on non-performing asset, which is recognized on realization basis as per RBI regulations.
- Interest income on discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis (interest rate implied by the discounted purchase price).
- Commission received on guarantee issued is recognised over the life of the instrument.
- Other commission and fee income is recognised at the time services are rendered and a right to receive the same is established.

#### 4.2. Fixed assets and depreciation

- Fixed Assets are stated at cost less accumulated depreciation and impairment.



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- b) Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets is capitalized only when it increases the future benefit/capacity of such asset.
- c) The useful life estimates prescribed in the Part C of the Schedule II to the Act, are generally adhered to, except in respect of class of assets, based on technical assessment, where a different estimate of useful life is considered suitable.
- d) Depreciation is provided over the estimated useful life of the asset, as follows:

Nature	Years	Method
Furniture, fixtures and equipment	5	Straight Line Method
Computer Equipment	3	Straight Line Method

- e) Leasehold improvements are depreciated over the primary period of lease or management's estimate of occupation of leased premises or 10 years whichever is less.
- f) Capital work in progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

### 4.3. Foreign exchange transactions

- a) Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant gains or losses are recognized in the profit and loss account.
- b) Income and expenditure in foreign currencies are translated at the rates prevailing on the date of the transaction.
- c) Liabilities in respect of outstanding foreign exchange contract, guarantees, acceptances, endorsements and other obligations are stated at the spot rate of the exchange notified by FEDAI at the year end.

### 4.4. Investments

#### a) Classification

In accordance with RBI guidelines, investments in government securities are accounted on settlement date and are categorized as 'Held to Maturity', 'Available for Sale' and 'Held for Trading' at the time of purchase.

Investments that the Bank intends to hold to maturity are classified as 'Held to Maturity'. Investments that are held principally for sale within ninety days from the date of purchase are classified as 'Held for Trading'.

#### b) Acquisition cost

Cost of investments excludes broken period interest paid on acquisition of investments. Brokerage, commission etc., paid at the time of acquisition are charged to the Profit and Loss account. Broken period interest on debt instrument is accounted for in accordance with RBI guidelines.

#### c) Valuation

'Held to Maturity' securities are carried at the acquisition cost, except where the acquisition cost is more than the face value, in which case the premium is amortized over the remaining maturity period.

Each scrip in the 'Available for Sale' and 'Held for Trading' categories are revalued at the market price or fair value determined as per the RBI guidelines, and only the net depreciation for each category is provided for and net appreciation, is ignored. On provision of depreciation, the book value of the individual securities remains unchanged.

Treasury Bills, being discounted instruments are valued at carrying cost. Discount to face value of the instrument is recognised over remaining period to maturity.

#### d) Sale of investment

Profit or loss on sale of investment is recognised in the Profit and Loss account. Gains or losses on sale of securities is computed based on the First-In-First-Out ('FIFO') method.

### 4.5. Advances

Advances are classified as per prudential norms on 'Income Recognition and Assets Classification and Provisioning Pertaining to Advances' issued by RBI, into performing and non-performing assets and are net of specific provisions. Provisions for non-performing assets are made in accordance with RBI guidelines.

### 4.6. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balance with RBI, balances with other Banks and money at call and short notice.

### 4.7. Employee benefits

#### a) Provident fund

The Bank contributes an amount equal to the employees' contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC). The Bank has no liability apart from its monthly contribution which is charged to the profit and loss account.

#### b) Gratuity

Gratuity is provided for based on an actuarial valuation done by an independent actuary using the Projected Unit Credit method (PUC) as at the balance sheet date. Actuarial gains/losses are recognised in the profit and loss account.

#### c) Compensated absences

The Bank provides compensated absence benefit (long term), which is a defined benefit scheme based on actuarial valuation is done by an independent actuary as at the balance sheet date. The actuarial valuation is carried out as per the projected unit credit method as at the balance sheet date. Actuarial gains/losses are recognised in the profit and loss account.

### 4.8. Income Taxes

Income tax expense comprises of current tax (i.e. amount of tax for the year, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year.

Current tax expense is recognised on an annual basis under the tax payable method based on the estimated liability computed after taking credit for allowances and exemption in accordance with the provisions of Income Tax Act, 1961.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where there is unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Deferred tax assets are reviewed at the each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

### 4.9. Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating Lease payments are recognized as an expense in the Profit and Loss account over the lease term on a straight line basis.

### 4.10. Provisions and contingent liabilities

A provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at the balance sheet date and adjusted to reflect the best available estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent provision on standard assets, provision for country risk and provision for unhedged foreign currency exposure is made as per guidelines prescribed by RBI and included under 'Other Liabilities and Provisions'.

Contingent assets are neither recognised nor disclosed in the financial statements.

### 4.11. Impairment of assets

The carrying amount of assets is reviewed at the each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised, wherever the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

### 4.12. Segment information

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting - Enhancement of Disclosures dated 18 April 2007, the Bank operates in two business segments: Corporate Banking and Treasury.

The Corporate Banking segment provides services in the form of providing loans to the corporates. The segment earns income in the form of Interest and fees on loans.

The Treasury segment mainly undertakes Asset liability gap funding. Revenues of Treasury segment consist of interest income on assets and gains from investment activities. Treasury provides funds to Corporate Banking as per the needs of business.

### 5. Notes forming part of the financial statements

The following disclosures are made in accordance with requirement of RBI guidelines and accounting standards:

#### 5.1 Capital adequacy

Capital Adequacy Ratio as per RBI guidelines (Basel III) as at 31 March 2019 is given below:





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Sr.	Particulars	As at 31 March 2019	As at 31 March 2018
i)	Common Equity Tier 1 capital ratio (%)	103.46%	207.71%
ii)	Tier 1 capital ratio (%)	103.46%	207.71%
iii)	Tier 2 capital ratio (%)	0.37%	0.24%
iv)	Total capital ratio (CRAR) (%)	103.83%	207.95%
v)	% of the shareholding of the Government of India in public sector Banks	-	-
vi)	Amount of equity capital raised	-	-
vii)	Amount of Additional Tier 1 capital raised of which PNCPs: PDI:	-	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instrument: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non- cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

### 5.2 Investments (Rs. in 000s)

Sr.	Items	As at 31 March 2019	As at 31 March 2018
1.	Value of Investments		
i.	Gross Value of Investments	779,336	442,106
a)	In India	779,336	442,106
b)	Outside India	-	-
ii.	Provisions for depreciation	-	-
a)	In India	-	-
b)	Outside India	-	-
iii.	Net Value of Investments	779,336	442,106
a)	In India	779,336	442,106
b)	Outside India	-	-
2.	Movements of provisions held towards depreciation on investments		
i.	Opening balance	-	-
ii.	Add: Provisions made during the year	-	-
iii.	Less: Write-off/write-back of excess provisions during the year	-	-
iv.	Closing balance	-	-

### 5.3 Repo / Reverse Repo transactions

The Bank did not undertake any Repo/Reverse Repo transaction during the year ended 31 March 2019 (Previous year - Nil (000s)) (Rs. in 000s)

Particulars	Minimum Outstanding during the Year	Maximum Outstanding during the Year	Daily average Outstanding during the Year	As at 31 March 2019
Securities Sold under repos				
i. Government Securities	-	-	-	-
ii. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
i. Government Securities	-	-	-	-
ii. Corporate Debt Securities	-	-	-	-

### 5.4 Issuer composition of Non-SLR investments

The Bank did not have any investments under this category as at 31 March 2019 (Previous year - Nil (000s)) (Rs. in 000s)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	Public Sector Units	-	-	-	-	-
(ii)	Financial Institutions	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Corporates	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	-	-	-	-	-

### 5.5 Non performing non-SLR investment

The Bank did not have any investments under this category as at 31 March 2019 (Previous year - Nil (000s)) (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	-	-
Additions during the year since 1 April	-	-
Reductions during the above period	-	-
Closing balance	-	-
<b>Total provision held</b>	-	-

### 5.6 Sale and transfers to/from HTM category

There is no sale/transfer to/from HTM category during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.7 Derivatives

#### 5.7.1 Forward rate agreement / interest rate swap

The Bank has not dealt with any Forward rate Agreements (FRA)/Interest Rate Swaps (IRS) during the year ended 31 Mar 2019 (Previous year - Nil (000s)). (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
i) The Notional principal of swap agreements	-	-
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii) Collateral required by the Bank upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

#### 5.7.2 Exchange traded interest rate derivatives

The Bank has not dealt with any Exchange Traded Interest Rate Derivatives during the year (Previous year - Nil (000s)). (Rs. in 000s)

Sr.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March 19	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-

#### 5.7.3 Disclosures on risk exposure in derivatives

##### Qualitative disclosure

The branch has not entered into any derivative transactions during the year ended 31 Mar 2019 (Previous year - Nil (000s)).

##### Quantitative Disclosure:

(Rs. in 000s)

Sr.	Particulars	As at 31 Mar 2019		As at 31 Mar 2018	
		Currency Derivative	Interest rate derivatives	Currency Derivative	Interest rate derivatives
1	Derivative (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	-	-	-	-
2	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
3	Credit Exposure	-	-	-	-
4	Likely impact of one percent change in interest rate (100*PV01)				
	On hedging derivatives	-	-	-	-
	On trading derivatives	-	-	-	-
5	Maximum and minimum of 100PV01 observed during the year				
	a) On hedging				
	- Maximum	-	-	-	-
	- Minimum	-	-	-	-
	b) On trading				
	- Maximum	-	-	-	-
	- Minimum	-	-	-	-



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### 5.7.4 Non-performing assets

(Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Net NPA's to Net Advances (%)	-	-
(ii) Movement in NPA (Gross)	-	-
(a) Opening Balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iii) Movement of Net NPAs	-	-
(a) Opening Balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iii) Movement of provisions for NPAs (excluding provisions on standard asset)	-	-
(a) Opening Balance	-	-
(b) Provisions made during the year	-	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	-	-

### 5.7.5 Details of loan assets subjected to restructuring

There were no instances of restructuring of loan assets during the year ended 31 Mar 2019 (Previous year - Nil (000s)).

### 5.7.6 Securitization exposure

The Bank did not have any securitisation exposure during the year ended 31 Mar 2019 (Previous year - Nil (000s)).

### 5.7.7 Details of financial assets sold to Securitisation/Reconstruction company for asset reconstruction

There were no instances of sale of financial assets to Securitisation/Reconstruction Company for asset reconstruction during the year ended 31 Mar 2019 (Previous year - Nil (000s)).

Particulars	As at 31 March 2019	As at 31 March 2018
(i) No of accounts	-	-
(ii) Aggregate value (net of provisions) of the accounts sold to SC/RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

### 5.7.8 Details of non-performing financial assets purchased/sold

There were no instances of purchase/sale of non-performing assets during the year ended 31 Mar 2019 (Previous year - Nil (000s)).

(Rs. in 000s)

Details of non-performing financial assets purchased	As at 31 March 2019	As at 31 March 2018
1 (a) No of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2 (a) of these no of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

Details of non-performing financial assets sold	As at 31 March 2019	As at 31 March 2018
1. No of accounts sold	-	-
2. Aggregate outstanding	-	-
3. Aggregate consideration received	-	-

### 5.7.9 Sale of non-performing assets (NPAs) to Securitisation Companies(SCs) / Reconstruction Companies(RCs)

There are no sale of NPAs to SCs and RCs during the year ended 31 Mar 2019 (Previous year - Nil (000s)).

### 5.7.10 Provisions on standard assets

(Rs. in 000s)

Particular	As at 31 March 2019	As at 31 March 2018
Provisions towards Standard Assets	11,020	3,600

### 5.7.11 Business ratios

Sr.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
i.	Interest income as a percentage to working funds <sup>1</sup>	6.90%	4.90%
ii.	Non-Interest Income as a percentage to working funds <sup>1</sup>	0.06%	0.05%
iii.	Operating Profit/(Loss) as a percentage to working funds <sup>1</sup>	0.55%	(0.93)%
iv.	Return on assets <sup>1</sup> (%)	0.03%	(0.69)%
v.	Business (deposits plus advances) per employee (Rs.000s) 2,3	172,626	41,574
vi.	Net profit/(loss) per employee (Rs.000s.) 3	48	(1,037)

- Working funds are reckoned as average of total assets (excluding accumulated losses) as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949, during the period from 01 April 2018 to 31 March 2019.
- Computed based on deposits plus advances (excluding interbank deposits) outstanding as at the year end
- Number of employees as at the year-end has been considered.

### 5.8 Asset liability management

Maturity pattern of certain items of assets and liabilities as of 31 March 2019

(Rs. in 000s)

Maturity pattern	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities *
Day 1	-	-	40,115	-	122	-
2 - 7 days	200,000	-	-	-	-	-
8 - 14 days	-	-	-	170,000	-	-
15 - 28 days	9,375	-	-	-	-	-
29 days to 3 months	1,598,750	-	1,250,000	200,000	-	-
3 months to 6 months	403,125	588,755	102,500	-	-	-
6 months to 1 year	131,250	190,581	-	-	-	-
1 to 3 years	375,000	-	-	-	-	-
3 - 5 years	37,500	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>2,755,000</b>	<b>779,336</b>	<b>1,392,615</b>	<b>370,000</b>	<b>122</b>	<b>-</b>

Maturity pattern of certain items of assets and liabilities as of 31 March 2018

(Rs. in 000s)

Maturity pattern	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities *
Day 1	-	404,982	56,195	-	110	-
2 - 7 days	-	-	-	-	-	-
8 - 14 days	-	-	-	-	-	-
15 - 28 days	-	8,851	-	-	-	-
29 days to 3 months	-	21	-	-	-	-
3 months to 6 months	525,000	-	-	-	-	-
6 months to 1 year	75,000	-	-	-	-	-
1 to 3 years	300,000	-	-	-	-	-
3 - 5 years	-	-	-	-	-	-
Over 5 years	-	28,252	-	-	-	-
<b>Total</b>	<b>900,000</b>	<b>442,106</b>	<b>56,195</b>	<b>-</b>	<b>110</b>	<b>-</b>



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### 5.9 Exposures to sensitive sectors

#### 5.9.1 Exposure to real estate sector

(Rs. in 000s)

Category	As at 31 March 2019	As at 31 March 2018
a) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial Real Estate - 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 would also include non-fund based (NFB) limits;	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure - Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>Total Exposure to Real Estate Sector</b>	-	-

#### 5.9.2 Exposure to capital market

(Rs. in 000s)

Category	As at 31 March 2019	As at 31 March 2018
(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;	-	-
(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;	-	-
(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 ;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(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)	-	-
<b>Total Exposure to Capital Market</b>	-	-

### 5.10 Penalties imposed by RBI

During the year ended 31 Mar 2019, RBI has not imposed any penalties on the Bank (Previous year - Nil (000s)).

### 5.11 Risk category wise country exposure

(Rs. in 000s)

Risk Category	Exposure (net) as at 31 March 2019	Provision held as at 31 March 2019
Insignificant	-	-
Low	-	-
Moderate	-	-
High	-	-
Very High	-	-
Restricted	-	-
Off-credit	-	-
<b>Total</b>	-	-

### 5.12 Disclosure on single borrower / group borrower limit

RBI has prescribed exposure limit of 15% and 40% of capital funds in case of single borrower limits (SBL) and group borrower limits (GBL) respectively. In case of infrastructure projects, an additional exposure of up to 5%/10% of capital fund is allowed for SBL/GBL respectively. In addition to the above ceiling, Banks may, in exceptional circumstances, with the approval of their board, consider enhancement of the exposure to a borrower (Single as well as group) up to a further 5% of capital funds subject to the borrower consenting to the Banks making appropriate disclosure in their Annual Report.

The Bank has not exceeded the aforesaid limits during the current year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.13 Unsecured advances against intangible assets

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'Unsecured' in the financial statements as at 31 March 2019 (Previous year - Nil (000s)) and the estimated value of the intangible collaterals was Nil as at 31 March 2019 (Previous year - Nil (000s)).

### 5.14 Disclosure of complaints / unimplemented awards of banking ombudsman

A. Customer Complaints		As at 31 March 2019	As at 31 March 2018
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	1	-
c	No. of complaints redressed during the year	1	-
d	No. of complaints pending at the end of the year	-	-

B. Awards passed by the Banking Ombudsman		As at 31 March 2019	As at 31 March 2018
a	No. of unimplemented Awards at the beginning of the year	-	-
b	No. of Awards passed by the Banking Ombudsman during the year	-	-
c	No. of Awards implemented during the year	-	-
d	No. of unimplemented Awards at the end of the year	-	-

### 5.15 Draw down from reserves

The Bank has no draw down from the reserves during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.16 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The bank has not sponsored any of balance sheet SPV during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.17 Amount of provisions made for taxes on income during the year

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Provision for income tax	19,925	3,200
Deferred tax	(5,584)	(11,429)

### 5.18 Concentration of Deposits, advances, exposures and NPAs

#### 5.18.1 Concentration of Deposits

(Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Deposits of twenty largest depositors	1,392,615	56,195
Percentage of Deposits of twenty largest depositors of Total Deposits of the Bank	100	100



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### 5.18.2 Concentration of Advances (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Advances of twenty largest borrowers	2,755,000	900,000
Percentage of Advances of twenty largest borrowers of Total Advances of the Bank	100%	100%

### 5.18.3 Concentration of exposures\* (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure of twenty largest borrowers/customers	3,813,051	945,616
Percentage of Exposures of twenty largest borrowers/customers of Total Exposure of the Bank on borrowers/customers	100%	100%

\* Exposures computed as prescribed in Master Circular on Exposure Norms DBOD.No. Dir. BC.12/13.03.00/2015-16 dated 01 July 2015

### 5.18.4 Concentration of NPAs (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to top four NPA accounts	-	-

### 5.19 Sector-wise advances (Rs. in 000s)

Sr	Sector	As at 31 March 2019			As at 31 March 2018		
		O/s Total Advances	Gross NPA	% of Gross NPA	O/s Total Advances	Gross NPA	% of Gross NPA
A	Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Advances to industries sector eligible as priority sector lending	450,000	-	-	450,000	-	-
3	Services	-	-	-	-	-	-
4	Personal Loans	-	-	-	-	-	-
	Sub-total (A)	450,000	-	-	450,000	-	-
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	2,305,000	-	-	450,000	-	-
4	Personal Loans	-	-	-	-	-	-
	Sub-total (B)	2,305,000	-	-	900,000	-	-
	<b>Total (A+B)</b>	<b>2,755,000</b>	<b>-</b>	<b>-</b>	<b>900,000</b>	<b>-</b>	<b>-</b>

### 5.20 Sector-wise NPAs (Rs. in 000s)

Sector	% of NPAs to Total Advances in that sector As at 31 March 2019	% of NPAs to Total Advances in that sector As at 31 March 2018
Agriculture and allied activities	-	-
Industry (Micro & Small, Medium and Large)	-	-
Services	-	-
Personal Loans	-	-

### 5.21 Movement in NPAs (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Gross NPAs as on 1st April of particular year (Opening balance)	-	-
Additions (Fresh NPAs) during the year	-	-
Sub-total (A)	-	-
Less:-	-	-
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-
(iii) Technical /Prudential Write-offs	-	-

Particulars	As at 31 March 2019	As at 31 March 2018
(iv) Write-offs other than those under (iii) above	-	-
Sub-total (B)	-	-
Gross NPAs as on 31 March of following year (closing balance) (A-B)	-	-

### 5.22 Scheme for Sustainable Structuring of Stressed Assets (S4A)

Disclosure is not applicable as there are no such cases for the year ended 31 Mar 2019 (Previous year - Nil (000s)).

### 5.23 Flexible Structuring of Existing Loans

Disclosure is not applicable as there are no such cases during the year ended 31 March 2019 (Previous year - Nil (000s)).

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

Disclosure is not applicable as there are no such cases during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.25 Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under stand-still period)

Disclosure is not applicable as there are no such cases during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.26 Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

Disclosure is not applicable as there are no such cases during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 5.27 Overseas assets, NPAs and revenue (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Total assets	-	-
Total NPAs	-	-
Total revenue	-	-

### 5.28 Capital

a) Capital infused during the year by Head Office was Rs. Nil (Previous Year Rs. 3,112,125 ('000s)).

b) The head office expenses of Rs. 43,307 ('000s) debited to the Profit and Loss account and not remitted was considered as part of Tier I capital during the previous year as per the RBI mailbox clarification dated 08 April 2008.

### 5.29 Floating provisions

The Bank has not created any floating provisions during the year ended 31 March 2019 (Previous year - Nil (000s)). (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Opening balance in the floating provisions account	-	-
(b) The Quantum of floating provisions made in the accounting year	-	-
(c) amount of drawdown made during the accounting year	-	-
(d) Closing balance in the floating provisions account	-	-

### 5.30 Unhedged foreign currency exposure

As per RBI guidelines, the Bank has put in place a framework to compute incremental provisioning and capital requirements on account of unhedged foreign currency exposure of its clients. As per the assessment carried out as at 31 March 2019, there was no requirement of maintaining any incremental provision and additional capital on account of Unhedged Foreign Currency Exposure on its borrowers during the year ended 31 March 2019. (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Incremental provision	-	-
Incremental capital held	-	-

The assessment of unhedged foreign currency exposure is an ongoing process at the Bank. The Bank undertakes a quarterly assessment of the risks arising out of the foreign currency exposure of their corporate clients and takes suitable steps to insulate it from such risks. These steps include rigorous assessment of foreign exchange (FX) risks for a client during annual review of its credit facilities including under stress testing/downside scenarios and, if found material, downgrading the Obligor Risk Rating of the client.



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### 5.31 Liquidity coverage ratio

(Rs. in 000s)

	As at 31 March 2019 (Three months)		As at 31 December 2018 (Three months)		As at 30 September 2018 (Three months)		As at 30 June 2018 (Three months)	
	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)		671,945	424,387	408,711	420,557		
<b>Cash Outflows</b>								
2	Retail deposits and deposits from small business customers, of which:							
(i)	Stable deposits		-	-	-	-	-	-
(ii)	Less Stable deposits		1	101	122	121	121	12
3	Unsecured wholesale funding, of which:		1,710,494	928,277	497,773	428,116	136,978	120,200
(i)	Operational deposits		-	-	-	-	-	-
(ii)	Non-operational deposits		1,710,494	928,277	497,773	428,116	136,978	120,200
(iii)	Unsecured debt		-	-	-	-	-	-
4	Secured Wholesale Funding							
5	Additional requirements, of which							
(i)	Outflows related to derivative exposures and other collateral requirements							
(ii)	Outflows related to loss of funding on debt products							
(iii)	Credit and liquidity facilities							
6	Other Contractual funding obligations		16,584	16,584	15,451	15,451	10,239	10,239
7	Other Contingent funding obligations		-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>		944,861	443,576	130,451	236,720		
<b>Cash Inflows</b>								
9	Secured lending		-	-	-	-	-	-
10	Inflows from fully performing exposures		1,210,930	886,680	814,945	585,519	743,838	542,861
11	Other cash inflows		4,081	4,081	7,781	7,781	8,655	8,655
12	<b>TOTAL Cash Inflows</b>		1,215,011	890,761	822,727	593,300	752,493	551,517
<b>Total Adjusted Value</b>								
21	Total HQLA		671,945	424,387	408,711	420,557		
22	Total Net cash outflows*		236,215	110,894	32,613	59,180		
23	Liquidity Coverage Ratio (%)		284.46%	382.70%	1,253.22%	710.64%		

\* The Net Cash Outflows is higher of Total Cash Outflows less Total Cash Inflows and 25% of the Total Cash outflows

The aforementioned table provides the quarterly LCR computation for the four quarters of the financial year 2017-18. The LCR is being monitored on a daily basis effective current financial year.

(Rs. in 000s)

	As at 31 March 2018 (Three months)		As at 31 December 2017 (Three months)		As at 30 September 2017 (Three months)		As at 30 June 2017 (Three months)	
	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)		384,969	406,807	664,683	6,124		
<b>Cash Outflows</b>								
2	Retail deposits and deposits from small business customers, of which:							
(i)	Stable deposits							
(ii)	Less Stable deposits							
3	Unsecured wholesale funding, of which:				366,667	146,667		
(i)	Operational deposits							
(ii)	Non-operational deposits				366,667	146,667		
(iii)	Unsecured debt							
4	Secured Wholesale Funding							



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		As at 31 March 2018 (Three months)		As at 31 December 2017 (Three months)		As at 30 September 2017 (Three months)		As at 30 June 2017 (Three months)	
		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)
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other Contractual funding obligations	23,567	23,567	2,586	2,586	2,496	2,496	499	499
7	Other Contingent funding obligations	-	-	-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>		23,567		2,586		149,163		499
<b>Cash Inflows</b>									
9	Secured lending								
10	Inflows from fully performing exposures								
11	Other cash inflows	917,404	917,404	926,209	926,209	919,758	919,758	849	849
12	<b>TOTAL Cash Inflows</b>	917,404	917,404	926,209	926,209	919,758	919,758	849	849
<b>Total Adjusted Value</b>									
21	Total HQLA		384,969		406,807		664,683		6,124
22	Total Net cash outflows*		5,892		646		37,291		125
23	Liquidity Coverage Ratio (%)		6,534%		62,937%		1,782%		4,912%

\* The Net Cash Outflows is higher of Total Cash Outflows less Total Cash Inflows and 25% of the Total Cash outflows

Note: The Bank had implemented LCR framework and has maintained LCR above the regulatory threshold of 80 percent during the period beginning from 8 June 2017 to 31 December 2017 and (at every month end) 90 percent from 1 January 2018 (at every month end).

### 5.32 Qualitative disclosure around LCR

The Bank measures and monitors LCR in line with RBI's circular dated 9 June 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards", as amended. LCR guidelines aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable a bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement and regulatory dispensation allowed up to 13% of NDTL. SLR investments of the Bank considered for HQLA consists of Treasury Bills which provides timely liquidity to the Branch. The Branch does not hold any Level 2A or Level 2B Assets. The Bank has been maintaining high LCR primarily due to higher HQLA in the form of SLR investment over and above regulatory requirements.

Outflows majorly comprise of Term Deposits and Interbank Borrowing. The Bank's major source of funding apart from Capital are term deposit and interbank borrowing. Term deposits are mainly from corporates and for borrowing the bank has resorted to the Interbank Money Market.

In line with the RBI guidelines, only committed undrawn limits, if any, have been considered for calculation of outflows. Inflows majorly consist of Loans and Interbank placements in the Money Market.

The Bank has not entered into any Derivative contracts since inception.

The Bank has only one branch in India and all liquidity requirements are monitored on a real time basis.

The Bank does not have any currency mismatch in the LCR.

Overall liquidity management including LCR of the Bank is guided by Asset Liability Committee ('ALCO') which also strategizes the Balance Sheet profile of the Bank. There is no other material inflow or outflow not captured in the LCR common template.

### 6. Other Disclosures

#### 6.1 Employee benefits

##### Gratuity

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and the amounts recognized in the balance sheet for the benefit plan.

### Profit and Loss account

Net employee benefit expense (recognized in the Employee Cost) (Rs. in 000s)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	559	1,530
Interest cost of benefit obligation	115	-
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(33)	-
Past service cost	-	-
Net benefit expense	-	-
Expected return on plan assets	-	-

### Balance sheet

(Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of defined benefit obligation	2,171	1,530
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(2,171)	(1,530)
Unrecognized past service cost	-	-
Net liability	(2,171)	(1,530)

Changes in the present value of the defined benefit obligation are as follows (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening defined benefit obligation	1,530	-
Interest cost	115	-
Current service cost	559	1,530
Benefits paid	-	-
Actuarial (gains)/losses on obligation	(33)	-
Closing defined benefit obligation	2,171	1,530



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### Changes in the fair value of plan assets are as follows (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening fair value of plan assets	-	-
Expected return	-	-
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gains/(losses)	-	-
Closing fair value of plan assets	-	-

### Experience history (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation at the end of the period	(2,171)	(1,530)
Planned asset at the end of the period	-	-
Funded Status	(2,171)	(1,530)
Experience gain/(losses) adjustment on plan liabilities	75	-
Experience gain/(losses) adjustment on plan assets	-	-
Actuarial gain/(losses) due to change on assumptions	(42)	-

### Principal actuarial assumptions at the balance sheet date

Particulars	As at 31 March 2019	As at 31 March 2018
Discount Rate	7.20%	7.50%
Salary Escalation Rate	5.00%	5.00%
Withdrawal rate	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### Compensated absence:

The charge for compensated absence for the year ended 31 March 2019 is Rs. 757 ('000s) (Previous year - Rs. 908 ('000s)).

### 6.2 Segment reporting

#### Business Segment

In terms of RBI's revised guidelines on Segment reporting issued on 18 April 2007 vide RBI Circular No.DBOD.No.BP.BC.81/21.04.018/2006-07, the Bank has classified and disclosed its operations under two segments viz. Treasury and Corporate Banking which are considered as primary reporting segments. The principle activities of the primary reporting segments are as follows:

Segment	Principal Activity	Revenue/Expenses
Treasury	Treasury activities comprise of liquidity management, foreign exchange investments in government securities and money market operations.	Revenue consists of interest earned on investments, gain/ (loss) on Foreign Exchange. Expenses consist of interest on funds borrowed. Expense include staff costs, premises costs and overhead expenses allocated to division under predetermined ratio by management
Corporate Banking	Corporate Banking activities comprise of funded and non-funded facilities, cash management activities and fee based activities	Revenue consists of interest earned on loans and advances and fee income on various services. Expense include staff costs, premises costs and overhead expenses allocated to division under predetermined ratio by management

(Rs. in 000s)

Business Segment	Treasury		Corporate Banking		Total	
	2019	2018	2019	2018	2019	2018
Revenue	117,514	156,868	172,569	13,688	290,083	170,556
Results	48,660	118,446	(33,166)	(150,537)	15,494	(32,091)
Unallocated Expenses					-	-
Operating Profit					15,494	(32,091)
Income Taxes					(14,341)	8,229
Extraordinary Profit/Loss					-	-
Net Profit/Loss					1,153	(23,862)
Other Information						
Segment Assets	2,186,247	2,290,648	2,761,728	902,316	4,947,975	3,192,964
Unallocated Assets					150,057	130,824
Total Assets					5,098,032	3,323,788
Segment Liabilities	378,046	-	1,445,649	56,235	1,823,695	56,235
Unallocated Liabilities					157,091	151,460
Total Liabilities					1,980,786	207,695

In computing the above disclosure, certain assumptions and estimates are made by management.

### Part B: Geographical segment

The business of the Bank is in India. Accordingly, geographical segment results have not been provided.

### 6.3 Related party disclosure

The information required in this regard in accordance with AS 18 on "Related Party disclosures", and RBI guidelines, is provided below.

#### Name and nature of relationship of related parties

Relationship	Name
Head Office	Qatar National Bank (Q.P.S.C.), Qatar and its branches
Subsidiary of Head Office (with whom the Bank has transactions during the year)	QNB FynnansBank, Turkey
Key Management Personnel	Mr. Gaurav Gupta, Chief Executive Officer

(Rs. in 000s)

Particulars	Nature of Related Party	As at 31 March 2019	Maximum Outstanding during the year	As at 31 March 2018	Maximum Outstanding during the year
Deposits / Vostro	Head Office	4,602	145,176	2,645	3,196
Nostro Balances	Head Office	122	2,787	110	115
Guarantees / Letter of Credit	Head Office	36,306	36,306	45,617	45,617
Guarantees / Letter of Credit	Subsidiary	3,890	3,890	0	0
Other Liabilities	Head Office	147,435	147,435	105,511	148,817

### Payment made by Head Office on behalf of the Branch for: (Rs. in 000s)

Particulars	During the Year 2018-19	During the Year 2017-18
Acquisition of fixed assets	20,916	65,533
Security deposit and other payment	-	39,639
Payment of operating expenses	2,258	21,224
Allocated expenses and management fees	18,750	10,630

The Bank has not disclosed details pertaining to related parties where under a category there is only one entity / person. There has been only one person under Key Management personnel at any given point of time, and therefore, those details are not disclosed.

### 6.4 Lease disclosures:

The Bank has entered into operating lease for certain assets relating to business operations.

Total of future minimum lease payments are as follows: (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Not more than one year	39,201	36,896
later than one year and not later than five year	67,180	106,382
Later than five years	Nil	Nil

Lease payments recognized in the Profit and Loss account during the year is Rs. 40,585 ('000s) (Previous year Rs. 49,337 ('000s)).

### 6.5 Deferred taxation

The major components giving rise to the deferred tax assets and liabilities are as under:

(Rs. in 000s)

Description	As at 31 March 2019	As at 31 March 2018
Deferred tax assets		
Depreciation differences	4,805	1,432
Provision on Gratuity	921	643
Provision on Compensated absence	694	381
Provision for bonus	1,273	1,022
Rent equalisation reserve	4,040	3,845
General provision on standard assets	4,676	1,513
Others	605	2,593
<b>Deferred tax assets (net)</b>	<b>17,013</b>	<b>11,429</b>



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### 6.6 Break up of "Provisions and Contingencies" shown under the head expenditure in Profit and Loss account: (Rs. in 000s)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Provision on standard Assets	7,420	3,600
Provision on unhedged foreign currency exposure	-	-
Provision on country risk assets	-	-

### 6.7 Operating expenses

During the financial year ended 31 March 2019, under other expenses in Schedule 16, expenses in excess of 1% of total income were as follows: (Rs. in 000s)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Head office Management fees	20,438	4,905
Travelling expenses	4,071	4,311

### 6.8 Subordinated debt

The Bank has not raised any subordinated debt during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 6.9 Provision coverage ratio

The provision coverage ratio is not applicable as the Bank has Nil Non-Performing Assets as at 31 March 2019 (Previous year - Nil (000s)). Hence provision coverage ratio is not calculated.

### 6.10 Divergence in Asset classification and provisioning

In terms of the RBI circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated 18 April 2017, banks are required to disclose the divergences in asset classification and provisioning in their notes to accounts to the financial statements consequent to RBI's annual inspection.

There has been no divergence in the asset classification and provisioning of advances as per the RBI's annual inspection held for the financial year 2017-18 which would require such a disclosure.

### 6.11 Bancassurance business

The Bank has not undertaken Bancassurance business during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 6.12 Letter of comfort issued by the Bank

The Bank had not issued or sanctioned any Letter of Comfort (LOC) or Letter of Undertaking (LOU) during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 6.13 Disclosures on remuneration

In accordance with the requirements of RBI, the Head Office of the Bank has submitted a declaration to RBI that the Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards.

### 6.14 Credit default swaps

The Bank has not entered into credit default swap transactions during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 6.15 Transfer pricing

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Management is of the opinion that international transactions are at arm's length so that the above legislation will not have material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxes.

### 6.16 Intra group exposure

The Bank did not have any Intra Group Exposure during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 6.17 Transfers to Depositor Education and Awareness Fund (DEAF)

There is no amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years that needs to be transferred to DEAF under the provisions of Section 26A of the Banking Regulation Act, 1949. (Rs. in 000s)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred to DEAF during the year	-	-
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

### 6.18 Corporate Social Responsibility

The CSR provisions under the Companies Act, 2013 does not apply to the Bank as it does not meet the following criteria:

- A net worth of Rs. 500 crore or more; or
- A turnover of Rs. 1,000 crore or more; or
- A net profit of Rs. 5 crore or more in any fiscal year.

### 6.19 Description of nature of contingent liabilities is set out below:

Guarantees given on the behalf of Constituents, Acceptances, Endorsement and other obligations - as a part of its corporate banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customer of the Bank. Guarantees represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

6.20 The Bank has not purchased Inter Bank Participation Certificate ('IBPC') on a risk sharing basis during the year ended 31 March 2019 (Previous year - Nil (000s)).

### 6.21 Priority Sector Lending Certificate (PSLC)

The amount of PSLCs (category wise) purchased and sold during the year

Sr.	Type of PSLC's	Year ended 31 March 2019	
		Purchase	Sold
1.	PSLC - Agriculture	-	-
2.	PSLC - SF/MF	-	-
3.	PSLC - Micro Enterprises	60,000	-
4.	PSLC - General	-	-
	<b>Total</b>	<b>60,000</b>	<b>-</b>

The payment made for the purchase of the above PSLC has been included in 'Other Expenditure' under the head schedule 16 on operating expenses.

### 6.22 Provisioning pertaining to fraud accounts

There have been no instances of fraud during the current financial year (Previous year - Nil (000s)).

### 6.23 Investments in security receipts (SRs)

The bank has not invested in security receipts during the current financial year (Previous year - Nil (000s)).

### 6.24 Small and micro enterprises

The Bank did not have any transactions with enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006". The determination has been made based on the information available with the Bank.

6.25 The Bank does not have any pending litigation which would have any impact on the financial position.

6.26 The Bank does not have any long term contract including derivative contract for which there were any material foreseeable loss.

6.27 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

As per our report of even date attached

**For B S R & Co. LLP** **For Qatar National Bank (Q.P.S.C.) - India Branch**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Pranav Gune**  
Partner  
Membership No: 121058

**Gaurav Gupta**  
Chief Executive Officer

Mumbai  
28 June 2019

Mumbai  
28 June 2019

### Disclosures under Pillar 3 of capital adequacy framework (Basel III guidelines) for the quarter ended 31 March 2019

The Basel III disclosures contained herein relate to the Indian branch of Qatar National Bank (Q.P.S.C.) ("the Bank") for the period ended March 31, 2019. These are primarily in the context of the disclosure requirements under Annexure 18-Pillar 3 disclosure requirements of the Reserve Bank of India (RBI) Master Circular - Basel III capital regulation dated July 01, 2015. The Bank has implemented the requirement laid down by RBI for Pillar 3 disclosure, covering both the quantitative and qualitative items. The information provided has been reviewed by senior management. All table DF references relate to those mentioned in Annexure 18 - Pillar 3 of the above mentioned circular.

The Basel III framework consists of three-mutually reinforcing pillars:

- Pillar 1: Minimum capital requirements for credit risk, market risk and operational risk
- Pillar 2: Supervisory review of capital adequacy
- Pillar 3: Market discipline

Market discipline (Pillar 3) comprises a set of disclosures on the Capital Adequacy and Risk Management framework of the Bank. Pillar 3 disclosures as per RBI master circular on Basel-III Capital Regulations are set out in the following sections for information.





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## Scope of Application and Capital Adequacy (DF-1)

The Bank has implemented the requirement laid down by RBI for Pillar 3 disclosure, covering both the quantitative and qualitative items.

The Bank does not have any subsidiary in India which requires to be consolidated in line with AS21 (Consolidated Financial Statements).

## Capital Adequacy (DF-2)

### Qualitative Disclosures

The Bank's capital management approach is to ensure that it maintains a strong capital base to support its business growth and to meet regulatory capital requirements at all times.

The Bank is subject to the capital adequacy norms stipulated by the RBI guidelines on Basel III. The minimum capital requirements are being phased-in as per the guidelines prescribed by RBI. Accordingly, the Bank is required to maintain a minimum CET1 capital ratio 7.525% (previous year: 7.375%), a minimum Tier I capital ratio of 9.025% (previous year: 8.875%) and a minimum total capital ratio of 10.875% (previous year: 10.875%) as of Mar 31, 2019. The given minimum capital requirement includes capital conservation buffer of 1.875% (previous year: 1.875%).

The capital to risk weighted asset ratio (CRAR) of the Bank is 103.83% higher than minimum regulatory CRAR requirement of 10.875%.

The Bank assesses its growth opportunities relative to the capital available to support them, particularly in the light of the economic environment and capital requirements under Basel III. The Bank maintains a strong discipline over capital allocation and ensures returns on investment cover capital costs.

A summary of the Bank's capital requirement for credit, market and operational risk and capital adequacy ratio as on Mar 31, 2019 is presented below: (Rs. in '000s)

Quantitative disclosures	As at 31 March 2019
<b>Capital requirements for credit risk (I):</b>	<b>233,772</b>
Portfolios subject to standardised approach	233,772
Securitisation exposures	Nil
<b>Capital requirements for market risk (II):</b>	<b>9,790</b>
Standardised duration approach;	9,790
Interest rate risk	3,278
Foreign exchange risk (including gold)	6,512
Equity risk	Nil
<b>Capital requirements for operational risk (III):</b>	<b>27,611</b>
Basic Indicator Approach	27,611
The Standardised Approach (if applicable)	Nil
<b>Total capital requirement (I + II + III)</b>	<b>271,173</b>
Total capital funds of the Bank (Tier I + Tier II)	3,128,265
Total risk weighted assets	3,013,030
<b>Common Equity Tier I Capital (CET1)</b>	<b>3,117,245</b>
Tier I Capital ratio	103.46%
Tier II Capital ratio	0.37%
<b>Total Capital ratio</b>	<b>103.83%</b>

## General Qualitative Disclosures:

As part of overall corporate governance, the Bank has set up a framework which defines approval authority levels, policy structures and risk appetite limits to manage the credit risks.

## Credit Risk [table DF 3]

Credit risk is the risk of loss arising out of failure of counterparties to meet their financial or contractual obligations when due. The credit risk that the Bank faces arises mainly from corporate advances, exposure to debt securities, settlement balances with market counterparties and available for sale assets.

Credit risk is managed in accordance with the Bank's comprehensive risk management control framework set out in the QNB Group's - Wholesale and Institutional Banking Credit Policy. Local policy is an addendum to the Group's policy adjusted to align with RBI lending guidelines. The RBI guidelines is complied with by the Bank at all times, however where there is a conflict between RBI guideline and the Bank's credit Policy then the more conservative policy is followed.

## Credit Risk Rating

The Bank's Group Credit Committee (GCC) has approved the internal credit risk rating policy for corporate customers, establishing a rating mechanism for identifying and assessing the credit risk against each obligor or transaction. The mechanism considers factors such as management, financial position, macro or micro economic factors and the facility structuring.

The system plays a vital role in the decision making, monitoring and capital adequacy assessment processes relating to credit risk management. QNB India is now utilizing the Bank's MRA system to rate customers.

## Credit Risk Mitigation

A sound credit risk mitigation framework is in place in the Bank. The principles for credit risk mitigation have been integrated in the Bank's Wholesale and Institutional Banking Credit Risk Management Policy, risk limits for counterparties, obligors and Bank of obligors and industrial segments, early warning signals, credit administration, collateral and remedial management procedures.

## Credit Reporting

An effective early warning system is in place which enables the business units, credit managers and credit administration personnel to identify and report problem loans on a prompt basis. Reports are received from business units on a regular basis, which are escalated to senior credit authorities for taking necessary action.

## Quantitative disclosure as per table DF 3 Total

a) Total gross credit exposures including Geographic distribution of exposures (Rs. in '000s)

Particulars	Domestic	Overseas	Total
Fund Based Exposure	4,055,875	122	4,055,997
Non Fund Based Exposure	1,058,051	-	1,058,051

b) Industry type distribution of exposures (Rs. in '000s)

Type of Industry	Funded			Non Funded
	Standard	NPA	Total	Total
Banks	1,300,997	-	1,300,997	358,051
NBFCs	1,280,000	-	1,280,000	-
Logistics	375,000	-	375,000	-
Textiles	450,000	-	450,000	-
Electronics & Electrical Equipment	450,000	-	450,000	450,000
Publications	200,000	-	200,000	250,000

c) Residual contractual maturity breakdown of assets (Rs. in 000s)

Maturity Pattern	Day 1	2 - 7 days	8 - 14 days	15 - 28 days	29 days to 3 mths	3 mths to 6 mths	6 mths to 1 year	1 to 3 yrs	3 - 5 yrs	Over 5 yrs	Total
Cash and balance with RBI and other Banks	83,264	200,000	-	-	1,100,000	-	-	-	-	-	1,383,264
Loans and Advances	-	200,000	-	9,375	1,598,750	403,125	131,250	375,000	37,500	-	2,755,000
Investments	-	-	-	-	-	558,755	190,581	-	-	-	779,336

d) Amount of NPAs (Gross) - NIL

e) Net NPAs - NIL

f) NPA Ratios - NIL

g) Movement of NPAs (Gross) - NIL

h) Movement of provisions for NPAs - NIL

i) Amount of Non-Performing Investments - NIL

j) Amount of provisions held for non-performing investments - NIL

k) Movement of provisions for depreciation on investments - NIL

## Credit Risk: Disclosures for Portfolios subject to Standardised Approach: DF-4

### External Ratings

The Bank has adopted the standardized approach of the new capital adequacy framework for computation of capital for credit risk. The Bank has assigned risk weights to different classes of assets as prescribed by RBI.

As at March 31, 2019, the Bank has not considered external rating of claims of any Borrower counterparty. (Rs. in 000s)

Quantitative disclosures	Amount
a) For exposure amounts after risk mitigation subject to the standardised approach, amount of a Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted:	
• Below 100% risk weight	4,091,542
• 100% risk weight	122,505
• More than 100% risk weight	900,000
• Deducted	-



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## Credit Risk Mitigation: Disclosures for Standardised Approaches: DF-5

Taking collateral enables the Bank to manage and mitigate its credit exposure to a counterparty. Collateral refers to assets in which the Bank has legally enforceable right in order to mitigate losses in case of a default.

The comprehensive assessment of collateral is performed in which certain qualitative & quantitative factors are considered, including:

- Nature;
- Quality;
- Liquidity;
- Market value;
- Exposure of collateral to other risks such as market risk and operational risk;
- Quality of charge;
- Legal status of rights;
- Legal enforceability; and
- Time required to dispose off.

As at March 31, 2019 the Bank had no collateral eligible as credit risk mitigant.

(Rs. in 000s)

Quantitative disclosures	Amount
• For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.	-
• For each separately disclosed portfolio the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees/credit derivatives (whenever specifically permitted by RBI)	-

## Securitisation Exposures: Disclosure for Standardised Approach: DF-6

The Bank does not have any securitization exposure.

## Market Risk in Trading Book: DF-7

### Qualitative Disclosures

Market risk is the risk that changes in financial market prices, interest rates, exchange rates, market volatilities and correlations will adversely impact the financial condition of the Bank. Market risk consists of traded market risk and Banking book interest rate risk.

- Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates.
- Foreign exchange risk is the exposure of the Bank's financial condition to adverse movements in foreign exchange rates.
- Fixed income trading risk is the exposure of the Bank's financial condition to adverse movement in bond prices.

The following portfolios are covered for measuring market risk:

1. Securities held under Available for Sale (AFS) category; and
2. Foreign exchange spot trading.

The Bank's market risk management philosophy is to ensure that risks are identified, measured, monitored and reported on a timely basis and in a professional manner.

The Group Risk Committee (GRC) defines limits in terms of FX positions, interest rate positions, VaR and stop loss. The Bank's appetite for market risk is low and its minimal tolerance for market risk is reflected in the conservative market risk limits approved by the Board.

The Board of Directors (HO-Doha) review and approve market risk policies and limits annually. The Group's Asset Liability Committee (GALCO) reviews and recommends strategy, policies and procedures relating to Asset Liability Management across the Group to the Executive Committee and the Board of Directors, including Group reporting as and when required.

Strategic Risk Management (SRM) facilitates the following for all the international branches including India:

1. Determining appropriate risk limits and obtain GRC approval of these limits;
2. Ensuring both the proper implementation of the market risk policies approved by Board and/or ALCO/GRC especially the risk identification, measurement and reporting policies and processes;
3. Monitoring and reporting the market risk positions and limit compliance to GRC and ALCO. Limit breach escalation;
4. Recommending market risk management strategies to ALCO; and
5. Ensuring compliance with the regulatory guidelines relating to market risk management.

Local ALCO meets on a monthly basis to review the liquidity, interest rate risk, asset/liability position, FX position, NFSR, VAR, stress testing etc. Group Treasury and SRM have oversight on the local ALCO.

## Quantitative Disclosures

The Bank is following the standardized duration approach for calculating capital requirements for market risk. The Bank in India currently does not have any exposure to capital markets. (Rs. in 000s)

Capital requirement for market risk	As at 31 Mar 2019	As at 31 Dec 2018
<b>Standardized approach</b>	<b>9,790</b>	<b>7,235</b>
Interest rate risk	3,278	723
Foreign exchange risk (including Gold)	6,512	6,512
Equity risk	Nil	Nil

## Operational Risk: DF-8

### Qualitative Disclosures

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, systems, control or external events. Internal and External Fraud, IT failure, Cyber-attacks, regulatory, information security, staff errors, and business Continuity risks would be typical sources of operational risk for QNB India.

QNB India utilises three key tools for identifying, managing and monitoring operational risks namely:

1. Incident reporting;
2. Risk and Control Self-Assessment (RCSA) whereby each business unit identifies, assesses and designs controls against potential or existing operational risks; and
3. Key Risk Indicators which are pre-set to help monitor status of operational risks.

The Bank's approach to operational risk is to contain risks within the Bank's risk appetite boundaries. As part of building a risk culture, all Bank staff are regularly required to undergo various training & awareness programmes on Operational Risk Management & Compliance through workshops and online e-learning modules supported by the head office.

### Approach for Operational risk Capital Assessment

As per RBI guidelines, the Bank has adopted Basic Indicator Approach (BIA) for assessing capital for operational risk. As per BIA, the capital requirement as at March 31, 2019 is INR 27,611,151.

## Interest Rate Risk in the Banking Book (IRRBB): DF-9

### Qualitative Disclosures

Interest rate risk refers to the potential for the Bank's earnings or capital being reduced due to fluctuations in interest rates. The main source of the interest rate risk in the banking book is the re-pricing risk, which reflects the fact that the QNB India's interest rates for its assets and liabilities are of different repricing maturities and are priced at different interest rates.

The Bank manages its banking book interest rate risk by limiting the use of fixed rate assets, and by generating fixed rate term liabilities where possible. The Bank controls the amount of risk it is prepared to accept by the use of defined limits for interest rate risk in the Banking book. The limits are approved by the Board annually, or more frequently if appropriate, and limit compliance and risk exposures are reported monthly and communicated to India ALCO.

### Quantitative Disclosures

The Bank identifies and assesses interest rate risk in the Banking book exposures via interest rate sensitivity analysis. This analysis is included in the monthly report to Group Strategic Risk Management.

The potential change in Market Value of Equity (MVE) and Earnings at Risk (EaR) for different interest rate shocks as on March 31, 2019 is given below:

Rs. in 000s	MVE		EaR	
	Increase	Decrease	Increase	Decrease
Interest Rate Shock				
250 bps change in interest rates	(55,596)	55,596	49,387	(49,387)
300 bps change in interest rates	(66,716)	66,716	59,264	(59,264)
400 bps change in interest rates	(88,954)	88,954	79,019	(79,019)

## General Disclosure for Exposures Related to Counterparty Credit Risk: DF 10

### Qualitative disclosures

As per the Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF) of RBI dated Jul 31, 2015, Banks are expected to use the standardised method for computation of counterparty credit exposure using the Current Exposure Method (CEM) for market related off balance sheet exposures. The Bank has not carried out any derivative transactions during the year, also there were no derivative contract outstanding as of Mar 31, 2018, which required any capital allocation (Rs. in 000s)

Particulars	Notional Amount	Current Exposure
Foreign Exchange Contract	-	-
<b>Total</b>	-	-



## Qatar National Bank (Q.P.S.C.) - India Branch

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**Table DF-11: Composition of Capital**

(Rs. in 000s)

		Amounts Subject to Pre-Basel III Treatment	Ref No.			Amounts Subject to Pre-Basel III Treatment	Ref No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>				27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
1	Directly issued qualifying common share capital plus related stock surplus (share premium) (Funds received from Head Office)	3,155,432		28	<b>Total regulatory adjustments to Common equity Tier 1</b>	(38,187)	
2	Retained earnings	(38,187)		29	<b>Common Equity Tier 1 capital (CET 1)</b>	<b>3,117,245</b>	
<b>Public sector capital injections grandfathered until January 1, 2018</b>				<b>Additional Tier 1 capital: instruments</b>			
3	Accumulated other comprehensive income (and other reserves)			30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)			31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>3,117,245</b>		33	Directly issued capital instruments subject to phase out from Additional Tier 1		
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
7	Prudential valuation adjustments			35	of which: instruments issued by subsidiaries subject to phase out		
8	Goodwill (net of related tax liability)			36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)			<b>Additional Tier 1 capital: regulatory adjustments</b>			
10	Deferred tax assets 2			37	Investments in own Additional Tier 1 instruments		
11	Cash-flow hedge reserve			38	Reciprocal cross-holdings in Additional Tier 1 instruments		
12	Shortfall of provisions to expected losses			39	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
13	Securitisation gain on sale			40	Significant investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10		
14	Gains and losses due to changes in own credit risk on fair valued liabilities			41	National specific regulatory adjustments (41a+41b)		
15	Defined-benefit pension fund net assets			41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)			41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank		
17	Reciprocal cross-holdings in common equity			Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
18	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)			of which:			
19	Significant investments in the common stock of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)3			42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
20	Mortgage servicing rights4 (amount above 10% threshold)			43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)			44	<b>Additional Tier 1 capital (AT1)</b>	-	
22	Amount exceeding the 15% threshold6			44a	<b>Additional Tier 1 capital reckoned for capital adequacy11</b>	-	
23	of which: significant investments in the common stock of financial entities			45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)</b>	<b>3,117,245</b>	
24	of which: mortgage servicing rights			<b>Tier 2 capital: instruments and provisions</b>			
25	of which: deferred tax assets arising from temporary differences			46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
26	National specific regulatory adjustments7 (26a+26b+26c+26d)			47	Directly issued capital instruments subject to phase out from Tier 2		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries			48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries8			49	of which: instruments issued by subsidiaries subject to phase out		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank9			50	Provisions12	11,020	
26d	of which: Unamortised pension funds expenditures			51	<b>Tier 2 capital before regulatory adjustments</b>	<b>11,020</b>	
Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment				<b>Tier 2 capital: regulatory adjustments</b>			
of which:				52	Investments in own Tier 2 instruments		
				53	Reciprocal cross-holdings in Tier 2 instruments		



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		Amounts Subject to Pre-Basel III Treatment	Ref No.
54	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments <sup>13</sup> in the capital Banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the Bank		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment		
57	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
58	<b>Tier 2 capital (T2)</b>	11,020	
58a	<b>Tier 2 capital reckoned for capital adequacy<sup>14</sup></b>	-	
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	-	
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	-	
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>3,128,265</b>	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>3,013,030</b>	
60a	<b>of which: total credit risk weighted assets</b>	2,597,465	
60b	<b>of which: total market risk weighted assets</b>	108,775	
60c	<b>of which: total operational risk weighted assets</b>	306,790	
<b>Capital Ratios</b>			
61	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>		
62	<b>Tier 1 (as a percentage of risk weighted assets)</b>	103.46%	
63	<b>Total capital (as a percentage of risk weighted assets)</b>	103.83%	
64	<b>Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)</b>	-	
65	<b>of which: capital conservation buffer requirement</b>	-	
66	<b>of which: Bank specific countercyclical buffer requirement</b>	-	
67	<b>of which: G-SIB buffer requirement</b>	-	
68	<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>	-	
<b>National minima (if different from Basel III)</b>			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		

		Amounts Subject to Pre-Basel III Treatment	Ref No.
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	11,020	
77	Cap on inclusion of provisions in Tier 2 under standardised approach		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

**Table DF-12: Composition of Capital – Reconciliation Requirements**

Step 1 The Scope of regulatory consolidation and accounting consolidation is identical and accordingly the step 1 of the reconciliation is not required.

Step 2 (Rs. in 000s)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
<b>A Capital &amp; Liabilities</b>		
i Paid-up Capital	3,155,432	3,155,432
Reserves & Surplus	288	288
Minority Interest	-	-
<b>Total Capital</b>	<b>3,155,720</b>	<b>3,155,720</b>
ii Deposits	<b>1,392,615</b>	<b>1,392,615</b>
of which: Deposits from Banks	4,602	4,602
of which: Customer deposits	1,388,013	1,388,013
of which: Other deposits (pl. specify)	-	-
iii Borrowings	370,000	370,000
of which: From RBI	-	-
of which: From Banks	<b>370,000</b>	<b>370,000</b>
of which: From other institutions & agencies	-	-
of which: Others (pl. specify)	-	-
of which: Capital instruments	-	-
iv Other liabilities & provisions	218,171	218,171
<b>Total</b>	<b>5,136,506</b>	<b>5,136,506</b>
<b>B Assets</b>		
i Cash and balances with Reserve Bank of India	<b>82,268</b>	<b>82,268</b>
Balance with Banks and money at call and short notice	<b>1,300,996</b>	<b>1,300,996</b>



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		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
ii	Investments:	779,336	779,336
	of which: Government securities	779,336	779,336
	of which: Other approved securities of which: Shares	-	-
	of which: Debentures & Bonds	-	-
	of which: Subsidiaries / Joint Ventures / Associates	-	-
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	-
iii	Loans and advances	2,755,000	2,755,000
	of which: Loans and advances to Banks	-	-
	of which: Loans and advances to customers	2,755,000	2,755,000
iv	Fixed assets	78,646	78,646
v	Other assets	101,785	101,785
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets	17,013	17,013
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	38,475	38,475
	<b>Total Assets</b>	<b>5,136,506</b>	<b>5,136,506</b>

Step 3

Common Equity Tier 1 capital: instruments and reserves			
		Component of regulatory capital reported by Bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	3,155,432	-
2	Retained earnings	(38,187)	-
3	Accumulated other comprehensive income (and other reserves)	-	-
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	3,117,245	-
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	-	-

**Table DF-13: Main features of Regulatory Capital Instruments**

QNB India has not issued any regulatory capital instruments.

**Table DF-14: Full terms & conditions of Regulatory Capital Instruments**

QNB India has not issued any regulatory capital instruments.

**Table DF-15: Disclosure Requirements for Remuneration**

In accordance with the requirements of the RBI Circular No. DBOD.NO.BC. 72/29.67/001/2011-12 dated

Jan 31, 2012, the Head Office of the Bank has submitted a declaration to RBI that the Bank's compensation policies including that of the CEO's, is in compliance of the RBI regulations.

**Table DF-16: Equities - Disclosure for Banking Book Positions**

QNB India does not have any investments in shares.

**DF-17: Summary Comparison of accounting assets and leverage ratio exposure**

(Rs.in 000s)

Sr. No.	Particulars	Amount
1	Total consolidated assets as per published financial statements	5,098,031
2	Adjustment for investments in Banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,058,051
7	Other adjustments	-
8	<b>Leverage ratio exposure</b>	<b>6,156,082</b>

**DF-18: Leverage ratio common disclosure template**

(Rs.in 000s)

Sr. No.	Leverage ratio framework	Amount
<b>On-Balance sheet exposure</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	5,098,031
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-
3	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	5,098,031
<b>Derivative exposure</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	<b>Total derivative exposures (sum of lines 4 to 10)</b>	-
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	-
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	1,058,051
18	(Adjustments for conversion to credit equivalent amounts)	-
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	1,058,051
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	<b>3,117,245</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>6,156,082</b>
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>50.63%</b>

For Qatar National Bank (Q.P.S.C.), India Branch

**Gaurav Gupta**  
Chief Executive Officer

Place : Mumbai