



## Independent Auditor's Report

### To the Chief Executive Officer of Deutsche Bank AG – India Branches

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Deutsche Bank AG – India Branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Bank's Management is responsible for preparation of these standalone 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 Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the relevant requirements of the Act, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India

- (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2017;
- (b) in the case of the Profit and Loss account, of the profit of the Bank for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

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

As required sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit, we have visited 5 branches.

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) financial accounting systems of the Bank are centralized and, therefore, returns are not necessary to be submitted by the branches;
- (d) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (e) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;
- (f) the requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Deutsche Bank AG, which is incorporated with limited liability in Germany; and
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 18 - Note 4(n)(i) to the standalone financial statements;
  - (ii) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 5 and refer Schedule 18 - Note 4(n)(i) to the standalone financial statements;
  - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and
  - (iv) as referred in Schedule 18 – Note 4(w) of the standalone financial statements, the disclosure requirement on specified bank notes is not applicable to the Bank as clarified by RBI through its letter dated 24 May 2017.

For **B S R & Associates LLP**  
 Chartered Accountants  
 Firm's Registration No: 116231W/W-100024



## **Annexure A to the Independent Auditor's Report of even date on the financial statements of Deutsche Bank AG – India Branches**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. We have audited the internal financial controls over standalone financial reporting of Deutsche Bank AG – India Branches ('the Bank') as of 31 March 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 116231W/W-100024

Sd/-  
**N Sampath Ganesh**  
Partner

Membership No: 042554

Mumbai  
23 June 2017



BALANCE SHEET AS ON 31 MARCH 2017				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017			
In thousands of Indian Rupees		31 March 2017	31 March 2016	In thousands of Indian Rupees		Year ended 31 March 2017	Year ended 31 March 2016
	Schedule				Schedule		
<b>Capital and Liabilities</b>				<b>Income</b>			
Capital	1	44,971,087	44,971,087	Interest earned	13	50,009,042	49,574,968
Reserves and surplus	2	71,510,672	71,208,207	Other income	14	11,217,588	9,556,976
Deposits	3	388,719,082	437,087,850	<b>Total</b>		<b>61,226,630</b>	<b>59,131,944</b>
Borrowings	4	96,365,369	88,568,670	<b>Expenditure</b>			
Other liabilities and provisions	5	159,118,858	51,876,834	Interest expended	15	23,124,819	21,399,982
<b>Total</b>		<b>760,685,068</b>	<b>693,712,648</b>	Operating expenses	16	13,849,374	13,277,798
				Provisions and contingencies	17	14,387,078	12,598,410
				<b>Total</b>		<b>51,361,271</b>	<b>47,276,190</b>
<b>Assets</b>				<b>Profit / (Loss)</b>			
Cash and balances with Reserve Bank of India	6	37,166,376	34,681,862	Net profit for the year		9,865,359	11,855,754
Balances with banks and money at call and short notice	7	89,385,115	58,048,504	Profit brought forward		19,461,369	11,550,631
Investments	8	140,743,609	133,596,649	<b>Total</b>		<b>29,326,728</b>	<b>23,406,385</b>
Advances	9	350,916,635	432,542,662	<b>Appropriations</b>			
Fixed assets	10	1,108,079	1,377,163	Transfer to statutory reserve		2,466,340	2,963,939
Other assets	11	141,365,254	33,465,808	Transfer to capital reserve		183,400	–
<b>Total</b>		<b>760,685,068</b>	<b>693,712,648</b>	Transfer to/(from) investment reserve		(19,852)	(5,298)
				Transfer to remittable surplus retained for CRAR requirements		–	986,375
Contingent liabilities	12	7,473,096,885	6,652,120,933	Remittances to Head Office made during the year		9,562,894	–
Bills for collection		360,345,316	364,931,222	Balance carried over to Balance Sheet		17,133,946	19,461,369
Significant accounting policies and Notes to the financial statements	18			<b>Total</b>		<b>29,326,728</b>	<b>23,406,385</b>
				Significant accounting policies and Notes to the financial statements	18		
The accompanying notes form an integral part of this Balance Sheet				The accompanying notes form an integral part of this Profit and Loss Account.			

As per our Report of even date.

For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 116231W/W-100024

For **Deutsche Bank AG**  
India Branches

Sd/-  
**N Sampath Ganesh**  
Partner  
Membership No: 042554

Sd/-  
**Ravneet Singh Gill**  
Chief Executive Officer – India

Sd/-  
**Avinash Prabhu**  
Chief Financial Officer – India

Place : Mumbai  
Dated : 23 June 2017


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

In thousands of Indian Rupees	31 March 2017	31 March 2016
<b>Cash Flow from operating activities</b>		
Net profit before Taxes	19,377,494	22,216,753
<b>Adjustment for:</b>		
Depreciation and amortisation for the year	284,909	301,007
Provision for depreciation on investments	46,651	12,449
Provision for loan loss (net)	5,784,321	159,356
Provision for contingent credit exposures	(1,657)	1,700
Bad-debts written off	159,927	146,028
Provision for country risk	(44,761)	774
Provision for standard assets	(738,257)	1,585,823
Other Provisions	(331,281)	331,281
Impairment of fixed assets	-	(1,866)
Interest expense on borrowings	3,765,910	2,221,023
(Profit)/Loss on sale of fixed assets (net)	(409,944)	2,012
	27,893,312	26,976,340
<b>Adjustment for:</b>		
Increase / (Decrease) in deposits	(48,368,768)	50,747,703
Increase / (Decrease) in other liabilities and provisions	108,351,773	(6,162,904)
(Increase) / Decrease in investments	(7,193,611)	(9,584,062)
(Increase) / Decrease in advances	75,681,779	(71,463,983)
(Increase) / Decrease in other assets	(106,518,746)	11,462,919
	49,845,739	1,976,013
Income tax paid	(10,892,835)	(13,142,348)
<b>Net cash flow from / (used in) operating activities (A)</b>	38,952,904	(11,166,335)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(304,814)	(169,218)
Capital Work-in-progress	(15,609)	(29,010)
Proceeds from sale of fixed assets	720,749	99,756
<b>Net cash flow from/(used in) investing activities (B)</b>	400,326	(98,472)
<b>Cash flows from financing activities</b>		
Remittance of profit to Head Office	(9,562,894)	-
Interest expense on borrowings	(3,765,910)	(2,221,023)
Increase / (Decrease) in borrowings	7,796,699	19,380,686
<b>Net cash flow from/(used in) financing activities (C)</b>	(5,532,105)	17,159,663
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	33,821,125	5,894,856
Cash and cash equivalents at beginning of the year	92,730,366	86,835,510
Cash and cash equivalents at end of the year	126,551,491	92,730,366
<b>Increase in cash and cash equivalents</b>	33,821,125	5,894,856
<b>Notes on cash flow statement</b>		
1. Cash and balances with Reserve Bank of India	37,166,376	34,681,862
Balances with banks and money at call and short notice	89,385,115	58,048,504
<b>Cash and cash equivalents at end of the year</b>	<b>126,551,491</b>	<b>92,730,366</b>
2. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.		

In terms of our report attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 116231W/W-100024

Sd/-

**N Sampath Ganesh**

Partner

Membership No: 042554

Place : Mumbai

Dated : 23 June, 2017

For **Deutsche Bank AG**

India Branches

Sd/-

**Ravneet Singh Gill**

Chief Executive Officer – India

Sd/-

**Avinash Prabhu**

Chief Financial Officer – India



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2017**

In thousands of Indian Rupees	31 March 2017	31 March 2016	In thousands of Indian Rupees	31 March 2017	31 March 2016
<b>Schedule 1 – Capital</b>			<b>Schedule 4 – Borrowings</b>		
Amount of deposit with Reserve Bank of India (at face value) under Section 11 (2)(b) of the Banking Regulation Act, 1949			<b>1 Borrowings in India</b>		
	22,900,000	20,450,000	(a) Reserve Bank of India		
			(b) Other Banks		
			(c) Other institutions and agencies		
<b>Head Office Account</b>					
Opening Balance (including start-up capital of Rs 2 million and remittances from Head office)					
	44,971,087	44,971,087			
Additions during the year					
	–	–			
<b>Total</b>	<b>44,971,087</b>	<b>44,971,087</b>			
<b>Schedule 2 – Reserves and Surplus</b>			<b>2 Borrowings Outside India</b>		
<b>1 Statutory reserve</b>			Other Banks		
Opening Balance					
	21,949,244	18,985,305			
Additions : Transfer from Profit and Loss Account					
	2,466,340	2,963,939			
	<b>24,415,584</b>	<b>21,949,244</b>			
<b>2 Capital reserve</b>					
Opening Balance					
	177,207	177,207			
Additions during the year (Profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve)					
	183,400	–			
	<b>360,607</b>	<b>177,207</b>			
<b>3 Investment reserve</b>					
Opening Balance					
	308,725	314,023			
Additions/(Deductions) : Transfer from/(to) Profit and Loss Account					
	(19,852)	(5,298)			
	<b>288,873</b>	<b>308,725</b>			
<b>4 Balance in Profit and Loss Account</b>					
Opening Balance					
	17,133,946	19,461,369			
	<b>17,133,946</b>	<b>19,461,369</b>			
<b>5 Remittable Surplus retained for CRAR requirements</b>					
Opening Balance					
	29,311,662	28,325,287			
Additions : Transfer from Profit and Loss Account					
	–	986,375			
	<b>29,311,662</b>	<b>29,311,662</b>			
<b>Total</b>	<b>71,510,672</b>	<b>71,208,207</b>			
<b>Schedule 3 – Deposits</b>			<b>Schedule 5 – Other Liabilities and Provisions</b>		
<b>1 (a) Demand deposits</b>			<b>1 Bills payable</b>		
i. From banks					
	4,814,334	588,116	5,317,676		
ii. From others					
	187,956,431	168,185,645			
	<b>192,770,765</b>	<b>168,773,761</b>			
<b>(b) Savings bank deposits</b>			<b>2 Inter-office adjustments - branches in India (net)</b>		
17,349,155			8		
<b>(c) Term deposits</b>					
i. From banks					
	–	–			
ii. From others					
	178,599,162	251,594,992			
	<b>178,599,162</b>	<b>251,594,992</b>			
<b>Total</b>	<b>388,719,082</b>	<b>437,087,850</b>			
<b>2 (i) Deposits of branches in India</b>			<b>3 Interest accrued</b>		
388,719,082			1,314,433		
<b>(ii) Deposits of branches outside India</b>					
–					
<b>Total</b>	<b>388,719,082</b>	<b>437,087,850</b>			
			<b>4 Provision for taxation (net of tax paid in advance / tax deducted at source)</b>		
			–		
			<b>5 Others (including provisions) (Refer Schedule 18 Note-4 h vi)</b>		
			152,486,741		
			<b>Total</b>		
			<b>159,118,858</b>		
			<b>51,876,834</b>		
			<b>Schedule 6 – Cash and Balances with Reserve Bank of India</b>		
			<b>1 Cash in hand (including foreign currency notes)</b>		
			131,366		
			<b>2 Balances with Reserve Bank of India</b>		
			(a) in current account		
			37,035,010		
			(b) in other accounts		
			–		
			<b>Total</b>		
			<b>37,166,376</b>		
			<b>34,681,862</b>		
			<b>Schedule 7 – Balances with Banks and Money at Call and Short Notice</b>		
			<b>1 In India</b>		
			<b>(a) Balances with banks</b>		
			i. in current accounts		
			23,535		
			ii. in other deposit accounts (including with financial institutions)		
			1,900,000		
			<b>(b) Money at call and short notice</b>		
			i. with banks		
			–		
			ii. with other institutions		
			67,839,913		
			<b>2 Outside India</b>		
			(a) in current accounts		
			4,057,667		
			(b) in deposit accounts		
			–		
			(c) Money at call and short notice		
			15,564,000		
			<b>Total</b>		
			<b>89,385,115</b>		
			<b>58,048,504</b>		



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2017**

In thousands of Indian Rupees	31 March 2017	31 March 2016	In thousands of Indian Rupees	31 March 2017	31 March 2016
<b>Schedule 8 – Investments</b>			<b>2 Other Fixed Assets (including furniture and fixtures)</b>		
<b>Investments in India in:</b>			(a) Cost as on 31st March of the preceding year		
1 Government securities	128,576,445	117,177,759		1,980,427	2,225,770
2 Other approved securities	–	–	(b) Additions during the year		
3 Shares	288,994	288,994		246,754	166,877
4 Debentures and bonds	11,949,834	13,950,115	(c) Deductions during the year		
5 Others (Includes Commercial Papers, Certificate of Deposit and Security Receipts)	356,376	2,561,170		(507,624)	(412,220)
Gross Investments in India	<b>141,171,649</b>	<b>133,978,038</b>	(d) Accumulated depreciation to date (Refer Schedule 18 Note-4 m vi)		
Less: Provision for depreciation on investments	(428,040)	(381,389)		(1,152,481)	(1,465,668)
<b>Total</b>	<b>140,743,609</b>	<b>133,596,649</b>	<b>Net Block (Includes asset held for sale Rs. Nil (Previous year Rs. 1,803 thousand))</b>		
				<b>567,076</b>	<b>514,759</b>
<b>Schedule 9 – Advances</b>			<b>3 Capital Work-in-progress</b>		
1 (a) Bills purchased and discounted	80,233,585	114,825,917		52,841	37,232
(b) Cash credits, overdrafts and loans repayable on demand	160,346,598	225,188,266	<b>Total</b>		
(c) Term loans	110,336,452	92,528,479		<b>1,108,079</b>	<b>1,377,163</b>
<b>Total</b>	<b>350,916,635</b>	<b>432,542,662</b>	<b>Schedule 11 – Other Assets</b>		
2 (a) Secured by tangible assets (includes advances against book debts)	135,824,214	137,945,560	1 Inter-office adjustments - branches in India (net)	–	–
(b) Covered by bank / Government guarantees	3,229,900	3,322,957	2 Interest accrued	5,799,758	7,565,719
(c) Unsecured	211,862,521	291,274,145	3 Tax paid in advance / tax deducted at source (net of provision for taxation)	7,212,887	5,488,943
<b>Total</b>	<b>350,916,635</b>	<b>432,542,662</b>	4 Stationery and stamps	240	326
3 Advances in India			5 Others (including deferred tax - Refer Schedule 18 Note - 4 m iv)	128,352,369	20,410,820
(a) Priority sector	123,128,491	113,677,254	<b>Total</b>	<b>141,365,254</b>	<b>33,465,808</b>
(b) Public sector	4,206,745	2,651,613	<b>Schedule 12 – Contingent Liabilities</b>		
(c) Banks	39,128,797	72,846,008	1 Claims against the Bank not acknowledged as debts (including tax related matters)	2,468,659	2,391,138
(d) Others	184,452,602	243,367,787	2 Liability on account of outstanding foreign exchange contracts	4,900,641,686	3,990,390,681
<b>Total</b>	<b>350,916,635</b>	<b>432,542,662</b>	3 Guarantees given on behalf of constituents		
<b>Schedule 10 – Fixed Assets</b>			(a) In India	128,428,960	124,204,984
1 <b>Premises (including leasehold improvements)</b>			(b) Outside India	27,067,721	29,070,619
(a) Cost as on 31st March of the preceding year	2,012,971	2,031,221	4 Acceptances, endorsements and other obligations	47,759,098	75,086,009
(b) Additions during the year	58,060	2,341	5 Bills rediscounted	1,350,000	6,300,000
(c) Deductions during the year	(808,662)	(20,591)	6 Other Items for which the Bank is contingently liable		
(d) Accumulated depreciation to date (Refer Schedule 18 Note-4 m vi)	(774,207)	(1,187,799)	(a) Swaps	2,051,528,071	2,237,325,817
<b>Net Block (Includes asset held for sale Rs. Nil (Previous year Rs. 305,261 thousand))</b>	<b>488,162</b>	<b>825,172</b>	(b) Options	193,990,665	111,370,167
			(c) Futures	–	–
			(d) Other items	119,862,025	75,981,518
			<b>Total</b>	<b>7,473,096,885</b>	<b>6,652,120,933</b>


**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017**

In thousands of Indian Rupees			In thousands of Indian Rupees				
	Year ended 31 March 2017	Year ended 31 March 2016		Year ended 31 March 2017	Year ended 31 March 2016		
<b>Schedule 13 – Interest Earned</b>			<b>Schedule 16 – Operating Expenses</b>				
1	Interest/discounts on advances/bills	36,060,060	37,116,747	1	Payments to and provisions for employees (Refer Schedule 18 Note-4 m i) (net of cost recoveries)	5,168,691	5,712,774
2	Income on investments	8,191,775	10,267,615	2	Rent, taxes and lighting (net of cost recoveries) (Refer Schedule 18 Note-4 m v)	604,719	759,595
3	Interest on balances with Reserve Bank of India and other interbank funds	5,541,950	1,867,330	3	Printing and stationery	47,211	49,660
4	Others	215,257	323,276	4	Advertisement and publicity	87,967	59,284
	<b>Total</b>	<b>50,009,042</b>	<b>49,574,968</b>	5	Depreciation on Bank's property	284,909	301,007
<b>Schedule 14 – Other Income</b>			<b>Schedule 17 – Provision and Contingencies</b>				
1	Commission, exchange and brokerage (net) (including custodial and depository income)	4,328,091	4,559,810	1	Provision for loan loss (net)	5,784,321	159,356
2	Profit / (Loss) on sale of investments (net)	2,508,536	(193,089)	2	Provision / (write back) for contingent credit exposures	(1,657)	1,700
3	Profit / (Loss) on sale of fixed assets (net)	409,944	(2,012)	3	Provision / (write back) for standard assets	(738,257)	1,585,823
4	Profit / (Loss) on exchange transactions (net)	3,245,171	4,093,071	4	Provision / (write back) for country risk	(44,761)	774
5	Miscellaneous Income / (Loss)	725,846	1,099,196	5	Bad debts written off	159,927	146,028
	<b>Total</b>	<b>11,217,588</b>	<b>9,556,976</b>	6	Provision / (write back) for depreciation on investments	46,651	12,449
<b>Schedule 15 – Interest Expended</b>			<b>Schedule 18 – Notes forming part of the financial statements of the India Branches for the year ended 31 March 2017</b>				
1	Interest on deposits	19,335,718	18,971,576	7	Other Provisions	(331,281)	331,281
2	Interest on Reserve Bank of India and other interbank borrowings (including from other money market participants)	3,765,910	2,221,023	8	Provision for taxation:		
3	Others	23,191	207,383	(a) Current tax	9,168,891	12,461,711	
	<b>Total</b>	<b>23,124,819</b>	<b>21,399,982</b>	(b) Deferred tax	343,244	(2,100,712)	
				(Refer Schedule 18 Note-4 m iv)			
				<b>Total</b>	<b>14,387,078</b>	<b>12,598,410</b>	

**Schedule 18 : Notes forming part of the financial statements of the India Branches for the year ended 31 March 2017**
**1. Background**

The accompanying financial statements for the year ended 31 March 2017 comprise accounts of the India Branches of Deutsche Bank AG (the 'Bank') which is incorporated in Germany with limited liability.

**2. Basis of preparation and use of estimates**

The financial statements have been prepared and presented under the historical cost convention and on accrual basis of accounting, unless otherwise stated, and are in accordance with the generally accepted accounting principles and statutory provisions prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') and Accounting Standards ('AS') specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Account) Rules, 2014 to the extent applicable and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities (including contingent liabilities), revenues and expenses as at the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

**3. Significant accounting policies**
**a. Foreign currency translation**

Foreign currency assets, liabilities and contingent liabilities on account of guarantees, endorsements and other outstandings are translated at the Balance Sheet date at rates notified by the Foreign Exchange Dealers Association of India ('FEDAI'). Revenue and expenses in foreign currency are translated at the rates prevailing on the date of the transaction. Profits/losses resulting from year-end revaluations are included in the Profit and Loss Account.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
 for the year ended 31 March 2017*

**3. Significant accounting policies (Continued)**

**b. Investments**

- i. Investments are categorised as Held to Maturity ('HTM'), Available for Sale ('AFS') and Held for Trading ('HFT') in accordance with the RBI guidelines based on intent at the time of acquisition. However, for disclosure in the Balance Sheet, these are classified as Government securities, Other approved securities, Shares, Debentures and bonds, Investment in subsidiaries / joint ventures and other investments. These are valued in accordance with extant RBI guidelines.

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 are classified as HFT investments. All other investments are classified as AFS investments.

- ii. Investments under HTM are carried at acquisition cost. The premium, if any, is amortised over the remaining life of the security on a straight line basis, while discount, if any, is ignored. Profit on sale of HTM securities is appropriated to Capital Reserve net of income tax and statutory reserve while loss, if any, is charged to the Profit and Loss Account.
- iii. Investments under AFS and HFT categories are revalued periodically at the market price or fair value as declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA"). Securities under each category are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net depreciation, if any, is provided for and net appreciation, if any, is ignored. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification.
- iv. Treasury bills, commercial paper and certificate of deposits, being discounted instruments, are valued at carrying cost.
- v. The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges, price list published by the RBI or the prices periodically declared by PDAI jointly with FIMMDA.
- vi. The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the FIMMDA guidelines. Further, in the case of unquoted fixed income securities (other than government securities), valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ('YTM') rates of government securities of similar tenor. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA.
- vii. Investments in security receipts issued by asset reconstruction companies are valued at the latest Net Asset Values ("NAV") obtained from the asset reconstruction companies.
- viii. Investments in pass through certificates are valued by adopting base yield curve and corporate bond spread relative to weighted average maturity of the security.
- ix. Quoted equity shares are valued at their closing price on a recognised stock exchange. Unquoted equity shares are valued at the book value if the latest balance sheet is available, else, at Re. 1 per company, as per relevant RBI guidelines.
- x. Cost of investments is based on the weighted average cost method.
- xi. Broken period interest paid at the time of acquisition of the security has been charged to the Profit and Loss Account.
- xii. Brokerage, commission, etc. paid at the time of purchase / sale is charged to the Profit and Loss Account.
- xiii. Repurchase (repo) and reverse repurchase (reverse repo) transactions are accounted for as secured borrowing and lending contracts, respectively, in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility ("LAF") are also accounted for as secured borrowing and lending transactions. These transactions are reflected under Schedule 4.1 and Schedule 7.1 accordingly.
- xiv. The Bank undertakes short sale transactions in Central Government dated securities. In accordance with the RBI guidelines, such short positions are categorised as HFT and are classified under Schedule 5.5. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments.
- xv. The difference between the consideration amount of first leg and second leg of the repo/ reverse repo is recognised as interest expense/ income in the Profit and Loss Account.
- xvi. The Bank follows settlement date accounting for recording purchase and sale of investments.
- xvii. Transfer of investments between categories is accounted in accordance with the extant RBI guidelines.
- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at a discount, and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provision for depreciation against the HFT securities and vice-versa.

**c. Derivatives transactions**

- i. The Bank enters into derivative contracts such as interest rate swaps, interest rate futures, currency swaps, currency futures, foreign currency-rupee options, cross currency options and foreign exchange contracts for hedging or trading purposes.
- ii. All derivative transactions are reported on a mark to market basis in the financial statements, except in the case of derivatives undertaken as hedges for risk arising from on-Balance Sheet / off-Balance Sheet exposures. The mark to market is performed based on the valuation procedures described in para 4 (g) of the Notes to the Accounts. The unrealised gains/losses are recognised in the Profit and Loss Account and the corresponding amounts are reflected as other assets/liabilities respectively in the Balance Sheet.
- iii. The accounting for derivatives transactions undertaken as hedges is as follows:

Derivative contracts that hedge interest bearing assets or liabilities are valued for in the same manner as the underlying asset or liability. The bank identifies the hedged item (asset or liability) at the inception of the transaction itself.

Gains or losses on the termination of derivative transaction would be recognised when the offsetting gain or loss is recognised on the underlying asset or liability. This implies that any gain or loss on the terminated derivative would be deferred and recognised over the shorter of the remaining contractual life of the derivative or the remaining life of the asset/liability.





*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**3. Significant accounting policies (Continued)**

**c. Derivatives transactions (continued)**

- iv. Overdue receivables under derivative contracts are identified and recognised through the Profit and Loss Account in accordance with applicable RBI guidelines.
- v. Foreign exchange contracts outstanding at the Balance Sheet date are marked to market as per methodology and at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts as specified by FEDAI. Contracts of maturities over twelve months (Long Term Forex Contracts) are marked to market at rates derived from the Reuters curve for that respective currency. The resulting profits or losses are recognised in the Profit and Loss Account.
- vi. In case of currency option trades, the premium received / paid is reflected on the Balance Sheet and recognised in the Profit and Loss Account only on maturity of trade.

**d. Advances and provision for advances**

- i. Advances are stated after deduction of borrowings on inter-bank participation certificate with risk, interest in suspense, bills rediscounting and provisions on non-performing advances.
- ii. Non-performing advances are identified by periodic appraisals of the portfolio by the Management and appropriate provisions are made which meet the prudential accounting norms prescribed by the RBI for asset classification, income recognition, and provisioning after considering subsequent recoveries.  
Further to the provisions required to be held according to the asset classification status, country risk provisions are held for individual country exposures (other than for home country exposure) in accordance with RBI guidelines.
- iii. For standard assets, general provision has been made as prescribed by the RBI. In addition, the Bank also maintains a floating provision to cover potential credit losses which are inherent in any loan portfolio but not yet identified, which is included under Schedule 5.5.
- iv. Purchase / sale of non-performing assets are reflected in accordance with the RBI regulations. Provisioning for non-performing assets purchased is made appropriate to the asset classification status determined in accordance with the said guidelines. In case of sale of non-performing assets at a price below the net book value, the loss is debited to the Profit and Loss Account whereas in case of a sale at higher than the net book value, the excess provision is not reversed but retained to meet the shortfall / loss on account of sale of other non-performing financial assets, except in case of sale of non-performing assets to Securitisation Company (SC) / Reconstruction Company (RC) where any excess provision is reversed to Profit and Loss Account in accordance with applicable RBI guidelines on sale of financial assets to SC / RC. Recovery in respect of a non-performing asset purchased is first adjusted against its acquisition cost. Recovery in excess of the acquisition cost is recognised as gain in the Profit and Loss Account.
- v. Provisions for restructured assets are made in accordance with applicable RBI guidelines on restructuring of advances by banks.
- vi. In addition to above, the Bank on a prudential basis makes provisions on specific advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information, the possible slippage of a specific advance or a group of advances or exposures or potential exposures. These provisions are included under Schedule 5.5.

**e. Fixed assets and depreciation**

- i. Fixed assets are stated at historical cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.
- ii. Fixed assets costing less than Rs 30 thousand are expensed off in the Profit and Loss Account.
- iii. Depreciation on fixed assets is provided on a straight-line basis over the estimated useful life of the asset as determined by the Management and is consistent with its global policy / RBI guidelines as prescribed. The rates for this purpose are as follows:

Asset Type	Depreciation rate per annum
Cost of buildings	2.50%
Other fixed assets	
<input type="checkbox"/> Furniture, fixtures and office equipment	10.00%
<input type="checkbox"/> Vehicles	20.00%
<input type="checkbox"/> Electronic Data Processing (EDP) hardware	33.33%
<input type="checkbox"/> Communication equipment	20.00%

- iv. Depreciation for the entire month is charged in the month in which the asset is purchased.
- v. Depreciation for the entire month is charged in the month of sale if the asset is sold after 15th day of the month. Depreciation is not provided for the month of sale if the asset is sold on or before 15th of the month.
- vi. Leasehold improvements are depreciated over the residual period of the lease or over a period of 10 years whichever is shorter.
- vii. Software is amortised on a straight-line basis over its estimated useful life upto 10 years.
- viii. If at the Balance Sheet date there is an indication that an impairment of fixed assets exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. The reduction is treated as an impairment loss and is recognised 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 its depreciable historical cost.

Items of fixed asset that have been retired from active use and are held for sale are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
 for the year ended 31 March 2017*

**3. Significant accounting policies (Continued)**

**e. Fixed assets and depreciation (Continued)**

- ix. Leasehold land and building thereon is amortised over the period of lease. The lease period of land, acquired by the Bank from Brihanmumbai Municipal Corporation ('BMC') on which the Bank has a building has expired in year 2004. The Bank's solicitor has advised that, based on the current policy on lease renewals of the Government of Maharashtra, the lease/sublease for the bank's premises is expected to be renewed for a period of 30 years on usual term and conditions. Accordingly, the Bank has amortised the leasehold land and building for 30 years.

**f. Lease transactions:**

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Account over the lease term.

**g. Income recognition**

- i. Revenue is recognised in accordance with the requirements of AS-9 'Revenue Recognition'. Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of interest on non-performing assets which is recognised on receipt basis as per income recognition and asset classification norms of RBI and in accordance with AS 9.
- ii. Fee and commission income is recognised when due.

**h. Staff benefits**

- i. The Bank pays gratuity to employees who retire or resign after a minimum prescribed period of continuous service. For employees who have joined the Bank on or before 31 December 2015, the Bank's Gratuity Scheme provides benefits to employees which are generally higher than those under the Payment of Gratuity Act, 1972. For employees joining on or after 1 January 2016, gratuity payment is as per the provisions of the Payment of Gratuity Act, 1972. The Bank makes contributions to a separate gratuity fund on a monthly basis subject to adjustments based on actuarial valuation. This fund is recognised by the Income-tax authorities and administered by a trust. The Gratuity Scheme is treated as a defined benefit plan and provision for gratuity expenses are made based on an independent actuarial valuation conducted by a qualified actuary at year-end.
- ii. The Bank contributes 12% of basic salary as employer's contribution towards Provident Fund which is administered by a trust. This Provident Fund is classified as a defined benefit plan under AS 15, Employee benefits (revised) as the same is created with a guaranteed return linked with that under Employees Provident Fund ('EPF') Scheme, 1952. The trust has the option of retaining an appropriate amount out of the amount earned, in a separate account (Surplus account) to finance future shortfalls, if any, after paying out an amount equal to or greater than the guaranteed rate of return. During the year the actuary has estimated the present value obligation (PVO) of the future guaranteed rate(s) of interest as per the guidance from the Institute of Actuaries of India in this regard. The shortfall if any of the PVO and the fair value of surplus account is reflected in the Profit and Loss Account for the year.
- iii. Provision for long-term awards are made based on independent actuarial valuation conducted by a qualified actuary at year-end.
- iv. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the financial year are treated as short term benefits. The Bank measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- v. Eligible employees of the Bank have been granted stock awards under various plans of equity shares of Deutsche Bank AG. As per the various plans, these stock awards vest in installments (tranches) over multi year periods. During the year, the Bank has charged an amount pertaining to these under the head "Payments to and provisions for employees" as compensation cost.
- vi. Actuarial gains/losses are immediately taken to the Profit and Loss Account.

**i. Taxation**

- i. Income tax expense comprises the current tax (i.e. amount of tax for the year, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit comprises the tax effects of timing differences between accounting income and taxable income for the year.
- ii. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised 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 of realisation of such assets.
- iii. Current tax assets and Current tax liabilities are off-set as the Bank has a legal right to set off the amounts representing taxes on income levied by the same governing taxation laws and the Bank intends to settle the amounts on a net basis. Deferred tax assets and deferred tax liabilities are off-set as the Bank has a legal right to set off the assets and liabilities and the amounts are related to the taxes on income levied by the same governing taxation laws.
- iv. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

**j. Provisions, contingent liabilities and contingent assets**

- i. The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- ii. Provisions are reviewed at each Balance-Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.
- iii. Contingent assets are not recognised or disclosed in the financial statements.

**k. Debit Card Reward Points**

The Bank estimates the probable redemption of debit card reward points based on an independent actuarial valuation conducted by a qualified actuary at year-end. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the actuary.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements**

**a. Capital adequacy ratio**

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019.

The capital adequacy ratio computed under Basel III is given below:

	31 March 2017	31 March 2016
i) Common Equity Tier 1 capital ratio	<b>14.73%</b>	13.03%
ii) Tier 1 capital ratio	<b>14.73%</b>	13.03%
iii) Tier 2 capital ratio	<b>0.65%</b>	0.70%
iv) <b>Total Capital ratio (CRAR)</b>	<b>15.38%</b>	13.73%
v) Percentage of the shareholding of the Government of India in public sector banks	<b>NA</b>	NA
vi) Amount of equity capital raised	-	-
vii) Amount of Additional Tier 1 capital raised; of which		
PNCPS:	-	-
PDI:	-	-
viii) Amount of Tier 2 capital raised; of which		
Debt capital instrument:	-	-
Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPs)/Redeemable Cumulative Preference Shares (RCPS)]	-	-

Capital and risk weighted assets:

	31 March 2017	31 March 2016
Common Equity Tier 1 (CET1) capital	<b>98,882,018</b>	96,376,804
Tier 1 capital	<b>98,882,018</b>	96,376,804
Tier 2 capital	<b>4,337,815</b>	5,140,685
<b>Total capital</b>	<b>103,219,833</b>	101,517,489
Total risk weighted assets	<b>671,171,700</b>	739,553,813

**b. Investments**

	31 March 2017	31 March 2016
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	<b>141,171,649</b>	133,978,038
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	<b>(428,040)</b>	(381,389)
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	<b>140,743,609</b>	133,596,649
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance (as on 1 April)	<b>381,389</b>	368,940
(ii) Add: Provisions made during the year	<b>46,651</b>	12,449
(iii) Less: Write-off/ (write-back) of excess provisions during the year	-	-
(iv) Closing balance (as on 31 March)	<b>428,040</b>	381,389

Investments – Government securities (Schedule 8.1) include:

- Government securities amounting to Rs. 22,350,000 thousand representing face value (Previous year: Rs. 22,000,000 thousand) are collateral holdings parked with Clearing Corporation of India Limited ('CCIL') for Securities and Collateralised Borrowing and Lending Obligation ('CBLO') segment.
- Government securities amounting to Rs. Nil representing face value (Previous year Rs. 10,192,000 thousand) are reported under Liquidity Adjustment Facility ('LAF') with RBI.
- Government securities amounting to Rs. 13,350,000 thousand representing face value (Previous year: Rs. 13,350,000 thousand) are deposited with RBI in Intra Day Liquidity ('IDL') for availing Real Time Gross Settlement ('RTGS').
- Government securities amounting to Rs. 22,900,000 thousand representing face value (Previous year Rs. 20,450,000 thousand) are held with RBI under Section 11(2)(b) of the Banking Regulation Act, 1949.
- Government securities amounting to Rs. 1,966,700 thousand representing face value (Previous year Rs. Nil) are given under repurchase transactions.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

c. Details of repo/reverse repo deals done during the year (in face value terms):

(In Rs. '000)

31 March 2017	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31 March 2017
Securities sold under repos				
(i) Government securities	–	8,002,000	257,171	1,966,700
(ii) Corporate debt Securities	–	–	–	–
Securities purchased under reverse repo				
(i) Government securities	2,000,000	132,742,300	64,483,712	55,703,400
(ii) Corporate debt Securities	–	6,114,000	2,294,844	–

The above figures exclude Repo & Reverse Repo transactions under LAF and Marginal Standing Facility (MSF) done with RBI.

(In Rs. '000)

31 March 2016	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31 March 2016
Securities sold under repos				
(i) Government securities	–	50,594,900	8,670,912	–
(ii) Corporate debt Securities	–	–	–	–
Securities purchased under reverse repo				
(i) Government securities	–	63,981,000	10,548,135	5,304,700
(ii) Corporate debt Securities	–	6,340,000	6,008,667	6,114,000

The above figures exclude Repo & Reverse Repo transactions under LAF and Marginal Standing Facility (MSF) done with RBI.

d. Issuer composition of non statutory liquidity ratio investments

(In Rs. '000)

Issuer 31 March 2017	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	2,503,436	–	–	–	–
Financial Institutions(FIs)	8,096,398	–	–	–	–
Banks	–	–	–	–	–
Private Corporate Subsidiaries / Joint Ventures	1,638,994	1,638,994	–	–	225,994
Others (including SC/RC)	356,376	356,376	–	356,376	356,376
Provision held towards depreciation	(428,040)	(428,040)	–	(356,376)	(359,376)
<b>Total</b>	<b>12,167,164</b>	<b>1,567,330</b>	<b>–</b>	<b>–</b>	<b>222,994</b>

Amounts reported under the above columns are not mutually exclusive.

(In Rs '000)

Issuer 31 March 2016	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	546,882	–	–	–	–
Financial Institutions(FIs)	9,651,367	4,400,000	–	–	–
Banks	–	–	–	–	–
Private Corporate Subsidiaries / Joint Ventures	6,245,654	5,893,788	–	–	225,994
Others (including SC/RC)	356,376	356,376	–	356,376	356,376
Provision held towards depreciation	(381,389)	(381,389)	–	(356,376)	(359,376)
<b>Total</b>	<b>16,418,890</b>	<b>10,268,775</b>	<b>–</b>	<b>–</b>	<b>222,994</b>

Amounts reported under the above columns are not mutually exclusive.

e. Movement in non-performing non-SLR investments

(In Rs. '000)

	31 March 2017	31 March 2016
Opening Balance	3,000	3,000
Addition during the year	63,000	–
Reductions during the year	–	–
Closing Balance	66,000	3,000
<b>Total Provisions held</b>	<b>3,184</b>	<b>3,000</b>



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

f. Sale and Transfers to/from HTM category

During the year, the Bank has not sold /transferred securities to/from HTM category (Previous year Rs Nil).

g. Derivatives

i Details of outstanding interest rate swap agreements

(In Rs. '000)

	31 March 2017	31 March 2016
1. The Notional principal of swap agreements	1,824,917,026	2,051,928,914
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	7,272,925	5,869,340
3. Collateral required by the bank upon entering into swaps	Nil	Nil
4. Concentration of credit risk arising from the Swaps %		
– Banks	93.76%	94.56%
– Others	6.24%	5.44%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
5. The fair value of the swap book	268,800	582,070

■ Nature and terms of interest rate swaps

(In Rs. '000)

	31 March 2017	31 March 2016
Trading - MIBOR* Pay Fixed - Receive Floating	357,856,238	323,347,865
Trading - MIBOR* Pay Floating - Receive Fixed	329,749,340	339,474,195
Trading - MIFOR ** Pay Fixed - Receive Floating	257,715,984	166,725,984
Trading - MIFOR ** Pay Floating - Receive Fixed	139,729,770	184,439,770
Trading - INBMK *** Pay Fixed - Receive Floating	21,980,000	30,480,000
Trading - INBMK *** Pay Floating - Receive Fixed	15,000,000	25,250,000
Trading – MIOIS**** Pay Fixed - Receive Floating	-	150,000
Trading - Others (Incl LIBOR) Pay Fixed - Receive Floating	325,952,823	495,098,315
Trading - Others (Incl LIBOR) Pay Floating - Receive Fixed	329,663,706	463,110,985
Trading - LIBOR Pay Floating - Receive Floating	47,269,165	23,851,800
<b>Total</b>	<b>1,824,917,026</b>	<b>2,051,928,914</b>

\* Mumbai Interbank Offer Rate

\*\* Mumbai Interbank Forward Offer Rate

\*\*\* India Benchmark

\*\*\*\*Mumbai Interbank Overnight Indexed Swap

■ There were no rupee forward rate agreements (FRA's) outstanding as at 31 March 2017 and 31 March 2016.

ii Exchange Traded Interest Rate Derivatives

(In Rs. '000)

	31 March 2017	31 March 2016
(i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)*		
a) 10 year Government Security Notional Bond	16,844,637	104,642
(ii) Notional principal amount of exchange traded interest rate derivatives outstanding		
b) 10 year Government Security Notional Bond	-	-
(iii) Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-

\* Includes both purchase and sale.

iii Disclosures on risk exposure in Derivatives

**Qualitative Disclosures**

The Bank undertakes transactions in derivative products in accordance with the extant guidelines issued by the RBI. The broad risk Management framework covering the Bank's derivative business is covered in the below paragraphs.

The Bank undertakes transactions in derivative products either in the role of a user or as market maker.

The risk governance framework at the Bank including for derivatives is designed according to a three lines of defence (3LoD) operating model in order to ensure clear accountabilities for and a comprehensive, but non-duplicative, coverage of all risk management activities across the Bank.

The Bank requires strict independence between its 3LoD in order to avoid conflicts of interest by an appropriate separation of functions and responsibilities. The Bank requires all lines of defence to establish an effective and efficient internal governance structure with well-defined roles and responsibilities.

Risk Management Council (RMC) has been established to oversee credit risk, market risk and operational risk related matters for DB India, to provide a platform for integrated risk management in line with local regulatory requirements and Bank's 3LoD.

Limits are allocated to specific business lines, trading portfolio groups and geographical regions.



**Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)**  
for the year ended 31 March 2017

**4. Notes to financial statements (Continued)**

**g. Derivatives (Continued)**

iii Disclosures on risk exposure in Derivatives (Continued)

Amongst the most important quantitative tools and metrics currently used to measure, manage and report market risk are Value-at-Risk (VaR) and Stress Testing. The Group acknowledges the limitations in the Value-at-Risk methodology by supplementing the Value-at-Risk limits with other position and sensitivity limit structures, as well as with stress testing, on a consolidated basis.

To reduce derivatives related credit risk, the Bank regularly seeks the execution of master agreements (such as the International Swap Dealers Association contract) with clients.

The Bank uses Comprehensive Approach for collateral valuation.

For credit exposure measurement purposes, as the replacement values of the portfolios fluctuate with movements in market rates and with changes in the transactions in the portfolios, the Bank also estimates the potential future replacement costs of the portfolios over their lifetimes.

**Hedging**

The Bank manages its risk from derivatives activity on a portfolio basis. Specific hedges undertaken, if any, are ring fenced from the transactions undertaken for trading/market making purposes and held in a separate designated portfolio for easy identification and control.

**Accounting, Valuation & Provisioning**

*Accounting & Provisioning*

Refer para 3(c) of Notes to financial statements.

During the year mark to market gains or losses on derivative transactions is presented on gross basis at contract level. Had this been presented on gross basis at customer level as hitherto, the amount of Other Liabilities and Provisions (Sch 5.5) and Other Assets (Sch 11.5) would have been lower by Rs. 105,604,864 thousand on March 31, 2017. The above change in presentation has no impact on the profit of the Bank for the year ended March 31, 2017.

*Valuation*

All instruments in derivatives portfolio are valued on the basis of a common methodology, consistent with generally accepted practices. The valuation takes into consideration all relevant market factors (e.g. prices, interest rates, currency exchange rates, volatility, liquidity etc.). The accuracy and integrity of the market prices are verified independently of trading personnel.

All linear Over The Counter (OTC) instruments are valued on a discounted cash flow basis, i.e. all future cash flows (receipts and payments) are discounted to their present value using midmarket data. Market prices are obtained from established and reliable information services.

OTC option instruments are valued using proprietary option models. In case of foreign currency-rupee options, the volatility used for valuation is as given by FEDAI.

In case market prices do not accurately represent the fair value that would actually be realized for a position or portfolio, valuation adjustments such as market risk close-out costs, large position liquidity adjustments are made to arrive at the appropriate fair value. These adjustments may be calculated on a portfolio basis and are reported together with, or as a part of the carrying value of the positions being valued, thus reducing trading assets or increasing trading liabilities.

**Quantitative Disclosures**

(In Rs. '000)

Sr. No	31 March 2017		31 March 2016	
	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
1. Derivatives (Notional Principal Amounts)				
a) For hedging	–	–	44,722,125	–
b) For Trading	5,321,243,396	1,824,917,026	4,242,435,626	2,051,928,914
2. Marked to Market Positions (net)				
a) Asset (+)	107,898,045	7,272,925	6,019,077	5,869,340
b) Liability (-)	(114,316,692)	(7,004,125)	(21,239,571)	(5,287,271)
3. Credit Exposure #	236,679,547	24,119,723	139,474,681	29,508,818
4. Likely impact of one percentage change in interest rates (100 * PV01)				
a) On hedging	–	–	5,132	–
b) On Trading	2,823,842	2,758,587	731,602	374,840
5. Maximum of 100*PV01 observed during the year @				
a) On hedging	5,466	–	43,888	–
b) On Trading	2,897,548	2,838,836	1,080,639	1,469,266
6. Minimum of 100*PV01 observed during the year @				
a) On hedging	–	–	5,132	–
b) On Trading	702,240	271,828	78,696	1,657

# Based on Current Exposure Method prescribed vide RBI master circular on Exposure norms.

@ Maximum & Minimum of PV01 as disclosed above is based on daily risk data

\*Includes foreign exchange contracts



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

h. Asset Quality

i Non-Performing Assets (NPAs):

(In Rs.'000)

Movement in NPAs (funded)		31 March 2017	31 March 2016
(i)	Net NPAs to Net Advances (%)	0.93%	0.26%
(ii)	Movement of Gross NPAs		
a)	Opening balance	1,991,244	1,192,981
b)	Additions during the year	9,686,485	1,386,191
c)	Reductions during the year	(1,730,001)	(587,928)
d)	Closing Balance	9,947,728	1,991,244
(iii)	Movement of Net NPAs		
a)	Opening balance	1,104,723	465,815
b)	Additions during the year	3,533,494	1,121,789
c)	Reductions during the year	(1,361,331)	(482,881)
d)	Closing Balance	3,276,886	1,104,723
(iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	886,521	727,166
b)	Provisions made during the year	6,152,991	264,402
c)	Write off/ write back of excess provisions during the year	(368,670)	(105,047)
d)	Closing Balance	6,670,842	886,521

ii Particulars of Accounts Restructured (financial year ended 31 March 2017)

(In Rs.'000)

Sl No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others				Total					
		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total					
1	Restructured Accounts as on April 1 of the FY (opening figures)																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	2	-	2	-	-	2	-	2
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	168	-	168	-	-	168	-	168
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	168	-	168	-	-	168	-	168
2	Fresh restructuring during the year																				
	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
	Amount outstanding	-	-	210,000	-	210,000	-	-	-	-	-	-	-	-	-	-	-	-	210,000	-	210,000
	Provision thereon	-	-	210,000	-	210,000	-	-	-	-	-	-	-	-	-	-	-	-	210,000	-	210,000
3	Upgradations to restructured standard category during the FY																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2017) (Continued)

(In Rs.'000)

SI No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	
Details ↓																						
6	Write-offs (net of recovery/reversal) restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)	-	-	(1)	-	(1)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(164)	-	(164)	-	-	(164)	-	(164)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(164)	-	(164)	-	-	(164)	-	(164)
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	1	-	1	-	-	2	-	2
		Amount outstanding	-	-	210,000	-	210,000	-	-	-	-	-	-	-	4	-	4	-	-	210,004	-	210,004
		Provision thereon	-	-	210,000	-	210,000	-	-	-	-	-	-	-	4	-	4	-	-	210,004	-	210,004

Figures under Sr no. 6 (Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 160 thousand

Figures under Sr no. 6 (Doubtful - Provision thereon) includes reversal of provision on restructured accounts amounting to Rs. 160 thousand

ii Particulars of Accounts Restructured (financial year ended 31 March 2016)

(In Rs.'000)

SI No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	
Details ↓																						
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	6	-	7	1	-	6	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	18	-	415	-	433	18	-	415	-	433
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	415	-	415	-	-	415	-	415
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-	-	1	-	(1)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	54	-	(54)	-	-	54	-	(54)	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	54	-	(54)	-	-	54	-	(54)	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-





Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2016) (Continued)

(In Rs.'000)

Sl No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total
6	Write-offs (net of recovery/reversal) restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	(1)	-	(4)	-	(5)	(1)	-	(4)	-	(5)
	Amount outstanding	-	-	-	-	-	-	-	-	-	(18)	-	(247)	-	(265)	(18)	-	(247)	-	(265)	
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(247)	-	(247)	-	-	(247)	-	(247)	
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	2	-	-	2	-	2	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	168	168	-	-	168	-	168		
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	168	168	-	-	168	-	168		

Figures under Sr no. 6 (Standard - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 18 thousand  
Figures under Sr no. 6 (Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 190 thousand  
Figures under Sr no. 6 (Doubtful - Provision thereon) includes reversal of provision on restructured accounts amounting to Rs. 190 thousand

iii Divergence in Asset Classification and Provisioning for NPAs – (ref DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017)

(In Rs. '000)

1	Gross NPAs as on March 31, 2016 as reported by the bank	1,991,244
2	Gross NPAs as on March 31, 2016 as assessed by RBI	5,582,265
3	Divergence in Gross NPAs (2-1)@	3,591,021
4	Net NPAs as on March 31, 2016 as reported by the bank	1,104,723
5	Net NPAs as on March 31, 2016 as assessed by RBI	3,797,989
6	Divergence in Net NPAs (5-4)	2,693,266
7	Provisions for NPAs as on March 31, 2016 as reported by the bank	886,521
8	Provisions for NPAs as on March 31, 2016 as assessed by RBI	1,784,276
9	Divergence in provisioning (8-7)	897,755
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	11,855,754
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning	11,346,368

@ Represents one single borrower

The impact of changes in classification and provisioning arising out of the RBI's supervisory process for the year ended March 31, 2016 has been fully given effect to in the audited financial statements for the year ended March 31, 2017.

iv Details of financial assets sold to Securitisation Companies (SC) / Reconstruction companies (RC) for Asset Reconstruction :

The Bank has not sold any financial assets to SC/RC for Asset Reconstruction during the year ended March 31, 2017 and March 31, 2016.

v Book value and ageing of investments held in security receipts.

(In Rs.'000)

	31 March 2017	31 March 2016
Backed by NPAs sold by the bank as underlying	-	-
Backed by NPAs sold by other banks/financial institution/non-banking financial companies as underlying	356,376	356,376
Total	356,376	356,376

Provision held on above investment is Rs. 356,376 thousand (Previous year Rs. 356,376 thousand).

(In Rs.'000)

	31 March 2017	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	-	-	-	-
Provision held against (i)	-	-	-	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-	356,376
Provision held against (ii)	-	-	-	356,376
Total (i) + (ii)	-	-	-	356,376



**Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017**

**4. Notes to financial statements (Continued)**

**h. Asset Quality (Continued)**

- vi Provision for standard assets  
Other liabilities and provisions – Others (Schedule 5.5) includes

(In Rs. '000)

	31 March 2017	31 March 2016
Provisions on Standard Assets	2,745,269	3,483,526

- vii Details of non-performing financial assets purchased / sold:  
The Bank has not purchased/sold any non performing financial assets from/to bank during the year ended March 31, 2017 and March 31, 2016.
- viii Flexible Structuring of Existing Loans:  
The Bank has not done Flexible Structuring of Existing Loans during the year ended March 31, 2017 and March 31, 2016.
- ix Strategic Debt Restructuring Scheme(SDR) (accounts which are currently under the stand-still period):  
There are no accounts where SDR has been invoked during the year ended March 31, 2017
- x Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period):  
There are no accounts where the Bank has decided to affect the change of ownership outside SDR Scheme.
- xi Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):  
There are no project loan accounts where a Bank has decided to effect change in ownership.
- xii Scheme for Sustainable Structuring of Stressed Assets (S4A):  
There are no accounts where S4A had applied during the year ended March 31, 2017.

**i. Business Ratios**

Year ended	31 March 2017	31 March 2016
Interest income as a percentage of working funds\$	7.03%	7.65%
Non-interest income as a percentage of working funds\$	1.58%	1.48%
Operating profit as a percentage of working funds \$	3.35%	3.78%
Return on assets #	1.39%	1.83%
Business per employee (in Rs. 000's) *@	410,286	480,931
Profit per employee (in Rs. 000's) *	5,508	6,561

\$ Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

# Return on Assets would be with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).

@ For the purpose of computation of business per employee (deposits plus advances) interbank deposits are excluded.

\* Productivity ratios are based on year end employee numbers.

**j. Asset Liability Management**

Maturity pattern of certain items of assets and liabilities (financial year ended 31 March 2017)

(In Rs. '000)

Maturity Bucket*	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day - 1	30,080,019	12,874,433	55,934,846	708,417	6,469,676	4,277,303
2-7 Days	33,462,311	9,544,193	6,572,257	5,192,452	21,739,406	3,242,500
8-14 Days	19,598,633	28,696,368	4,608,088	3,242,500	19,799,744	3,242,500
15-30 Days	21,148,751	29,633,670	11,151,428	10,283,000	15,053,382	9,727,500
31 Days and upto 2 months	42,203,113	23,777,733	5,438,911	6,485,000	4,048,706	6,485,000
Over 2 months and upto 3 months	19,825,414	26,450,480	7,081,400	30,838,500	4,858,221	9,727,500
Over 3 Months and upto 6 months	16,462,983	31,856,955	3,115,324	4,909,000	1,302,822	3,242,500
Over 6 Months and upto 1 year	13,428,983	27,275,797	4,706,209	13,333,000	133,264	-
Over 1 Year and upto 3 years	176,048,994	79,872,509	31,813,448	12,873,500	-	24,355,751
Over 3 Year and upto 5 years	16,459,881	19,713,622	4,538,553	8,500,000	166,164	-
Over 5 years	-	61,220,875	5,783,145	-	1,510,393	2,292,469
<b>Total</b>	<b>388,719,082</b>	<b>350,916,635</b>	<b>140,743,609</b>	<b>96,365,369</b>	<b>75,081,778</b>	<b>66,593,023</b>

\* Maturity bucket has been revised based on RBI guideline dated March 23, 2016

Maturity pattern of certain items of assets and liabilities (financial year ended 31 March 2016)

(In Rs. '000)

Maturity Bucket	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day - 1	24,290,581	6,329,198	48,901,316	188,570	25,831,594	3,481,719
2-7 Days	37,291,613	32,740,610	8,247,219	11,437,850	29,061,884	4,637,850
8-14 Days	11,929,940	7,957,611	4,254,793	7,312,750	694,948	3,312,750
15-28 Days	15,748,241	19,162,655	8,928,249	4,637,850	5,787,954	4,637,850
29 Days and upto 3 months	77,948,453	83,035,723	11,307,323	40,415,550	23,510,324	40,415,550
Over 3 Months and upto 6 months	65,319,302	71,581,499	6,441,481	9,938,250	9,881,143	40,415,550
Over 6 Months and upto 1 year	39,535,818	60,685,608	5,528,635	10,000,000	1,828,487	14,244,825
Over 1 Year and upto 3 years	152,612,485	87,038,807	29,287,845	4,637,850	-	23,558,752
Over 3 Year and upto 5 years	12,411,417	13,732,081	2,730,903	-	-	-
Over 5 years	-	50,278,870	7,968,885	-	3,082,590	1,879,917
<b>Total</b>	<b>437,087,850</b>	<b>432,542,662</b>	<b>133,596,649</b>	<b>88,568,670</b>	<b>99,678,924</b>	<b>136,584,763</b>

Classification of assets and liabilities under different maturity buckets are compiled by Management based on guidelines issued by the RBI and are based on the same estimates and assumptions as used by the Bank for compiling returns to be submitted to the RBI and which have been relied upon by the Auditors.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

k. Exposures

i Exposure to Real Estate Sector

(In Rs.'000)

Category	31 March 2017	31 March 2016
<b>a) Direct exposure</b>		
(i) Residential Mortgages –		
(a) Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented [includes an amount of Rs 275,273 thousand (Previous year Rs 310,931 thousand) pertaining to individual housing loans eligible for priority sector advances]	16,596,098	19,003,700
(b) Other lendings secured by mortgage on residential property	63,132,315	45,606,903
(ii) Commercial Real Estate (CRE)* –	18,321,179	15,775,642
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) Other exposure (lendings secured by commercial property not falling under CRE definition)	21,923,260	14,990,031
(iv) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –	–	–
a. Residential		
b. Commercial Real Estate		
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	14,999,122	24,239,135
<b>Total</b>	<b>134,971,974</b>	<b>119,615,411</b>

\* Commercial Real Estate exposure has been computed and reported in accordance with RBI circular 'Guidelines on Classification of Exposures as Commercial Real Estate (CRE) Exposures' reference DBOD.BP.BC.No. 42 / 08.12.015/ 2009-10 dated September 9, 2009.

ii Exposure to Capital Market

(In Rs.'000)

Items	31 March 2017	31 March 2016
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	170,001	170,001
(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	20,404	21,350
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds ` does not fully cover the advances	–	–
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	9,483,356	4,003,853
(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	1,890,378	1,931,333
(vii) bridge loans to companies against expected equity flows/issues	–	1,500,000
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	–	–
(ix) financing to stockbrokers for margin trading	–	–
(x) all exposures to Venture Capital Funds (both registered and unregistered)	–	–
(xi) irrevocable Payment Commitments issued by custodian banks in favour of stock exchanges	–	–
<b>Total</b>	<b>1,143,493</b>	<b>387,753</b>
<b>Total</b>	<b>12,707,632</b>	<b>8,014,290</b>



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

k. Exposures (Continued)

iii Risk Category wise Country Exposure

(In Rs.'000)

Risk Category	31 March 2017		31 March 2016	
	Exposure(net)	Provision held	Exposure(net)	Provision held
Insignificant	36,415,058	13,913	82,555,748	58,674
Low	1,622,085	–	1,724,056	–
Moderately Low Risk	869,398	–	1,362,076	–
Moderate	44,504	–	249,482	–
Moderately High Risk	–	–	–	–
High	–	–	–	–
Very High	–	–	–	–
Restricted	–	–	–	–
Off-credit	–	–	–	–
<b>Total</b>	<b>38,951,045</b>	<b>13,913</b>	<b>85,891,362</b>	<b>58,674</b>

iv Single and Group Borrower Exposures

The exposure ceiling for single borrower limit (SBL) and group borrower limit (GBL) is 15% and 40% of capital funds (i.e. Tier I & Tier II Capital) respectively, with an additional allowance of 5% and 10% of capital funds for infrastructure sector exposure. SBL is 25% of capital funds in respect of Oil companies who have been issued Oil Bonds (which do not have SLR status) by the Government of India.

RBI has permitted banks to enhance the credit exposure by an additional 5% of Capital funds, provided the Management approval has been obtained. The Bank has enhanced the credit exposure by an additional 5% of Capital funds in respect of the below mentioned entities with the approval of the Management.

- Larsen & Toubro Limited

v. Unsecured Advances

The bank does not have any advances secured by an intangible asset (Previous year Rs. Nil).

l. Disclosure of Penalties Imposed by RBI

No penalties have been imposed on the bank during the year and previous year by the RBI under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949.

m. Disclosure requirements as per Accounting Standards

i AS 15 – Employee Benefits

Employee benefits, included under the head Payment to and Provision for Employees, are given below:

(In Rs.'000)

	31 March 2017	31 March 2016
1. Provident Fund	223,626	186,251
2. Long-Term Award	8,874	(10,921)

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity is given below.

(In Rs.'000)

	31 March 2017	31 March 2016
Defined benefit obligation	1,124,791	984,119
Fair value of plan assets	1,033,727	942,077
Deficit/(Surplus)	91,064	42,042
<b>Changes in present value of defined benefits obligations</b>		
Opening Balance	984,119	886,191
Current service cost	119,212	108,054
Interest cost	71,728	65,212
Benefits paid	(129,057)	(121,446)
Actuarial (gain)/loss recognised during the year	78,789	46,108
Closing Balance	1,124,791	984,119
<b>Changes in fair value of plan assets</b>		
Opening Balance	942,077	893,284
Expected return on plan assets	74,418	70,683
Contributions by the Bank	105,354	101,938
Benefits paid	(129,057)	(121,446)
Actuarial gain/(loss) recognised during the year	40,935	(2,381)
Closing Balance	1,033,727	942,077
<b>Total expense recognised in the Profit and Loss Account in schedule 16.1</b>		
Current service cost	119,212	108,054
Interest cost	71,728	65,212
Expected return on plan assets	(74,418)	(70,683)
Net actuarial (gain)/loss recognised during the year	37,854	48,489
Expense recognised in the Profit and Loss Account	154,376	151,073
<b>Actual return on plan assets</b>	<b>115,353</b>	<b>68,302</b>
<b>Key Assumptions</b>		
Salary Escalation	10.00%	10.00%
Discount rate	7.10%	7.80%
Expected rate of return on plan assets	8.00%	8.00%
Attrition rate - 0 to 5 years of service	20.00%	20.00%
Attrition rate - 6 to 10 years of service	15.00%	15.00%
Attrition rate - above 10 years of service	5.00%	5.00%

The above valuation is as certified by the actuary and relied upon by the Auditors.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

i AS 15 – Employee Benefits (Continued)

Gratuity Investment Pattern is as follows:

	31 March 2017	31 March 2016
Government of India Securities (Central and State)	21.74%	42.30%
Corporate Bonds (Including Public Sector Bonds)	58.79%	46.66%
Cash & Cash equivalents (including other current assets)	18.30%	11.04%
Others (including fixed deposit & special deposits)(including assets under scheme of Insurance)	1.17%	–
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Experience adjustments are as follows:

	For the financial year ended				
	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined Benefit Obligation	1,124,791	984,119	886,191	683,148	603,756
Funded Assets	1,033,727	942,077	893,284	788,774	707,351
Deficit/ (Surplus)	91,064	42,042	(7,093)	(105,626)	(103,595)
Experience Gain/(Loss) adjustments on plan liabilities	(9,914)	(37,370)	(60,165)	(34,990)	(55,324)
Experience Gain/(Loss) adjustments on plan assets	40,935	(2,381)	62,013	(8,284)	36,262
Actuarial Gain/(Loss) due to change of assumptions	(68,875)	(8,738)	(99,873)	29,068	(21,342)

ii AS 17- Segment reporting:

'Segment Reporting' prescribed by the AS 17 and in accordance with the guidelines issued by the RBI are given below:

Business Segments					Total
	Global Markets	Commercial Banking	Retail Banking	Others	
For the year ended 31 March 2017					
Revenue	6,530,663	33,680,589	13,198,621	7,816,757	61,226,630
Less: Inter-segment revenue	(4,489,623)	(364,418)	(2,149,472)	7,003,513	–
Income from operations	11,020,286	34,045,007	15,348,093	813,244	61,226,630
Results	846,764	10,067,566	1,820,770	6,642,394	19,377,494
Unallocated Expenses					–
Operating Profit before tax					19,377,494
Income Tax and Deferred Tax					(9,512,135)
Extraordinary profit/Loss (pre-tax)					–
Net Profit after tax					9,865,359
Other Information					
Segment Assets	175,469,255	389,170,355	181,269,039	4,334,237	750,242,886
Unallocated Assets					10,442,182
Total Assets					760,685,068
Segment Liabilities	142,512,089	348,730,582	143,817,362	125,625,035	760,685,068
Unallocated Liabilities					–
Total Liabilities					760,685,068
Capital expenditure	1,838	7,877	53,568	241,531	304,814
Depreciation	51,972	160,557	72,380	–	284,909

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which has been relied upon by the Auditors.

Business Segments					Total
	Global Markets	Commercial Banking	Retail Banking	Others	
For the year ended 31 March 2016					
Revenue	10,834,259	33,480,475	7,331,963	7,485,247	59,131,944
Less: Inter-segment revenue	(6,681,540)	1,784,674	(2,218,865)	7,115,731	–
Income from operations	17,515,799	31,695,801	9,550,828	369,516	59,131,944
Results	1,995,016	12,983,125	1,360,224	5,925,588	22,263,953
Unallocated Expenses					(47,200)
Operating Profit before tax					22,216,753
Income Tax and Deferred Tax					(10,360,999)
Extraordinary profit/Loss (pre-tax)					–
Net Profit after tax					11,855,754
Other Information					
Segment Assets	242,753,776	341,870,222	97,273,954	2,753,214	684,651,166
Unallocated Assets					9,061,482
Total Assets					693,712,648
Segment Liabilities	108,552,729	399,459,859	64,404,443	121,295,617	693,712,648
Unallocated Liabilities					–
Total Liabilities					693,712,648
Capital expenditure	8,839	10,047	20,066	159,276	198,228
Depreciation	89,723	162,360	48,924	–	301,007

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which has been relied upon by the Auditors.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**m. Disclosure requirements as per Accounting Standards (Continued)**

ii AS 17 – Segment Reporting (Continued)

The Bank has classified its business groups into following segments:

- Global Markets
- Commercial banking
- Retail banking
- Others

The Bank's operations predominantly comprise of its business encompassing Global Markets, Commercial banking services and Retail banking. Global Markets activities encompass trading in forex, derivatives, corporate bonds, government securities, placement of corporate debt in the market and also offering such products to the Bank's corporate and institutional customers.

Commercial banking encompasses transaction banking services, catering to working capital requirement of corporate customers and custodial and wealth management services. Principal products offered include loans, deposits, custodial services, trade services, cash management services and wealth management services.

Retail banking activities encompasses raising of deposits from retail customers and catering to loan requirements of such customers. Principal products offered include personal loan, housing loan and business loan, deposits and advisory services.

Others in segment revenue mainly includes parabanking income and revenue earned on account of the notional capital charge and notional cost of fixed asset usage charged to other segments based on internal funds transfer pricing policy of the Bank.

Liquidity Pool Management activities previously included within our business segments are centrally managed by Treasury and have been transferred to Others since June 1, 2016, and results are appropriately reflected in our business segments.

Segment result is net of expenses both directly attributed as well as allocated costs from internal service providers supporting the respective business groups.

Assets employed by a segment or assets that are directly attributable to that segment are included in segment assets.

Others in segment assets mainly includes fixed assets, security deposits and pre-paid expenses, the related charge of which are included in the respective segments either as directly attributable or allocated on a reasonable basis.

Liabilities that result from operations of a segment are included in segment liabilities.

Others in segment liabilities mainly include capital & reserves and surplus, the related notional charges of which are included under the respective segment.

The Bank renders its services within one geographical segment and has no offices or operations outside India.

iii AS 18 - Related party disclosures

Related party disclosures as required by AS 18 - 'Related Party Disclosures' and in accordance with the guidelines issued by the RBI are given below:-

**Relationships during the year**

**i. Head office**

Deutsche Bank AG and its branches

**ii. Associate**

Comfund Consulting Limited

**iii. Other related parties of Deutsche Bank Group where common control exists at group level\***

Deutsche Securities (India) Private Limited, Deutsche Equities India Private Limited, Deutsche Trustee Services (India) Private Limited, Deutsche Asset Management (India) Private Limited, Deutsche India Holdings Private Limited, Deutsche Investments India Private Limited, DBOI Global Services Private Limited, Deutsche Investor Services Private Limited, Deutsche CIB Centre Private Limited, RREEF India Advisors Private Limited, German American Capital Corporation, Sal. Oppenheim jr. & Cie. Luxembourg S.A., Deutsche Bank Europe GmbH, Deutsche Securities Asia Limited- Singapore Branch, OOO "Deutsche Bank" Moscow, Deutsche Bank México-S.A. - Institución de Banca Múltiple, Deutsche New Zealand Limited, Deutsche Bank- Sociedad Anónima Española, Deutsche Bank International Limited, Deutsche Asset Management S.A., Deutsche Bank Americas Holding Corp., Deutsche Bank Securities Limited, Deutsche Bank (Malaysia) Berhad, Deutsche Bank S.A. - Banco Alemão, Deutsche Asset Management (Japan) Limited, Deutsche Bank Luxembourg S.A., Deutsche Securities Inc., Deutsche Bank Polska Spółka Akcyjna, Deutsche Bank (Suisse) SA, Deutsche Bank Società per Azioni, Deutsche Asset & Wealth Management Investment GmbH, Deutsche Bank S.A., Deutsche Asset Management International GmbH, DWS Holding & Service GmbH, Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft, DB Fund Services LLC, Gemini Technology Services Inc., DB Servicios México- S.A. de C.V., Deutsche Investment Management Americas Inc., Deutsche AM Service Company, Deutsche AM Distributors - Inc., RREEF Management L.L.C., Deutsche Asset Management (Korea) Company Limited, Deutsche Bank (Mauritius) Limited, Deutsche Bank Securities Inc., Deutsche Bank International Trust Co. Limited, Deutsche International Corporate Services (Ireland) Limited, Deutsche Asset Management Group Limited, Deutsche Asset Management (Hong Kong) Limited, Deutsche Group Services Pty Limited, Finanza & Futuro Banca SpA, Deutsche Securities Mauritius Limited, Deutsche Securities Korea Co., Deutsche Securities Menkul Degerler A.S., Deutsche Bank Trust Company Americas, DB USA Core Corporation, Deutsche Bank National Trust Company, DB Services Americas- Inc., DB Investment Partners- Inc., Deutsche Trust Company Limited Japan, DEUTSCHE BANK A.S.,

DB International (Asia) Limited, DB Service Centre Limited, Deutsche Securities (Proprietary) Limited, DB HR Solutions GmbH, Deutsche IT License GmbH, DB Group Services (EURO), DB Energy Trading LLC, Deutsche Knowledge Services Pte. Ltd.- Manila Branch, Deutsche Asset Management (UK) Limited, MortgageIT- Inc., Deutsche Bank (China) Co.- Ltd., DBOI Global Services (UK) Limited, Deutsche Bank Nederland N.V., DB Consorzio S. Cons. a r. l., Deutsche CIB Centre Private Limited- Birmingham Branch, Public joint-stock company "Deutsche Bank DBU", OOO "Deutsche Bank TechCentre", DB Global Technology, Inc., DB Global Technology SRL, DEUKONA Versicherungs-Vermittlungs-GmbH, Deutsche Asia Pacific Holdings Pte Ltd, DB Investment Services GmbH, Deutsche Bank Trust Company, National Association, Deutsche Alternative Asset Management (UK) Limited, RREEF Investment GmbH, Deutsche Alternative Asset Management (Global) Limited, DB Private Equity GmbH, Deutsche Trusteees Malaysia Berhad, Deutsche Bank Europe GmbH, Filiale Belgien, EVAF B-Frost Finland Properties Oy, Deutsche India Equity Fund, db x-trackers MSCI Emerging Markets Index UCITS ETF, Global Commercial Microfinance Consortium II B.V., Essential Capital Consortium B.V.

\* Identification of the above related parties has been performed by Management which has been relied upon by the Auditors.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

iii AS 18 – Segment Reporting (Continued)

iv. Key management personnel

In accordance with the RBI circular DBR.BP.BC No.23/21.04.018/2015-16 dated 1 July 2015, only the Chief Executive Officer of the Bank, falls under the category of key management personnel, hence no disclosures pertaining to him are provided.

Chief Executive Officer of the Bank: Mr. Ravneet Singh Gill

v. Transactions with the related parties in the ordinary course of business (Current year figures are shown in bold. Previous year's figures are shown in italics) :

(In Rs.'000)

Items/Related Party	Head Office (as per ownership or control)	Subsidiaries/ Associates/ Joint Venture	Other Related Parties in Deutsche Bank Group	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of fixed assets	-	-	-	-	-	-
Purchase of fixed assets	-	-	1,492	-	-	1,492
Interest paid	-	-	1,535,233	-	-	1,535,233
Interest received	-	-	4,693	-	-	4,693
Rendering of services - receipt	-	-	(25,641)	-	-	(25,641)
Receiving of services - payment	-	-	724,657	-	-	724,657
Management contracts	-	-	81,031	-	-	81,031
Purchase of securities	-	-	12,944,131	-	-	12,944,131
Sale of securities	-	-	16,377,451	-	-	16,377,451
Amount borrowed on repo	-	-	-	-	-	-
Amount lent on call	-	-	-	-	-	-
Amount lent on reverse repo	-	-	-	-	-	-
Purchase/sale of foreign exchange contracts	-	-	767,240,833	-	-	767,240,833
	-	-	798,191,543	-	-	798,191,543

Note: As per the guidance on compliance with the accounting standards by banks issued by the RBI on 1 July 2015, the Bank has not disclosed the details pertaining to the related party where there is only one entity / person in any category of related parties.

vi. Balances with related parties are as follows (Current year figures are shown in bold. Previous year's figures are shown in italics) :

(In Rs.'000)

Items/Related Party	Head Office (as per ownership or control)	Subsidiaries/ Associates/ Joint Venture	Other Related Parties in Deutsche Bank Group	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	-	-	676,690	-	-	676,690
Deposits	-	-	14,934,898	-	-	14,934,898
Advances	-	-	18,471	-	-	18,471
Balances with Banks	-	-	488	-	-	488
Non-funded commitments	-	-	9,309,570	-	-	9,309,570
Other Assets	-	-	566,009	-	-	566,009
Other Liabilities	-	-	990,068	-	-	990,068
	-	-	821,977	-	-	821,977

Note: As per the guidance on compliance with the accounting standards by banks issued by the RBI on 1 July 2015, the Bank has not disclosed the details pertaining to the related party where there is only one entity / person in any category of related parties.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**m. Disclosure requirements as per Accounting Standards (Continued)**

iii AS 18 – Related party disclosures (Continued)

- vii. Details of maximum balances outstanding with related parties during financial year ended 31 March 2017. (Current year figures are shown in bold. Previous year's figures are shown in italics):

(In Rs.'000)

Items/Related Party	Head Office (as per ownership or control)	Subsidiaries/ Associates/ Joint Venture	Other Related Parties in Deutsche Bank Group	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Borrowings</b>	-	-	<b>4,461,972</b>	-	-	<b>4,461,972</b>
	-	-	-	-	-	-
<b>Deposits</b>	-	-	<b>36,376,681</b>	-	-	<b>36,376,681</b>
	-	-	<i>36,547,533</i>	-	-	<i>36,547,533</i>
<b>Advances</b>	-	-	<b>27,136</b>	-	-	<b>27,136</b>
	-	-	<i>1,426,480</i>	-	-	<i>1,426,480</i>
<b>Balances with Banks</b>	-	-	<b>41,142,670</b>	-	-	<b>41,142,670</b>
	-	-	<i>39,103,576</i>	-	-	<i>39,103,576</i>
<b>Non-funded commitments</b>	-	-	<b>26,414,434</b>	-	-	<b>26,414,434</b>
	-	-	<i>31,643,796</i>	-	-	<i>31,643,796</i>
<b>Other Assets</b>	-	-	<b>1,170,095</b>	-	-	<b>1,170,095</b>
	-	-	<i>1,071,798</i>	-	-	<i>1,071,798</i>
<b>Other Liabilities</b>	-	-	<b>1,197,295</b>	-	-	<b>1,197,295</b>
	-	-	<i>1,055,554</i>	-	-	<i>1,055,554</i>

Maximum amounts outstanding for the current year have been computed based on daily balances outstanding and previous year are computed based on month-end balances outstanding.

Note: As per the guidance on compliance with the accounting standards by banks issued by the RBI on 1 July 2015, the Bank has not disclosed the details pertaining to the related party where there is only one entity / person in any category of related parties.

- viii. The following are the material transactions between the Bank and its related parties for the year ended 31 March 2017. A specific related party transaction is disclosed as material wherever it exceeds 10% of all related party transactions in the current year in that category and if it does not conflict with the Bank's duties of customer confidentiality.

**Rendering of services – receipt**

Income from Deutsche Bank (Mauritius) Limited Rs. 71,285 thousand (Previous year: Rs. 75,595 thousand), DB International (Asia) Limited Rs. 70,983 thousand (Previous year: Rs. 98,602 thousand), Deutsche Bank, Sociedad Anónima Española Rs. 5,107 thousand (Previous year: Rs. 4,574 thousand), Deutsche Bank Società per Azioni Rs. 7,915 thousand (Previous year: Rs. 1,967 thousand), Deutsche Securities Mauritius Limited Rs. 2,720 thousand (Previous year: Rs. Nil), Deutsche Investments India Private Limited Rs. 9,740 thousand (Previous year income reversal: Rs. 936 thousand), DBOI Global Services Private Limited Rs. 8,036 thousand (Previous year: Rs. 2,056 thousand), Income reversal from Deutsche Bank Trust Company Americas Rs. 204,735 thousand (Previous year Income : Rs. 470,458 thousand)

**Receiving of services – payment**

Expenses for receiving services from Deutsche Bank Trust Company Americas Rs 136,373 thousand (Previous year: Rs. 78,001 thousand), DBOI Global Services Private Limited Rs 385,396 thousand (Previous year: Rs. 350,424 thousand), Deutsche Investor Services Private Limited Rs 157,349 thousand (Previous year: Rs. 41,419 thousand)

**Management contracts**

Receipt from Deutsche Equities India Private Limited Rs 114,167 thousand (Previous Year: Rs. 78,067 thousand), Deutsche Investments India Private Limited Rs. 54,967 thousand (Previous year: Rs. 55,323 thousand), Deutsche CIB Centre Private Limited Rs. 91,671 thousand (Previous year payment of Rs. 31,286 thousand), DBOI Global Services Private Limited Rs. 143,503 thousand (Previous year: Rs. 203,548 thousand).

Payment to Deutsche Bank Securities Inc Rs. 10,121 thousand (Previous year: Rs. 21,416 thousand), Deutsche Group Services Pty Limited Rs. 42,493 thousand (Previous year: Rs. 23,098 thousand), DB USA Core Corporation Rs 70,911 thousand (Previous year: Rs. 51,253 thousand), DB Service Centre Limited Rs. 12,508 thousand (Previous year: Rs. 1,041 thousand), Deutsche Bank, Sociedad Anónima Española Rs. 10,989 thousand (Previous year: Rs. 15,755 thousand), DB Group Services (EURO) Rs. 157,872 thousand (Previous year: Rs. 274,431 thousand), DB Global Technology, Inc. Rs. 29,945 thousand (Previous year: Rs. Nil).

**Balance with Bank**

Balance with Deutsche Bank Trust Company Americas Rs. Nil (Previous year: Rs. 23,427,706 thousand), OOO "Deutsche Bank" Moscow Rs. 487 thousand (Previous year: Rs. 940 thousand)

**Other Assets**

Receivable from Deutsche CIB Centre Private Limited Rs. 63,952 thousand (Previous year: Rs. 91,479 thousand), DBOI Global Services Private Limited Rs. 148,884 thousand (Previous year: Rs. 84,347 thousand), Deutsche Investor Services Private Limited Rs. 21,405 thousand (Previous year: Rs. 85,357 thousand), Deutsche Equities India Private Limited Rs. 166,315 thousand (Previous year: Rs. 73,760 thousand), Deutsche Bank Trust Company Americas Rs. 148,741 thousand (Previous year: Rs. 461,024 thousand)

**Other Liabilities**

DBOI Global Services Private Limited Rs. 203,911 thousand (Previous year: Rs. 154,715 thousand), Deutsche Investor Services Private Limited Rs. 111,375 thousand (Previous year: Rs. 101,567 thousand), DB Group Services (EURO) Rs. 412,335 thousand (Previous year: Rs. 142,700 thousand).





Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

iv AS 22 – Accounting for taxes on income

Amount of provision made for income-tax during the year

(In Rs.'000)

	31 March 2017	31 March 2016
Provision for:		
Current tax*	9,168,891	12,461,711
Deferred tax	343,244	(2,100,712)

\* Includes tax provision for earlier years of Rs. 868,201 thousand  
Deferred tax is accounted for on the basis of AS 22 - 'Accounting for Taxes on Income'.

Component of deferred tax assets and deferred tax liabilities are as under:

(In Rs.'000)

	31 March 2017	31 March 2016
Deferred tax asset/(Defered tax liabilities)		
Provision for bad and doubtful debts	2,740,539	981,037
Depreciation on fixed assets	(88,321)	76,498
Provision for staff compensation and benefits	136,430	121,792
Provision for Mark to Market Unrealized Loss on Derivatives	-	1,878,689
Others	440,647	514,523
<b>Net Deferred tax asset / (Deferred tax Liabilities)</b>	<b>3,229,295</b>	<b>3,572,539</b>

v AS 19 – Leases - Operating leases

Disclosures as required by AS 19 - 'Leases' pertaining to leasing arrangement entered into by the Bank are given below:-

- Cancellable leasing arrangement for premises: Total lease rental of Rs.287,541 thousand (Previous year: Rs. 211,858 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for premises: Total lease rental of Rs. 275,227 thousand (Previous year: Rs. 303,836 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for vehicles: Total lease rental of Rs. 30,200 thousand (Previous year: Rs. 28,829 thousand) has been included under Schedule 16.12.

The future minimum lease payments under non-cancellable operating lease are as follows:

(In Rs.'000)

	31 March 2017	31 March 2016
Not later than one year	221,244	303,223
Later than one year and not later than five years	817,029	259,614
Later than five years	-	-

vi Other accounting standards

i) AS 10–Property, Plant and Equipment- Movement in carrying amount:

(In Rs.'000)

	31 March 2017	31 March 2016
<b>Premises</b>		
<b>Gross Carrying at Beginning of the year</b>	<b>2,012,971</b>	<b>2,031,221</b>
<b>Accumulated Depreciation at Beginning of the year</b>	<b>1,187,799</b>	<b>1,071,988</b>
<b>Opening Carrying Amount</b>	<b>825,172</b>	<b>959,233</b>
Additions during the year	58,060	2,341
Deductions (net) during the year	(283,009)	(5,323)
Depreciation for the period	(112,061)	(131,079)
<b>Closing Carrying amount</b>	<b>488,162</b>	<b>825,172</b>
<b>Gross Carrying at end of the year</b>	<b>1,262,369</b>	<b>2,012,971</b>
<b>Accumulated Depreciation at end of the year</b>	<b>774,207</b>	<b>1,187,799</b>
<b>Other Fixed Assets</b>		
<b>Gross Carrying at Beginning of the year</b>	<b>1,980,427</b>	<b>2,225,770</b>
<b>Accumulated Depreciation at Beginning of the year</b>	<b>1,465,668</b>	<b>1,613,381</b>
<b>Opening Carrying Amount</b>	<b>514,759</b>	<b>612,389</b>
Additions during the year	246,754	166,877
Deductions (net) during the year	(21,589)	(94,579)
Depreciation for the period	(172,848)	(169,928)
<b>Closing Carrying amount</b>	<b>567,076</b>	<b>514,759</b>
<b>Gross Carrying at end of the year</b>	<b>1,719,557</b>	<b>1,980,427</b>
<b>Accumulated Depreciation at end of the year</b>	<b>1,152,481</b>	<b>1,465,668</b>

ii) AS 26 – Intangible assets included under Other fixed assets (including furniture and fixtures). It includes amount capitalized as software.

(In Rs.'000)

	31 March 2017	31 March 2016
Cost as at 31 March of the preceding year	256,933	229,512
Addition during the year	176,395	31,245
Deduction during the year	(79,425)	(3,824)
Accumulated depreciation to date	(176,981)	(224,537)
<b>Net Value as at 31 March of the current year</b>	<b>176,922</b>	<b>32,396</b>



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**m. Disclosure requirements as per Accounting Standards (Continued)**

- iii) AS 28 – Impairment of Assets – During the year provision of Rs. Nil is (Previous year reversed: Rs. 1,866 thousand) with respect to impairment of Fixed Assets which has been included in Schedule 16.12.  
iv) No disclosures are required under AS24 on Discontinuing Operations.

**n. Additional disclosures**

- i Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account:

(In Rs.'000)

	31 March 2017	31 March 2016
Provision for loan loss (net)	5,784,321	159,356
Provision / (write back) for contingent credit exposures	(1,657)	1,700
Provision for standard assets	(738,257)	1,585,823
Provision / (write back) for country risk	(44,761)	774
Bad debts written off	159,927	146,028
Provision / (write back) for depreciation on investments	46,651	12,449
Other Provisions	(331,281)	331,281
Provision for taxation:		
(a) Current tax	9,168,891	12,461,711
(b) Deferred tax	343,244	(2,100,712)
<b>Total</b>	<b>14,387,078</b>	<b>12,598,410</b>

Other Provisions represents reversal of provisions of Rs. 331,281 thousand made in previous year on prudential basis on specific advances or exposures. The Bank has reviewed all its pending litigations and long term contracts, including derivative contracts, to assess material foreseeable losses. At the year-end adequate provision for material foreseeable losses on such long term contracts, including derivative contracts has been made in the books of accounts in accordance with its accounting policy on provisions and contingencies.

- ii Floating provision

(In Rs.'000)

	31 March 2017	31 March 2016
Opening balance	712,260	712,260
Add: Floating provisions made during the year	–	–
Less: Draw down made during the year	–	–
Closing balance	712,260	712,260

- iii Drawdown on reserves

The Bank has drawn down investment reserve of Rs. 19,852 thousand during the year ended 31 March, 2017 (Previous year: Rs. 5,298 thousand) as required by RBI circular DBR No BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

- iv Customer complaints

	31 March 2017	31 March 2016
<b>A Customer complaints</b>		
(a) No. complaints pending at the beginning of the year	175	225
(b) No. of complaints received during the year	7,231	5,431
(c) No. of complaints redressed during the year	7,124	5,481
(d) No. of complaints pending at the end of the year	282	175
<b>B Awards passed by the Banking Ombudsman</b>		
(a) No. of unimplemented awards at the beginning of the year	–	–
(b) No. of Awards passed by the Banking Ombudsman during the year	–	–
(c) No. of Awards implemented during the year	–	–
(d) No. of unimplemented Awards at the end of the Year	–	–

- v Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2017 and March 31, 2016.

- vi Provisioning Coverage Ratio as at 31 March 2017 is 67.06% (Previous year: 44.52%)

- vii Bancassurance business

Fees / remuneration received in respect of bancassurance business during the year is as follows:

(In Rs.'000)

	31 March 2017	31 March 2016
For selling life insurance products	56,924	47,505
For selling non life insurance products	12,927	10,355
For selling Mutual fund products	468,529	363,032
For selling PMS products	72,084	72,896
Others	3,293	816
<b>Total</b>	<b>613,757</b>	<b>494,604</b>



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

viii Concentration of Deposits, Advances, Exposures and NPAs

i Concentration of Deposits

(In Rs. '000)

	31 March 2017	31 March 2016
Total Deposits of twenty largest depositors	116,272,091	140,239,899
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	29.91%	32.09%

ii Concentration of Advances\*

(In Rs. '000)

	31 March 2017	31 March 2016
Total Advances to twenty largest borrowers	445,956,628	382,034,986
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	35.58%	31.63%

\* Advances are computed as per definition of Credit Exposure including derivatives furnished in RBI's Master Circular on Exposure Norms.

iii Concentration of Exposures\*\*

(In Rs. '000)

	31 March 2017	31 March 2016
Total Exposure to twenty largest borrowers/customers	445,956,628	385,217,862
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	35.23%	31.45%

\*\* Exposures are computed based on credit and investment exposure as prescribed in RBI's Master Circular on Exposure Norms.

iv Concentration of NPAs

(In Rs. '000)

	31 March 2017	31 March 2016
Total Exposure to top four NPA accounts	6,097,798	722,825

ix Sector-wise Advances and NPAs

(In Rs. '000)

Sl. No.	Sector/Sub-Sector *	31 March 2017			31 March 2016		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>PRIORITY SECTOR</b>						
1	Agriculture and allied activities	820,000	-	-	-	-	-
2	Advances to industries sector eligible as priority sector lending, of which :	97,828,058	561,174	0.57%	96,088,879	330,464	0.34%
	Chemicals and Chemical Products	16,024,401	6,322	0.04%	16,168,797	3,749	0.02%
	Basic Metal and Metal Products	26,517,763	9,908	0.04%	26,739,294	16,863	0.06%
	All Engineering	14,326,436	291,056	2.03%	14,509,573	172,296	1.19%
	Petroleum, Coal Products and Nuclear Fuels	16,963,791	-	-	10,243,396	-	-
3	Services, of which :	24,405,446	322,260	1.32%	17,274,869	81,569	0.47%
	Computer Software	11,543,836	5,564	0.05%	8,623,632	3,624	0.04%
	Professional and Other Services	7,286,273	295,579	4.06%	5,788,297	73,690	1.27%
	Banking and finance other than NBFC and MFs	3,496,091	-	-	1,998,203	4,256	0.21%
4	Personal loans, of which :	271,749	4,392	1.62%	314,328	-	-
	Housing Loans	271,749	4,392	1.62%	306,389	-	-
	<b>Total PRIORITY SECTOR (A)</b>	<b>123,325,253</b>	<b>887,826</b>	<b>0.72%</b>	<b>113,678,076</b>	<b>412,033</b>	<b>0.36%</b>
<b>B</b>	<b>NON PRIORITY SECTOR</b>						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry, of which :	60,114,337	6,379,060	10.61%	179,648,337	329,270	0.18%
	Infrastructure	13,201,776	-	-	-	-	-
	All Engineering	16,099,136	-	-	18,294,595	30,221	0.17%
	Vehicles, Vehicle Parts and Transport Equipments	8,732,381	3,491,044	39.98%	-	-	-
3	Services, of which :	83,010,165	539,304	0.65%	67,663,088	317,752	0.47%
	Banking and finance other than NBFC and MFs	50,676,645	221,552	0.44%	23,756,457	-	-
	Commercial real Estate	10,398,323	-	-	10,959,019	-	-
4	Personal loans, of which :	91,137,722	2,141,538	2.35%	72,439,682	932,189	1.29%
	Other Personal Loans	74,873,372	1,782,136	2.38%	53,729,301	602,698	1.12%
	Housing Loans	15,826,514	359,402	2.27%	18,111,157	329,492	1.82%
	<b>Total NON PRIORITY SECTOR (B)</b>	<b>234,262,224</b>	<b>9,059,902</b>	<b>3.87%</b>	<b>319,751,107</b>	<b>1,579,211</b>	<b>0.49%</b>
	<b>Total (A) + (B)</b>	<b>357,587,477</b>	<b>9,947,728</b>	<b>2.78%</b>	<b>433,429,183</b>	<b>1,991,244</b>	<b>0.46%</b>

\* Sub-sector wise Advances are shown where the outstanding advances exceed 10% of the outstanding advances of that sector.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**n. Additional disclosures (Continued)**

x Movement of NPAs

(In Rs. '000)

	31 March 2017	31 March 2016
Gross NPAs as on 1 April (Opening Balance)	1,991,244	1,192,981
Additions (Fresh NPAs) during the year	9,686,485	1,386,191
Sub-total (A)	11,677,729	2,579,172
Less:-		
(i) Up gradations	974,605	230,441
(ii) Recoveries (excluding recoveries made from upgraded accounts)	595,469	211,459
(iii) Technical/Prudential write-offs	-	-
(iv) Write-offs other than those under (iii) above	159,927	146,028
Sub-total (B)	1,730,001	587,928
Gross NPAs as on 31 March (closing balance) (A-B)	9,947,728	1,991,244

The Bank does not have any advances which are outstanding in the books of the branches, but have been written-off (fully or partially) at the Bank level.

xi Overseas Assets, NPAs and Revenue

(In Rs. '000)

	31 March 2017	31 March 2016
Total Assets	19,621,667	38,466,298
Total NPAs	-	-
Total Revenue	114,426	17,521

xii There are no off-balance sheet SPVs sponsored by the Bank.

xiii Disclosure requirements for remuneration

In accordance with the requirements of the RBI Circular No. DBOD.NO.BC. 72/29.67/001/2011-12 dated 13 January 2012, the Asia Pacific Head Office of the Bank has submitted a declaration to RBI that the Bank's compensation policies including that of CEO, is in conformity with the Financial Stability Board principles and standards.

xiv Disclosures relating to Securitisation

During the year, the Bank has not entered into any securitisation transactions (Previous year Rs Nil).

xv Credit Default Swaps

During the year, the Bank has not entered into credit default swaps (Previous year Rs Nil).

xvi Intra-Group Exposures

The details of Intra-Group transaction are as follows:

(In Rs. '000)

	31 March 2017	31 March 2016
Total amount of Intra-group exposures	20,912,326	9,634,307
Total amount of top 20 intra group exposures	20,912,326	9,634,307
% of intra-group exposure to total exposure of the bank on borrowers / customers	1.65%	0.79%
Breach of limits on intra group exposures	NA	NA

xvii Transfers to Depositor Education and Awareness Fund (DEAF)

(In Rs. '000)

	31 March 2017	31 March 2016
Opening balance of amounts transferred to DEAF	139,930	93,187
Add : Amounts transferred to DEAF during the year	82,572	47,972
Less : Amounts reimbursed by DEAF towards claims	(1,141)	(1,229)
Closing balance of amounts transferred to DEAF	221,361	139,930

xviii Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of Unhedged Foreign Currency Exposures of its borrowers. In order to minimize risk arising out of exposure to corporates, all foreign currency loans granted by the Bank in excess of USD 10 million are subject to it being mandatorily hedged for foreign currency risk by the corporate, except in the following cases:

- Foreign currency loans extended to finance exports provided customers have uncovered receivables to cover the loan amount.
- Foreign currency loans extended for meeting foreign currency expenditure.

In addition to the above, foreign exchange (FX) risk on unhedged exposures is a crucial part of the risk assessment of the Bank as under:

- FX risk on account of unhedged exposures is factored in during the initial and annual rating exercise based on its impact on the credit profile of the counterparty. The counterparty rating is a critical determinant of all credit reviews and credit decisions.
- FX Hedging policy of clients is discussed in detail during periodic client meetings and information is obtained about existing hedged and unhedged positions of the client and policy on hedging.
- The FX risk of unhedged positions is also qualitatively assessed based on natural hedge available to the counterparty, under business economics/type of exposure to be hedged.
- Rapid portfolio reviews are also conducted during periods of relative currency volatility and appropriate action is taken at a counterparty level to manage credit risks.

The Bank has maintained incremental standard asset provision of Rs.881,354 thousand (Previous year Rs. 1,527,990 thousand) and incremental capital of Rs.4,358,032 thousand (Previous year Rs. 6,122,419 thousand) on account of Unhedged Foreign Currency Exposure of its borrowers.

xix The Bank has outstanding factoring exposure of Rs. 23,000,676 thousand (Previous year: Rs. 23,245,714 thousand). The same has been included under the head 'Bills purchased and discounted' in Schedule 9.1.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)

for the year ended 31 March 2017  
4. Notes to financial statements (Continued)  
o. Liquidity Coverage Ratio

	Monthly average for Quarter ended 30 June, 2016		Monthly average for Quarter ended 30 September, 2016		Monthly average for Quarter ended 31 December, 2016		Daily average for Quarter ended 31 March, 2017	
	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
<b>High Quality Liquid Assets</b>								
1		78,655,331		128,031,418		160,245,902		155,650,823
<b>Cash Outflows</b>								
2	Retail deposits and deposits from small business customers, of which:	35,164,028	188,129,688	18,690,822	38,792,868	3,752,109	39,978,126	3,887,572
(i)	Stable deposits	2,427,354	2,442,937	122,147	2,543,566	127,178	2,204,819	110,241
(ii)	Less stable deposits	32,736,674	185,686,751	18,568,675	36,249,302	3,624,930	37,773,307	3,777,331
3	Unsecured wholesale funding, of which:	264,995,178	299,387,888	120,181,596	299,236,573	126,928,700	296,196,631	116,131,782
(i)	Operational deposits (all counterparties) and deposits in networks of cooperative banks	142,292,641	147,884,447	36,938,282	138,340,651	34,553,648	138,774,377	34,662,612
(ii)	Non-operational deposits (all counterparties)	122,702,538	151,503,441	83,243,315	160,895,922	92,375,052	157,422,254	81,469,169
(iii)	Unsecured debt	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-
5	Additional requirements, of which:	386,477,957	410,777,453	28,937,938	446,796,610	28,228,172	465,230,506	29,913,040
(i)	Outflows related to derivative exposures and other collateral requirements	2,012,377	4,725,603	4,725,603	1,673,785	1,673,785	2,268,375	2,268,375
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	386,477,957	410,777,453	24,212,335	446,796,610	26,554,387	465,230,506	27,644,665
6	Other contractual funding obligations	1,391,130	2,503,649	2,503,649	1,462,352	1,462,352	595,568	595,568
7	Other contingent funding obligations	139,639,646	228,771,267	6,863,138	216,845,967	6,505,379	205,335,464	6,160,064
8	<b>Total Cash Outflows</b>	<b>136,544,948</b>	<b>177,177,143</b>	<b>177,177,143</b>	<b>166,876,712</b>	<b>166,876,712</b>	<b>156,688,025</b>	<b>156,688,025</b>
<b>Cash inflows</b>								
9	Secured lending (eg reverse repos)	41,058,724	83,043,898	249,955	74,185,756	-	108,328,554	-
10	Inflows from fully performing exposures	156,185,546	147,308,519	105,591,345	126,222,778	86,356,448	120,629,144	85,725,813
11	Other cash inflows	14,552,035	13,202,574	7,322,991	12,352,966	7,843,466	4,750,227	3,883,949
12	<b>Total Cash Inflows</b>	<b>211,796,305</b>	<b>243,554,991</b>	<b>113,164,290</b>	<b>212,761,500</b>	<b>94,199,914</b>	<b>233,707,925</b>	<b>89,609,762</b>
		<b>TOTAL ADJUSTED VALUE</b>	<b>TOTAL ADJUSTED VALUE</b>	<b>TOTAL ADJUSTED VALUE</b>	<b>TOTAL ADJUSTED VALUE</b>	<b>TOTAL ADJUSTED VALUE</b>	<b>TOTAL ADJUSTED VALUE</b>	<b>TOTAL ADJUSTED VALUE</b>
13	<b>Total HQLA</b>	<b>78,655,331</b>	<b>128,031,418</b>	<b>128,031,418</b>	<b>160,245,902</b>	<b>160,245,902</b>	<b>155,650,823</b>	<b>155,650,823</b>
14	<b>Total Net Cash Outflows*</b>	<b>34,136,237</b>	<b>64,012,853</b>	<b>64,012,853</b>	<b>72,676,798</b>	<b>72,676,798</b>	<b>67,078,263</b>	<b>67,078,263</b>
15	<b>Liquidity Coverage Ratio (%)</b>	<b>230.42%</b>	<b>200.01%</b>	<b>200.01%</b>	<b>220.49%</b>	<b>220.49%</b>	<b>232.04%</b>	<b>232.04%</b>

\* Total Net Cash Outflows is capped to 25% of Cash outflows



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017

4. Notes to financial statements (Continued)  
o. Liquidity Coverage Ratio (Continued)

		Monthly average for Quarter ended 30 June, 2015		Monthly average for Quarter ended 30 September, 2015		Monthly average for Quarter ended 31 December, 2015		Monthly average for Quarter ended 31 March, 2016	
		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
<b>High Quality Liquid Assets</b>									
1	Total high-quality liquid assets (HQLA)		49,911,375		50,392,778		74,291,233		60,670,350
<b>Cash Outflows</b>									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	58,218,000	5,713,417	27,241,740	2,612,930	28,970,007	2,780,196	31,902,599	3,070,480
(ii)	Less stable deposits	2,167,667	108,383	2,224,882	111,244	2,336,091	116,805	2,395,602	119,780
		56,050,333	5,605,033	25,016,857	2,501,686	26,633,916	2,663,392	29,506,997	2,950,700
3	Unsecured wholesale funding, of which:	235,213,067	93,523,522	235,011,564	89,234,012	264,256,161	98,268,490	245,256,284	87,486,448
(i)	Operational deposits (all counterparties) and deposits in networks of cooperative banks	114,480,833	28,589,828	106,056,886	26,489,471	135,246,996	33,783,094	135,924,250	33,947,189
(ii)	Non-operational deposits (all counterparties)	120,732,233	64,933,693	128,954,677	62,744,541	129,009,165	64,485,396	109,332,034	53,539,258
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding								
5	Additional requirements, of which:	360,648,800	26,085,725	389,617,053	27,775,282	397,684,171	25,205,948	388,553,957	26,035,809
(i)	Outflows related to derivative exposures and other collateral requirements	1,683,233	1,683,233	2,138,428	2,138,428	863,903	863,903	3,148,003	3,148,003
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	360,648,800	24,402,492	389,617,053	25,636,854	397,684,171	24,342,045	388,553,957	22,887,806
6	Other contractual funding obligations	1,494,433	1,494,433	1,710,958	1,710,958	1,566,336	1,462,352	1,638,928	1,638,928
7	Other contingent funding obligations	233,988,300	11,699,415	231,454,304	11,572,715	220,451,350	11,022,568	203,995,805	8,641,846
8	<b>Total Cash Outflows</b>		138,516,512		132,905,897		138,843,538		126,873,511
<b>Cash inflows</b>									
9	Secured lending (eg reverse repos)	9,660,067	-	16,047,330	249,980	52,729,350	-	23,677,696	-
10	Inflows from fully performing exposures	106,151,967	72,084,050	111,173,176	77,305,819	100,065,784	71,059,978	115,548,861	79,790,009
11	Other cash inflows	1,288,633	1,288,633	3,283,960	2,190,835	4,013,054	2,355,392	4,535,878	4,535,878
12	<b>Total Cash Inflows</b>	117,100,667	73,372,683	130,504,466	79,746,635	156,808,188	73,415,369	143,762,435	82,855,924
			<b>TOTAL ADJUSTED VALUE</b>		<b>TOTAL ADJUSTED VALUE</b>		<b>TOTAL ADJUSTED VALUE</b>		<b>TOTAL ADJUSTED VALUE</b>
13	<b>Total HQLA</b>		49,911,375		50,392,778		74,291,233		60,670,350
14	<b>Total Net Cash Outflows*</b>		65,143,828		53,159,263		65,428,169		44,017,587
15	<b>Liquidity Coverage Ratio (%)</b>		76.62%		94.80%		113.55%		137.83%

\* Total Net Cash Outflows is capped to 25% of Cash outflows



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**o. Liquidity Coverage Ratio (Continued)**

**Qualitative Disclosure around LCR**

The Bank measures and monitors the Liquidity Coverage Ratio (LCR) in line with the extant RBI guidelines. The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30 day stress scenario. The ratio is defined as the amount of High Quality Liquid Assets ("HQLA") that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both actual and contingent exposures, in a stressed scenario. The LCR is subject to a transitional phase-in period, starting at a minimum of 60% on 1 January 2015, which has been increased to 80% on 1 January 2017. The minimum LCR requirement will be increased to 90% on 1 January 2018 and 100% on 1 January 2019.

The Bank's average LCR for the quarter ended March 2017 stood at 232.04% as against 137.83% for the quarter ended March 2016. In accordance with RBI guideline dated 31st March 2015, the LCR ratio for the quarter ended March 2017 is computed on daily LCR observations.

The bank maintains HQLA primarily in the form of excess CRR maintained with the RBI, unencumbered SLR holdings over and above the mandatory SLR requirement and the portion of mandatory SLR holdings that are allowed by the RBI to be counted towards HQLA through the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

The Bank has maintained an average HQLA of Rs. 155,650,823 thousand for quarter ended March 2017 as against Rs. 60,670,350 thousand for quarter ended March 2016. Major reasons for movement are additional FALLCR (1% of the NDTL) as permitted by RBI to be considered as HQLA from August 2016 and change in RBI guideline to include reverse repo with RBI (LAF) as unencumbered SLR holdings from October 2016.

The Bank's average net cash outflows stood at Rs. 67,078,263 thousand for quarter ended March 2017 as against Rs. 44,017,587 thousand for quarter ended March 2016. The main drivers for cash outflows are operational and non-operational deposits from corporate and retail customers, short-term borrowings and contingent outflows from credit and liquidity facilities, letters of credit, guarantees and trade finance facilities granted to corporate customers. The main LCR inflow driver is inflows from fully performing exposures, representing inflows from loans extended to retail and corporate customers. Derivative exposures and potential collateral calls are not material contributors to the LCR. The Bank has a diversified liability mix with the main sources of funding consisting of capital infused by the DB AG Head Office and CASA and time deposits from retail and corporate customers. The Bank exhibits no material counterparty concentration across all funding sources.

The Bank's Asset Liability Committee (ALCO) manages and defines its funding strategy to maintain a stress-compliant and diversified funding profile based on LCR requirements, other regulatory requirements, the Bank's liquidity risk appetite and the Bank's internal liquidity risk management framework. The ALCO manages the liquidity requirements of all of the Bank's Indian branches and businesses centrally and holistically, meetings are chaired by the Bank's Treasurer and are attended by the CEO, CFO, COO, the Bank's business heads and infrastructure function heads.

Note: LCR for quarter ended March 2016 had been computed based on guidelines applicable at that point in time. Subsequently there have been amendments in the RBI guidelines. Hence previous year end numbers are not comparable with current financial year.

**p. Corporate Social Responsibility ('CSR')**

The Bank continues to have a strong focus on CSR and has put in place a very strong governance process around project adoption and funds disbursement. The Bank's CSR Policy document sets out the following primary objectives:

- i. **Education** - Enabling underprivileged children and youth overcome poverty through education and to reach their full potential, by boosting their aspirations, improving their skill set and by making vocational training and job placements available to them. The Bank will work across the education continuum – primary, secondary and tertiary levels leading up to employability.
- ii. **Healthcare** - Providing end-to-end access to affordable and quality healthcare to children, youth and adults from socially and economically backward background. This includes preventive & early screening of diseases, curative & operative healthcare for fatal diseases as well as capacity building for hospitals & institutions.
- iii. **Social & Environment Sustainability** - Developing sustainable ideas that drive social and environmental change for increasing the country's forest and water reserves and usage of renewable energy.
- iv. **Disaster Relief** - Enabling funds directly or through implementing partners to support natural disaster relief efforts as may be required in the country from time to time.

Based on the above, the Bank has identified and executed on CSR activities.

- a. Gross amount required to be spent by the Bank is Rs. 411,349 thousand (Previous year Rs. 383,930 thousand)
- b. Amount spent during the year is Rs. 411,755 thousand (Previous year Rs. 145,503 thousand)

**q. Disclosure on provisioning pertaining to fraud accounts**

(In Rs'000)

	<b>31 March 2017</b>
Number of frauds reported during the year	<b>60</b>
Amounts involved	<b>2,427</b>
Provisions made during the year	<b>293</b>
Unamortised provision debited from 'other reserves' as at the end of the year	–

**r. Priority Sector Lending Certificates (PSLCs) purchased / sold**

The Bank has not purchased/sold any PSLCs assets during the year ended March 31, 2017.

**s. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED), certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management and confirmation sought from suppliers by the Bank on registration with specified authority under MSMED, principal amount unpaid to such enterprises as at end of the year is Rs.126 thousand (Previous year Rs. 153 thousand) and interest thereon is Rs Nil (Previous year Rs. Nil), principal amount paid after the due date to such enterprises is Rs.3,247 thousand (Previous year Rs. 4,851thousand) and the interest payable as at 31 March 2017 to such enterprises is Rs 64 thousand (Previous year Rs.49 thousand).



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**t. Implementation of Indian Accounting Standards (Ind AS)**

The Ministry of Corporate Affairs (MCA), through its notification dated 16 February 2015, notified the Indian Accounting Standards (Ind AS) and recommended its application in a phased manner from 1 April 2016. Subsequently, on 18 January 2016, the MCA issued a press release setting out the dates of Ind AS applicability for banks from the accounting period beginning 1 April 2018. The RBI also issued a circular in February 2016 reiterating the timeline for Ind AS implementation by banks issued by the MCA, and providing further direction on critical issues that Banks need to consider in their Ind AS implementation plan.

The Ind AS guidelines converge substantially with International Financial Reporting Standards (IFRS) and the Bank already prepares its financial statements for Head Office Reporting based on IFRS. Hence, the Bank has approached Ind AS implementation primarily as a review and analysis of existing IFRS reporting practices vis-à-vis Ind AS. This gap analysis would help establish the policies, systems and processes that can directly be aligned to Head Office Reporting and seamlessly enable IND AS rollout. Local regulatory carve outs would continue to contribute to accounting deltas and implementation plans to align related systems and processes to these carve outs are in the stage of being identified and solutioned for.

Over the last year, the Bank has put in place a governance process around Ind AS implementation. Key program delivery milestones till date include:

- i. Setting up of a cross-functional Steering Committee with representatives from Finance, Business, Compliance, Risk and Operations
- ii. Completion of a gap analysis between extant IFRS and local accounting standard based policies & procedures vis-a-vis Ind AS requirements
- iii. Setup and documentation of new Ind AS based accounting policies
- iv. Identification of business models for classification and measurement of Financial Instruments as per Ind AS requirements
- v. Analysis and amendments to existing processes and systems as required
- vi. Leveraging of Deutsche Bank's global project on IFRS 9 implementation
- vii. Submission of Proforma Ind AS financials to RBI for the period ended 30 September 2016 in November 2016

**u. Movement in provision for debit card reward points**

(In Rs'000)

	31 March 2017	31 March 2016
Opening provision	8,022	4,685
Provision made during the year	6,919	8,226
Utilization of provision during the year	(5,552)	(4,889)
Closing provision	9,389	8,022

**v. Provisions, Contingent liabilities and Contingent Asset**

Sr. No	Contingent Liabilities	Brief
1)	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank's pending claims and litigations comprise of claims & litigations against the Bank by clients and proceedings pending with Income tax authorities, which are disputed by the bank and possible to be held against the bank.
2)	Liability on account of foreign exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps, currency futures and interest rate swaps with interbank participants/customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Currency futures are standardized foreign exchange derivatives contracts traded in a recognised stock exchange to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are typically amounts used as benchmark for the calculation of the interest component of the contracts.
3)	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4)	Other items for which the Bank is contingently liable- Others	These include undrawn commitments, capital commitments, amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF), forward asset purchases and value of investments traded on or before the Balance Sheet date with a settlement post the Balance Sheet date.





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*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2017*

**4. Notes to financial statements (Continued)**

**w. Disclosure on specified Bank notes**

The disclosure requirement on specified bank notes is not applicable to the Bank as clarified by RBI through its letter dated May 24, 2017.

**x. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.  
Signatures to Schedule 1 to 18 form part of the Financial Statements and to the above notes.

The schedules referred to above and the attached notes form an integral part of the Financial Statements

As per our Report of even date.

**For B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No: 116231W/W-100024

**For Deutsche Bank AG India Branches**

Sd/-

**N Sampath Ganesh**

*Partner*

Membership No: 042554

Sd/-

**Ravneet Singh Gill**

*Chief Executive Officer – India*

Sd/-

**Avinash Prabhu**

*Chief Financial Officer – India*

Mumbai

Date: 23 June 2017