

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Chief Executive Officer Qatar National Bank (Q.P.S.C.) – India Branch

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Qatar National Bank (Q.P.S.C.) – India Branch (the 'Bank'), which comprise the Balance Sheet as at 31 March 2021, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2021, and its loss, and its cash flows for the year ended on that date.

Basis for opinion

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

Emphasis of matter

As more fully described in Schedule 18 – Note 6.26 of the financial statements, the extent to which COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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

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

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

Registered Office:

Independent Auditor's Report (*Continued*)

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

Information Other than the Financial Statements and Auditor's Report Thereon (*continued*)

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

Management's responsibility for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (*Continued*)

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

Auditor's responsibilities for the audit of the financial statements (*Continued*)

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

- A. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 1 branch.

Independent Auditor's Report (*Continued*)

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

Report on other legal and regulatory requirements (*Continued*)

- B. Further, as required by Section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - (e) the requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Qatar National Bank (Q.P.S.C.), which is incorporated in Qatar; and
 - (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- C. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Bank does not have any pending litigations which would impact its financial position – Refer Schedule 18 – Note 6.28 to the financial statements;
 - ii. the Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Schedule 18 – Note 6.29 to the financial statements;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank; and
 - iv. The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

Independent Auditor's Report (*Continued*)

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

Report on other legal and regulatory requirements (*Continued*)

D. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, being a banking company, Section 35B (2A) of the Banking Regulation Act, 1949 regarding managerial remuneration applies to the Bank and Section 197 (16) of the Act is not applicable.

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

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Pranav Gune

Partner

Membership No: 121058

ICAI UDIN: 21121058AAAABQ8632

Mumbai
30 June 2021

Annexure A to the Independent Auditor's Report of even date on the financial statements of Qatar National Bank (Q.P.S.C.) – India Branch for the year ended 31 March 2021

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

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (B.f.) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Qatar National Bank (Q.P.S.C.) – India Branch (the 'Bank') as of 31 March 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

Annexure A to the Independent Auditor's Report of even date on the financial statements of Qatar National Bank (Q.P.S.C.) – India Branch for the year ended 31 March 2021 (Continued)

Auditor's responsibility (Continued)

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls with reference to financial statements

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

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

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Pranav Gune

Partner

Membership No: 121058

ICAI UDIN: 21121058AAAABQ8632

Mumbai
30 June 2021

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

(Incorporated in Qatar with Limited Liability)

Balance sheet

as at 31 March 2021

(Currency in Indian Rupees)

	<i>Schedule</i>	As at 31 March 2021 (Rs' 000s)	As at 31 March 2020 (Rs' 000s)
CAPITAL AND LIABILITIES			
Capital	1	3,266,599	3,216,512
Reserves and surplus	2	288	288
Deposits	3	4,701,507	7,177,264
Borrowings	4	1,084,880	650,000
Other liabilities and provisions	5	238,766	289,820
Total		9,292,040	11,333,884
ASSETS			
Cash and balances with Reserve Bank of India	6	177,786	207,822
Balances with banks and money at call and short notice	7	342,521	1,661,780
Investments	8	2,464,717	2,079,661
Advances	9	5,975,572	7,170,300
Fixed assets	10	47,854	62,797
Other assets	11	283,590	151,524
Total		9,292,040	11,333,884
Contingent liabilities	12	1,788,277	1,408,516
Bills for collection		-	-
Significant accounting policies and notes to the financial statements	18		

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Pranav Gune

Partner

Membership No: 121058

Mumbai

30 June 2021

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

Gaurav Gupta

Chief Executive Officer

Mumbai

30 June 2021

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

(Incorporated in Qatar with Limited Liability)

Profit and loss account

for the year ended 31 March 2021

(Currency in Indian Rupees)

	<i>Schedule</i>	For the year ended 31 March 2021 (Rs' 000s)	For the year ended 31 March 2020 (Rs' 000s)
I. INCOME			
Interest earned	13	470,224	445,395
Other income	14	120,166	46,438
Total		590,390	491,833
II. EXPENDITURE			
Interest expended	15	291,427	198,651
Operating expenses	16	304,730	266,089
Provisions and contingencies	17	68,969	35,984
Total		665,126	500,724
III. PROFIT / (LOSS)			
Net profit / (loss) for the year / period		(74,736)	(8,891)
Profit / (loss) brought forward from previous year		(47,366)	(38,475)
Total		(122,102)	(47,366)
IV. APPROPRIATIONS			
Transfer to statutory reserves		-	-
Balance carried over to the balance sheet		(122,102)	(47,366)
Total		(122,102)	(47,366)

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 (Q.P.S.C.) - India Branch

Pranav Gune

Partner

Membership No: 121058

Mumbai

30 June 2021

Gaurav Gupta

Chief Executive Officer

Mumbai

30 June 2021

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

(Incorporated in Qatar with Limited Liability)

Cash Flow Statement

for the year ended 31 March 2021

(Currency in Indian Rupees)

	For the year ended 31 March 2021 (Rs in 000s)	For the year ended 31 March 2020 (Rs in 000s)
Cash flow from Operating Activities		
Net profit / (loss) before tax	(99,512)	8,826
Adjustment for:		
Depreciation charge (refer to note 16 - V)	23,008	23,279
Operating profit / (loss) before working capital changes	(76,504)	32,105
Changes in:		
Deposits	(2,475,757)	5,784,649
Borrowings	434,880	280,000
Other liabilities	(7,467)	133,219
Investments	(385,056)	(1,300,325)
Advances	1,194,728	(4,415,300)
Other assets	(13,000)	10,102
Cash generated from / (used in) operations	(1,328,176)	524,450
Taxes paid	(13,054)	(30,682)
A Net cash generated from / (used in) operating activities	(1,341,230)	493,768
Cash flow from investing activities		
Purchase of fixed assets including capital work in progress	(8,065)	(7,430)
B Net cash from/(used in) investing activities	(8,065)	(7,430)
C Net cash generated from / (used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,349,295)	486,338
D Cash and cash equivalent at the beginning of the year / period	1,869,602	1,383,264
E Cash and cash equivalent at the end of the year / period	520,307	1,869,602
Net increase / (decrease) in cash and cash equivalents (E-D)	(1,349,295)	486,338
Cash and cash equivalent represents		
Cash and Balances with Reserve Bank of India (as per Schedule 6)	177,786	207,822
Balances with Banks and Money at Call and Short Notice (as per Schedule 7)	342,521	1,661,780
TOTAL	520,307	1,869,602

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

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

Pranav Gune

Partner

Membership No: 121058

Mumbai

30 June 2021

Gaurav Gupta
Chief Executive Officer

Mumbai

30 June 2021

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements

as at 31 March 2021

(All Rupees in thousands)

	As at 31 March 2021 (Rs. in '000)	As at 31 March 2020 (Rs. in '000)
1 CAPITAL		
Amount of deposit kept with Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949	2,300	2,300
Capital		
Opening balance	3,216,512	3,155,432
Additions during the year	-	-
Unremitted Head Office expenses (refer to Schedule 18 - Note 5.28)	50,087	61,080
Total	3,266,599	3,216,512
2 RESERVES AND SURPLUS		
Statutory reserve		
Opening balance	288	288
Additions during the year	-	-
Deductions during the year	-	-
Total	288	288
3 DEPOSITS		
A.I. Demand deposits		
(i) From banks	5,015	3,614
(ii) From others	50,198	53,181
II. Savings bank deposits	-	-
III. Term deposits		
(i) From banks	-	-
(ii) From others	4,646,294	7,120,469
Total (I + II + III)	4,701,507	7,177,264
B.I. Deposits of branches in India	4,701,507	7,177,264
II. Deposits of branches outside India	-	-
Total (I + II)	4,701,507	7,177,264

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (Continued)

as at 31 March 2021

(All Rupees in thousands)

	As at 31 March 2021 (Rs. in '000)	As at 31 March 2020 (Rs. in '000)
4	BORROWINGS	
I.	Borrowings in India	
(i)	Reserve Bank of India	-
(ii)	Other banks	1,084,880
(iii)	Other institutions and agencies	650,000
		-
II.	Borrowings outside India	
		-
	Total (I + II)	650,000
	Secured Borrowings included in I and II above	-
5	OTHER LIABILITIES AND PROVISIONS	
I.	Bills payable	-
II.	Inter - office adjustment (net)	-
III.	Interest accrued	16,466
IV.	Others (including provisions)	59,846
	- Provision for standard advances	23,032
	- Payable to Head Office	135,813
	- Others	63,455
	Total	289,820
6	CASH AND BALANCES WITH RESERVE BANK OF INDIA	
I.	Cash in hand (including foreign currency notes)	417
II.	Balances with Reserve Bank of India	769
(i)	in current account	177,369
(ii)	in other account	207,053
	Total (I + II)	207,822
7	BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	
I.	In India	
i)	Balances with banks	
(a)	in current accounts	1,101
(b)	in other deposit accounts	962
		-
ii)	Money at call and short notice	
(a)	with banks	340,000
(b)	with other institutions	1,660,000
		-
	Total (i + ii)	1,660,962
II.	Outside India	
i)	in current accounts	1,420
ii)	in other deposit accounts	818
iii)	money at call and short notice	-
		-
	Total (i + ii + iii)	818
	Grand Total (I + II)	1,661,780

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (Continued)

as at 31 March 2021

(All Rupees in thousands)

	As at 31 March 2021 (Rs. in '000)	As at 31 March 2020 (Rs. in '000)
8 INVESTMENTS		
I. Investments in India in		
i) Government securities	2,464,717	2,079,661
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	-	-
v) Subsidiaries and /or joint ventures	-	-
vi) Others	-	-
Total	2,464,717	2,079,661
II. Investments outside India	-	-
Total	2,464,717	2,079,661
9 ADVANCES		
A.		
i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	4,288,072	5,192,800
iii) Term loans	1,687,500	1,977,500
Total	5,975,572	7,170,300
B.		
i) Secured by tangible assets (book debts)	5,366,947	4,695,000
ii) Covered by bank / Government guarantees	326,125	565,300
iii) Unsecured	282,500	1,910,000
Total	5,975,572	7,170,300
C.		
I Advances in India		
i) Priority sectors	2,157,447	1,128,947
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	3,818,125	6,041,353
	5,975,572	7,170,300
II Advances outside India	-	-
Grand total (C.I + C.II) (Advances are net of provision)	5,975,572	7,170,300
10 FIXED ASSETS		
I. Premises	-	-
II. Other fixed assets (including furniture and fixtures)		
At cost as on 31 March of the preceding year	95,871	87,913
Additions during the year / period	13,115	7,958
Deductions during the year / period	-	-
Depreciation to date	(82,284)	(59,275)
Net book value of other fixed assets	26,702	36,596
Capital work in progress	21,152	26,201
Total	47,854	62,797

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (Continued)

as at 31 March 2021

(All Rupees in thousands)

	As at 31 March 2021 (Rs. in '000)	As at 31 March 2020 (Rs. in '000)
11 OTHER ASSETS		
I. Inter-office adjustment (net)	-	-
II. Interest accrued	911	2,322
III. Tax paid in advance / tax deducted at sources	-	196
IV. Stationery and stamps	-	-
V. Non banking assets acquired in satisfaction of claims	-	-
VI. Deferred tax assets (net) (refer to Schedule 18 - Note 6.5)	73,824	29,293
VII. Others*	208,855	119,713
Total	283,590	151,524
<i>* Others include debit balance in Profit and loss account of Rs.122,102 thousand as at 31 March 2021 (P.Y. Rs. 47,366 thousand)</i>		
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	1,660,324	1,303,952
b) Outside India	-	-
V. Acceptances, endorsements and other obligation	127,953	104,564
VI. Other items for which the bank is contingently liable	-	-
Total	1,788,277	1,408,516

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (Continued)

for the year ended 31 March 2021

(All Rupees in thousands)

	For the year ended 31 March 2021 (Rs' 000s)	For the year ended 31 March 2020 (Rs' 000s)
13 INTEREST EARNED		
I. Interest / discount on advances / bills	317,606	307,291
II. Income on investments	119,236	59,818
III. Interest on balances with Reserve Bank of India and other inter-bank funds	33,382	78,286
IV. Others	-	-
Total	470,224	445,395
14 OTHER INCOME		
I. Commission, exchange and brokerage	119,316	45,919
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	850	519
V. Miscellaneous income	-	-
Total	120,166	46,438
15 INTEREST EXPENDED		
I. Interest on deposits	287,836	161,701
II. Interest on Reserve Bank of India and inter-bank borrowing	3,591	36,950
III. Others	-	-
Total	291,427	198,651
16 OPERATING EXPENSES		
I. Payments to and provision for employees	142,073	125,437
II. Rent, taxes and lighting	42,735	43,339
III. Printing and stationery	378	1,231
IV. Advertisement and publicity	303	1,044
V. Depreciation on Bank's property	23,008	23,279
VI. Auditor's fees and expenses	5,400	4,400
VII. Postages, telegrams, telephones, etc.	8,079	7,685
VIII. Repairs and maintenance	2,675	2,514
IX. Insurance	9,140	2,228
X. Law charges	4,116	2,246
XI. Professional fees	3,897	4,762
XII. Information technology expenses	23,640	15,560
XIII. Other expenditures (refer to Schedule 18 - Note 6.7 & Note 6.21)	39,286	32,364
Total	304,730	266,089
17 PROVISIONS & CONTINGENCIES		
I. Provision on standard assets	(6,255)	18,267
II. Provision on Non Performing Asset	100,000	-
III. Provision on account of tax		
- Current tax	19,034	29,313
- Tax for earlier period	721	683
- Deferred tax	(44,531)	(12,279)
Total	68,969	35,984

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18

1. Background

The accompanying financial statements are as at and for the year ended 31 March 2021 comprising of the accounts of Qatar National Bank (Q.P.S.C.) - India Branch (the 'Bank'), branch of Qatar National Bank (Q.P.S.C.) which is incorporated in Qatar with limited liability.

On 6 October 2016, the Bank's parent company was granted a license by Reserve Bank of India ('RBI') to commence banking business in India. The Bank commenced its banking business in India with effect from 8 June 2017. The Bank was included in the Second Schedule of the Reserve Bank of India Act, 1934 vide notification dated 5 July 2017 published in the Gazette of India (Part III - Section 4) dated 26 August 2017. There was change in the name of the bank from Qatar National Bank SAQ-India Branch to Qatar National Bank (Q.P.S.C.)-India Branch vide gazette notification dated 24 August 2018.

The Bank has only one branch in India as at 31 March 2021 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.

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

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 for on an accrual basis, except for interest on non-performing asset, 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 depreciated over the primary period of lease or management's estimate of occupation of leased premises or 10 years whichever is less.
- f) Capital work in progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

4.3. Foreign exchange transactions

- a) Monetary assets and liabilities denominated in foreign currencies are translated at the 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.

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

4. Significant accounting policies (*Continued*)

4.3. Foreign exchange transactions (*Continued*)

- c) Liabilities in respect of outstanding foreign exchange contract, guarantees, acceptances, endorsements and other obligations are stated at the spot rate of the exchange notified by FEDAI at the year end.

4.4. Investments

a) Classification

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

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

b) Acquisition cost

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

c) Valuation

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

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

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

d) Sale of investment

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

4.5. Advances

Advances are classified as per prudential norms on 'Income Recognition and Assets Classification and Provisioning Pertaining to Advances' issued by RBI, into performing and non-performing assets and are net of specific provisions. Provisions for non-performing assets are made in accordance with RBI guidelines. Provisions for Non-Performing assets are made in accordance with credit policy of the branch wherein minimum requirement as per RBI policy are ensured.

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

4. Significant accounting policies (*Continued*)

4.6. Cash and cash equivalents

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

4.7. Employee benefits

a) Provident fund

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

b) Gratuity

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

c) Compensated absences

The Bank provides compensated absence benefit (long term), which is a defined benefit scheme based on actuarial valuation 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.

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

4. Significant accounting policies (*Continued*)

4.9. Operating lease

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

4.10. Provisions and contingent liabilities

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

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

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

4.11. Impairment of assets

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

4.12. Segment information

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

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

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

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5. Notes forming part of the financial statements

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

5.1 Capital adequacy

Capital Adequacy Ratio as per RBI guidelines (Basel III) as at 31 March 2021 is given below:

Sr.	Particulars	As at	As at
		31 March 2021	31 March 2020
i)	Common Equity Tier 1 capital ratio (%)	42.69%	45.10%
ii)	Tier 1 capital ratio (%)	42.69%	45.10%
iii)	Tier 2 capital ratio (%)	0.31%	0.42%
iv)	Total capital ratio (CRAR) (%)	43.00%	45.52%
v)	% of the shareholding of the Government of India in public sector Banks	-	-
vi)	Amount of equity capital raised	-	-
vii)	Amount of Additional Tier 1 capital raised ;of which PNCPS:	-	-
	PDI:	-	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instrument:	-	-
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non- cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

5.2 Investments

(Rs. in 000s)

Sr.	Items	As at	As at
		31 March 2021	31 March 2020
1.	Value of Investments		
	i. Gross Value of Investments	2,464,717	2,079,661
	a) In India	2,464,717	2,079,661
	b) Outside India	-	-
	ii. Provisions for depreciation	-	-
	a) In India	-	-
	b) Outside India	-	-
	iii. Net Value of Investments	2,464,717	2,079,661
	a) In India	2,464,717	2,079,661
	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	-	-

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5. Notes forming part of the financial statements (*Continued*)

5.3 Repo / Reverse Repo transactions

Details of Reverse Repo transactions undertaken during the year ended 31 March 2021 are as follows:

(Rs. in 000s)

Particulars	Minimum Outstanding during the Year**	Maximum Outstanding during the Year	Daily average Outstanding during the Year*	As at 31 March 2021
Securities Sold under repos				
i. Government Securities	40,000	40,000	110	-
ii. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
i. Government Securities	10,000	2,000,000	881,534	340,000
ii. Corporate Debt Securities	-	-	-	-

Details of Repo and Reverse Repo transactions undertaken during the year ended 31 March 2020 are as follows:

(Rs. in 000s)

Particulars	Minimum Outstanding during the Year**	Maximum Outstanding during the Year	Daily average Outstanding during the Year*	As at 31 March 2020
Securities Sold under repos				
iii. Government Securities	-	-	-	-
iv. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo				
iii. Government Securities	10,000	3,000,000	543,415	1,660,000
iv. Corporate Debt Securities	-	-	-	-

*All the days in the financial year are considered for the purpose of calculation.

** Nil outstanding on any day is ignored for reckoning minimum outstanding.

5.4 Issuer composition of Non-SLR investments

The Bank did not have any investments under this category as at 31 March 2021 (*Previous year - Nil (000s)*)

(Rs. in 000s)

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

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5. Notes forming part of the financial statements (*Continued*)

5.5 Non performing non-SLR investment

The Bank did not have any investments under this category as at 31 March 2021 (*Previous year - Nil (000s)*)

(Rs. in 000s)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	-	-
Additions during the year since 1 April	-	-
Reductions during the above period	-	-
Closing balance	-	-
Total provision held	-	-

5.6 Sale and transfers to/from HTM category

There is no sale/transfer to/from HTM category during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

5.7 Derivatives

5.7.1 Forward rate agreement / interest rate swap

The Bank has not dealt with any Forward Rate Agreements (FRA)/Interest Rate Swaps (IRS) during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

(Rs. in 000s)

Particulars	As at 31 March 2021	As at 31 March 2020
i) The Notional principal of swap agreements	-	-
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii) Collateral required by the Bank upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

5.7.2 Exchange traded interest rate derivatives

The Bank has not dealt with any Exchange Traded Interest Rate Derivatives during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

(Rs. in 000s)

Sr.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March 21	-
(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"	-

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

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Schedules forming part of the financial statements (Continued)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (Continued)

5. Notes forming part of the financial statements (Continued)

5.7.3 Disclosures on risk exposure in derivatives

Qualitative disclosure

The Bank has not entered into any derivative transactions during the year ended 31 March 2021 (Previous year - Nil (000s)).

(Rs. in 000s)

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Currency Derivative	Interest rate derivatives	Currency Derivative	Interest rate derivatives
1	Derivative (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	-	-	-	-
2	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
3	Credit Exposure	-	-	-	-
4	Likely impact of one percent change in interest rate (100*PV01)				
	On hedging derivatives	-	-	-	-
	On trading derivatives	-	-	-	-
5	Maximum and minimum of 100PV01 observed during the year				
	a) On hedging				
	- Maximum	-	-	-	-
	- Minimum	-	-	-	-
	b) On trading				
	- Maximum	-	-	-	-
	- Minimum	-	-	-	-

5.7.4 Non-performing assets

(Rs. in 000s)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Net NPA's to Net Advances (%)	6.69%	-
(ii) Movement in NPA (Gross)	-	-
(a) Opening Balance	-	-
(b) Additions during the year	50,000	-
(c) Reductions during the year	-	-
(d) Closing balance	50,000	-
(iii) Movement of Net NPAs	-	-
(a) Opening Balance	-	-
(b) Additions during the year	40,000	-
(c) Reductions during the year	-	-
(d) Closing balance	40,000	-
(iii) Movement of provisions for NPAs (excluding provisions on standard asset)	-	-
(a) Opening Balance	-	-
(b) Provisions made during the year	10,000	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	10,000	-

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

5.7.5 Details of loan assets subjected to restructuring

There were no instances of restructuring of loan assets during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

5.7.6 Securitization exposure

The Bank did not have any securitisation exposure during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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

There were no instances of sale of financial assets to Securitisation/Reconstruction Company for asset reconstruction during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

(*Rs. in 000s*)

Particulars	As at	As at
	31 March 2021	31 March 2020
(i) No of accounts	-	-
(ii) Aggregate value (net of provisions) of the accounts sold to SC/RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

5.7.8 Details of non-performing financial assets purchased/sold

There were no instances of purchase/sale of non-performing assets during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

(*Rs. in 000s*)

Details of non-performing financial assets purchased	As at	As at
	31 March 2021	31 March 2020
1 (a) No of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2 (a) of these no of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

Details of non-performing financial assets sold	As at	As at
	31 March 2021	31 March 2020
1. No of accounts sold	-	-
2. Aggregate outstanding	-	-
3. Aggregate consideration received	-	-

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

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

There are no sale of NPAs to SCs and RCs during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

5.7.10 Provisions on standard assets

(Rs. in 000s)

Particular	As at	
	31 March 2021	31 March 2020
Provisions towards Standard Assets	23,032	29,287

5.7.11 Business ratios

Sr. No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i.	Interest income as a percentage to working funds ¹	5.52%	6.57%
ii.	Non-Interest Income as a percentage to working funds ¹	1.41%	0.68%
iii.	Operating Profit/(Loss) as a percentage to working funds ¹	(0.07)%	0.40%
iv.	Return on assets ¹ (%)	(0.88)%	(0.13)%
v.	Business (deposits plus advances) per employee (Rs.000s) ^{2,3}	444,878	597,665
vi.	Net profit/(loss) per employee (Rs.000s.) ³	(3,114)	(370)

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 01 April 2020 to 31 March 2021.
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.

5.8 Asset liability management

Maturity pattern of certain items of assets and liabilities as of 31 March 2021

(Rs. in 000s)

Maturity pattern	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	0	0	55,213	0	1,416	0
2 - 7 days	1,280,000	0	1,680,000	500,000	0	0
8 - 14 days	0	0	532,795	0	0	0
15 - 28 days	36,625	0	248,000	0	0	0
29 days to 3 months	2,021,822	895,590	345,044	584,880	584,880	584,880
3 months to 6 months	418,375	787,975	1,825,000	0	0	0
6 months to 1 year	583,750	781,152	15,055	0	0	0
1 to 3 years	1,126,000	0	400	0	0	0
3 - 5 years	509,000	0	0	0	0	0
Over 5 years	0	0	0	0	0	0
Total	5,975,572	2,464,717	4,701,507	1,084,880	586,296	584,880

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (Continued)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (Continued)

5 Notes forming part of the financial statements (Continued)

5.8 Asset liability management (Continued)

Maturity pattern of certain items of assets and liabilities as of 31 March 2020

(Rs. in 000s)

Maturity pattern	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	-	-	8,411	-	818	-
2 - 7 days	400,000	-	190,000	-	-	-
8 - 14 days	-	-	-	-	-	-
15 - 28 days	977,175	-	-	650,000	-	-
29 days to 3 months	2,918,750	345,813	2,992,166	-	-	-
3 months to 6 months	1,103,125	342,150	350,259	-	-	-
6 months to 1 year	296,250	1,391,698	3,076,043	-	-	-
1 to 3 years	840,000	-	548,385	-	-	-
3 - 5 years	570,000	-	12,000	-	-	-
Over 5 years	65,000	-	-	-	-	-
Total	7,170,300	2,079,661	7,177,264	650,000	818	-

5.9 Exposures to sensitive sectors

5.9.1 Exposure to real estate sector

(Rs. in 000s)

Category	As at 31 March 2021	As at 31 March 2020
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 to Real Estate Sector	-	-

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

(Incorporated in Qatar with Limited Liability)

Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

5.9 Exposures to sensitive sectors (*Continued*)

5.9.2 Exposure to capital market

		(Rs. in 000s)	
Category		As at 31 March 2021	As at 31 March 2020
(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		-	-

5.10 Penalties imposed by RBI

During the year ended 31 March 2021, RBI has not imposed any penalties to the Bank (*Previous year - Nil (000s)*).

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Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

(Currency in Indian Rupees)

Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

5.11 Risk category wise country exposure

(Rs. in 000s)

Risk Category	Exposure (net) as at 31 March 2021	Provision held as at 31 March 2020
Insignificant	-	-
Low	-	-
Moderate	-	-
High	-	-
Very High	-	-
Restricted	-	-
Off-credit	-	-
Total	-	-

5.12 Details of Large Exposure Framework limits

As per regulatory guidelines, with effect from April 1, 2019 in case of single counterparty (SBL), the sum of all the exposure values of a bank to a single counterparty must not be higher than 20 percent of the bank's available eligible capital base at all times. In exceptional cases, Board of bank may allow an additional 5 percent exposure of the bank's available eligible capital base. In case of group of connected counterparties (GBL), the sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25 percent of the bank's available eligible capital base at all times. The eligible capital base for this purpose is the effective amount of Tier 1 capital fulfilling the criteria defined in Master Circular on Basel III- Capital Regulation / Master Direction on 'Basel III Capital Regulations' as per the last audited balance sheet. During the year ended March 31, 2021 and 31 March 2020, the Bank has not exceeded the prudential exposure limits as laid down by the RBI guidelines under Large Exposure Framework.

5.13 Unsecured advances against intangible assets

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'Unsecured' in the financial statements as at 31 March 2021 (*Previous year - Nil (000s)*) and the estimated value of the intangible collaterals was Nil as at 31 March 2021 (*Previous year - Nil (000s)*).

5.14 Disclosure of complaints / unimplemented awards of banking ombudsman

A. Customer Complaints	As at 31 March 2021	As at 31 March 2020
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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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

5.14 Disclosure of complaints / unimplemented awards of banking ombudsman (*Continued*)

B. Awards passed by the Banking Ombudsman	As at 31 March 2021	As at 31 March 2020
a No. of unimplemented Awards at the beginning of the year	-	-
b No. of Awards passed by the Banking Ombudsman during the year	-	-
c No. of Awards implemented during the year	-	-
d No. of unimplemented Awards at the end of the year	-	-

5.15 Draw down from reserves

The Bank has no draw down from the reserves during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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

The Bank has not sponsored any off balance sheet SPV during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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

(*Rs. in 000s*)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision for income tax	19,755	29,996
Deferred tax	(44,531)	(12,279)

5.18 Concentration of Deposits, advances, exposures and NPAs

5.18.1 Concentration of Deposits

(*Rs. in 000s*)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Deposits of twenty largest depositors	4,701,499	7,177,076
Percentage of Deposits of twenty largest depositors of Total Deposits of the Bank	100	100

5.18.2 Concentration of Advances

(*Rs. in 000s*)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Advances of twenty largest borrowers	6,075,572	7,170,300
Percentage of Advances of twenty largest borrowers of Total Advances of the Bank	100%	100%

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Schedules forming part of the financial statements (Continued)

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Schedule 18 (Continued)

5 Notes forming part of the financial statements (Continued)

5.18.3 Concentration of exposures*

(Rs. in 000s)

Particulars	As at	
	31 March 2021	31 March 2020
Total Exposure of twenty largest borrowers/customers	8,390,158	9,560,400
Percentage of Exposures of twenty largest borrowers/customers of Total Exposure of the Bank on borrowers/customers	91%	88%

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

5.18.4 Concentration of NPAs

(Rs. in 000s)

Particulars	As at	
	31 March 2021	31 March 2020
Total Exposure to top four NPA accounts	500,000	-

5.19 Sector-wise advances

(Rs. in 000s)

Sr	Sector	As at 31 March 2021			As at 31 March 2020		
		O/s Total Advances	Gross NPA	% of Gross NPA	O/s Total Advances	Gross NPA	% of Gross NPA
A	Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Advances to industries sector eligible as priority sector lending	1,163,697	-	-	850,000	-	-
3	Services	993,750	-	-	278,947	-	-
4	Personal Loans	-	-	-	-	-	-
	Sub-total (A)	2,157,447	-	-	1,128,947	-	-
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	909,374	-	-	1,467,800	-	-
3	Services	3,008,750	500,000	16.20%	4,573,553	-	-
4	Personal Loans	-	-	-	-	-	-
	Sub-total (B)	3,918,124	500,000	12.76%	6,041,353	-	-
	Total (A+B)	6,075,572	500,000	8.23%	7,170,300	-	-

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

5.20 Sector-wise NPAs

(Rs. in 000s)

Sector	% of NPAs to Total Advances in that sector As at 31 March 2021	% of NPAs to Total Advances in that sector As at 31 March 2020
Agriculture and allied activities	-	-
Industry (Micro & Small, Medium and Large)	-	-
Services	500,000	-
Personal Loans	-	-

5.21 Movement in NPAs

(Rs. in 000s)

Particulars	As at 31 March 2021	As at 31 March 2020
Gross NPAs as on 1 st April of particular year (Opening balance)	-	-
Additions (Fresh NPAs) during the year	500,000	-
Sub-total (A)	500,000	-
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)	500,000	-

5.22 Scheme for Sustainable Structuring of Stressed Assets (S4A)

Disclosure is not applicable as there are no such cases for the year ended 31 March 2021 (*Previous year - Nil (000s)*).

5.23 Flexible Structuring of Existing Loans

Disclosure is not applicable as there are no such cases during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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

Disclosure is not applicable as there are no such cases during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

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

Disclosure is not applicable as there are no such cases during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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

Disclosure is not applicable as there are no such cases during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

5.27 Overseas assets, NPAs and revenue

(*Rs. in 000s*)

Particulars	As at 31 March 2021	As at 31 March 2020
Total assets	-	-
Total NPAs	-	-
Total revenue	-	-

5.28 Capital

- Capital infused during the year by Head Office was Rs. Nil (*Previous Year - Nil ('000s)*).
- The Head Office expenses of Rs. 50,087 (*'000s*) debited to the Profit and Loss account and not remitted has been considered as part of Tier I capital during the current financial year as per the RBI mailbox clarification dated 08 April 2008. (*Previous Year - Rs. 61,080 ('000s)*)

5.29 Floating provisions

The Bank has not created any floating provisions during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

(*Rs. in 000s*)

Particulars	As at 31 March 2021	As at 31 March 2020
(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	-	-

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

5 Notes forming part of the financial statements (*Continued*)

5.30 Unhedged foreign currency exposure

As per RBI guidelines, the Bank has put in place a framework to compute incremental provisioning and capital requirements on account of unhedged foreign currency exposure of its clients. As per the assessment carried out as at 31 March 2021, there was a requirement of maintaining incremental provision, however there was no requirement of additional capital on account of unhedged foreign currency exposure on its borrowers during the year ended 31 March 2021.

Particulars	<i>(Rs. in 000s)</i>	
	As at 31 March 2021	As at 31 March 2020
Incremental provision	730	606
Incremental capital held	-	-

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

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Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

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Schedule 18 (*Continued*)

5. Notes forming part of the financial statements (*Continued*)

5.31 Liquidity coverage ratio (*Continued*)

		As at 31 March 2021 (Three months)		As at 31 December 2020 (Three months)		As at 30 September 2020 (Three months)		As at 30 June 2020 (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)
6	Other Contractual funding obligations	96,213	96,213	58,009	58,009	14,833	14,833	30,070	30,070
7	Other Contingent funding obligations	7,735,610	346,831	8,047,199	356,656	7,676,678	352,418	4,813,782	213,106
8	TOTAL CASH OUTFLOWS		1,709,921		1,504,091		1,508,890		2,250,103
Cash Inflows									
9	Secured lending	1,009,109	-	1,063,692	-	503,090	-	987,125	-
10	Inflows from fully performing exposures	1,231,015	738,995	1,249,049	789,122	905,611	521,774	1,764,739	1,082,262
11	Other cash inflows	45,163	45,163	34,671	34,671	32,695	32,695	34,987	34,987
12	TOTAL Cash Inflows	2,285,288	784,158	2,347,412	823,793	1,441,396	554,469	2,786,851	1,117,249
Total Adjusted Value									
21	Total HQLA		3,878,821		4,258,166		3,112,699		3,383,963
22	Total Net cash outflows*		925,763		680,298		954,420		1,132,854
23	Liquidity Coverage Ratio (%)		418.99%		625.93%		326.14%		298.71%

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

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		As at 31 March 2020 (Three months)		As at 31 December 2019 (Three months)		As at 30 September 2019 (Three months)		As at 30 June 2019 (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)
6	Other Contractual funding obligations	1,266,715	66,056	1,052,881	89,697	544,994	32,798	18,422	18,422
7	Other Contingent funding obligations	3,161,128	158,056	2,181,892	109,095	1,272,392	63,620	-	-
8	TOTAL CASH OUTFLOWS		2,303,765		1,329,987		836,256		760,345
Cash Inflows									
9	Secured lending	1,651,698	-	1,151,210	-	-	-	-	-
10	Inflows from fully performing exposures	1,196,755	726,112	2,151,173	1,383,427	1,806,595	1,351,617	1,827,122	1,317,775
11	Other cash inflows	43,366	43,366	56,674	56,674	16,217	16,217	17,848	17,848
12	TOTAL Cash Inflows	2,891,819	769,478	3,359,057	1,440,101	1,822,812	1,367,834	1,844,970	1,335,623
Total Adjusted Value									
21	Total HQLA		3,119,268		1,387,156		690,785		731,077
22	Total Net cash outflows*		1,534,287		332,497		209,064		190,086
23	Liquidity Coverage Ratio (%)		203.30%		417.19%		330.42%		384.60%

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

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

5. Notes forming part of the financial statements (*Continued*)

5.32 Qualitative disclosure around LCR

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

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

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

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

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

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

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

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

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

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 2021	For the year ended 31 March 2020
Current service cost	1,129	757
Interest cost of benefit obligation	225	156
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	551	434
Past service cost	-	-
Net benefit expense	-	-
Expected return on plan assets	-	-

Balance sheet

(Rs. in 000s)

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined benefit obligation	5,423	3,518
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(5,423)	(3,518)
Unrecognized past service cost	-	-
Net liability	(5,423)	(3,518)

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

(Rs. in 000s)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening defined benefit obligation	3,518	2,171
Interest cost	1,129	757
Current service cost	225	156
Benefits paid	-	-
Actuarial (gains)/losses on obligation	551	434
Closing defined benefit obligation	5,423	3,518

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

6.1 Employee Benefits (*Continued*)

Gratuity (*Continued*)

Changes in the fair value of plan assets are as follows

(Rs. in 000s)

Particulars	As at	As at
	31 March 2021	31 March 2020
Opening fair value of plan assets	-	-
Expected return	-	-
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gains/(losses)	-	-
Closing fair value of plan assets	-	-

Experience history

(Rs. in 000s)

Particulars	As at	As at
	31 March 2021	31 March 2020
Defined benefit obligation at the end of the period	(5,423)	(3,518)
Planned asset at the end of the period	-	-
Funded Status	(5,423)	(3,518)
Experience gain/(losses) adjustment on plan liabilities	(478)	(245)
Experience gain/(losses) adjustment on plan assets	-	-
Actuarial gain/(losses) due to change on assumptions	(72)	(189)

Principal actuarial assumptions at the balance sheet date

Particulars	As at	As at
	31 March 2021	31 March 2020
Discount Rate	6.20%	6.40%
Salary Escalation Rate	5.00%	5.00%
Withdrawal rate	10.00%	10.00%

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

Compensated absence:

The charge for compensated absence for the year ended 31 March 2021 is Rs. 980('000s) (*Previous year - Rs. 858('000s)*).

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

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 principal activities of the primary reporting segments are as follows:

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

(Rs. in 000s)

Business Segment	Treasury		Corporate Banking		Total	
	2021	2020	2021	2020	2021	2020
Revenue	147,043	90,204	151,921	202,978	298,964	293,182
Results	86,097	36,986	(185,608)	(28,160)	(99,512)	8,826
Unallocated Expenses					-	-
Operating Profit					(99,512)	8,826
Income Taxes					24,776	(17,717)
Extraordinary					-	-
Profit/Loss						
Net Profit/Loss					(74,736)	(8,891)
Other Information						
Segment Assets	2,985,838	3,950,460	5,994,049	7,185,653	8,979,887	11,136,113
Unallocated Assets					312,153	197,771
Total Assets					9,292,040	11,333,884
Segment Liabilities	1,085,173	1,152,366	4,763,087	6,789,875	5,848,260	7,942,241
Unallocated Liabilities					3,343,780	3,391,643
Total Liabilities					9,292,040	11,333,884

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.

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Schedules forming part of the financial statements (Continued)

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Schedule 18 (Continued)

6. Other Disclosures (Continued)

6.3 Related party disclosure

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

Name and nature of relationship of related parties

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

(Rs. in 000s)

Particulars	Nature of Related Party	As at 31 March 2021	Maximum Outstanding during the year	As at 31 March 2020	Maximum Outstanding during the year
Deposits / Vostro	Head Office	5,015	5,015	3,614	980,299
Nostro Balances	Head Office	1,420	3,558	818	5,802
Guarantees / Letter of Credit	Head Office	39,114	39,114	40,481	40,481
Guarantees / Letter of Credit	Subsidiary	419,681	419,681	204,048	204,048
Other Liabilities	Head Office	135,813	185,899	133,876	194,956

Payment made by Head Office on behalf of the Bank for:

(Rs. in 000s)

Particulars	During the Year 2020-21	During the Year 2019-20
Acquisition of fixed assets	2,702	4,661
Payment of operating expenses and allocation	24,121	18,022
Management fees	25,200	22,050

Transactions with Head Office during the year:

(Rs. in 000s)

Particulars	During the Year 2020-21	During the Year 2019-20
Advisory fees earned	70,739	14,960
Payment of legal fees	1,011	-

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 2021	As at 31 March 2020
Not more than one year	24,156	42,430
Later than one year and not later than five year	Nil	24,156
Later than five years	Nil	Nil

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

6.4 Lease disclosures: (*Continued*)

Lease payments recognized in the Profit and Loss account during the year is Rs. 41,083 ('000s) (*Previous year Rs. 40,890 ('000s)*).

6.5 Deferred taxation

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

(Rs. in 000s)

Description	As at 31 March, 2021	As at 31 March, 2020
<i>Deferred tax assets</i>		
Depreciation differences	13,622	9,535
Provision on gratuity	2,369	1,537
Provision on compensated absence	1,424	996
Provision for bonus	1,612	1,120
Rent equalisation reserve	1,056	3,313
General provision on standard assets	10,061	12,792
Provision on non performing asset	43,680	-
Deferred tax assets (net)	73,824	29,293

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 2021	Year ended 31 March 2020
Provision on standard assets	22,302	17,661
Provision on unhedged foreign currency exposure	730	606
Provision on country risk assets	-	-

6.7 Operating expenses

During the financial year ended 31 March 2021, 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 2021	For the year ended 31 March 2020
Head Office management fees	27,468	24,035
Bank charges	10,962	-
Travelling expenses	-	5,549

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

6.8 Subordinated debt

The Bank has not raised any subordinated debt during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

6.9 Provision coverage ratio

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision Coverage Ratio	20%	-

6.10 Bancassurance business

The Bank has not undertaken Bancassurance business during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

6.11 Letter of comfort issued by the Bank

The Bank had not issued or sanctioned any Letter of Comfort (LOC) or Letter of Undertaking (LOU) during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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 in conformity with guidelines prescribed by RBI for Private Sector banks in India to the extent applicable.

6.13 Credit default swaps

The Bank has not entered into credit default swap transactions during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

6.14 Disclosure on Nostro Accounts

There are no outstanding entry more than one month in the nostro account which is pending for reconciliation as at 31 March 2021. Further the Bank has not written off / back any outstanding entry to the debit/credit of the profit and loss account during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

6.15 Transfer pricing

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

6.16 Intra group exposure

The Bank did not have any Intra Group Exposure during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

6.17 Transfers to Depositor Education and Awareness Fund (DEAF)

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

(Rs. in 000s)

Particulars	As at	As at
	31 March 2021	31 March 2020
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred to DEAF during the year	-	-
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

6.18 Corporate Social Responsibility

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

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

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

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

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

6.20 The Bank has not purchased Inter Bank Participation Certificate ('IBPC') on a risk sharing basis during the year ended 31 March 2021 (*Previous year - Nil (000s)*).

6.21 Priority Sector Lending Certificate (PSLC)

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

(Rs. in 000s)

Sr. No.	Type of PSLC's	Year ended 31 March 2021		Year ended 31 March 2020	
		Purchase	Sold	Purchase	Sold
1.	PSLC - Agriculture	-	-	-	-
2.	PSLC - SF/MF	-	-	-	-
3.	PSLC - Micro Enterprises	-	400,000	300,000	-
4.	PSLC - General	2,020,000	-	150,000	-
	Total	2,020,000	400,000	450,000	-

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

6.22 Provisioning pertaining to fraud accounts

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

6.23 Investments in security receipts (SRs)

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

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Schedules forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

6.24 Small and micro enterprises

There has been no reported case of delay in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended 31 March 2021 and 31 March 2020. The determination has been made based on the information available with the Bank.

6.25 Disclosure under Resolution framework for COVID-19 related stress

Status of implementation of relief package as at 31 March 2021

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

One account which has been declared as NPA as at 31 March 2021 has been upgraded to standard post implementation of One Time Restructuring (OTR) in the month of April 2021, in line with the RBI guidelines under notification RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/ 2020-21 dated 06-Aug-20.

6.26 Impact of COVID-19

The global pandemic COVID-19 has impacted most of the countries, including India, which has resulted in countries announcing lockdown and quarantine measures, stalling the economic activity. The Indian economy continued to be impacted by this pandemic with contraction in industrial and services activities. The Bank's business is expected to be impacted by lower lending opportunities and revenues in the short to medium term. The impact of the COVID-19 pandemic on the Bank, including credit quality and provisions, remains highly uncertain and is dependent on the spread of COVID-19, steps taken by the Government and RBI to mitigate the economic impact, and the time taken in normalcy restoration in business activities. In accordance with the regulatory package announced by the RBI on March 27, 2020 and on May 23, 2020, the Bank has extended the option of moratorium on repayment to borrowers on their request. Subsequent to the 'Supreme Court' ruling for ending the blanket ban on classification of NPA, on March 23, 2021, the Bank has classified one account as NPA. Apart from this account, all other accounts are classified as standard. Bank's investment portfolio comprises of investment in Government Securities which have zero credit risk. Further, the Bank's daily LCR, has been comfortably above the regulatory minimum.

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

The Bank has offered COVID-19 regulatory package to customers in order to comply with regulatory measures announced vide RBI Circular DOR.No.BP.BC. 47/21.04.209-20 dated 27th Mar 2020 to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses.

Disclosure in line with RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 as given below

Particulars	31 March 2021	31 March 2020
1) amounts in SMA/overdue categories, where the moratorium/deferment was extended	Nil	Nil
2) amount where asset classification benefits is extended	Nil	Nil
3) Provisions made during the Q4FY2020 and Q1FY2021	Nil	Nil
4) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil	Nil

The Honorable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & ANR), vide an interim order dated 03 Sept 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of 31 August 2020 as per the RBI Income Recognition & Assets Classification (IRAC) norms, as NPA after 31 August 2020.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated 07 April 2021 issued in this connection, the Bank has followed the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

- 6.27 In accordance with the instructions in the RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 07 April 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. The Bank has made a provision of Rs. 107('000s) in the financial statements for the year ended 31 March 2021. As on 31 March 2021, the Bank holds a specific liability of Rs. 107('000s) which is debited to interest income to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI.

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Schedules forming part of the financial statements (*Continued*)

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Schedule 18 (*Continued*)

6. Other Disclosures (*Continued*)

- 6.28 The Bank does not have any pending litigation which would have any impact on the financial position.
- 6.29 The Bank did not have any long term contracts including derivative contract for which there were any material foreseeable losses.
- 6.30 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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 (Q.P.S.C.) - India Branch

Pranav Gune

Partner

Membership No: 121058

Mumbai

Date: 30 June 2021

Gaurav Gupta

Chief Executive Officer

Mumbai

Date: 30 June 2021