Qatar National Bank SAQ - India Branch

(Incorporated in Qatar with Limited Liability)

Independent Auditor's Report

To
The Chief Executive Officer
Qatar National Bank SAQ - India Branch

Report on the audit of the financial statements

We have audited the accompanying financial statements of Qatar National Bank SAQ - India Branch (the 'Bank'), which comprise the Balance Sheet as at 31 March 2018, 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.

Management's responsibility for the financial statements

The Bank's Management is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (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 prescribed under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions 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 judgments and estimates that are reasonable and prudent; and the 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements of the Bank including its branch in accordance with the Standards on Auditing (the 'Standards') specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.

We are also responsible to 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 the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 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 2018, and its loss and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 1 of Schedule 18 to the financial statements which describes the grant of banking license by RBI on 6 October 2016 and commencement of banking business in India from 8 June 2017. The financial statements for the year ended 31 March 2018 have, therefore, been prepared and presented as per the Banking Regulations Act, 1949, circulars and guidelines issued by RBI from time to time and practices that are prevalent in the banking industry. As a result, the previous year's figures are not strictly comparable with those of the current year. Further, comparative disclosure in the financial statement have only been provided to the extent they were applicable to the company in the previous year. Our Opinion is not modified in respect of this matter.

Other matter

The comparative financial information of the Bank for the year ended 31 March 2017 included in these financial statements have been audited by the predecessor auditor who had audited the financial statements for the year ended 31 March 2017. The report of the predecessor auditor on the comparative financial information dated 28 September 2017 expressed an unmodified opinion.

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 read with Section 133 of the Act.

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.

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 purpose 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) 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;

(e) 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;

(f) 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.

(g) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A';

(h) 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;

  (ii) The Bank did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

  (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.

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

Sameer Mota
Partner
Membership No: 109928

Mumbai
28 June 2018

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

Annexure A to the Independent Auditor's Report of even date on the financial statements of Qatar National Bank SAQ - India Branch

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Qatar National Bank SAQ - India Branch (the 'Bank') as at 31 March 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's responsibility for internal financial controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of internal financial controls over financial reporting

A bank's internal financial control over financial reporting 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 control over financial reporting includes 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 authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting 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 ICAI.

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

Sameer Mota
Partner
Membership No: 109928

Mumbai
28 June 2018

Qatar National Bank SAQ - India Branch

(Incorporated in Qatar with Limited Liability)

BALANCE SHEET AS AT 31 MARCH 2018

(₹ in 000s)

	Schedule	As at 31 March 2018	As at 31 March 2017
CAPITAL AND LIABILITIES			
Capital	1	**3,155,432**	-
Reserves and surplus	2	**-**	-
Deposits	3	**56,195**	-
Borrowings	4	**-**	-
Other liabilities and provisions	5	**151,500**	82,518
Total		**3,363,127**	82,518
ASSETS			
Cash and balances with Reserve Bank of India	6	**26,530**	-
Balances with banks and money at call and short notice	7	**1,813,685**	-
Investments	8	**442,106**	-
Advances	9	**900,000**	-
Fixed assets	10	**72,837**	29,902
Other assets	11	**107,969**	52,616
Total		**363,127**	82,518
Contingent liabilities	12	**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

For Qatar National Bank SAQ - India Branch

Sameer Mota
Partner
Membership No: 109928

Gaurav Gupta
Chief Executive Officer

Mumbai
28 June 2018

Mumbai
28 June 2018

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in 000s)

	Schedule	For the year ended 31 March 2018	For the period ended 31 March 2017
I. INCOME			
Interest earned	13	**168,957**	-
Other income	14	**1,599**	-
Total		**170,556**	-
II. EXPENDITURE			
Interest expended	15	**6,934**	-
Operating expenses	16	**192,113**	15,478
Provisions and contingencies	17	**(4,629)**	-
Total		**194,418**	15,478
III. PROFIT / (LOSS)			
Net profit / (loss) for the year / period		**(23,862)**	(15,478)
Profit / (loss) brought forward from previous period		**(15,478)**	-
Total		**(39,340)**	(15,478)
IV. APPROPRIATIONS			
Transfer to statutory reserves		**-**	-
Balance carried over to the balance sheet		**(39,340)**	(15,478)
Total		**(39,340)**	(15,478)
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

For Qatar National Bank SAQ - India Branch

Sameer Mota
Partner
Membership No: 109928

Gaurav Gupta
Chief Executive Officer

Mumbai
28 June 2018

Mumbai
28 June 2018

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in 000s)

		For the year ended 31 March 2018	For the period ended 31 March 2017
	Cash flow from Operating Activities		
	Net profit / (loss) before tax	**(32,091)**	(15,478)
	Adjustment for:		
	Depreciation charge	14,806	11
	Operating profit / (loss) before working capital changes	**(17,285)**	(15,467)
	Increase / (decrease) in deposits	56,195	-
	Increase / (decrease) in other liabilities	65,782	5,347
	(Increase) / decrease in investments	(442,106)	-
	(Increase) / decrease in advances	(900,000)	-
	(Increase) / decrease in other assets	(20,063)	(37,138)
	Cash generated from / (used in) operations	**(1,257,477)**	(47,258)
	Taxes paid	-	
A	**Net cash generated from / (used in) operating activities**	**(1,257,477)**	(47,258)
	Cash flow from investing activities		
	Purchase of fixed assets including capital work in progress	(57,740)	(29,913)
B	**Net cash from/(used in) investing activities**	**(57,740)**	**(29,913)**
	Cash flow from financing activities		
	Capital from Head Office	3,112,125	77,171
	Unremitted Head Office expenses (refer schedule 1)	43,307	-
C	**Net cash generated from / (used in) financing activities**	3,155,432	77,171
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**1,840,215**	-
D	Cash and cash equivalent at the beginning of the year / period	-	-
E	Cash and cash equivalent at the end of the year / period	**1,840,215**	-
	Cash and cash equivalent represents		
	Cash and Balances with Reserve Bank of India (as per Schedule 6)	26,530	-
	Balances with banks and money at call and short notice (as per Schedule 7)	1,813,685	-
	TOTAL	**1,840,215**	-

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

Sameer Mota
Partner
Membership No: 109928

Mumbai
28 June 2018

For **Qatar National Bank SAQ - India Branch**

Gaurav Gupta
Chief Executive Officer

Mumbai
28 June 2018

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018

(₹ in 000s)

		As at 31 March 2018	As at 31 March 2017
1	**CAPITAL**		
	Amount of deposit kept with Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949	2,000	-
	Capital		
	Opening balance	-	-
	Additions during the year	3,112,125	-
	Unremitted Head Office expenses (refer Schedule 18 - Note 5.31)	43,307	-
	Total	3,155,432	-
2	**RESERVES AND SURPLUS**		
I.	**Statutory reserve**		
	Opening balance	-	-
	Additions during the year	-	-
	Deductions during the year	-	-
	Total	-	-
II.	**Revenue and other reserves**		
	Opening balance	-	-
	Additions during the year	-	-
	Deductions during the year	-	-
	Total	-	-
III.	**Balance in the profit and loss account**	-	-
	Total : (I+II+III)	-	-
3	**DEPOSITS**		
A.I.	**Demand deposits**		
	(i) From banks	2,644	-
	(ii) From others	53,426	-
II.	**Savings bank deposits**	125	-
III.	**Term deposits**		
	(i) From banks	-	-
	(ii) From others	-	-
	Total (I + II + III)	56,195	-
B.I.	Deposits of branches in India	56,195	-
II.	Deposits of branches outside India	-	-
	Total (I + II)	56,195	-
4	**BORROWINGS**		
I.	**Borrowings in India**		
	(i) Reserve Bank of India	-	-
	(ii) Other banks	-	-
	(iii) Other institutions and agencies	-	-
II.	**Borrowings outside India**	-	-
	Total (I + II)	-	-
	Secured Borrowings included in I and II above	-	-
5	**OTHER LIABILITIES AND PROVISIONS**		
	I. Bills payable	-	-
	II. Inter - office adjustment (net)		
	III. Interest accrued *	-	-
	IV. Others (including provisions)		
	- Provision for standard advances (refer Schedule 18 - Note 5.8.11)	3,600	-
	- Payable to Head Office	105,511	77,171
	- Others	42,389	5,347
	Total	151,500	82,518
	* interest accrued less than 1 ('000s) as at 31 March 2018		
6	**CASH AND BALANCES WITH RESERVE BANK OF INDIA**		
I.	Cash in hand (including foreign currency notes)	214	-
II.	Balances with Reserve Bank of India		
	(i) in current account	26,316	-
	(ii) in other account	-	-
	Total (I + II)	26,530	-

7	**BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE**		
I.	**In India**		
	i) Balances with banks		
	(a) in current accounts	4,675	-
	(b) in other deposit accounts	1,808,900	-
	ii) Money at call and short notice		
	(a) with banks	-	-
	(b) with other institutions	-	-
	Total (i + ii)	1,813,575	-
II.	**Outside India**		
	i) in current accounts	110	-
	ii) in other deposit accounts	-	-
	iii) money at call and short notice	-	-
	Total (i + ii + iii)	110	-
	Grand Total (I + II)	1,813,685	-
8	**INVESTMENTS**		
I.	**Investments in India in**		
	i) Government securities	442,106	-
	ii) Other approved securities	-	-
	iii) Shares	-	-
	iv) Debentures and Bonds	-	-
	v) Subsidiaries and /or joint ventures	-	-
	vi) Others	-	-
	Total	442,106	-
II.	**Investments outside India**	-	-
	Total	442,106	-
9	**ADVANCES**		
A.	i) Bills purchased and discounted	-	-
	ii) Cash credits, overdrafts and loans repayable on demand	450,000	-
	iii) Term loans	450,000	-
	Total	900,000	-
B.	i) Secured by tangible assets	450,000	-
	ii) Covered by bank / Government guarantees	-	-
	iii) Unsecured	450,000	-
	Total	900,000	-
C.	**I Advances in India**		
	i) Priority sectors	450,000	-
	ii) Public sector	-	-
	iii) Banks	-	-
	iv) Others	450,000	-
		900,000	-
	II Advances outside India	-	-
	Grand total (C.I + C.II)	900,000	-
10	**FIXED ASSETS**		
I.	**Premises**	-	-
II.	**Other fixed assets (including furniture and fixtures)**		
	At Cost as on 31 March of the preceding year	254	-
	Additions during the year / period	78,023	254
	Deductions during the year / period	-	-
	Depreciation to date	(14,816)	(11)
	Net book value of other fixed assets	63,461	243
	Capital work in progress	9,376	29,659
	Total	72,837	29,902
11	**OTHER ASSETS**		
	I. Inter-office adjustment (net)	-	-
	II. Interest accrued	8,712	-
	III. Tax paid in advance / tax deducted at sources	-	-
	IV. Stationery and stamps	-	-
	V. Non Banking assets acquired in satisfaction of claims	-	-
	VI. Deferred tax assets (net) (refer Schedule 18 - Note 6.5)	11,429	
	VII. Others*	87,828	52,616
	Total	107,969	52,616
	* Others include debit balance in Profit and loss account of Rs.39,340 thousand as at 31 March 2018 (P.Y. Rs.15,478 thousand)		

Qatar National Bank SAQ - India Branch

(Incorporated in Qatar with Limited Liability)

12	**CONTINGENT LIABILITIES**		
	I. Claims against the bank not acknowledged as debts	-	-
	II. Liability for partly paid investments	-	-
	III. Liability on account of outstanding forward exchange contracts	-	-
	IV. Guarantees given on behalf of constituents		
	a) In India	34,217	-
	b) Outside India	-	-
	V. Acceptances, endorsements and other obligation	11,399	-
	VI. Other items for which the bank is contingently liable	-	-
	Total	45,616	-
13	**INTEREST EARNED**		
	I. Interest / discount on advances / bills	12,659	-
	II. Income on investments	16,265	-
	III. Interest on balances with Reserve Bank of India and other inter-bank funds	140,033	-
	IV. Others	-	-
	Total	168,957	-
14	**OTHER INCOME**		
	I. Commission, exchange and brokerage	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	571	-
	V. Miscellaneous income	-	-
	Total	1,599	-
15	**INTEREST EXPENDED**		
	I. Interest on deposits	1,591	-
	II. Interest on Reserve Bank of India and inter-bank borrowing	5,343	-
	III. Others	-	-
	Total	6,934	-
16	**OPERATING EXPENSES**		
	I. Payments to and provision for employees	79,266	4,140
	II. Rent, taxes and lighting	51,036	8,292
	III. Printing and stationery	466	50
	IV. Advertisement and publicity	5,247	-
	V. Depreciation on Bank's property	14,806	11
	VI. Auditor's fees and expenses	1,900	75
	VII. Postages, telegrams, telephones, etc.	2,066	-
	VIII. Repairs and maintenance	2,201	-
	IX. Insurance	870	-
	X. Law charges	1,201	501
	XI. Professional fees	11,729	2,394
	XII. Information Technology expenses	8,906	-
	XIII. Other expenditure (refer Schedule 18 - Note 6.7)	12,419	15
	Total	192,113	15,478
17	**PROVISIONS & CONTINGENCIES**		
	I. Provision on standard assets	3,600	-
	II. Provision on account of tax		
	- Current tax	3,200	-
	- Deferred tax	(11,429)	-
	Total	(4,629)	-

Schedule 18

1. Background:

The accompanying financial statements are for the year ended 31 March 2018 comprising of the accounts of Qatar National Bank SAQ - 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.

The financial statements for the year ended 31 March 2018 have, therefore, been prepared and presented as per the Banking Regulations Act, 1949, circulars and guidelines issued by RBI from time to time and practices that are prevalent in the banking industry. As a result, the previous year's figures are not strictly comparable with those of the current year. Further, comparative disclosure in the financial statement have only been provided to the extent they were applicable in the previous year.

The Bank has only one branch in India as on 31 March 2018 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

a) 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.

b) Interest income is accounted on an accrual basis, except for interest on Non-Performing Advances and Investments, which is recognized on realization basis as per RBI regulations.

c) 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).

d) Commission received on guarantee issued is recognised over the life of the instrument.

e) 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

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

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 amortized 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 yearend 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) Labilities 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 Regulatory (Fixed Income Money Market and Derivatives Association of India (FIMMDA) / 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 recongnised 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 allocated 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 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'.

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 other segments 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 The Bank commenced its Banking business in India only in the current financial year. Accordingly, disclosures required as per The Banking Regulation Act, 1949, circulars and guidelines issues by RBI, relating to corresponding period ended 31 March 2017 are not applicable and have not been provided.

5.2 Capital adequacy

Capital Adequacy Ratio as per RBI guidelines (Basel III) as at 31 March 2018 is given below:

Sr.	Particulars	As at 31 March 2018
i)	Common Equity Tier 1 capital ratio (%)	207.71%
ii)	Tier 1 capital ratio (%)	207.71%
iii)	Tier 2 capital ratio (%)	0.24%
iv)	Total capital ratio (CRAR) (%)	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)]	 - -

5.3 Investments

(Rs. in 000s)

Sr.	Items	As at 31 March 2018
1	Value of Investments	
	i. Gross Value of Investments	**442,106**
	a) In India	442,106
	b) Outside India	-
	ii. Provisions for depreciation	-
	a) In India	-
	b) Outside India	-
	iii. Net Value of Investments	**442,106**
	a) In India	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	-

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5.4 Repo / Reverse Repo transactions

(Rs. in 000s)

Particulars	Minimum Outstanding during the Year	Maximum Outstanding during the Year	Daily average Outstanding during the Year	As at 31 March 2018
Securities Sold under repos				
i. Government Securities	-	-	-	-
ii. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
i. Government Securities	-	-	-	-
ii. Corporate Debt Securities	-	-	-	-

5.5 Issuer composition of Non-SLR investments

The Bank did not have any investments under this category as at 31 March 2018

(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	-	-	-	-	-

5.6 Non performing non-SLR investment

The Bank did not have any investments under this category as at 31 March 2018

(Rs. in 000s)

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

5.7 Sale and transfers to/from HTM category

There is no sale/transfer to/from HTM category during the year ended 31 March 2018.

5.8 Derivatives

5.8.1 Forward rate agreement / interest rate swap

The Bank has not dealt with any Forward rate Agreements (FRA)/Interest Rate Swaps (IRS) during the year.

(Rs. in 000s)

Particulars		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	-

5.8.2 Exchange traded interest rate derivatives

The Bank has not dealt with any Exchange Traded Interest Rate Derivatives during the year.

(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 18	-
(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"	-

5.8.3 Disclosures on risk exposure in derivatives

Qualitative disclosure

The branch has not entered into any derivative transactions during the year.

5.8.4 Quantitative Disclosure:

(Rs. in 000s)

Sr. No.	Particulars	As at 31 Mar 2018 Currency Derivative	Interest rate derivatives
1	Derivative (Notional Principal Amount)		
	For hedging	-	-
	For trading	-	-
2	Marked to Market Positions		
	Asset (+)	-	-
	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		
	On hedging		
	- Maximum	-	-
	- Minimum	-	-
	On trading		
	- Maximum	-	-
	- Minimum	-	-

5.8.5 Non-performing assets

(Rs. in 000s)

Particulars	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	-

5.8.6 Details of loan assets subjected to restructuring

There were no instances of restructuring of loan assets during the year.

5.8.7 Securitization exposure

The Bank did not have any securitisation exposure during the year.

5.8.8 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.

(Rs. in 000s)

Particulars	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	-

5.8.9 Details of non-performing financial assets purchased/sold

There were no instances of purchase/sale of non-performing assets during the year.

(Rs. in 000s)

Details of non-performing financial assets purchased	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	-

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

5.8.10 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.

5.8.11 Provisions on standard assets

(Rs. in 000s)

Particular	For the year ended 31 March 2018
Provisions towards Standard Assets	3,600

5.8.12 Business ratios

Sr. No.	Particulars	For the year ended 31 March 2018
i.	Interest income as a percentage to working funds1	4.90%
ii.	Non-Interest Income as a percentage to working funds1	0.05%
iii.	Operating Profit/(Loss) as a percentage to working funds1	(0.93%)
iv.	Return on assets1 (%)	(0.69%)
v.	Business (deposits plus advances) per employee (Rs.000s) 2,3	41,574
vi.	Net profit/(loss) per employee (Rs.000s.) 3	(1,037)

1. 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 8 June 2017 to 31 March 2018.
2. Computed based on deposits plus advances (excluding interbank deposits) outstanding as at the year end.
3. Number of employees as at the year-end has been considered.

5.9 Asset liability management

5.9.1 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	-	4,04,982	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	5,25,000	-	-	-	-	-
6 months to 1 year	75,000	-	-	-	-	-
1 to 3 years	3,00,000	-	-	-	-	-
3 - 5 years	-	-	-	-	-	-
Over 5 years	-	28,252	-	-	-	-
Total	**9,00,000**	**4,42,106**	**56,195**	**-**	**110**	**-**

5.10 Exposures to sensitive sectors

5.10.1 Exposure to real estate sector

(Rs. in 000s)

Category	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). Total Exposure Real Estate Sector	
Total Exposure to Real Estate Sector	-

5.10.2 Exposure to capital market

(Rs. in 000s)

Category	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)	-
Total Exposure to Capital Market	-

5.11 Penalties imposed by RBI

During the year, RBI has not imposed any penalties on the Bank.

5.12 Risk category wise country exposure

(Rs. in 000s)

Risk Category	Exposure (net) as at 31 March 2018	Provision held as at 31 March 2018
Insignificant	-	-
Low	-	-
Moderate	-	-
High	-	-
Very High	-	-
Restricted	-	-
Off-credit	-	-
Total	-	-

5.13 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 boards, 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 Reports.

The Bank has not exceeded the aforesaid limits during the current year ended 31 March 2018.

5.14 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 2018 and the estimated value of the intangible collaterals was Nil as at 31 March 2018.

5.15 Disclosure of complaints / unimplemented awards of banking ombudsman

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

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5.16 Disclosure of complaints / unimplemented awards of banking ombudsman (Continued)

B.	Awards passed by the Banking Ombudsman	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	-

5.17 Draw down from reserves

The Bank has no draw down from the reserves during the year.

5.18 Letters of undertaking issued by the Bank

The Bank has not issued any Letter of undertaking during the year.

5.19 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.

5.20 Amount of provisions made for taxes on income during the year

(Rs. in 000s)

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

5.21 Concentration of Deposits, advances, exposures and NPAs

5.21.1 Concentration of Deposits

(Rs. in 000s)

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

5.21.2 Concentration of Advances

(Rs. in 000s)

Particulars	As at 31 March 2018
Total Advances of twenty largest borrowers	900,000
Percentage of Advances of twenty largest borrowers of Total Advances of the Bank	100.00%

5.21.3 Concentration of exposures*

(Rs. in 000s)

Particulars	As at 31 March 2018
Total Exposure of twenty largest borrowers/customers	945,616
Percentage of Exposures of twenty largest borrowers/customers of Total Exposure of the Bank on borrowers/customers	100.00%

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

5.21.4 Concentration of NPAs

(Rs. in 000s)

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

5.22 Sector-wise advances

(Rs. in 000s)

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

5.23 Sector-wise NPAs

(Rs. in 000s)

Sector	% 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	-

5.24 Movement in NPAs

(Rs. in 000s)

Particulars	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	-
(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)	-

5.25 Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31 March 2018

Disclosure is not applicable as there are no such cases.

5.26 Flexible Structuring of Existing Loans

Disclosure is not applicable as there are no such cases during the year ended 31 March 2018

5.27 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 2018.

5.28 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 2018.

5.29 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 2018.

5.30 Overseas assets, NPAs and revenue

(Rs. in 000s)

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

5.31 Capital

a) Capital infused by Head Office during the year was 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 has been considered as part of Tier I capital as per the RBI mailbox clarification dated 08 April 2008.

5.32 Floating provisions

The Bank has not created any floating provisions during the year.

(Rs. in 000s)

Particulars	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	-

5.33 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 2018, 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 2018.

(Rs. in 000s)

Particulars	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 an 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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5.34 Liquidity coverage ratio

No.	Particulars	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)
	High quality liquid assets								
1	Total High Quality Liquid Assets (HQLA)		384,969		406,807		664,683		6,124
	Cash Outflows								
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 (all counterparties)	-	-	-	-	366,667	146,667	-	-
(ii)	Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(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	23,567	23,567	2,586	2,586	2,496	2,496	499	499
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**		**23567**		**2586**		**149163**		**499**
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
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	Total Cash Inflows	917,404	917,404	926,209	926,209	919,758	919,758	849	849
	Total Adjusted Value								
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 : This being the first year of banking operations, the LCR is currently being computed on a monthly basis and the above disclosure has been computed as simple average of monthly observations.

5.35 Qualitative disclosure around LCR

The Bank measures and monitors LCR in line with RBI's circular dated 9 June 2014 on "Basel
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. Banks are required to maintain HQLAs of a minimum of 90% of of its Net Cash Outflows by 1 January 2018 and 100% of its Net Cash Outflows by 1 January 2019.

The Bank has no exposure to liquidity on account of derivative portfolio.

Treasury with guidance from India Asset Liability Committee ('ALCO') formulates the funding strategy of the Bank. Treasury of the Bank estimates the daily requirement of various business segments and manages the funding on a consolidated basis.

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 2018	For the year ended 31 March 2017
Current service cost	1,530	-
Interest cost of benefit obligation	-	-
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	-	-
Past service cost	-	-
Net benefit expense	-	-
Expected return on plan assets	-	-

Balance sheet

(Rs. in 000s)

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of defined benefit obligation	1,530	-
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(1,530)	-
Unrecognized past service cost	-	-
Net liability	(1,530)	-

Changes in the present value of the defined benefit obligation are as follows

(Rs. in 000s)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening defined benefit obligation	-	-
Interest cost	-	-
Current service cost	1,530	-
Benefits paid	-	-
Actuarial (gains)/losses on obligation	-	-
Closing defined benefit obligation	1,530	-

Changes in the fair value of plan assets are as follows

(Rs. in 000s)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening fair value of plan assets	-	-
Expected return	-	-
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gains/(losses)	-	-
Closing fair value of plan assets	-	-

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Experience history

(Rs. in 000s)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation at the end of the period	(1,530)	-
Planned asset at the end of the period	-	-
Funded Status	(1,530)	-
Experience gain/(losses) adjustment on plan liabilities	-	-
Experience gain/(losses) adjustment on plan assets	-	-
Actuarial gain/(losses) due to change on assumptions	-	-

Principal actuarial assumptions at the balance sheet date

Particulars	As at 31 March 2018
Discount Rate	7.50%
Salary Escalation Rate	5.00%
Withdrawal rate	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 2018 is Rs. 908 ('000s) (Previous year – Nil).

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 investments in sovereign and corporate debt, certificate of deposit, money market operations, and proprietary trading in foreign exchange operations	Revenue consists of interest earned on investments, gain/ (loss) 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, Fee income on various services and Foreign Exchange products to corporate. 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	
	2018	2017	2018	2017	2018	2017
Revenue	156,868	-	6,754	-	163,622	-
Results	118,446	-	(150,537)	-	(32,091)	-
Unallocated Expenses					-	-
Operating Profit					(32,091)	-
Income Taxes					8,229	-
Extraordinary Profit/Loss					-	-
Net Profit/Loss					(23,862)	-
Other Information						
Segment Assets	2,290,648	-	902,316	-	3,192,964	-
Unallocated Assets					130,824	-
Total Assets					3,323,788	-
Segment Liabilities	-	-	56,235	-	56,235	-
Unallocated Liabilities					151,460	-
Total Liabilities					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
Subsidiaries of Head Office	QNB (India) Private Limited
Key Management Personnel	Mr. Gaurav Gupta Chief Executive Officer

(Rs. in 000s)

Particulars	Nature of Related Party	As at 31 March 2018	Maximum Outstanding during the year	As at 31 March 2017	Maximum Outstanding during the year
Deposits / Vostro	Head Office	2,645	3,196	-	-
Nostro Balances	Head Office	110	115	-	-
Guarantees / Letter of Credit	Head Office and Branches	45,617	45,617	-	-
Other Liabilities	Head Office	105,511	148,817	77,171	77,171
Payment made by Head Office on behalf of the Branch for :					
Acquisition of fixed assets		65,533	65,533	28,877	28,877
Security deposit and other payment		39,639	38,028	36,896	36,896
Payment of operating expenses		21,224	21,224	11,452	11,452
Allocated expenses and management fees		10,630	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 2018	As at 31 March 2017
Not more than one year	36,896	36,896
later than one year and not later than five year	106,382	143,228
Later than five years	Nil	Nil

Lease payments recognized in the Profit and Loss account during the year is Rs. 47,123 ('000s) (Previous year Rs. 7,756 ('000s)).

6.5 Deferred taxation

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

Description	As at 31 March, 2018	As at 31 March, 2017
Deferred tax assets		
Depreciation differences	1,432	-
Provision on Gratuity	643	-
Provision on Compensated absence	381	-
Provision for bonus	1,022	-
Rent equilisation reserve	3,845	-
General provision on standard assets	1,513	
Others	2,593	-
Deferred tax assets (net)	**11,429**	**-**

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 2018
Provision on standard Assets	3,600
Provision on unhedged foreign currency exposure	-
Provision on country risk assets	-

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6.7 Operating expenses

During the financial year ended 31 March 2018, 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 2018	For the period ended 31 March 2017
Head office Management fees	4,905	-
Travelling expenses	5,772	501

6.8 Subordinated debt

The Bank has not raised any subordinated debt during the year ended 31 March 2018.

6.9 Provision coverage ratio

The provision coverage ratio is not applicable as the Bank did not have any Non-Performing Assets during the year ended 31 March 2018.

6.10 Bancassurance business

The Bank has not undertaken Bancassurance business during the year ended 31 March 2018.

6.11 Letter of comfort issued by the Bank

The Bank had not issued any Letter of Comfort during the year ended 31 March 2018.

6.12 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 inconformity with the Financial Stability Board principles and standards.

6.13 Credit default swaps

The Bank has not entered into credit default swap transactions during the year ended 31 March 2018.

6.14 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.

6.15 Intra group exposure

The Bank did not have any Intra Group Exposure during the year ended 31 March 2018.

6.16 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 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	-

6.17 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) A net worth of Rs. 500 crore or more; or

b) A turnover of Rs. 1,000 crore or more; or

c) A net profit of Rs. 5 crore or more in any fiscal year.

6.18 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 irrev ocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations. This also includes guarantees issued to off shore QNB entities of QNB group for extension of credit to obligors in India or to offshore subsidiaries of obligors (parent) domiciled in India, as permissible under the Foreign Exchange Management Act, 1999. Pursuant to RBI circular RBI/2010-2011/220/DBOD.Dir.BC.46 /13.03.00/2010-2011 dated 30 September 2010, commitments by the Bank to effect payments on behalf of its constituents to stock exchanges are reflect ed as financial guarantees.

6.19 The Bank has not purchased Inter Bank Participation Certificate ('IBPC') on a risk sharing basis during the year ended 31 March 2018.

6.20 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.

As per our report of even date attached.

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

Sameer Mota
Partner
Membership No: 109928
Mumbai
28 June 2018

For **Qatar National Bank SAQ - India Branch**

Gaurav Gupta
Chief Executive Officer
Mumbai
28 June 2018

Disclosures under Pillar 3 of capital adequacy framework (Basel III guidelines) for the year ended 31 Mar 2018

The Basel III disclosure contained herein relate to the Indian branch of Qatar National Bank SAQ (the Bank) for the year ended 31 March 2018. These are the primarily in the context of the disclosure required under Annexure 18 – Pillar 3 disclosure requirements of the Reserve Bank of India (The RBI) Master Circular - Basel III capital regulation dated 01 July 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 and is in accordance with the guidelines prescribed by the RBI. All table DF reference relate to those mentioned in annexure 18 - pillar 3 of above mentioned circular.

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

(i) Pillar 1: Minimum capital requirements for credit risk, market risk and operational risk

(ii) Pillar 2: Supervisory review of capital adequacy

(iii) 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.

Scope of Application and Capital Adequacy (DF-1)

The capital adequacy framework applies to Qatar National Bank SAQ - India Branch (the Bank). The Bank does not have any subsidiary in India which requires to be consolidated in line with AS21 (Consolidated Financial Statements) and full capital deduction is taken for standalone financials.

a) List of group entities considered for consolidation - Not applicable

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation- Not Applicable

c) Capital deficiencies in all subsidiaries not included in the consolidation- Not Applicable

d) Bank's total interest in insurance entities - The Bank has no interest in any of the insurance entities

e) Restrictions or impediments on transfer of funds or regulatory capital within the banking group - Not Applicable

Capital Adequacy (DF-2)

Qualitative Disclosures

The bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business 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 capital to risk weighted asset ratio (CRAR) of the Bank is 207.95% as of March 31, 2018 computed under Basel III norms, higher than minimum regulatory CRAR requirement of 10.25% including capital conservation buffer (CCB) of 1.25%.

We continue to monitor developments and believe that our current robust capital adequacy position means we are well placed for continuing compliance with the Basel III framework.

A Summary of the bank's capital requirement for credit, market and operational risk and capital adequacy ratio as on March 31, 2018 is presented below:

(₹ in 000s)

Quantitative disclosures	as at 31 March 2018
Capital requirements for credit risk (I):	**127,097**
Portfolios subject to standardised approach	127,097
Securitisation exposures	Nil
Capital requirements for market risk (II):	**7,924**
Standardised duration approach	6,512
Interest rate risk	Nil
Foreign exchange risk (including gold)	1,412
Equity risk	Nil
Capital requirements for operational risk (III):	**Nil**
Basic Indicator Approach	Nil
The Standardised Approach (if applicable)	Nil
Total capital requirement (I + II + III)	**135,020**
Total capital funds of the Bank (Tier I + Tier II)	3,119,692
Total risk weighted assets	1,500,224
Common Equity Tier I Capital (CET1)	**3,116,092**
Tier I Capital ratio	207.71%
Tier II Capital ratio	0.24%
Total Capital ratio	**207.95%**

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Risk Exposure and Assessment:

The Bank identified the following risks as material to its nature of operations:

Risk Type	Key Drivers	Risk Assessment
Credit & market risks	Default, FX and Interest rate changes	QNB India access this through policy, procedures and controls
Operational, Legal, Compliance & Regulatory Risks	Staff, fraud, litigation, technology, natural disasters	QNB India access this through policy, procedures and controls
Strategic risk and interest rate risk in the banking book	Strategic failure, interest rate changes	QNB India access this through policy, procedures and controls
Credit concentration risk	Concentration in geographic, ratings, maturity, sector	QNB India assesses via HHI
Liquidity and residual risk	ALM, Documentation and models	Mitigated through strong ALM, controls and procedures

Qualitative disclosure as per table DF 3

Risk Management Framework & Policies

Risk is inherent in QNB India's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the QNB India's continuing sustainability and each individual within QNB India is accountable for the risk exposures relating to their responsibilities.

The Bank has adopted a Risk Management framework. Key enhancements included:

- Improved clarity of roles and responsibilities throughout all levels;
- Consistent and structured control framework for identifying and managing QNB India's principal risks; and
- Clear linkage between QNB India's business strategy, risk appetite and capital management.

QNBI has also established a clear capital management mandate for updated its Group Risk Appetite Statement with Board approval; established a Group stress testing framework and developed a local risk policies as per RBI guidelines to align with the Risk Management framework.

The Bank has established a risk effectiveness tracking mechanism to enhance the institutionalisation of its Risk Management framework. As part of this process, policies for various risks have been updated. A capital contingency management policy has been established that entrenches the integrated nature of its capital management framework to other core governance processes such as Group Strategy update, Financial Planning, Risk Appetite and Risk Management.

From a risk management perspective, the Bank adopts a centralized approach which is complemented by local expertise to ensure proactive risk governance and management at a consolidated level. The Bank has introduced processes to enhance risk control self-assessment by Business Units; capital based and risk adjusted performance metrics are tracking against targets for all Business units, key segments and branches.

As a matter of policy, all of QNB India's principal risks are managed in some way and each principal is assigned an owner. The RM Framework is used to establish which approach or combination of approaches should be used to manage each risk. QNBI considers the following risk management approaches:

- Capitalise – hold capital to protect against potential losses. For risks that are capitalised, analysis is performed to quantify the risk and generate an economic capital estimate.
- Mitigate – take steps to reduce or eliminate the likelihood or potential severity of the risk. This can include; credit guarantees, hedging, and insurance among others.
- Monitor – measure, track, and report the risk. For non-quantified risks, indicators and warnings can be used to alert about the occurrence or likelihood of loss events.
- The Bank has set up various committees such as local India Executive Committee, ALCO, Risk Management Committee (RMC), Fraud Risk Monitoring Committee, India Credit Committee, Customer Service Committee, Internal Complaints Committee as at 31 March 2018 through which it manages and monitors the day to day operations / functioning of the Bank and provides necessary direction in keeping with the developments in the external / internal regulatory environment.

Risk measurement systems & reporting:

Credit Risk:

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 together with any counterparty credit risk arising from Investments into with QNB India's clients. Other sources of credit risk arise from trading activities, including debt securities; settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

Credit Risk Management Objective

The granting of credit is the core banking activity and the major source of the Bank's income and significant risk. However, the Bank has dedicated considerable resources to mitigate and manage credit risk.

Credit risk is managed in accordance with the bank's comprehensive risk management control framework. The Bank Risk Policy sets out the principles under which the bank is prepared to assume credit risk, and the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk in QNB India. The Policy is supported by QNB India credit risk policies, which further define the credit risk framework and its implementation across business units and legal entities.

Credit Approval Authorities and Credit Standards

The Group Credit Committee at Head Office has been delegated lending powers by the Board of QNB, which have been further delegated to Group Credit officials.

The India Credit Committee (ICC) undertakes approval of credit exposures within its authorized limit; makes recommendations to Group Credit Committee, HO and the Board relating to credit exposures above the ICC limits; reviews credit exposure composition and quality issues including large exposures, credit concentration, non-performing and past due loans and provisioning. The ICC also undertakes review of new credit products and credit risk reports before making recommendations to the senior management. The ICC also delegates credit decisions as necessary to credit officers and forums within defined parameters. Key aspects of rating systems and credit risk models are approved by the Group Credit, which is mandated by the Board as the designated committee.

A well-organized system of internal control has been in place based on QNB India's credit approval process and the Prudential Regulations of the Reserve Bank of India (RBI), which is consistent with Bank, provides a standard base for each stage of the credit lifecycle:

- Setting maximum exposure limits for a single obligor and a single group of related obligors;
- Defining maximum exposure limit to an industrial sector in terms of portfolio concentration;
- Risk rating of all corporate, commercial, consumer and other categories of obligors through sophisticated risk rating system Moody's Risk Analyst (MRA);
- A general framework for the origination, documentation & maintenance of credit; and
- Standards for early problem recognition, classification, provisioning of problem loans and their remedial action.

Further to the above, QNB India has implemented and is rolling out a centralized system of corporate credit work flow for approval as per delegated authorities. The underlying concept of managing risk throughout the credit lifecycle forms the basis of QNB India's credit risk management.

Details of all credit exposures approved, changes in the classification, provisions and write-offs during the quarter are reported to QNB Head Office on a quarterly basis.

Credit Risk Rating

The Bank's Group Credit Committee (GCC) has approved the internal credit risk rating policy for the corporate, retail and consumer 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 and macro or micro economic factors and the facility structuring or collateral support.

The system has started playing 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 MR 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 credit manual and 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.

Collateral

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
- Time required to dispose off

Credit Reporting

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

Quantitative disclosure as per table DF 3 Total

a) Total gross credit exposures including Geographic distribution of exposures

(₹ in 000s)

Particulars	Domestic	Overseas	Total
Fund Based Exposure	3,182,321	0	3,182,321
Non Fund Based Exposure	45,616	0	45,616

QNB

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b) Residual contractual maturity breakdown of assets

(₹ in 000s)

Maturity Pattern	Day 1	2 - 7 days	8 - 14 days	15 - 28 days	29 days to 3 mnths	3 mnths to 6 mnths	6 mnths to 1 year	1 to 3 yrs	3 - 5 yrs	Over 5 yrs	Total
Cash and balance with RBI and other banks	31,315	30,000	-	450,000	1,118,900	210,000	-	-	-	-	1,840,215
Loans and Advances	-	-	-	-	-	525,000	75,000	300,000	-	-	900,000
Investments	-	-		-	-	442,106	-	-	-	-	442,106

c) Amount of NPAs (Gross) - NIL
d) Net NPAs – NIL
e) NPA Ratios – NIL
f) Movement of NPAs (Gross) - NIL
g) Movement of provisions for NPAs – NIL
h) Amount of Non-Performing Investments - NIL
i) Amount of provisions held for non-performing investments - NIL
j) Movement of provisions for depreciation on investments - NIL

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

a. External Ratings

The Bank uses external rating agencies that are approved by the RBI for capital adequacy, viz, CRISIL, ICRA, and CARE for domestic exposures and S&P, Moody's and Fitch for overseas exposures.

The Bank also has an independent internal ratings model. These internal ratings are used for ascertaining credit worthiness of a client, setting internal prudential limits, determining pricings etc. The internal and external ratings do not have a one to one mapping and for the purpose of calculation of the capital for the credit risk under the standardized approach, the external ratings are used.

(₹ in 000s)

Quantitative disclosures	
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	2,282,321
• 100% risk weight	900,000
• More than 100% risk weight	0
• Deducted	0

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

It is the policy of the bank to obtain collaterals for all corporate credits, unless the business case warrants clean lending. Collaterals stipulated are usually mortgages, charge over business, stock and debtors, financial instruments. Cash Security is however recognized only as a fallback option and repayment of facilities are primarily sought from the cash flow of the borrower's business. However, collateral may be an important mitigant of risk. The bank has adopted norms of valuation of collateral as stipulated in the prudential guidelines of RBI.

(₹ in 000s)

Quantitative disclosures	
a) 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.	450,000
b) 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)	Nil

Securitisation Exposures: Disclosure for Standardised Approach: DF-6

The Bank is not permitted by its Head Office to undertake securitized exposure in India.

Market Risk in Trading Book: DF-7

Qualitative Disclosures

Market risk is the risk that market rates and prices will change and that this will have an adverse effect on the profitability and/or net worth of the Bank/Group. Market risk also includes liquidity and funding risks. The Bank's Risk Appetite Statement (in line with Group Risk Appetite Statement) as approved by India Executive Committee sets out the broad risk metrics for all risks including market risk. Detailed limits and procedures for risk monitoring and escalation are outlined in the ALM and Market Risk policies and Group Liquidity Management Strategy Document which are reviewed and updated on an annual basis. The ALCO, is responsible for oversight and approval of all limits for Treasury/Trading function as stated in market risk policies.

Senior Dealer-Treasury has been given a set of market risk parameters to follow and is responsible for management of market risk within those approved risk parameters/limits. He is entrusted with the task of observing market movements and reporting significant market changes to the CEO, India as required. Head of Risk-India is the owner of Market Risk Policy. He is responsible for monitoring QNBI's market risk exposures with respect to the requirements and limits outlined in Market risk policies.

Market Risk Management, under the Head of Risk-India, is responsible for Market Risk Oversight.

Presently, Banks' proprietary trading involves trading in foreign exchange spot transactions only. Proprietary trading in other instruments is currently not permitted. Bank's banking book primarily comprises of:

1. Securities held under AFS categories
2. Foreign exchange spot

Risk Management and reporting is based on parameters such as Modified duration, Maximum permissible exposures, Funds Cash Flow Limits, Net Open Position limits, Gap Limits, Value at Risk (VAR), Interest Rate Sensitivity Limits, and Earnings at Risk (EaR). The Bank currently does not have any exposure to Capital Markets. On a daily basis, the Group computes and publishes total VaR for India branch including FX and Interest rate risk and back testing results. The VaR is calculated for one day time horizon and on a 97.5% confidence level basis.

Bank has also put in place a Stress Testing policy and framework for all material risks in line with RBI guidelines. The same is reviewed on an annual basis.

Quantitative Disclosures

The Bank is following the standardized duration approach for calculating capital requirements for market risk

(₹ in 000s)

	As at 31 March 2018	As at 31 March 2017
Capital requirement for market risk		
Standardized approach		
Interest rate risk	6,512	NA
Foreign exchange risk (including Gold)	1,411	NA
Equity risk	Nil	NA

Operational Risk: DF-8

Qualitative Disclosures

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from 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.

From a QNB India perspective, all three tools are used to manage operational risk.

The Bank's approach to operational risk is not designed to eliminate risk altogether but, rather, to contain risks within the Bank's risk appetite boundaries. As part of building 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 Group.

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

Qualitative Disclosures

Interest rate risk in banking book arises due to potential adverse impact of changes in interest rates on the bank's future net interest income. This is due to mismatches in repricing dates of interest rate sensitive assets and liabilities and mismatches due to capital funds and non-interest bearing liabilities vis-à-vis interest earning assets.

Interest Rate Sensitivity statements and gaps are prepared in line with assumptions stated in RBI guidelines on the same. Limit for interest rate sensitivity as per Duration Gap Approach (% of Market Value of Equity (MVE)) and bucket wise internal limits as per Traditional Gap Approach are approved by ALCO for periodical monitoring.

Quantitative Disclosures

Bank monitors interest rate risk using Duration Gap approach to measure the Market Value of Equity (MVE) for upward and downward rate shocks as per RBI guidelines on the same. The potential change in MVE for different interest rate shocks as on 31 March 2018 is given below:

	₹ in 000s
100 bps change in interest rates	-0.12% (3,708)
200 bps change in interest rates	-0.24% (7,416)
300 bps change in interest rates	-0.35% (11,124)

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 1 July 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 transaction during the year also there were no derivate contract outstanding as of 31 Mar 2018, which required any capital allocation

(₹ in 000s)

Particulars	Notional Amount	Current Exposure
Foreign Exchange Contract	-	-
Total	-	-

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Table DF-11: Composition of CapitalQualitative disclosures

(₹ in 000s)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)	Amounts Subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium) (Funds received from Head Office)	3,155,432	
2	Retained earnings	(39,340)	
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[1])		
	Public sector capital injections grandfathered until January 1, 2018		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	**Common Equity Tier 1 capital before regulatory adjustments**	3,116,092	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)		
10	Deferred tax assets [2]		
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)[3]		
20	Mortgage servicing rights[4] (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences[5] (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold[6]		
23	of which: significant investments in the common stock of financial entities		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments[7] (26a+26b+26c+26d)		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries[8]		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank[9]		
26d	of which: Unamortised pension funds expenditures		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which:		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	(39,340)	
29	Common Equity Tier 1 capital (CET 1)	3,116,092	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 capital before regulatory adjustments**	-	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)[10]		
41	National specific regulatory adjustments (41a+41b)		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which:		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-	
44	**Additional Tier 1 capital (AT1)**	-	
44a	**Additional Tier 1 capital reckoned for capital adequacy[11]**	-	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	3,116,092	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
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)		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions[12]	3600	
51	**Tier 2 capital before regulatory adjustments**	3600	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments[13] 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	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	3,600	
58a	**Tier 2 capital reckoned for capital adequacy[14]**	-	

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58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	-	
59	**Total capital (TC = T1 + T2) (45 + 58c)**	3,119,692	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
60	**Total risk weighted assets (60a + 60b + 60c)**	1,500,224	
60a	**of which: total credit risk weighted assets**	1,412,184	
60b	**of which: total market risk weighted assets**	88,040	
60c	**of which: total operational risk weighted assets**	-	
	Capital Ratios		
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**		
62	**Tier 1 (as a percentage of risk weighted assets)**	207.71%	
63	**Total capital (as a percentage of risk weighted assets)**	207.95%	
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)**	-	
65	**of which: capital conservation buffer requirement**	-	
66	**of which: bank specific countercyclical buffer requirement**	-	
67	**of which: G-SIB buffer requirement**	-	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)**	-	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities		
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)		
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3,600	
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		
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
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 accordingly the step 1 of the reconciliation is not required.

Step 2

(₹ in 000s)

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	**As on reporting date**
A	**Capital & Liabilities**		
i	Paid-up Capital	3,155,432	3,155,432
	Reserves & Surplus	0	0
	Minority Interest	0	0
	Total Capital	**3,155,432**	**3,155,432**
ii	Deposits	**56,195**	**56,195**
	of which: Deposits from banks	0	0
	of which: Customer deposits	56,195	56,195
	of which: Other deposits (pl. specify)	0	0
iii	Borrowings	0	0
	of which: From RBI	0	0
	of which: From banks	0	0
	of which: From other institutions & agencies	0	0
	of which: Others (pl. specify)	0	0
	of which: Capital instruments	0	0
iv	Other liabilities & provisions	**151,500**	**151,500**
	Total	**3,363,127**	**3,363,127**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**26,530**	**26,530**
	Balance with banks and money at call and short notice	**1,813,685**	**1,813,685**
ii	Investments:	**442,106**	**442,106**
	of which: Government securities	442,106	442,106
	of which: Other approved	0	0
	securities of which: Shares	0	0
	of which: Debentures & Bonds	0	0
	of which: Subsidiaries / Joint Ventures / Associates	0	0
	of which: Others (Commercial Papers, Mutual Funds etc.)	0	0
iii	Loans and advances	**900,000**	**900,000**
	of which: Loans and advances to banks	0	0
	of which: Loans and advances to customers	900,000	900,000
iv	Fixed assets	**72,837**	**72,837**
v	Other assets	**68,629**	**68,629**
	of which: Goodwill and intangible assets	0	0
	of which: Deferred tax assets	11,429	11,429
vi	Goodwill on consolidation	0	0
vii	Debit balance in Profit & Loss account	**39,340**	**39,340**
	Total Assets	**3,363,127**	**3,363,127**

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	0
2	Retained earnings	(39,340)	0
3	Accumulated other comprehensive income (and other reserves)	0	0
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0	0
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0	0
6	Common Equity Tier 1 capital before regulatory adjustments	3,116,092	0
7	Prudential valuation adjustments	0	0
8	Goodwill (net of related tax liability)	0	0

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Table DF-13: Main features of Regulatory Capital Instruments

Not Applicable to the Bank

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

Not Applicable to the Bank

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 13 January 2012, 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.

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

Not Applicable to the Bank

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

(₹ in 000s)

Sr. No.	Particulars	Amount
1	Total consolidated assets as per published financial statements	3,363,127
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	0
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	45,616
7	Other adjustments	0
8	Leverage ratio exposure	3,408,743

DF-18: Leverage ratio common disclosure template

(₹ in 000s)

Sr. No.	Leverage ratio framework	Amount
	On-Balance sheet exposure	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,323,787
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	0
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**3,323,787**
	Derivative exposure	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0
5	Add-on amounts for PFE associated with all derivatives transactions	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	**0**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**0**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	45,616
18	(Adjustments for conversion to credit equivalent amounts)	0
19	**Off-balance sheet items (sum of lines 17 and 18)**	**45,616**
	Capital and total exposures	
20	**Tier 1 capital**	**3,116,092**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**3,369,403**
	Leverage ratio	
22	**Basel III leverage ratio**	**92.48%**

For **Qatar National Bank SAQ, India Branch**

Gaurav Gupta
Chief Executive Officer

Place: Mumbai
Date: 28 June 2018