DOHA BANK QSC – INDIA OPERATIONS

INDEPENDENT AUDITORS' REPORT

To
The Country Manager India,
Doha Bank QSC-India Operations

Report on the Financial statements

1. We have audited the accompanying financial statements of India Operations-Doha Bank QSC (the 'Bank') (incorporated in Qatar), which comprise the Balance Sheet as at 31 March, 2015, the Profit and Loss Account and Cash Flow Statement for the period from 10 June 2014 to 31 March 2015 (the 'period') and significant accounting policies and notes forming part of the accounts.

Management's Responsibility for the Financial Statements

2. The Bank's Management is responsible for the matters stated in section 381(1) of the Companies Act, 2013 (the 'Act') with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 read with Rule 7 of the Companies (Accounts) Rules, 2014 and with guidelines issued by the Reserve Bank of India (the 'RBI') insofar as they are applicable to the Bank and in conformity with Form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31 March 2015, and its profit and its cash flows for the period then ended.

Report on Other Legal and Regulatory Matters

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

7. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the RBI appointment later dated 11 June 2015, 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) The Bank has only one branch and therefore separate accounting returns for the purpose of preparing the financial statements are not to be submitted. We have visited the Bank's Mumbai branch for the purpose of our audit.

8. Further, as required by section 143 (3) of the Act, we further report that:

   (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by us in the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014; and

   (e) The requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Doha Bank QSC, which is an entity domiciled in the State of Qatar.

9. This report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2015, issued by the Department of Company Affairs in terms of section 143(11) of the Act, since in our opinion and according to the information and explanation given to us, the said Order is not applicable to the Bank.

10. 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:

   (a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 and Note 3.8 of Schedule 18 to the financial statements;

   (b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts - Refer Note 4.16 of Schedule 18 to the financial statements; and

   (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W

Sd/-
per Amit Kabra
Partner
Membership Number: 094533

Place: Mumbai
Date: 29 June 2015

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DOHA BANK QSC – INDIA OPERATIONS

BALANCE SHEET AS AT 31ST MARCH 2015

	Schedule	March 31, 2015 (Rs. in '000)
CAPITAL AND LIABILITIES		
Capital	1	3,042,002
Reserve and Surplus	2	10,937
Deposits	3	1,239
Borrowings	4	-
Other Liabilities and Provisions	5	28,979
TOTAL		**3,083,157**
ASSETS		
Cash and Balances with Reserve Bank of India	6	4,943
Balances with Banks and Money at Call and Short Notice	7	1,432,327
Investments	8	210,014
Advances	9	-
Fixed Assets	10	105,946
Other Assets	11	1,329,927
TOTAL		**3,083,157**
Contingent Liabilities	12	-
Bills for Collection		-
Principal Accounting Policies	17	
Notes to Account	18	

Schedules referred to herein form an integral part of the Balance Sheet.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2015

	Schedule	From June 10, 2014 to March 31, 2015 (Rs. in '000)
I. INCOME		
Interest Earned	13	98,586
Other Income	14	-
TOTAL		**98,586**
II. EXPENDITURE		
Interest Expended	15	9
Operating Expenses	16	79,514
Provisions and Contingencies		8,126
TOTAL		**87,649**
III. LOSS		
Profit/(loss) for the period		10,937
TOTAL		**10,937**
IV. APPROPRIATIONS		
Transfer to Statutory Reserves		2,734
Balance Carried Over To Balance Sheet		8,203
TOTAL		**10,937**
Principal Accounting Policies	17	
Notes to Account	18	

Schedules referred to herein form an integral part of the Profit and Loss Account.

As per our report of even date attached.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

Sd/-
Amit Kabra
Partner
Membership No. 094533

June 29, 2015, Mumbai

For Doha Bank QSC – India Operations

Sd/-
G. Pattabiraman
Country Manager - India

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DOHA BANK QSC – INDIA OPERATIONS

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2015

			From June 10, 2014 to March 31, 2015 (Rs. in '000)
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before taxes		**18,865**
	Adjustment for:		
	Depreciation on fixed assets		3,014
	Provision/ (write back) for depreciation on investments		198
	Operating Profit before working capital changes		**22,077**
	Adjustment for:		
	Increase / (Decrease) in Deposits		1,239
	(Increase) / Decrease in Investments		(210,212)
	Increase / (Decrease) in Other Liabilities and Provisions		28,979
	(Increase) / Decrease in Other Assets		(44,937)
	Less : Direct Taxes paid		(16,918)
	Net Cash Flow from /(used in)Operating activities	**(A)**	**(219,772)**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets		(108,960)
	Purchase consideration paid for acquisition of Indian Operations HSBC Bank Oman S.A.O.G		(1,276,000)
	Net Cash Used in Investing activities	**(B)**	**(1,384,960)**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Inflow of Capital From the Head Office.		3,042,002
	Net Cash generated from/(used in) financing activities	**(C)**	**3,042,002**
D)	**Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)**		1,437,270
	Cash and cash equivalents at the beginning of the year		-
	Cash & Cash equivalents at the end of the year *		1,437,270
	Net changes in Cash & Cash equivalents		**1,437,270**

* Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice – Refer Schedule 6 and Schedule 7. Cash and cash equivalent also includes Rs 2,000 (thousands) as deposit kept in with the Reserve Bank of India under section 11(2) (b) of the Banking Regulation Act, 1949.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

Sd/-
Amit Kabra
Partner
Membership No. 094533

June 29, 2015, Mumbai

For Doha Bank QSC – India Operations

Sd/-
G. Pattabiraman
Country Manager - India

DOHA BANK QSC – INDIA OPERATIONS

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2015

	March 31, 2015 (Rs. in '000)
SCHEDULE 1 – CAPITAL	
CAPITAL	
Head Office Account	
Start-up Capital (as prescribed by Reserve Bank of India)	2,000
Additional Capital (Refer Schedule 18 Note 2.3)	3,040,002
TOTAL	**3,042,002**
Amount of deposit kept in with the Reserve Bank of India under section 11(2) (b) of the Banking Regulation Act, 1949	**2,000**
SCHEDULE 2 - RERSERVE AND SURPLUS	
I. Statutory Reserve	
Opening Balance	-
additions during the period	2,734
	2,734
deductions during the period	-
TOTAL	**2,734**
II. Capital Reserve	
Opening Balance	-
additions during the period	-
	-
deductions during the period	-
TOTAL	**-**
III. Share Premium	
Opening Balance	-
additions during the period	-
	-
deductions during the period	-
TOTAL	**-**
IV. Investment Reserve	
Opening Balance	-
additions during the period	-
	-
deductions during the period	-
TOTAL	**-**
V. Balance of Profit and Loss Account	8,203
TOTAL	**8,203**
TOTAL : (I, II, III, IV and V)	**10,937**

	March 31, 2015 (Rs. in '000)
SCHEDULE 3 - DEPOSITS	
A.I. Demand Deposits	
(i) From Banks	-
(ii) From Others	86
II. Savings Bank Deposits	853
III. Term Deposits	
(i) From Banks	-
(ii) From Others	300
TOTAL	**1,239**
B.I) Deposits of Branches In India	1,239
II) Deposits of Branches Outside India	**-**
TOTAL	**1,239**
SCHEDULE 4 – BORROWINGS	
I. Borrowings in India:	
(i) Reserve Bank of India	–
(ii) Other Banks	–
(iii) Other Institutions and Agencies	–
II. Borrowings outside India	–
Secured Borrowings included in I and II above - NIL	
TOTAL	**–**
SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS	
I. Bills Payable	–
II. Inter-Office Adjustment (Net)	–
III. Interest Accrued	7
IV. Others (Incuding Provisions)	28,972
V. Provision against Standard Assets	–
TOTAL	**28,979**
SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA	
I. Cash in Hand (Including Foreign Currency Notes)	943
II. Balances with Reserve Bank of India	
(i) In Current Accounts	4,000
(ii) In Other Accounts	-
TOTAL	**4,943**

DOHA BANK QSC – INDIA OPERATIONS

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2015

	March 31, 2015 (Rs. in '000)
SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	
I. In India	
(i) Balances with Banks	
(a) In Current Accounts	22,277
(b) In Other Deposit Accounts	1,140,050
(ii) Money at Call and Short Notice	
(a) With Banks	270,000
(b) With Other Institutions	–
TOTAL	**1,432,327**
II. Outside India	
(i) In Current Accounts	–
(ii) In Other Deposit Account	–
(iii) Money at Call and Short Notice	–
TOTAL	–
TOTAL	**1,432,327**
SCHEDULE 8 – INVESTMENTS	
I. Investments in India in	
(i) Government Securities (Net of Provision Rs. 198 ('000))	210,014
(ii) Other Approved Securities	-
(iii) Shares	-
(iv) Debentures and Bonds	-
(v) Subsidiaries and/or Joint Ventures Abroad	-
(v) Others	-
TOTAL	**210,014**
II. Investments Outside India	-
(i) Government Securities (Including Local Authorities)	-
(ii) Subsidiaries and/or Joint Ventures Abroad	-
(iii) Others	-
TOTAL	**-**
TOTAL	**210,014**
A. Investment in India	
Gross Value of Investments	210,212
Less : Aggregate of Provisions/depreciation/ (Appreciation)	198
Net Investment	210,014
B. Investment Outside India	
Gross Value of Investments	-
Less : Aggregate of Provisions/ depreciation/(Appreciation)	-
Net Investments	-
Total Investments	**210,014**

	March 31, 2015 (Rs. in '000)
SCHEDULE 9 – ADVANCES	
A. (i) Bills Purchased and Discounted	-
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	-
(iii) Term Loans	-
TOTAL	**-**
B. (i) Secured by Tangible Assets (Including Advances Against Book Debts)	-
(ii) Covered by Bank/ Government Guarantees	-
(iii) Unsecured	-
TOTAL	**-**
C. I. Advances In India	
(i) Priority Sectors	-
(ii) Public Sectors	-
(iii) Banks	-
(iv) Others	-
TOTAL	**-**
II. Advances Outside India	
(i) Due from Banks	-
(ii) Due from Others	-
(a) Bills Purchased and Discounted	-
(b) Syndicated Loans	-
(c) Others	-
TOTAL	**-**
TOTAL C.(I and II)	**-**
SCHEDULE 10 – FIXED ASSETS	
I. Premises	
At Cost as on March 31 of the Preceding Year	-
Additions During the period	-
Depreciation to Date	-
TOTAL	**-**
II. Other Fixed Assets (Including Furniture and Fixtures)	
At Cost as on March 31 of the Preceding Year	-
Additions During the period	71,001
Deductions During the period	-
	71,001
Depreciation to Date	(3,014)
TOTAL	**67,987**
III. Capital Work in Progress	24,530
IV. Intangible Assets under development	13,429
TOTAL (I, II, III and IV)	**105,946**

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DOHA BANK QSC – INDIA OPERATIONS

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2015

	March 31, 2015 (Rs. on '000)
SCHEDULE 11 – OTHER ASSETS	
I. Inter-office Adjustments (Net)	-
II. Interest Accrued	9,636
III. Advance Tax / Tax Deducted at Source (Net of Provision for Taxation)	1,811
IV. Stationery and Stamps	-
V. Non-Banking Assets Acquired in Satisfaction of Claims	-
VI. Deferred Tax Assets (net)	7,179
VII. Others (Refer schedule 18 note no.1)	1,311,301
TOTAL	**1,329,927**
SCHEDULE 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	-
b) Outside India	-
V. Acceptances, Endorsements and Other Obligations	-
VI. Other Items for which the Bank is Contingently Liable	-
TOTAL	**-**
SCHEDULE 13 – INTEREST EARNED	
I. Interest/Discount on Advances/Bills	-
II. Income on Investments	1,377
III. Interest on Balances with Reserve Bank of India and Other Inter-Bank Funds.	97,209
IV. Others	-
TOTAL	**98,586**

	March 31, 2015 (Rs. on '000)
SCHEDULE 14 – OTHER INCOME	
I. Commission, Exchange and Brokerage	-
II. Profit / (loss) on Sale of Investments (Net)	-
III. Profit / (loss) on Sale of Land, Building and Other Assets (net)	-
IV. Profit / (loss) on Exchange Transactions (net)	-
V. Income Earned by way of Dividends etc. from Subsidiaries/	-
Companies and/or Joint Ventures Abroad/ In India	-
VI. Others	-
TOTAL	**-**
SCHEDULE 15 – INTEREST EXPENDED	
I. Interest on Deposits	9
II. Interest on Reserve Bank of India/Inter-Bank Borrowings	-
III. Others	-
TOTAL	**9**
SCHEDULE 16 – OPERATING EXPENSES	
I. Payments to and Provisions for Employees	19,615
II. Rent, Taxes and Lighting	38,150
III. Printing and Stationery	407
IV. Advertisement and Publicity	-
V. Depreciation on Bank's Property	3,014
VI. Local Advisory Board Fees, Allowances and Expenses	500
VII. Auditor's Fees and Expenses	1,290
VIII. Professional Charges	3,764
IX. Postages, Telegrams, Telephones etc.	1,775
X. Repairs and Maintenance	1,838
XI. Insurance	389
XII. Law Charges	1,636
XIII. Other Expenditure	7,136
TOTAL	**79,514**

DOHA BANK QSC – INDIA OPERATIONS

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Doha Bank Q.S.C is an entity domiciled in the State of Qatar and was incorporated on March 15, 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the bank is 7115. The address of the Bank's registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha Qatar.

The India branch of Doha Bank Q.S.C ("Doha Bank" or the "Bank") started since June 10th, 2014. The registered office of the branch is Sakhar Bhavan, Ground Floor, Plot No. 230, Block No. III, Backbay Reclamation, Nariman Point, Mumbai - 400021, Maharashtra State, India.

The Financial Statements for the period ended March 31, 2015 comprises the accounts of the India Branch of the Doha Bank Q.S.C ("Doha bank or the "Bank").

2. BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI ('Reserve Bank Of India') from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

2.1 USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.2 COMPARATIVE INFORMATIONS

The India branch of Doha Bank commenced its operations w.e.f June 10th, 2014. As this is first year of operations in India the information and disclosure for corresponding previous period are not disclosed in this financial statement.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

i) Interest income is recognised in the profit and loss account on accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation, as per the income recognition and asset classification norms of RBI.

ii) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

iii) All other fees are accounted for as and when they become due.

3.2 Foreign currency transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the profit and loss account.

3.3 Investment securities

Classification and valuation of Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments.

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups

a) Government Securities

b) Other Approved Securities

c) Shares

d) Debentures and Bonds

e) Subsidiaries / Joint Ventures

f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to similar income recognition and provisioning norms as are prescribed by RBI for non performing advances.

b) Valuation

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying effective yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

c) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3.4 Advances

Bank follows the prudential norms formulated by Reserve Bank of India, from time to time, as to Assets Classification, Income Recognition, and provisioning thereon. Accordingly, all advances are being classified into standard, Special mentioned, substandard, doubtful and loss assets.

Advances are stated net of provision for non performing assets. The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines in this regard. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

3.5 Fixed Assets and Depreciation:

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the enhanced value is transferred from Premises Revaluation Reserve to the credit of depreciation in the profit and loss account.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the profit and loss account up to the date of sale. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life.

The depreciation rates applied on fixed assets are in accordance with the rates prescribed in Schedule II of the Companies Act, 2013 however in case of exceptions it is duly supported by technical advice.

The estimated useful lives for the current and comparative years are as follows:

Buildings	30 years
Leasehold improvements	depreciated over the primary lease term.
Furniture and equipment	10 years
Computers	3 years
Vehicles	8 years

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

3.6 Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

The Bank operates one defined benefit plans for its employees, viz., gratuity plan. The costs of providing benefit under the plan is determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for are recognized in full in the period in which they occur in the statement of profit and loss.

The Bank treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

3.7 Lease Transactions

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any Finance leases.

3.8 Provision for Taxation

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

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence) of realization of such assets.

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

3.9 Provisions, Contingent Assets and Contingent Liabilities

The Bank establishes provisions when it has a present obligation as a result of past event(s), it is probable that an outflow of resources embodying economic benefit to settle the obligation will be required and a reliable estimate can be made of such an obligation. Contingent assets are not recognized in the financial statements. A disclosure of contingent liability is made when there is:

i. A possible obligation, arising from a past event(s), the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain events not within the control of the Bank or

ii. Any present obligation that arise from past events but it is not recognized because:
   - It is not probable that an outflow of resource embodying economic benefits will be required to settle the obligation;
   - A reliable estimate of the amount of obligation cannot be made.

3.10 Cash and Cash Equivalents

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

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1. POST BALANCE SHEET SIGNIFICANT EVENT

RBI has sanctioned the Scheme of Amalgamation of Indian Branches of HSBC Bank Oman S.A.O.G. with Indian Branches of Doha Bank QSC under section 44A of the Banking Regulation Act, 1949.

The Doha Bank QSC, Qatar has executed a Sale and Purchase Agreement (SPA) with HSBC Bank Oman S.A.O.G. on 16th April 2014 for purchase of India operations of HSBC Bank Oman S.A.O.G. on a going concern basis at a purchase consideration of Rs 1,276,000,000. Such scheme of amalgamation, as per RBI's approval vide letter dated 05 March 2015 would come into effect as at the close of the business on 31 March 2015. Accordingly, the said amalgamation has been given effect from 01 April 2015. No adjustment to assets and liabilities for acquisition of the operations has been given in the books as of 31 March 2015. Purchase consideration paid of Rs. 1,276,000,000 is disclosed under other assets.

2.1 Ratio of Capital funds to Risk weighted assets of the Bank as at 31st March 2015 is as under:

Sr. No	Particulars	MARCH 31, 2015 (As per Basel III)
1	Common Equity Tier 1 Capital ratio (%)	163.23
2	Tier I Capital ratio (%)	163.23
3	Tier II Capital ratio (%)	-
4	Total Capital ratio (CRAR) (%)	163.23
5	Percentage of the shareholding of the Government of India in public sector banks	N.A.
6	Amount of equity capital raised	N.A.
7	Amount of additional Tier I capital raised; of which	
	PNCPS:	Nil
	PDI:	Nil
8	Amount of Tier II capital raised;	
	Of which	
	Debt capital instrument:	
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS)/ Redeemable	Nil
	Non-Cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares (RCPS)]	Nil

Sr. No	Particulars	MARCH 31, 2015 (As per Basel III)
1	CRAR (%) (As per Basel II)	163.23
2	CRAR Tier I Capital (%)	163.23
3	CRAR Tier II Capital (%)	N.A

2.2 Liquidity Coverage Ratio (LCR)

The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines the minimum LCR required to be maintained by banks shall be implemented in the phased manner from January 1, 2015 as given below:

Starting from January 1	*2015*	*2016*	*2017*	*2018*	*2019*
Minimum LCR	60%	70%	80%	90%	100%

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The following table sets forth the average of unweighted and weighted value of the LCR of the Bank, based on month end values, for the three months ended March 31, 2015

		MARCH 31, 2015 (Rs '000)	
		Total Unweighted value (average)	**Total weighted value (average)**
	High Quality Liquid Assets		
1.	**Total High Quality Liquid Assets (HQLA)**		**106,750**
	Cash Flow		
2	Retail deposits and deposits from small business customers, of which	461	46
	i. Stable Deposits	-	-
	ii. Less stable deposits	461	46
3	Unsecured wholesale funding, of which	-	-
	i. Operation deposits (all counterparties)	-	-
	ii. Non – operational deposits (all counterparties)	-	-
	iii. Unsecured debt	-	-
4	Secured Wholesale funding	-	-
5	Additional requirements, of which	-	-
	i. Outflows related to derivative exposures and other collateral requirements	-	-
	ii. Outflows related to loss of funding on debt products	-	-
	iii. Credit and liquidity facilities	-	-
6	Other contractual funding obligations	-	-
7	Other contingent funding obligations	8,306	8,306
8	**Total Cash Flow**		**8,352**
9	Secured lending (e.g. reverse repos)	-	-
10	Inflows from fully performing exposures	-	-
11	Other cash inflows	-	-
12	**Total Cash inflows**	-	-
			Total Adjusted Value
21	**Total HQLA**	-	106,750
22	**Total Net Cash Outflows**	-	8,352
23	**Liquidity Coverage Ratio (%)**	-	1,278

Bank holds High Quality Liquidity Assets "HQLA" in two categories:

- Level 1 Assets comprising of Excess CRR balance with RBI and Excess SLR balance.
- There are no Level 2 assets

The Management of the Bank has the overall responsibility for management of liquidity risk. The Management at overall level decides the strategy, policies and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance/limits.

Bank's liability in any foreign currency is less than 5% of its total liabilities and hence not required to separately maintain LCR in foreign currency. The LCR is currently monitored and managed at overall level (all currencies taken together).

2.3 Capital comprises of the following:

	MARCH 31, 2015 (Rs '000)
Capital from Head Office	3,042,002

2.4 Business Ratios are as under:

Particulars	MARCH 31, 2015
Interest income as a percentage to working funds*	6.56%
Non-Interest income as a percentage to working funds	-
Operating profit / (loss) as a percentage to working funds	1.27%
Return on assets* (net profit as a percentage to total assets)	0.73%
Business (deposit plus net advances) per employee (Rs. in '000)	103.28
Profit /(Loss) per employee (Rs. in '000)	911.45

* Working fund represents the average of total assets as per the Bank's record from June 2014 to November 2014 and as reported in Monthly Form X to RBI under Section 27 of the Banking Regulation Act, 1949 from December 2014 to March 2015.

SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.5 Investments:

Sr. No	Items	MARCH 31, 2015 (Rs '000)
1	Value of Investments:	
	(i) Gross Value of Investments.	
	(a) In India	210,212
	(b) Outside India	-
	(ii) Provisions for Depreciation	
	(a) In India	198
	(b) Outside India	-
	(iii) Net Value of Investments.	
	(a) In India	210,014
	(b) Outside India	-
2	Movement of Provisions held towards Depreciation on Investments.	
	(i) Opening Balance	-
	(ii) Add: Provisions made during the period	198
	(iii) Less: Write-off / Write back of excess during the period	-
	(iv) Closing Balance	198

2.6 Particulars of Repo transactions including those with RBI under LAF (in face value terms)

During the period, the Bank has not undertaken Repo/Reverse Repo transactions other than Repo/Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

2.7 Non-SLR Investment Portfolio:

i. Issuer composition of Non SLR investments

(Rs. '000)

No. (1)	Issuer (2)	Amount (3)	Extent of Private Placement (4)	Extent of 'Below Investment Grade Securities (5)	Extent of 'Unrated' Securities (6)	Extent of 'Unlisted' Securities (7)
(i)	Public Sector Undertakings	-	-	-	-	-
(ii)	Financial Institutions	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Corporate	-	-	-	-	-
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	-	-	-	-	-

ii. Non performing Non-SLR Investments as at 31st March 2015 are Nil

2.8 Sale and transfers to/from HTM Category:

During the peiod, there was no redemption or sale of any category of securities.

2.9 Derivatives

i. Forward Rate Agreement/Interest Rate Swap

The Bank has not dealt with any Forward Rate Agreements (FRA) /Interest Rate Swaps (IRS) and hence the disclosure on the same and risk exposure on derivatives is not applicable.

ii. Exchange Traded Interest Rate Derivatives

The Bank does not deal in exchange traded rate derivatives.

iii. Disclosure on Risk Exposure in Derivatives

During the current period, the Bank has not dealt in any derivatives trades / instruments (including forward exchange contracts). In respect of managing and monitoring the risks arising from derivative transactions, the Bank is in process of formulating suitable policies, procedures and limits prescribed by its Group Head Office which are amended to comply with local regulations where required. Derivative transactions are subject to market risk, credit risk and operational risk and the measurement and monitoring framework include sophisticated tools such as VaR.

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2.10 Asset Quality

i. Non-Performing Assets

Particulars	MARCH 31, 2015 (Rs '000)
(i) Net NPAs to Net Advances (%)	-
(ii) Movement of NPAs (Gross)	-
(a) Opening balance	-
(b) Additions during the period	-
(c) Reductions during the period	-
(d) Closing balance	-
(iii) Movement of Net NPAs	-
(a) Opening balance	-
(b) Additions during the period	-
(c) Reductions during the period	-
(d) Closing balance	-
(iv) Movement of Provision for NPAs (excluding provisions on standard assets)	-
(a) Opening balance	-
(b) Provisions made during the period	-
(c) Write – off /write –back of excess provisions	-
(d) Closing balance	-

ii. Particulars of Accounts Restructured:

No assets were subject to restructuring (including corporate debt restructuring) during the period.

iii. Details of Financial Assets sold to securitization/reconstruction Company for Assets Reconstruction

Particulars	MARCH 31, 2015 (Rs '000)
(i) No. of Accounts	-
(ii) Aggregate value (Net of Provisions) of accounts sold to SC/RC	-
(iii) Aggregate Consideration	-
(iv) Additional Consideration realized in respect of accounts transferred in earlier years	-
(v) Aggregate gain/loss over net book value	-

Particulars	Backed by NPAs sold by the bank as underlying	Backed by NPAs sold by other bank / financial institutions/ non banking financial companies as underlying	Total
	MARCH 31, 2015 (Rs '000)		
Book value of investments in security receipts	-	-	-

iv. Details of non-performing financial assets purchased/sold

A. Details of non-performing financial assets purchased:

Particulars	MARCH 31, 2015 (Rs '000)
1. (a) No. of accounts purchased during the period	-
(b) Aggregate outstanding	-
2. (a) Of these, number of accounts restructured during the period	-
(b) Aggregate outstanding	-

B. Details of non-performing financial assets sold:

Particulars	MARCH 31, 2015 (Rs '000)
1. No. of accounts sold	-
2. Aggregate outstanding	-
3. Aggregate consideration received	-

SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

v. Quantum of excess provision reversed to the profit and loss account on account of sale of NPA's: Nil

vi. Provisions on Standard Asset:

Sr. No	Particulars	MARCH 31, 2015 (Rs '000)
1	Provision towards Standard Assets.	-

2.11 Asset Liability Management:

Maturity pattern as at 31st March 2015

(Rs. '000)

Maturity buckets	Investment Securities	Loans and Advances	Deposits	Borrowings	Foreign currency	
					Assets	Liabilities
1 Day	-	-	7	-	-	-
2 to 7 Days	-	-	42	-	-	-
8 Days to 14 Days	-	-	49	-	-	-
15 Days to 28 Days		-	-	-	-	-
29 Days to 3 months		-	-	-	-	-
Over 3 months to 6 months	1,373	-	-	-	-	-
Over 6 months to 1 year	-	-	-	-	-	-
Over 1 year to 3 years	-	-	1,141	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	208,641	-	-	-	-	-
Total	**210,014**	**-**	**1,239**	**-**	**-**	**-**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the bank for compiling the returns submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding Off Balance Sheet items.

2.12 Exposure

i. Exposure to Real Estate:

Category	MARCH 31, 2015 (Rs '000)
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;	
(Individual housing loans eligible for inclusion in priority sector advances may be shown separately)	-
(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 securities exposures-	-
a. Residential,	-
b. Commercial Real Estate	-
b) Indirect Exposure*	-
Fund Based and Non-Fund based exposures on	
(i) National Housing Bank (NHB)	-
(ii) Housing Finance Companies (HFCs)	-
Total Exposure to Real Estate Sector	**-**

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ii. Exposure to Capital Market:

	Details of exposure to capital market	MARCH 31, 2015 (Rs '000)
i)	Direct Investments 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 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 & 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 & unregistered)	-
	Total Exposure to Capital Market	**-**

2.13 Risk Category wise Country Exposure:

(Rs. '000)

Risk Category	Exposure (Net) as at 31st March, 2015	Provision as at 31st March, 2015
Insignificant	-	-
Low	-	-
Moderate	-	-
High	-	-
Very High	-	-
Restricted	-	-
Off Credit	-	-
TOTAL	**-**	**-**

2.14 Details of Single / Group Borrower limit exceeded by the Bank:

During the period ended March 31, 2015 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers.

2.15 Unsecured Advances

Particulars	MARCH 31, 2015 (Rs '000)
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	-
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	-

2.16 Penalties imposed by RBI:

The RBI has not imposed any penalty on the Bank during the period ended March 31, 2015.

2.17 Amount of Provisions made for Income-tax during the period:

	Particulars	MARCH 31, 2015 (Rs '000)
i)	Provision for Income tax	15,107
ii)	Provision for deferred tax	(7,179)
	Total	**7,928**

SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.18 Break-up of provision and contingencies for the period ended

	Particulars	MARCH 31, 2015 (Rs '000)
i)	Provision made towards income tax (including deferred tax)	7,928
ii)	Provision /(write back) for diminution in value of Investment	198
	Total	**8,126**

2.19 Floating provision

Bank has not made floating provision for the period ended March 31, 2015.

2.20 Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:

	Particulars	MARCH 31, 2015 (Rs '000)
i)	Fee / Remuneration from Life Insurance Business	-
ii)	Fee / Remuneration from General Insurance Business	-

2.21 Drawdown from Reserves:

There has been no draw down from reserves during the period ended March 31, 2015

3. Disclosure Requirement as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts':

3.1 Disclosures under AS -15 on employee benefits

Defined Contribution Plans:
Employer's contribution recognized and charged off for the period to defined contribution plans are as under:

Particulars	MARCH 31, 2015 (Rs '000)
Provident Fund	1,121

Defined Benefit Plans
The Bank operates only one defined plans, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The following table sets out the status of the defined benefit Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

Particulars	MARCH 31, 2015 (Rs '000)
Opening defined benefit obligation at 1st April	-
Current Service cost	628
Interest cost	-
Actuarial losses/ (gains)	-
Past Service Cost (Amortised)	-
Liability Transfer in	-
Benefits paid	-
Closing defined benefit obligation	**628**

Change in the plan assets

Particulars	MARCH 31, 2015 (Rs '000)
Fair Value Of Plan Assets At The Beginning Of The Period	-
Expected Return On Plan Assets	-
Contributions	-
Transfer From Other Company	-
(Transfer To Other Company)	-
(Benefit Paid From The Fund)	-
Actuarial Gains/(Losses) On Plan Assets	-
Fair Value Of Plan Assets At The End Of The Period	**-**

SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of present value of the obligations and fair value of the plan assets

Particulars	MARCH 31, 2015 (Rs '000)
Present value of funded obligation at 31st March	628
Fair value of plan assets at 31st March	-
Deficit / (Surplus)	-
Net Liability / (Asset)	**628**

Net cost recognized in the profit and loss account

Particulars	MARCH 31, 2015 (Rs '000)
Current Service Cost	628
Interest Cost	-
(Expected Return On Plan Assets)	-
Actuarial (Gains)/Losses	-
Past Service Cost [Non-Vested Benefit] Recognized During The Period	-
Past Service Cost [Vested Benefit] Recognized During The Period	-
Transitional Liability Recognized During The Period	-
Expense Recognized In P&L	**628**

Reconciliation of Expected return and actual return on planned assets

Particulars	MARCH 31, 2015 (Rs '000)
Expected return on plan assets	NA
Actuarial gain / (loss) on plan assets	NA
Actual return on plan assets	NA

Reconciliation of opening and closing net liability / (asset) recognized in balance sheet

Particulars	MARCH 31, 2015 (Rs '000)
Opening net liability as at 1st April	-
Expenses as recognised in profit & loss account	628
Employers contribution	-
Net liability / (asset) recognised in balance sheet	**628**

Key Actuarial Assumptions

	MARCH 31, 2015
Discount rate (Current)	7.99%
Future salary increases	10%
Mortality Rate	India Assured Life Mortality (2006-08) ultimate
Attrition Rate	2.00%

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

3.2 Segment Reporting:

Since, the allocable items of revenue, results and assets are less than 10% of total revenue, results and asset, the bank has, in line with the RBI guidelines, identified one "Other Banking Business" as the primary reporting segment. The Bank has also operated within one geographic segment. Accordingly, there are no disclosure requirements under AS-17 'Segment Reporting'.

3.3 Related Party Disclosures:

Following is the list of related parties of the Bank for the financial year ended March 31, 2015. In accordance with the RBI Circular DBOD NO BP.BC.89/21.01.018/2002-03 dated March 2003, this disclosure excludes transactions where there is only one entity in any category of related party as given below and where the Bank has an obligation under law to maintain confidentiality in respect of their customer transactions. Thus where there is only one entity in any category, particulars of transactions have not been provided.

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The related parties of the bank are broadly classified as follows:

(i) Parent

Doha Bank QSC, Qatar is the Head Office of the Bank.

The Head office of Doha Bank QSC, Qatar has remitted in India Rs 1,475,001,770 (Equivalent USD 25,000,030) toward the startup capital of the Mumbai Branch. Subsequently, Head office has remitted additional capital in India Rs. 1,567,000,000 (Equivalent USD 25,000,000) toward acquisition of Indian Operation of HSBC Bank Oman SAOG.

(ii) Key Management Personnel

The Country Manager – India is considered Key Management Personnel of the bank's India operations. The Bank has paid remuneration to Key Management Personnel is Rs. 71,34,879, which excludes provision for gratuity and leave encashment determined on the basis of actuarial valuation.

3.4 Leases

The Bank has entered into operating lease for its premises. The agreement provides for cancellation (which is 31st May, 2020) and escalation (which is 15% every three years). There are no sub-leases.

The future minimum lease payments under non-cancellable lease as determined by the lease agreements for each of the period are as under

Minimum future lease payments	**MARCH 31, 2015 (Rs '000)**
Up to 6 months	21,000
6 months to 1 year	21,000
1 year to 5 years	185,850
TOTAL	**227,850**

Lease payment of Rs 35,445 (thousands) towards premises during the period is recognized in Profit & Loss Account on straight line basis over the contractual period of the lease agreement.

3.5 Deferred Tax Assets/Liabilities:

Particulars	**MARCH 31, 2015** (Rs '000)
Deferred Tax Assets	
Lease rental provision	6,782
Retirement Benefits	982
Total	**7,764**
Deferred Tax Liability	
Differential Depreciation on Fixed Assets	585
Total	**585**
Net Deferred Tax Asset/(Liability)	**7,179**

3.6 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

Particulars	**MARCH 31, 2015 (Rs '000)**
At cost at the beginning of the year	-
Additions during the period	21
Deductions during the period	-
Accumulated depreciation at 31st March	3
Closing balance at 31st March	**18**
Depreciation charge for the period	3

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3.7 Impairment of Assets:

There is no impairment of assets as such no provision is required in terms of AS 28 on "Impairment of Assets".

3.8 Contingent liabilities

The Bank has no contingent liability as on March 31, 2015.

4. Additional Disclosures

4.1 Disclosures of complaints

1. Customer Complaints

a)	No. of complaints pending at the beginning of the year.	Nil
b)	No. of complaints received during the year.	Nil
c)	No. of complaints redressed during the year.	Nil
d)	No. of complaints pending at the end of the year.	Nil

2. Awards passed by the Banking Ombudsman

a)	No. of unimplemented Awards at the beginning of the year.	Nil
b)	No. of Awards passed by the Banking Ombudsmen during the year.	Nil
c)	No. of Awards implemented during the year.	Nil
d)	No. of unimplemented Awards at the end of the year.	Nil

4.2 Disclosure of Letters of Comfort (LoCs) issued by Bank

The Bank has not issued any Letter of Comfort during the period ended March 31, 2015.

4.3 Provision Coverage Ratio: Not applicable

4.4 Concentration of Deposits, Advances, Exposures and NPAs

i. <u>Concentration of Deposits</u>

Particulars	MARCH 31, 2015 (Rs '000)
Total Deposits of twenty largest depositors	1,239
Percentage of Deposits of twenty largest depositors to total deposits of the Bank	100%

ii. <u>Concentration of Advances</u>

Particulars	MARCH 31, 2015 (Rs '000)
Total Advances to twenty largest borrowers	-
Percentage of Advances to twenty largest borrowers to total Advances of the Bank	N.A

iii. <u>Concentration of Exposures</u>

Particulars	MARCH 31, 2015 (Rs '000)
Total Advances to twenty largest borrowers/customers	-
Percentage of Exposure to twenty largest borrowers / customers to total Exposures of the Bank on borrowers/customers	N.A

iv. <u>Concentration of NPAs</u>

Particulars	MARCH 31, 2015 (Rs '000)
Total Exposure to top four NPA accounts	-

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SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4.5 Sector-wise Advances

SR. N0.	Sector	MARCH 31, 2015 (Rs '000)		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPA to Total Advances in that sector
A	**Priority Sector**			
	Agriculture and allied activities	-	-	-
	Advances to industries sector eligible as priority sector lending	-	-	-
	Services	-	-	-
	Personal loans	-	-	-
	Sub Total (A)	-	-	-
B	**Non Priority Sector**			
	Agriculture and allied activities	-	-	-
	Advances to industries sector eligible as priority sector lending	-	-	-
	Services	-	-	-
	Personal loans	-	-	-
	Sub Total (B)	-	-	-
	Total (A+B)	-	-	-

4.6 Movement of NPAs

Particulars	MARCH 31, 2015 (Rs '000)
Gross NPAs as on 1st April of particular year (Opening Balance)	-
Addition (Fresh NPAs) during the period	-
Sub-total (A)	-
Less: (i) Up gradations	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-
(iii) Write-offs	-
Sub-total (B)	-
Gross NPAs as on 31st March of following year (Closing Balance) (A-B)	-

4.7 Overseas Assets, NPAs and Revenue

Particulars	MARCH 31, 2015 (Rs '000)
Total Assets	-
Total NPAs	-
Total Revenue	-

4.8 Off-Balance sheet SPVs sponsored

Name of the SPV sponsored	
Domestic March 31, 2015	**Overseas March 31, 2015**
Nil	**Nil**

4.9 Unamortized Pension and Gratuity Liabilities

There are no unamortized Pension and Gratuity

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SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4.10 Disclosure on Remuneration

In terms of guidelines issued by RBI vide circular no. DBOD No. BC. 72/29.67.001/2011-12 dated 13th Jan 2012 on "Compensation of Wholetime Directors/Chief Executive Officers/ Risk takers and Control function staff, etc.", the disclosure on remuneration of bank is as follows.

Description	Response
Qualitative Disclosures	
(a) Information relating to the composition and mandate of the Remuneration Committee.	Not applicable as remuneration and nomination committee is held at Head office, Qatar
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	Personnel Policies and Procedures Manual for India operations is under preparation.
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Doha Bank is in under preparation of risk and performance management system to capture, monitor and control the risk created by its business activities.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The bank takes into account the performance of the staff members as well as the performance of India operations to determine the annual increments and performance bonus amounts.
(e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	Not Applicable for India Operations.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	The variable remuneration is only in the form of payment to the staff members and bank has not issued any shares, ESOPs, etc.
Quantitative disclosures	
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Not Applicable for India Operations.
(h) (i) Number of employees having received a variable remuneration award during the financial year.	Nil
(ii) Number and total amount of sign-on awards made during the financial year.	Nil
(iii) Details of guaranteed bonus, if any, paid as joining/ sign on bonus	Nil
(iv) Details of severance pay, in addition to accrued benefits, if any.	Nil
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
(ii) Total amount of deferred remuneration paid out in the financial year.	Nil
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	<u>Fixed</u> 7,134,879 <u>Variable</u> Nil
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil

DOHA BANK QSC – INDIA OPERATIONS

SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4.11 Disclosures relating to Securitization

The Bank did not have Securitization Expenses during the period ended 31 March 2015.

4.12 Credit Default Swaps

The Bank has not dealt in Credit Default Swaps during the year ended March 31, 2015.

4.13 Intra Group Exposure:

The Bank has not any owned other entity. Hence, there is no bank exposure to the group entity

4.14 Transfers to Depositor Education and Awareness Fund (DEAF)

Reserve Bank of India advised all the Banks in India to transfer the deposits remaining unclaimed by the customers for more than 10 years as of 30th June 2014 to a new fund set by RBI under the title "Depositor Education and Awareness Fund (DEAF)". Further all the banks have been advised to transfer as of the end of every month to the above fund on any deposit remaining unclaimed for more than 10 years.

During the year there was no transfer to the Depositor Education and Awareness Fund

Particular	MARCH 31, 2015 (Rs '000)
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	-

4.15 Unhedged Foreign Currency Exposure

The Bank has ascertained that none of the borrower has exposure to foreign currency, hence incremental provision and capital towards the risk is Nil.

4.16 The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements

5. Based on the available information, there are no outstanding dues towards principal amount or interest thereon remaining unpaid to any supplier covered under Micro, Small and Medium Enterprises Development Act, 2006 as at the end of accounting year. Further, no interest was due or payable by the bank to any supplier during the year under the provisions of the said Act.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration No. 101049W

Sd/-
Amit Kabra
Partner
Membership No. 094533

June 29, 2015, Mumbai

For Doha Bank QSC – India Operations

Sd/-
G. Pattabiraman
Country Manager - India

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DOHA BANK QSC – INDIA OPERATIONS

Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

Scope of Application

Qualitative Disclosures:

Doha Bank Q.S.C is an entity domiciled in the State of Qatar and was incorporated on March 15, 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the bank is 7115. The address of the Bank's registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha Qatar.

The India branch of Doha Bank Q.S.C ("Doha Bank" or the "Bank") started since June 10th, 2014. The registered office of the branch is Sakhar Bhavan, Ground Floor, Plot No. 230, Block No. III, Backbay, Reclamation, Nariman Point, Mumbai -400021, Maharashtra State, India.

The Financial Statements for the period ended March 31, 2015 comprises the accounts of the India Branch of the Doha Bank Q.S.C ("Doha bank or the "Bank").

Quantitative Disclosures:

(a) List of group entities considered for consolidation:
Not Applicable.

(b) The aggregate amount of capital deficiencies in subsidiaries:
Not Applicable.

(c) The aggregate amount of the bank's total interests in insurance entities:
Not Applicable

(d) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:
Not Applicable

Capital Structure:

Qualitative Disclosures:

(a) Summary information and main features of capital instruments are given below.

Common Equity Tier 1 (CET1) Capital is comprised of common shares issued by the bank (funds from Head Office), Statutory reserves and retained earnings. The book values of goodwill, intangible assets, cumulative unrealised losses on available for sale investments/ loans are deducted in arriving at CET1 capital. Currently, the Bank does not have any goodwill on its book.

Additional Tier 1 Capital (AT1)

<u>Additional Tier 1 Capital consisting of the following</u>

(i) Head Office borrowings in foreign currency by foreign banks operating in India for inclusion in Additional Tier 1 capital which comply with the regulatory requirements.

(ii) Any other item specifically allowed by the Reserve Bank from time to time for inclusion in Additional Tier 1 capital; and

(iii) Less: Regulatory adjustments / deductions applied in the calculation of Additional Tier 1 capital [i.e. to be deducted from the sum of items (i) to (ii)].

Tier II capital comprises of general loan loss provisions, investment reserve, revaluation reserve and cumulative fair value gains on available for sale instruments. The fair value gains are recognized after a haircut of 55% on the difference between the historical cost book value and market value and are applied in order to cushion against market volatility and tax charges. Revaluation reserve on property is recognized at the discount of 45%.

(b) The details of Tier 1 capital with separate disclosures of each component are as under:

The Composition of the Capital structure:

Particulars	**(Rs. in '000)**
Paid up Capital (Funds from Head Office)	3,042,002
Statutory reserve	2,734
Retained earnings (accumulated losses)	8,203
Regulatory Adjustment to CET I	(20,626)
CET 1 Capital	**3,032,313**
Additional Tier 1 Capital	-
Total Tier 1 Capital	**3,032,313**
Total	**3,032,313**
Tier 2 Capital	**-**
Total regulatory capital	**3,032,313**

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Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

Capital Adequacy:

The Bank's objectives when managing capital are to:

- Safeguard the Bank's ability to continue as a growing entity and increase the returns for its ultimate shareholders;
- Comply with regulatory capital requirements set by the Reserve Bank of India and Qatar Central Bank.
- Maintain Capital Adequacy Ratios at least 1% above the minimum specified by the Reserve Bank of India and Basel III guidelines.

Qualitative Disclosures:

- The Bank uses Standardised Approach for estimating the Capital Charge for Credit Risk.
- The Bank uses Basic Indicator Approach for estimating the Capital Charge for Operational Risk.
- In implementing current capital requirements the Bank calculates Risk Assets Ratio in accordance with the Capital Adequacy guidelines established by the Reserve Bank of India and Qatar Central Bank prescribing the ratio of total capital to total Risk Weighted Assets (RWA).

Quantitative Disclosure:

The details of capital, risk weighted assets and capital adequacy ratio as at 31 March 2015 are as follows:

(Rs. in '000)

Details	Gross balance (Book value)	Net balances (Book value)*	Risk weighted assets
On-balance sheet items	3,062,531	3,062,531	1,693,415
Off-balance sheet items	-	-	-
Derivatives	-	-	-
Total	**3,062,531**	**3,062,531**	**1,693,415**
Market risk			-
Operational risk			164,296
Total			**1,857,711**
CET 1 capital			3,032,313
Additional Tier 1 capital			-
Total Tier 1 capital			3,032,313
Tier 2 capital			-
Total regulatory capital			3,032,313
Capital requirement for credit risk			152,407
Capital requirement for market risk			-
Capital requirement for operational risk			14,787
Total required capital			167,194
CET1 / Tier 1 Capital ratio			163.23%
Tier 1 Capital ratio			163.23%
Total capital ratio			163.23%

* Net of provisions and reserve interest and eligible collaterals

Risk Exposure and Assessment

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

- ✓ Credit Risk
- ✓ Market Risk
- ✓ Operational Risk
- ✓ Interest Rate Risk in the Banking Book
- ✓ Liquidity Risk

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Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. Risk Management policies and systems are established to identify and analyze risks faced by the Bank. Doha Bank's Risk Management Group (RMG) operates through an independent enterprise-wide risk management framework. RMG consistently and continually monitors risks and processes across the organization to identify, assess, measure, manage and report on potential threats that could impact the achievement of Bank's objectives to optimize its risk management framework.

Risk Management policies, models, tools and systems are regularly reviewed to improve the framework and reflect market changes. The RMG is also independently empowered to escalate issues directly to the Board and Audit, Risk and Compliance Committee. Implementation of the Risk Management framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the CEO - mainly in Credit, Operational Risk, Investment and Asset and Liability Committees. In addition, the Board level committees viz. Audit, Risk and Compliance Committee, reviews the observations and findings of internal auditors, external auditors, compliance and the regulators to prevent deviations.

Credit Risk

This refers to risk arising from the potential that an obligor is either unwilling to honor his/her obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter parties and/or in the value of the collateral held by the Bank as security. Identification, measurement and management of risk are strategic priorities for the Bank and its credit risk is managed by a thorough and well structured credit assessment process complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio levels.

Credit Risk Management (CRM) Structure:

The CRM function is independent of the business functions. Such functions include policy formulation, underwriting and limit setting, exposure and exception monitoring, reporting, custody and monitoring of documentation, input of credit limits, classification of advances, remedial asset management, recovery of delinquent loan and determination of provision requirements.

The key objectives of CRM are to ensure:

- Bank-wide credit risks are identified, assessed, mitigated (wherever possible), monitored and reported on a continuous basis at customer and portfolio level;
- The Bank's exposure is within the risk appetite limits established and approved by the Board of Directors, which covers group and single obligor limits, borrower ratings, portfolio analysis, counter party limits and concentration of the limits to effectively measure and manage its credit risk;
- Review and assessment of credit exposures in accordance with the authorization structure and limits prior to facilities being committed to customers;
- Ensure completion of documentation and security creation as per approval terms before release of credit facilities to the clients. Monitoring the concentration of exposure to industry sectors, geographic locations and counter parties;
- Proactive and dynamic monitoring of the accounts as to the quality of the assets and to spot any ad-verse features/warning signs which can eventually lead to deterioration in the recovery prospects Engage the Business Units at an early stage itself to take corrective steps so that the exposure does not become unmanageable. Review of compliance with exposure limits agreed for counter parties, industries and countries, on an ongoing basis, and review of limits in accordance with the risk management strategy and market trends;
- Prior to launching of new products, vetting the business proposals from risk perspective especially in light of delinquent reports.

Although the overall responsibility for managing the risks at macro level lies with the Board, the responsibility for identifying risk in Bank's credit exposure is entrusted to the Management Credit Committee. The Management Credit Committee shall review and decide on the following:

- The extent to which the Bank should assume credit risk, taking into account the capital base, the Bank's ability to absorb losses, the risk reward ratio, probability of default etc;
- The credit portfolio, including concentration trends, provisions, quality of portfolio and requirements vis à vis credit strategy and risk appetite;
- Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- Business strategies to ensure consistency with the Bank's business/growth plan and other asset/liability management considerations;
- Significant delinquent credits (watch list and under settlement accounts) and follow up actions taken to safeguard the interests of the Bank;

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- Adequacy of loan loss provisioning requirements.
- Establishment of an authorization structure and limits for the approval and renewal of credit facilities;
- Detailed credit policies, procedures and guidelines, proper segregation of duties, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that a rigorous environment of checks and balances exist within the Bank.

Credit quality

The Bank's credit risk systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss.

Special attention is paid to problem exposures in order to accelerate remedial action. The Bank uses a Remedial Asset Management unit under the Credit Risk Department adopts corrective action on delinquent credits so as to recover the bank dues.

Impairment assessment

It is the Bank's policy to create allowances for impaired loans promptly and consistently.

Maximum exposure to credit risk

The Bank's exposure to credit risk is spread across a broad range of asset classes, including derivatives, loans and advances to customers, loans and advances to banks, and financial investments.

Concentration of exposure

Exposure to a person, company or group (the Single Borrower Lending Limit) is restricted to maximum 15% of the Bank's regulatory net worth or 10% of the Bank's regulatory net worth for related parties, subject to any regulatory dispensations.

Credit quality of financial instruments

All loans and advances in the Bank are classified according to asset quality. Standard accounts include all facilities which demonstrate good financial condition, risk factors and capacity to pay in line with the original terms of sanction.

(b) Total Gross credit risk exposures including Geographic Distribution of Exposure

(Rs. in '000)

Particulars	**Domestic**	**Overseas**	**Total**
Fund Based	3,062,531	-	3,062,531
Non Fund Based*	-	-	-
Total	**3,062,531**	**-**	**3,062,531**

* Non fund based exposure are Guarantee given on behalf of Constituents and Acceptances and Endorsement.

Residual Contractual maturity breaks down of Assets

(Rs. in '000)

MATURITY BUCKETS	**Cash balances with RBI and other Banks**	**Investment Securities**	**Loans and Advances**	**Other Assets including fixed assets**
1 Day	24,985	-	-	1,276,000
2 to 7 Days	270,008	-	-	81
8 to 14 Days	59	-	-	-
15 to 28 days	1,010,000	-	-	1,243
29 days to 3 months	130,000	-	-	5,660
Over 3 months upto 6 months	-	1,373	-	3,245
Over 6 months upto 12 months	-	-	-	1,358
Over 1 year to 3 years	218	-	-	-
Over 3 years to 5 years	-	-	-	-
Over 5 years	2,000	208,641	-	127,660
Total	**1,437,270**	**210,014**	**-**	**1,415,247**

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Movement of NPA's and Provision for NPA's

Not applicable as Bank does not have any NPA's.

Movement of Provision for Depreciation on Investment

(Rs. in '000)

Opening Balance	**-**
Add: Provisions made during the year	198
Less: Write back of excess provisions	-
Closing Balance	**198**

Credit Risk: Portfolios under the standardised approach:

Qualitative Disclosures:

- In view of no credit exposure to any corporate, bank has not engaged any credit rating agency

Quantitative Disclosures:

The exposure under each credit risk category is as follows:

(Rs. in '000)

Risk Bucket	**Amount**
Below 100% Risk Weight	1,656,919
100% risk weight	1,405,612
More than 100% risk weight	-
	30,062,531

Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures:

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

Quantitative Disclosures

Not applicable as Bank has not any customer credit exposure as on 31 March 2015.

Securitisation: disclosure for standardised approach

Qualitative and Quantitative disclosures:

Not applicable as Bank has not entered into any securitisation activity

Market risks in the trading book

Qualitative disclosures

Market Risk: This is the risk of loss arising from unexpected changes in financial indicators, including interest rates, exchange rates, bonds, equities and commodity prices. Bank has an active Management Information System to keep the Management and Investment Committees informed about the changes in market risk on the investments book. The prominent risks affecting the Bank are currency, interest rate and equity price risk.

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Market risk in non-trading portfolios arises principally from mismatches between the future yield on assets and their funding cost as a result of interest rate changes. Analysis of this risk is complicated by having to make behavioural assumptions regarding the economic duration of liabilities which are contractually repayable on demand, for example, current accounts. ALCO regularly reviews that these portfolios are managed within pre-approved interest rate risk limits.

Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market making and proprietary positions together with financial assets and liabilities that are managed on a fair value basis. The management has set in place various limits as tool to control the risk and it is monitored by Head Office.

Overall authority for market risk is vested in ALCO. Risk Management is responsible for the development of detailed risk management policies, subject to review and approval by ALCO/Board and for the day-to-day review of their implementation. As a risk control mechanism limits are put in place for foreign exchange open positions. Positions are managed and monitored on an on going basis by the Treasury. Periodical reporting is made to ALCO who deliberate on the issue and give necessary guidance to Treasury.

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Stress testing: Bank wide stress tests form an integral part of the risk review process and provide sufficient insight into the financial health and risk profile of the bank. Stress tests also provide early warning signs of potential threats to the Bank's capital. Doha Bank adopts a comprehensive stress testing framework in line with RBI circulars.

In particular the bank measures the impact of different stress scenarios on its capital adequacy ratio, net interest margin, profit after tax, return on assets, liquidity asset ratio and additional liquidity requirements.

The capital requirements for market risk are as follows:

Particulars	(Rs. in '000)
Interest Rate Risk	NIL
Equity position risk	NIL
Commodities position risk	NIL
Foreign Exchange risk	NIL
Total	**NIL**

Operational Risk:

Qualitative disclosures:

Operational Risk: Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Bank follows Head office's detailed policies and procedures and Operational Risk Management tools that are regularly updated to ensure a robust internal control mechanism for the Bank. The Bank is closely reviewing the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational Risk' for implementation. The Bank continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing.

The Bank has a well defined operational risk framework at Head office and an independent operational risk function. The Head of Operational Risk is a member of the Operational Risk Management Committee and reports to the Head of Risk Management. The Operational Risk Management Committee oversees the implementation of an effective risk management framework that encompasses appropriate systems, practices, policies and procedures to ensure the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

In addition, the Internal Audit department of Head Office carries out an independent assessment of the actual functioning of the overall Operational Risk Management Framework. Each business segment must implement an operational risk process which is consistent with the requirements of this framework.

The process of Operational Risk Management includes the following steps:

- Effective staff training, documented processes/ procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, process of introducing new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by Doha Bank to manage the Bank wide operational risk;
- Reporting of any risk event (losses, near misses and potential losses), which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;
- The Bank's blanket insurance policy adequately covers high severity losses and stress losses. measures adopted by Doha Bank to manage the Bankwide operational risk;
- Reporting of any risk event (losses, near misses and potential losses), which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors;

Interest rate risk in the banking book (IRRBB)

Interest Rate Risk: This risk largely arises due to the probability of changes in interest rates, which may affect the value of financial instruments or future profitability. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the quantum of Assets and Liabilities and Off Balance Sheet instruments that mature or reprice in a given period. Since most of the Bank's financial assets such as loans and advances contain an option to reprice, majority of the bank's interest rate risk is hedged naturally due to simultaneous repricing of deposits and loans.

Quantitative Disclosures

As per stress tests prescribed by Reserve Bank of India, the impact of an incremental 200 basis points parallel fall or rise in all yield curves at the beginning of the year on net interest income for the next 12 months amounts to Rs 32,847 thousand.

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Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

(Rs. in '000)

Table DF-11 : Composition of Capital
Part II : Template to be used before March 31, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium) (Funds from Head Office)	30,42,002	-	
2	Retained earnings		-	
3	Accumulated other comprehensive income (and other reserves)	10,937	-	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-	
	Public sector capital injections grandfathered until January 1, 2018	-	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	30,52,939	-	
Common Equity Tier 1 capital : regulatory adjustments				
7	Prudential valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	-	-	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	(13,447)	-	
10	Deferred tax assets	(7,179)	-	
11	Cash-flow hedge reserve	-	-	
12	Shortfall of provisions to expected losses	-	-	
13	Securitisation gain on sale	-	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
15	Defined-benefit pension fund net assets	-	-	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	-	
17	Reciprocal cross-holdings in common equity	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-	
20	Mortgage servicing rights(amount above 10% threshold)	N.A.	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		-	
22	Amount exceeding the 15% threshold		-	
23	of which : significant investments in the common stock of financial entities		-	
24	of which : mortgage servicing rights		-	
25	of which : deferred tax assets arising from temporary differences		-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	-	
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-	-	
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-	-	
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	-	

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Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

(Rs. in '000)

Table DF-11 : Composition of Capital
Part II : Template to be used before March 31, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
26d	of which : Unamortised pension funds expenditures	-	-	
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT]	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT]	-	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	
28	**Total regulatory adjustments to Common equity Tier 1**	**(20,626)**	-	
29	**Common Equity Tier 1 capital (CET1)**	**30,32,313**	**-**	
Additional Tier 1 capital : instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	-	
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	-	
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	
35	of which : instruments issued by subsidiaries subject to phase out	-	-	
36	**Additional Tier 1 capital before regulatory adjustments**	**-**	**-**	
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
41	National specific regulatory adjustments (41a+41b)	-	-	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	-	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	-	
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT e.g. DTAs]	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT]	-	-	

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(Rs. in '000)

Table DF-11 : Composition of Capital
Part II : Template to be used before March 31, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		**Amounts Subject to Pre-Basel III Treatment**	**Ref No.**
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	-	-	
44	**Additional Tier 1 capital (AT1)**	-	-	
44a	Additional Tier 1 capital reckoned for capital adequacy	-	-	
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	**30,32,313**	-	
Tier 2 capital : instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
49	of which : instruments issued by subsidiaries subject to phase out	-	-	
50	Provisions (Please refer to Note to Template Point 50)	-	-	
51	**Tier 2 capital before regulatory adjustments**	-	-	
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-	
55	Significant investments13in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
56	National specific regulatory adjustments (56a+56b)	-	-	
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-	-	
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	-	
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT	-	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	-	
58	**Tier 2 capital (T2)**	-	-	
58a	Tier 2 capital reckoned for capital adequacy14	-	-	
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-	-	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	-	-	
59	**Total capital (TC = T1 + Admissible T2) (45 + 58c)**	**30,32,313**	-	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	-	-	
	of which : [INSERT TYPE OF ADJUSTMENT]	-	-	
	of which : …	-	-	

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(Rs. in '000)

Table DF-11 : Composition of Capital
Part II : Template to be used before March 31, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
60	**Total risk weighted assets (60a + 60b + 60c)**	**18,57,711**	-	
60a	of which : total credit risk weighted assets	16,93,415	-	
60b	of which : total market risk weighted assets	-	-	
60c	of which : total operational risk weighted assets	164,296	-	
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	163.23%	-	
62	Tier 1 (as a percentage of risk weighted assets)	163.23%	-	
63	Total capital (as a percentage of risk weighted assets)	163.23%	-	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	-	-	
65	of which : capital conservation buffer requirement	-	-	
66	of which : bank specific countercyclical buffer requirement	-	-	
67	of which : G-SIB buffer requirement	-	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	-	
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	-	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	-	
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-	-	
73	Significant investments in the common stock of financial entities	-	-	
74	Mortgage servicing rights (net of related tax liability)	N.A.	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N.A.	-	
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	-	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
-	Current cap on CET1 instruments subject to phase out arrangements	N.A.	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N.A.	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

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Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

Step 1

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

Step 2

			(Rs. in '000)	
			Balance sheet as in published financial statements	**Under regulatory scope of consolidation**
			As at 31.03.2015	**As at 31.03.2015**
A	**Capital & Liabilities**			
	i.	Paid-up Capital (funds from HO)	3,042,002	3,042,002
		Reserves & Surplus	10,937	10,937
		Total Capital	3,052,939	3,052,939
	ii.	Deposits	1,239	1,239
		of which : Deposits from banks	-	-
		of which : Customer deposits	1,239	1,239
		of which : Other deposits (pl. specify)	-	-
	iii.	Borrowings	-	-
		of which : From RBI	-	-
		of which : From banks	-	-
		of which : From other institutions & agencies	-	-
		of which : Others (pl. specify)	-	-
		of which : Capital instruments	-	-
	iv.	Other liabilities & provisions	28,979	28,979
		Total	**3,083,157**	**3,083,157**
	Assets			
	i.	Cash and balances with Reserve Bank of India	4,943	4,943
		Balance with banks and money at call and short notice	1,432,327	1,432,327
	ii.	Investments :	210,014	210,014
		of which : Government securities	210,014	210,014
		of which : Other approved securities	-	-
		of which : Shares	-	-
		of which : Debentures & Bonds	-	-
		of which : Subsidiaries / Joint Ventures / Associates	-	-
		of which : Others (Commercial Papers, Mutual Funds etc.)	-	-
	iii.	Loans and advances	-	-
		of which : Loans and advances to banks	-	-
		of which : Loans and advances to customers	-	-
	iv.	Fixed assets	105,946	105,946
	v.	Other assets	1,329,927	1,329,927
		of which : Goodwill and intangible assets	-	-
		of which : Deferred tax assets	-	-
	vi.	Goodwill on consolidation	-	-
	vii.	Debit balance in Profit & Loss account	-	-
		Total	**3,083,157**	**3,083,157**

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DOHA BANK QSC – INDIA OPERATIONS

Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) – Pillar 3 Disclosures

Step 3

			(Rs. in '000)
Common Equity Tier 1 capital: instruments and reserves			
		Component of regulatory capital reported by bank	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non- joint stock companies) capital plus related stock surplus	3,042,002	-
2	Retained earnings	-	-
3	Accumulated other comprehensive income (and other reserves)	10,937	-
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	**3,042,002**	**-**
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	-	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(13,447)	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(7,179)	-
11	Regulatory adjustments applied to Common Equity Tier 1 and Tier 2 to cover deductions	-	-
	Common Equity Tier 1 capital (CET1)	**3,032,313**	**-**

For Doha Bank QSC – India Operations

Sd/-
G. Pattabiraman
Country Manager - India