Disclosures under Pillar 3 of capital adequacy framework (Basel III guidelines) for the year ended 30 Jun 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.

1) 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*

2) 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 128.81% as of June 30, 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 June 31, 2018 is presented below:

(Rs. in '000s)

Quantitative disclosures	**as at 30 Jun 2018**
Capital requirements for credit risk (I):	**211,526**
Portfolios subject to standardised approach	211,526
Securitisation exposures	Nil
Capital requirements for market risk (II):	**6,760**
Standardised duration approach;	6,512
Interest rate risk	Nil
Foreign exchange risk (including gold)	248
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)	**218,286**
Total capital funds of the Bank (Tier I + Tier II)	3,124,172
Total risk weighted assets	2,425,395
Common Equity Tier I Capital (CET1)	**3,116,092**
Tier I Capital ratio	128.48%
Tier II Capital ratio	0.33%
Total Capital ratio	**128.81%**

3) 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

<u>Qualitative disclosure as per table DF 3</u>

<u>Risk Management Framework & Policies</u>

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 institutionalization 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.

<u>Quantitative disclosure as per table DF 3 Total</u>

a) Total gross credit exposures including Geographic distribution of exposures

(Rs. in '000s)

Particulars	Domestic	Overseas	Total
Fund Based Exposure	3,259,937	0	3,259,937
Non Fund Based Exposure	65,755	0	65,755

b) Residual contractual maturity breakdown of assets

(Rs. in 000s)

Maturity Pattern	Day 1	2 - 7 days	8 - 14 days	15 - 28 days	29 days to 3 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	141,525	-	-	650,000	-	-	-	-	-	-	791,525
Loans and Advances	-	75,000	-	-	1,130,319	440,000	75,000	300,000	-	-	2,020,319
Investments	-	-	-	448,696	-	-	-	-	-	-	448,696

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.

(Rs. in 000s)

Quantitative disclosures	
a) For exposure amounts after risk mitigation subject to the standardised approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted;	
• Below 100% risk weight	1,240,026
• 100% risk weight	2,020,319
• 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.

(Rs. 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

(Rs. in 000s)

	As at 30 June 2018	**As at 31 March 2018**
Capital requirement for market risk		
Standardized approach		
• Interest rate risk	248	1,411
• Foreign exchange risk (including Gold)	6,512	6,512
• Equity risk	Nil	Nil

Operational Risk: DF-8

Qualitative Disclosures

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

	Rs. in 000s
100 bps change in interest rates	-0.09% (2,751)
200 bps change in interest rates	-0.18% (5,502)
300 bps change in interest rates	-0.26% (8,253)

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

(Rs. in 000s)

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

Table DF-11: Composition of Capital

(Rs. 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**		3,155,432	
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]		8,080	
51	**Tier 2 capital before regulatory adjustments**		8,080	
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 56a	National specific regulatory adjustments (56a+56b) 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)**		8,080	
58a	**Tier 2 capital reckoned for capital adequacy**[14]		-	
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)**		3,124,172	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
60	**Total risk weighted assets (60a + 60b + 60c)**		2,425,395	
60a	**of which: total credit risk weighted assets**		2,350,288	
60b	**of which: total market risk weighted assets**		75,107	
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)**		128.48%	
63	**Total capital (as a percentage of risk weighted assets)**		128.81%	
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)		8,080	
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

(Rs. 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	**125,314**	**125,314**
	of which: Deposits from banks	0	0
	of which: Customer deposits	125,314	125,314
	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	**179,932**	**179,932**
	Total	**3,460,678**	**3,460,678**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**140,073**	**26,530**
	Balance with banks and money at call and short notice	**651,452**	**651,452**
ii	Investments:	**448,696**	**448,696**
	of which: Government securities	448,696	448,696
	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	**2,020,000**	**2,020,000**
	of which: Loans and advances to banks	0	0
	of which: Loans and advances to customers	2,020,000	2,020,000
iv	Fixed assets	**73,134**	**73,134**
v	Other assets	**72,722**	**72,722**
	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	**54,601**	**54,601**
	Total Assets	**3,460,678**	**3,460,678**

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

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

(Rs.in 000s)

Sr. No.	Particulars	Amount
1	Total consolidated assets as per published financial statements	3,406,077
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)	65,755
7	Other adjustments	0
8	**Leverage ratio exposure**	**3,471,832**

DF-18: Leverage ratio common disclosure template

(Rs.in 000s)

Sr. No.	Leverage ratio framework	Amount
	On-Balance sheet exposure	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,406,077
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)	3,406,077
	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	65,755
18	(Adjustments for conversion to credit equivalent amounts)	0
19	**Off-balance sheet items (sum of lines 17 and 18)**	**65,755**
	Capital and total exposures	
20	**Tier 1 capital**	**3,116,092**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**3,471,832**
	Leverage ratio	
22	**Basel III leverage ratio**	**89.75%**

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

SD/-
Gaurav Gupta
Chief Executive Officer

Place : Mumbai
Date : 20 July 2018