



Independent Auditor's Report

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Deutsche Bank AG – India Branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2016, 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 Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the applicable 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 financial statements are free of material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Act, in the manner so required for banking companies and give a true and fair view in conformity with 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 2016;
 - (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

7. 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.
8. 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) during the course of our audit we have visited 4 branches. 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.
9. Further, as required by section 143(3) of the Act, we further report that:
 - (i) 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;
 - (ii) 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;
 - (iii) the financial accounting systems of the Bank are centralized and, therefore, returns are not necessary to be submitted by the branches;
 - (iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in 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 RBI;
 - (vi) 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
 - (vii) 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";
 - (viii) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 18 - Note 4(n)(i) to the financial statements;
 - (b) 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 18 - Note 4(n)(i) to the financial statements; and
 - (c) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **BSR & Associates LLP**
 Chartered Accountants
 ICAI Firm 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')

We have audited the internal financial controls over financial reporting of Deutsche Bank AG – India Branches ('the Bank') as of 31 March 2016 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('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 applicable to an audit of Internal Financial Control and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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

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

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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

ICAI Firm Registration No: 116231W/W-100024

Sd/-

N Sampath Ganesh

Partner

Membership No: 042554



BALANCE SHEET AS ON 31 MARCH 2016				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016			
In thousands of Indian Rupees	Schedule	31 March 2016	31 March 2015	In thousands of Indian Rupees	Schedule	Year ended 31 March 2016	Year ended 31 March 2015
Capital and Liabilities				Income			
Capital	1	44,971,087	44,971,087	Interest earned	13	49,574,968	44,299,929
Reserves and surplus	2	71,208,207	59,352,453	Other income	14	9,556,976	13,763,359
Deposits	3	437,087,850	386,340,147	Total		59,131,944	58,063,288
Borrowings	4	88,568,670	69,187,984	Expenditure			
Other liabilities and provisions	5	51,876,834	56,120,160	Interest expended	15	21,399,982	18,814,246
Total		693,712,648	615,971,831	Operating expenses	16	13,277,798	13,642,257
				Provisions and contingencies	17	12,598,410	11,547,654
				Total		47,276,190	44,004,157
Assets				Profit			
Cash and balances with Reserve Bank of India	6	34,681,862	28,540,976	Net profit for the year		11,855,754	14,059,131
Balances with banks and money at call and short notice	7	58,048,504	58,294,534	Profit brought forward		11,550,631	6,520,162
Investments	8	133,596,649	124,025,036	Total		23,406,385	20,579,293
Advances	9	432,542,662	361,384,063	Appropriations			
Fixed assets	10	1,377,163	1,579,844	Transfer to statutory reserve		2,963,939	3,514,783
Other assets	11	33,465,808	42,147,378	Transfer to/(from) investment reserve		(5,298)	(4,921)
Total		693,712,648	615,971,831	Transfer to remittable surplus retained for CRAR requirements		986,375	5,518,800
Contingent liabilities	12	6,652,120,933	6,702,527,307	Balance carried over to Balance Sheet		19,461,369	11,550,631
Bills for collection		364,931,222	299,787,831	Total		23,406,385	20,579,293
Significant accounting policies and Notes to the financial statements	18			Significant accounting policies and Notes to the financial statements			
The accompanying notes form an integral part of this Balance Sheet				The accompanying notes form an integral part of this Profit and Loss Account.			

In terms of our report attached.

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

Sd/-
N Sampath Ganesh
Partner
Membership No: 042554

For **Deutsche Bank AG**
India Branches

Sd/-
Ravneet Singh Gill
Chief Executive Officer – India

Sd/-
Avinash Prabhu
Chief Financial Officer – India

Place : Mumbai
Dated : 20 June 2016


CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

In thousands of Indian Rupees	31 March 2016	31 March 2015
Net profit before Taxes	22,216,753	25,436,641
Adjustment for:		
Depreciation and amortisation for the year	301,007	282,975
Provision for depreciation on investments	12,449	11,564
Provision for loan loss (net)	159,356	(691,809)
Provision for contingent credit exposures	1,700	1,317
Bad-debts written off	146,028	814,241
Provision for country risk	774	(121,829)
Provision for standard assets	1,585,823	166,789
Other Provisions	331,281	(10,129)
Impairment of fixed assets	(1,866)	37,855
Interest expense on borrowings	2,221,023	6,435,587
Loss on sale of fixed assets (net)	2,012	24,339
	26,976,340	32,387,541
Adjustment for:		
Increase/(Decrease) in deposits	50,747,703	125,205,109
Increase/(Decrease) in other liabilities and provisions	(6,162,904)	(9,961,051)
(Increase)/Decrease in investments	(9,584,062)	67,332,956
(Increase)/Decrease in advances	(71,463,983)	(71,362,446)
(Increase)/Decrease in other assets	11,462,919	12,877,191
Income tax paid	(13,142,348)	(12,516,136)
Net cash from/(used in) operating activities (A)	(11,166,335)	143,963,164
Cash flows from investing activities		
Purchase of fixed assets	(169,218)	(235,299)
Capital Work-in-progress	(29,010)	4,497
Proceeds from sale of fixed assets	99,756	4,715
Net cash from/(used in) investing activities (B)	(98,472)	(226,087)
Cash flows from financing activities		
Interest expense on borrowings	(2,221,023)	(6,435,587)
Increase/(Decrease) in borrowings	19,380,686	(90,317,970)
Net cash from/(used in) financing activities (C)	17,159,663	(96,753,557)
Net Increase in cash and cash equivalents (A+B+C)	5,894,856	46,983,520
Cash and cash equivalents at the beginning of the year	86,835,510	39,851,990
Cash and cash equivalents as at the end of the year	92,730,366	86,835,510
Increase in cash and cash equivalents	5,894,856	46,983,520
Notes on cash flow statement		
1. Cash and balances with Reserve Bank of India	34,681,862	28,540,976
Balances with banks and money at call and short notice	58,048,504	58,294,534
Cash and cash equivalents as at 31 March	92,730,366	86,835,510

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

Firm's Registration No: 116231W/W-100024

Sd/-

N Sampath Ganesh

Partner

Membership No: 042554

Place : Mumbai

Dated : 20 June, 2016

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 2016

In thousands of Indian Rupees	31 March 2016	31 March 2015	In thousands of Indian Rupees	31 March 2016	31 March 2015
Schedule 1 – Capital			Schedule 4 – Borrowings		
Amount of deposit with Reserve Bank of India (at face value) under Section 11 (2)(b) of the Banking Regulation Act, 1949			1 Borrowings in India		
	20,450,000	16,250,000	(a) Reserve Bank of India		
			(b) Banks		
			(c) Other institutions and agencies		
Head Office Account					
Opening Balance (including start-up capital of Rs 2 million and remittances from Head office)			10,000,000		
Additions during the year			–		
Total	44,971,087	44,971,087	20,845,222	27,962,017	
Schedule 2 – Reserves and Surplus			2 Borrowings Outside India		
1 Statutory reserve			Banks		
Opening Balance			67,723,448		
Additions : Transfer from Profit and Loss Account			41,225,967		
	2,963,939	3,514,783	67,723,448	41,225,967	
	21,949,244	18,985,305	Total	88,568,670	69,187,984
2 Capital reserve			Secured borrowings included in 1 and 2 above		
Opening Balance			19,800,000		
Additions/(Deductions): Transfer from/to Profit and Loss Account			27,930,000		
	177,207	177,207	Schedule 5 – Other Liabilities and Provisions		
	177,207	177,207	1 Bills payable		
3 Investment reserve			4,399,317		
Opening Balance			2		
Additions/(Deductions): Transfer from/to Profit and Loss Account			Inter-office adjustments – branches in India (net)		
	(5,298)	(4,921)	454		
	308,725	314,023	3		
4 Balance in Profit and Loss Account			Interest accrued		
Opening Balance			6,090,756		
Additions during the year			4		
	19,461,369	11,550,631	Provision for taxation (net of tax paid in advance / tax deducted at source)		
	19,461,369	11,550,631	–		
5 Remittable Surplus retained for CRAR requirements			5		
Opening Balance			Others (including provisions) (Refer Schedule 18 Note–4 h v)		
Additions : Transfer from Profit and Loss Account			41,386,307		
	28,325,287	22,806,487	Total		
	986,375	5,518,800	51,876,834		
	29,311,662	28,325,287	56,120,160		
Total	71,208,207	59,352,453	Schedule 6 – Cash and Balances with Reserve Bank of India		
Schedule 3 – Deposits			1 Cash in hand (including foreign currency notes)		
1 (a) Demand deposits			162,603		
i. From banks			147,438		
ii. From others			2		
	588,116	2,295,473	Balances with Reserve Bank of India		
	168,185,645	135,690,661	(a) in current account		
	168,773,761	137,986,134	(b) in other accounts		
(b) Savings bank deposits			–		
16,719,097			34,519,259		
(c) Term deposits			–		
i. From banks			–		
ii. From others			28,393,538		
	251,594,992	233,443,695	Total		
	251,594,992	233,443,695	34,681,862		
Total	437,087,850	386,340,147	28,540,976		
2 (i) Deposits of branches in India			Schedule 7 – Balances with Banks and Money at Call and Short Notice		
437,087,850			1 In India		
(ii) Deposits of branches outside India			(a) Balances with banks		
–			i. in current accounts		
Total			ii. in other deposit accounts (including with financial institutions)		
437,087,850			1,700,000		
386,340,147			1,700,000		
58,048,504			2 Outside India		
58,294,534			(a) in current accounts		
			25,215,298		
			(b) in deposit accounts		
			–		
			(c) money at call and short notice		
			13,251,000		
			15,625,000		
			Total		
			58,048,504		
			58,294,534		


SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2016

In thousands of Indian Rupees	31 March 2016	31 March 2015	In thousands of Indian Rupees	31 March 2016	31 March 2015
Schedule 8 – Investments			2 Other Fixed Assets		
Investments in India in:			(including furniture and fixtures)		
1 Government securities	117,177,759	112,856,392	(a) Cost as on 31st March of the preceding year	2,225,770	2,274,939
2 Other approved securities	–	–	(b) Additions during the year	166,877	165,094
3 Shares	288,994	206,001	(c) Deductions during the year	(412,220)	(214,263)
4 Debentures and bonds	13,950,115	4,712,693	(d) Accumulated depreciation to date (Refer Schedule 18 Note–4 m vi)	(1,465,668)	(1,613,381)
5 Others (Includes Commercial Papers, Certificate of Deposit and Security Receipts)	2,561,170	6,618,890	Net Block (Includes asset held for Sale Rs. 1,803 thousand (Previous year Rs. Nil))	514,759	612,389
Gross Investments in India	133,978,038	124,393,976	3 Capital Work-in-progress	37,232	8,222
Less: Provision for depreciation on investments	(381,389)	(368,940)	Total	1,377,163	1,579,844
Total	133,596,649	124,025,036	Schedule 11 – Other Assets		
Schedule 9 – Advances			1 Inter-office adjustments – branches in India (net)	–	395
1 (a) Bills purchased and discounted	114,825,917	84,926,452	2 Interest accrued	7,565,719	5,123,630
(b) Cash credits, overdrafts and loans repayable on demand	225,188,266	207,755,983	3 Tax paid in advance/tax deducted at source (net of provision for taxation)	5,488,943	4,808,306
(c) Term loans	92,528,479	68,701,628	4 Stationery and stamps	326	936
Total	432,542,662	361,384,063	5 Others (including deferred tax – Refer Schedule 18 Note – 4 m iv)	20,410,820	32,214,111
2 (a) Secured by tangible assets (includes advances against book debts)	137,945,560	105,185,360	Total	33,465,808	42,147,378
(b) Covered by bank/ Government guarantees	3,322,957	6,425,774	Schedule 12 – Contingent Liabilities		
(c) Unsecured	291,274,145	249,772,929	1 Claims against the Bank not acknowledged as debts (including tax related matters)	2,391,138	3,000,280
Total	432,542,662	361,384,063	2 Liability on account of outstanding foreign exchange contracts	3,990,390,681	3,278,348,605
3 Advances in India			3 Guarantees given on behalf of customers		
(a) Priority sector	113,677,254	85,651,259	(a) In India	124,204,984	116,519,655
(b) Public sector	2,651,613	9,269,808	(b) Outside India	29,070,619	28,535,249
(c) Banks	72,846,008	43,684,088	4 Acceptances, endorsements and other obligations	75,086,009	98,224,964
(d) Others	243,367,787	222,778,908	5 Bills rediscounted	6,300,000	7,650,000
Total	432,542,662	361,384,063	6 Other Items for which the Bank is contingently liable		
Non performing advances (net) as a % of Total advances (net), classified as per Reserve Bank of India guidelines			(a) Swaps	2,237,325,817	2,975,865,461
	0.26%	0.13%	(b) Options	111,370,167	86,475,890
Schedule 10 – Fixed Assets			(c) Futures	–	52,422
1 Premises (including leasehold improvements)			(d) Other items	75,981,518	107,854,781
(a) Cost as on 31st March of the preceding year	2,031,221	1,968,842	Total	6,652,120,933	6,702,527,307
(b) Additions during the year	2,341	70,205			
(c) Deductions during the year	(20,591)	(7,826)			
(d) Accumulated depreciation to date (Refer Schedule 18 Note–4 m vi)	(1,187,799)	(1,071,988)			
Net Block (Includes asset held for Sale Rs. 305,261 thousand (Previous year Rs. Nil))	825,172	959,233			


SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

In thousands of Indian Rupees	Year ended 31 March 2016	Year ended 31 March 2015	In thousands of Indian Rupees	Year ended 31 March 2016	Year ended 31 March 2015		
Schedule 13 – Interest Earned			Schedule 16 – Operating Expenses				
1	Interest/discounts on advances/bills	37,116,747	31,517,007	1	Payments to and provisions for employees (Refer Schedule 18 Note-4 m i) (net of cost recoveries)	5,712,774	6,074,728
2	Income on investments	10,267,615	11,551,112	2	Rent, taxes and lighting (net of cost recoveries) (Refer Schedule 18 Note-4 m v)	759,595	743,666
3	Interest on balances with Reserve Bank of India and other interbank funds	1,867,330	698,104	3	Printing and stationery	49,660	61,731
4	Others	323,276	533,706	4	Advertisement and publicity	59,284	78,556
	Total	49,574,968	44,299,929	5	Depreciation on bank's property	301,007	282,975
Schedule 14 – Other Income			Schedule 17 – Provision and Contingencies				
1	Commission, exchange and brokerage (net) (including custodial and depository income)	4,559,810	5,519,161	1	Provision for loan loss (net)	159,356	(691,809)
2	Profit/(Loss) on sale of investments (net)	(193,089)	2,272,038	2	Provision/(write back) for contingent credit exposures	1,700	1,317
3	Profit/(Loss) on sale of fixed assets (net)	(2,012)	(24,339)	3	Provision for standard assets	1,585,823	166,789
4	Profit/(Loss) on exchange transactions (net)	4,093,071	4,897,496	4	Provision/(write back) for country risk	774	(121,829)
5	Miscellaneous Income/(Loss)	1,099,196	1,099,003	5	Bad debts written off	146,028	814,241
	Total	9,556,976	13,763,359	6	Provision/(write back) for depreciation on investments	12,449	11,564
Schedule 15 – Interest Expended			Schedule 18 – Notes forming part of the financial statements of the India Branches for the year ended 31 March 2016				
1	Interest on deposits	18,971,576	12,375,911	7	Other Provisions (net)	331,281	(10,129)
2	Interest on Reserve Bank of India and other interbank borrowings (including from other money market participants)	2,221,023	6,435,587	8	Provision for taxation:		
3	Others	207,383	2,748	(a)	Current tax	12,461,711	11,080,845
	Total	21,399,982	18,814,246	(b)	Deferred tax (Refer Schedule 18 Note-4 m iv)	(2,100,712)	296,665
				Total	12,598,410	11,547,654	

Schedule 18 : Notes forming part of the financial statements of the India Branches for the year ended 31 March 2016
1. Background

The accompanying financial statements for the year ended 31 March 2016 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, revenues and expenses and disclosure of contingent liabilities 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 2016*

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 have been valued at the latest Net Asset Values ("NAV") obtained from the asset reconstruction companies.
- viii. Investments in pass through certificates have been 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. In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. 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 2016**

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 meets 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 other than software 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.

Item of fixed asset that have been retired from active use and are held for disposal 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 2016*

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 two buildings has expired in year 2001 & 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 both the bank's premises are 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 compensated absences and long-term awards are made based on independent actuarial valuation conducted by a qualified actuary at year-end.
- iv. 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.
- v. 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 2016*

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 2016	31 March 2015
i) Common Equity Tier 1 capital ratio	13.03%	15.03%
ii) Tier 1 capital ratio	13.03%	15.03%
iii) Tier 2 capital ratio	0.70%	0.59%
iv) Total Capital ratio (CRAR)	13.73%	15.62%
v) Percentage of the shareholding of the Government of India in public sector banks	NA	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:

(In Rs.'000)

	31 March 2016	31 March 2015
Common Equity Tier 1 (CET1) capital	96,376,804	90,970,010
Tier 1 capital	96,376,804	90,970,010
Tier 2 capital	5,140,685	3,559,386
Total capital	101,517,489	94,529,396
Total risk weighted assets	739,553,813	605,117,385

b. Investments

(In Rs.'000)

	31 March 2016	31 March 2015
(1) Value of Investments		
(i) Gross Value of Investments*		
(a) In India	133,978,038	124,393,976
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	(381,389)	(368,940)
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	133,596,649	124,025,036
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance (as on 1 April)	368,940	357,376
(ii) Add: Provisions made during the year	12,449	11,564
(iii) Less: Write-off/ (write-back) of excess provisions during the year	-	-
(iv) Closing balance (as on 31 March)	381,389	368,940

* Includes shares acquired of Rs. 63,000 thousands under RBI Strategic Debt Restructuring Scheme (SDR).

Investments – Government securities (Schedule 8.1) include:

- Government securities amounting to Rs. 22,000,000 thousand representing face value (Previous year: Rs. 17,000,000 thousand) are collateral holdings parked with Clearing Corporation of India Limited ('CCIL') for Securities and Collateralised Borrowing and Lending Obligation ('CBL0') segment.
- Government securities amounting to Rs. 10,192,000 thousand representing face value (Previous year Rs. 29,100,040 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. 13,400,000 thousand) are deposited with RBI in Intra Day Liquidity ('IDL') for availing Real Time Gross Settlement ('RTGS').
- Government securities amounting to Rs. 20,450,000 thousand representing face value (Previous year Rs. 16,250,000 thousand) are held with RBI under Section 11(2)(b) of the Banking Regulation Act, 1949.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

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 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	-	50,594,900	8,670,912	-
(i) Government securities	-	50,594,900	8,670,912	-
(ii) Corporate debt Securities	-	-	-	-
Securities purchased under reverse repo	-	70,321,000	16,556,802	11,418,700
(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 done with RBI.

(In Rs. '000)

31 March 2015	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31 March 2015
Securities sold under repos	-	78,967,500	28,633,048	-
(i) Government securities	-	78,967,500	28,633,048	-
(ii) Corporate debt Securities	-	-	-	-
Securities purchased under reverse repo	-	15,195,300	4,661,486	12,167,400
(i) Government securities	-	8,855,300	527,459	5,827,400
(ii) Corporate debt Securities	-	6,340,000	4,134,027	6,340,000

The above figures exclude Repo & Reverse Repo transactions under LAF done with RBI.

d. Issuer composition of non statutory liquidity ratio investments

(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	6,245,654	5,893,788*	-	-	225,994
Subsidiaries/Joint Ventures	-	-	-	-	-
Others (including SC/RC)	356,376	356,376	-	356,376	356,376
Provision held towards depreciation	(381,389)	(381,389)	-	(356,376)	(359,376)
Total	16,418,890	10,268,775	-	-	222,994

* Includes shares acquired of Rs. 63,000 thousands under RBI SDR.

Amounts reported under the above columns are not mutually exclusive.

(In Rs.'000)

Issuer 31 March 2015	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	500,367	200,000	-	-	-
Financial Institutions (FIs)	1,605,099	-	-	-	-
Banks	6,262,515	3,711,639	-	-	-
Private Corporate	2,813,228	2,806,001	-	-	206,000
Subsidiaries/Joint Ventures	-	-	-	-	-
Others (including SC/RC)	356,376	356,376	-	356,376	356,376
Provision held towards depreciation	(368,940)	(368,940)	-	(356,376)	(356,376)
Total	11,168,645	6,705,076	-	-	206,000

Amounts reported under the above columns are not mutually exclusive.

e. Movement in non-performing non-SLR investments

(In Rs.'000)

	31 March 2016	31 March 2015
Opening Balance	3,000	3,000
Addition/Reductions during the year	-	-
Closing Balance	3,000	3,000
Total Provisions held	3,000	3,000



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

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 2016	31 March 2015
1. The Notional principal of swap agreements	2,051,928,914	2,790,638,744
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	5,869,340	5,226,145
3. Collateral required by the bank upon entering into swaps	Nil	Nil
4. Concentration of credit risk arising from the Swaps %		
– Banks	94.56%	94.62%
– Others	5.44%	5.38%
Total	100.00%	100.00%
5. The fair value of the swap book	582,070	1,193,703

■ Nature and terms of interest rate swaps

(In Rs.'000)

	31 March 2016	31 March 2015
Trading – MIBOR* Pay Fixed – Receive Floating	323,347,865	392,269,514
Trading – MIBOR* Pay Floating – Receive Fixed	339,474,195	438,032,235
Trading – MIFOR ** Pay Fixed – Receive Floating	166,725,984	165,159,014
Trading – MIFOR ** Pay Floating – Receive Fixed	184,439,770	181,989,770
Trading – INBMK *** Pay Fixed – Receive Floating	30,480,000	42,790,000
Trading – INBMK *** Pay Floating – Receive Fixed	25,250,000	31,500,000
Trading – MIOIS**** Pay Fixed – Receive Floating	150,000	3,446,667
Trading – Others (Incl LIBOR) Pay Fixed – Receive Floating	495,098,315	768,534,671
Trading – Others (Incl LIBOR) Pay Floating – Receive Fixed	463,110,985	722,541,873
Trading – LIBOR Pay Floating – Receive Floating	23,851,800	44,375,000
Total	2,051,928,914	2,790,638,744

* 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 2016 and 31 March 2015.

ii Exchange Traded Interest Rate Derivatives

(In Rs.'000)

	31 March 2016	31 March 2015
(i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)*		
a) 10 year Government Security Notional Bond	104,642	1,730,661
(ii) Notional principal amount of exchange traded interest rate derivatives outstanding		
b) 10 year Government Security Notional Bond	–	52,422
(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 Management Board (MB) provides overall risk and capital management supervision for the consolidated group. The Risk Management Governance framework is designed to ensure clear accountability and coverage across the organisation for all material risk categories. The Chief Risk Officer (CRO) is a member of the Management Board and has Group-wide supradivisional responsibility for the management of all credit, market, and operational risks, as well as comprehensively, i.e. including liquidity risk, for the control of risk and the continuing development of methods for risk measurement.

The Bank operates a "three lines of defence" risk management model whereby front office functions own a strong first line of defence, risk management serves as second line of defence and the third line of defence is covered by Group Audit. In this three lines of defence model, oversight and assurance roles are therefore played by functions independent of one another.



**Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016**

4. Notes to financial statements (Continued)

g. Derivatives (Continued)

iii Disclosures on risk exposure in Derivatives (Continued)

Risk management governance ensures full oversight of day-to-day risk management including appropriate monitoring and escalation of issues that could materially impact the risk profile of the Group and including potential issues that could result in the requirement to invoke Recovery processes.

Core risk management responsibilities are embedded in the Management Board and appropriately delegated to senior risk management committees to ensure execution and oversight. The Supervisory Board regularly monitors the risk and capital profile.

The Bank has independent expert risk teams with clear accountability for the proactive management of each material risk inventory.

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

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.

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 mid market 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 2016		31 March 2015	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
1. Derivatives (Notional Principal Amounts)				
a) For hedging	44,722,125	–	42,187,500	–
b) For Trading	4,242,435,626	2,051,928,914	3,507,863,711	2,790,691,166
2. Marked to Market Positions (net)				
a) Asset (+)	6,019,077	5,869,340	12,811,305	5,226,145
b) Liability (–)	(21,239,571)	(5,287,271)	(26,591,287)	(4,032,466)
3. Credit Exposure #	139,474,681	29,508,818	122,072,657	39,651,845
4. Likely impact of one percentage upward change in interest rates (100 * PV01)				
a) On hedging	(5,132)	–	(22,061)	–
b) On Trading	(731,602)	374,840	(369,448)	409,982
5. Maximum of 100*PV01 observed during the year @				
a) On hedging	(5,132)	–	(12,202)	–
b) On Trading	(78,696)	1,469,266	(116,945)	1,853,224
6. Minimum of 100*PV01 observed during the year @				
a) On hedging	(43,888)	–	(84,918)	–
b) On Trading	(1,080,639)	(907,160)	(369,448)	(169,076)

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 and relates to an increase of 100 basis points.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

4. Notes to financial statements (Continued)

h. Asset Quality

i Non-Performing Assets (NPAs):

(In Rs.'000)

Movement in NPAs (funded)		31 March 2016	31 March 2015
(i)	Net NPAs to Net Advance (%)	0.26%	0.13%
(ii)	Movement of Gross NPAs		
a)	Opening balance	1,192,981	1,673,409
b)	Additions during the year	1,386,191	947,858
c)	Reductions during the year	(587,928)	(1,428,286)
d)	Closing Balance	1,991,244	1,192,981
(iii)	Movement of Net NPAs		
a)	Opening balance	465,815	254,434
b)	Additions during the year	1,121,789	795,592
c)	Reductions during the year	(482,881)	(584,211)
d)	Closing Balance	1,104,723	465,815
(iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	727,166	1,418,975
b)	Provisions made during the year	264,402	152,266
c)	Write off/ write back of excess provisions during the year	(105,047)	(844,075)
d)	Closing Balance	886,521	727,166

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

(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	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		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 2016

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)

SI No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	
Details ↓																						
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

ii Particulars of Accounts Restructured (financial year ended 31 March 2015)

(In Rs. '000)

SI No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
		Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	
Details ↓																						
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	12	-	12	-	-	12	-	12
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	1,994	-	1,994	-	-	1,994	-	1,994
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	1,994	-	1,994	-	-	1,994	-	1,994
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 2016**

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2015) (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
Details ↓																					
6	Write-offs (net of recovery/reversal) restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)	-	-	(5)	-	(5)	
		Amount outstanding	-	-	-	-	-	-	-	-	(36)	-	(1,525)	-	(1,561)	(36)	-	(1,525)	-	(1,561)	
		Provision thereon	-	-	-	-	-	-	-	-	(54)	-	(1,525)	-	(1,579)	(54)	-	(1,525)	-	(1,579)	
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	1	-	6	-	7	1	-	6	-	7	
		Amount outstanding	-	-	-	-	-	-	-	-	18	-	415	-	433	18	-	415	-	433	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	415	-	415	-	-	415	-	415	

Figures under Sr no. 6 (Standard - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 36 thousand
Figures under Sr no. 6 (Standard - Provision thereon) includes reversal of provision due to account upgraded as standard amounting to Rs. 54 thousand
Figures under Sr no. 6 (Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 457 thousand
Figures under Sr no. 6 (Doubtful - Provision thereon) includes reversal of provision on restructured accounts amounting to Rs. 457 thousand

iii 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, 2016 and March 31, 2015.

iv Book value of investments held in security receipts.

(In Rs.'000)

	31 March 2016	31 March 2015
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).

v Provision for standard assets

Other liabilities and provisions – Others (Schedule 5.5) includes

(In Rs.'000)

	31 March 2016	31 March 2015
Provisions on Standard Assets	3,483,526	1,897,703

vi 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, 2016 and March 31, 2015.

i. Business Ratios

Year ended	31 March 2016	31 March 2015
Interest income as a percentage of working funds\$	7.65%	8.04%
Non-interest income as a percentage of working funds\$	1.48%	2.50%
Operating profit as a percentage of working funds \$	3.78%	4.65%
Return on assets #	1.83%	2.55%
Business per employee (in Rs. 000's) *@	480,931	419,723
Profit per employee (in Rs. 000's) *	6,561	7,916

\$ 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.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

4. Notes to financial statements (Continued)

j. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(In Rs. '000)

Maturity Bucket (31 Mar 2016)	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Deposits	24,290,581	37,291,613	11,929,940	15,748,241	77,948,453	65,319,302	39,535,818	152,612,485	12,411,417	-	437,087,850
Advances	6,329,198	32,740,610	7,957,611	19,162,655	83,035,723	71,581,499	60,685,608	87,038,807	13,732,081	50,278,870	432,542,662
Investments	48,901,316	8,247,219	4,254,793	8,928,249	11,307,323	6,441,481	5,528,635	29,287,845	2,730,903	7,968,885	133,596,649
Borrowings	188,570	11,437,850	7,312,750	4,637,850	40,415,550	9,938,250	10,000,000	4,637,850	-	-	88,568,670
Foreign Currency Assets	25,831,594	29,061,884	694,948	5,787,954	23,510,324	9,881,143	1,828,487	-	-	3,082,590	99,678,924
Foreign Currency Liabilities	3,481,719	4,637,850	3,312,750	4,637,850	40,415,550	40,415,550	14,244,825	23,558,752	-	1,879,917	136,584,763

(In Rs. '000)

Maturity Bucket (31 Mar 2015)	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Deposits	33,768,526	24,109,188	17,635,067	18,579,386	76,708,274	42,407,862	5,361,375	158,904,282	8,866,188	-	386,340,147
Advances	8,725,723	12,281,370	16,383,706	32,327,772	65,221,042	49,572,492	37,024,532	91,540,172	8,210,867	40,096,387	361,384,063
Investments	53,025,789	8,106,978	3,463,226	5,075,261	9,427,372	6,526,207	732,878	30,614,111	2,287,693	4,765,521	124,025,036
Borrowings	3,507,984	17,575,000	20,792,500	-	21,062,500	-	-	-	6,250,000	-	69,187,984
Foreign Currency Assets	9,789,600	25,851,076	6,827,507	14,198,811	15,724,498	8,903,849	2,202,132	373,418	-	1,802,190	85,673,081
Foreign Currency Liabilities	16,622,878	4,377,970	6,066,616	-	21,733,494	-	-	42,216,139	6,254,243	1,759,611	99,030,951

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.

k. Exposures

i Exposure to Real Estate Sector

(In Rs. '000)

Category	31 March 2016	31 March 2015
a) Direct exposure		
(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 310,931 thousand (Previous year Rs 362,603 thousand) pertaining to individual housing loans eligible for priority sector advances]	19,003,700	21,203,413
(b) Other lendings secured by mortgage on residential property	45,606,903	29,912,501
(ii) Commercial Real Estate (CRE)* –	15,775,642	9,228,097
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)	14,990,031	9,549,843
(iv) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –	-	-
a. Residential		
b. Commercial Real Estate		
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	24,239,135	17,443,385
Total	119,615,411	87,337,239

* 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.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

4. Notes to financial statements (Continued)

k. Exposures (Continued)

ii Exposure to Capital Market

(In Rs.'000)

Items	31 March 2016	31 March 2015
(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*	288,994	206,001
(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	21,350	13,000
(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	387,753	589,765
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	4,003,853	639,296
(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	1,931,333	1,546,875
(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)	–	–
Total	8,133,283	2,994,937

* Includes shares acquired of Rs. 63,000 thousands (Previous year: Rs. Nil) under RBI SDR.

iii Risk Category wise Country Exposure

(In Rs.'000)

Risk Category	Exposure(net) as at 31 March 2016	Provision held as at 31 March 2016	Exposure(net) as at 31 March 2015	Provision held as at 31 March 2015
Insignificant	82,555,748	58,674	75,872,570	57,900
Low	1,724,056	–	2,207,692	–
Moderate	1,611,558	–	262,960	–
High	–	–	–	–
Very High	–	–	–	–
Restricted	–	–	–	–
Off-credit	–	–	–	–
Total	85,891,362	58,674	78,343,222	57,900

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
- Housing Development Finance Corporation Limited
- Star India Private Limited

v. Unsecured Advances

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

I. Disclosure of Penalties Imposed by RBI

A penalty of Rs. Nil (Previous year Nil) was imposed on the bank by the RBI under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016*

4. Notes to financial statements (Continued)

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 2016	31 March 2015
1. Provident Fund	186,251	192,847
2. Compensated Absences*	(55,954)	59,761
3. Long-Term Award	(10,921)	24,377

* During the year ended 31 March 2016 provision on pre-retirement leave of Rs. 98,458 thousand created up to year ended 31 March 2015 is reversed due to discontinuation of the benefit.

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 2016	31 March 2015
Defined benefit obligation	984,119	886,191
Fair value of plan assets	942,077	893,284
Deficit/(Surplus)	42,042	(7,093)
Changes in present value of defined benefits obligations		
Opening Balance	886,191	683,148
Current service cost	108,054	94,606
Interest cost	65,212	58,117
Benefits paid	(121,446)	(109,718)
Actuarial (gain)/loss recognised during the year	46,108	160,038
Closing Balance	984,119	886,191
Changes in fair value of plan assets		
Opening Balance	893,284	788,774
Expected return on plan assets	70,683	62,309
Contributions by the Bank	101,938	89,906
Benefits paid	(121,446)	(109,718)
Actuarial gain/(loss) recognised during the year	(2,381)	62,013
Closing Balance	942,077	893,284
Total expense recognised in the Profit and Loss Account in schedule 16.1		
Current service cost	108,054	94,606
Interest cost	65,212	58,117
Expected return on plan assets	(70,683)	(62,309)
Net actuarial (gain)/loss recognised during the year	48,489	98,025
Expense recognised in the Profit and Loss Account	151,073	188,439
Actual return on plan assets	68,302	124,322
Key Assumptions		
Salary Escalation	10.00%	10.00%
Discount rate	7.80%	7.90%
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.

Gratuity Investment Pattern is as follows:

	31 March 2016	31 March 2015
Government of India Securities (Central and State)	42.30%	46.24%
Corporate Bonds (Including Public Sector Bonds)	46.66%	46.77%
Cash (including Deposits)	11.04%	–
Others	–	6.99%
Total	100.00%	100.00%



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

Experience adjustments are as follows:

(In Rs.'000)

	For the financial year ended				
	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined Benefit Obligation	984,119	886,191	683,148	603,756	487,083
Funded Assets	942,077	893,284	788,774	707,351	672,542
Deficit/ (Surplus)	42,042	(7,093)	(105,626)	(103,595)	(185,459)
Experience Gain/(Loss) adjustments on plan liabilities	(37,370)	(60,165)	(34,990)	(55,324)	36,372
Experience Gain/(Loss) adjustments on plan assets	(2,381)	62,013	(8,284)	36,262	14,969
Actuarial Gain/(Loss) due to change of assumptions	(8,738)	(99,873)	29,068	(21,342)	12,554

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:

(In Rs.'000)

Business Segments	Global Markets	Commercial Banking	Retail Banking	Others	Total
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 Rs.'000)

Business Segments	Global Markets	Commercial Banking	Retail Banking	Others	Total
For the year ended 31 March 2015					
Revenue	19,075,524	25,153,637	5,354,196	8,479,931	58,063,288
Less: Inter-segment revenue	(2,568,546)	(2,632,113)	(2,511,136)	7,711,795	-
Income from operations	21,644,070	27,785,750	7,865,332	768,136	58,063,288
Results	5,430,369	12,047,136	702,073	7,314,620	25,494,198
Unallocated Expenses					(57,557)
Operating Profit before tax					25,436,641
Income Tax and Deferred Tax					(11,377,510)
Extraordinary profit/Loss (pre-tax)					-
Net Profit after tax					14,059,131
Other Information					
Segment Assets	242,448,956	288,860,781	75,427,552	2,954,409	609,691,698
Unallocated Assets					6,280,133
Total Assets					615,971,831
Segment Liabilities	127,782,749	335,250,667	41,905,887	111,032,528	615,971,831
Unallocated Liabilities					-
Total Liabilities					615,971,831
Capital expenditure	256	891	24,775	209,377	235,299
Depreciation	106,849	137,268	38,858	-	282,975

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 2016*

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 corporates 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 encompass raising of deposits from retail customers and catering to loan requirements of such customers. Principal products offered include personal and housing 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.

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 & Wealth Management Investment 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 & Wealth 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., DeAWM Service Company, DeAWM 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 (China) Co.- Ltd., Deutsche Bank Trust Company Americas, DB Services New Jersey- Inc., 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.

* 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 2016

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

iii AS 18 – Related party disclosures (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	-	-	1,860,976	-	-	1,860,976
Interest received	-	-	48,763	-	-	48,763
Rendering of services – receipt	-	-	674,935	-	-	674,935
Receiving of services – payment	-	-	518,059	-	-	518,059
Management contracts	-	-	(96,121)	-	-	(96,121)
Purchase of securities	-	-	10,689,956	-	-	10,689,956
Sale of securities	-	-	13,856,124	-	-	13,856,124
Amount borrowed on repo	-	-	25,947,815	-	-	25,947,815
Amount lent on call	-	-	-	-	-	-
Amount lent on reverse repo	-	-	-	-	-	-
Purchase/sale of foreign exchange contracts	-	-	798,191,543	-	-	798,191,543
	-	-	1,091,545,113	-	-	1,091,545,113

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	-	-	-	-	-	-
Deposits	-	-	1,847,134	-	-	1,847,134
Advances	-	-	26,738,577	-	-	26,738,577
Balances with Banks	-	-	28,824,452	-	-	28,824,452
Non-funded commitments	-	-	1,547,574	-	-	1,547,574
Other Assets	-	-	23,428,647	-	-	23,428,647
Other Liabilities	-	-	1,628	-	-	1,628
	-	-	21,621,586	-	-	21,621,586
	-	-	23,667,787	-	-	23,667,787
	-	-	840,877	-	-	840,877
	-	-	661,948	-	-	661,948
	-	-	821,977	-	-	821,977
	-	-	1,057,788	-	-	1,057,788

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 2016*

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 2016. (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	-	-	-	-	-	-
	-	-	1,902,100	-	-	1,902,100
Deposits	-	-	36,547,533	-	-	36,547,533
	-	-	30,562,839	-	-	30,562,839
Advances	-	-	1,426,480	-	-	1,426,480
	-	-	1,547,574	-	-	1,547,574
Balances with Banks	-	-	39,103,576	-	-	39,103,576
	-	-	21,479,152	-	-	21,479,152
Non-funded commitments	-	-	31,643,796	-	-	31,643,796
	-	-	46,971,568	-	-	46,971,568
Other Assets	-	-	1,071,798	-	-	1,071,798
	-	-	1,522,716	-	-	1,522,716
Other Liabilities	-	-	1,055,554	-	-	1,055,554
	-	-	1,687,439	-	-	1,687,439

Maximum amounts outstanding for the year have been 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 2016. 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 Trust Company Americas Rs. 470,458 thousand (Previous year: Rs. 174,061 thousand), Deutsche Bank (Mauritius) Limited Rs. 75,595 thousand (Previous year: Rs. 71,610 thousand), DB International (Asia) Limited Rs. 98,602 thousand (Previous year: Rs. 93,357 thousand)

Receiving of services – payment

Expenses for receiving services from Deutsche Bank Trust Company Americas Rs 78,001 thousand (Previous year: Rs. 64,327 thousand), DBOI Global Services Private Limited Rs. 350,424 thousand (Previous year: Rs. 462,558 thousand)

Management contracts

Receipt from Deutsche Equities India Private Limited Rs 78,067 thousand (Previous Year: Rs. 103,588 thousand), Deutsche Investments India Private Limited Rs. 55,323 thousand (Previous year: Rs. 53,232 thousand), Deutsche Asset Management (India) Private Limited Rs. 42,177 thousand (Previous year: Rs. 46,358 thousand), Deutsche Securities (India) Private Limited Rs. 10,900 thousand (Previous year: Rs. 15,377 thousand), Deutsche CIB Centre Private Limited Rs. 31,286 thousand (Previous year payment of Rs. 51,619 thousand), DBOI Global Services Private Limited Rs. 203,548 thousand (Previous year: Rs. 244,691 thousand)

Payment to Deutsche Investor Services Private Limited Rs. 85,439 thousand (Previous year: Rs. 76,030 thousand), DB Services New Jersey, Inc. Rs. 51,253 thousand (Previous year: Rs. 87,865 thousand), DB Group Services (EURO) Rs. 274,431 thousand (Previous year: Rs. 280,323 thousand), Deutsche Bank, Sociedad Anónima Española Rs. 15,755 thousand (Previous year: Rs. 8,102 thousand), Deutsche Bank Trust Company Americas Rs. 22,055 thousand (Previous year: Rs. 2,667 thousand), Deutsche Bank Securities Inc. Rs. 21,416 thousand (Previous year: Rs. 29,067 thousand), Deutsche Group Services Pty Limited Rs. 23,098 thousand (Previous year: Rs. 3,804 thousand)

Balance with Bank

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

Other Assets

Receivable from Deutsche CIB Centre Private Limited Rs. 91,479 thousand (Previous year: Rs. 69,452 thousand), DBOI Global Services Private Limited Rs. 84,347 thousand (Previous year: Rs. 129,888 thousand), Deutsche Investor Services Private Limited Rs. 85,357 thousand (Previous year: Rs. 61,001 thousand), Deutsche Bank Trust Company Americas Rs. 461,024 thousand (Previous year: Rs. 202,903 thousand)

Other Liabilities

DBOI Global Services Private Limited Rs. 154,715 thousand (Previous year: Rs. 225,027 thousand), DB Group Services (EURO) Rs. 142,700 thousand (Previous year: Rs. 340,926 thousand), Deutsche Equities India Private Limited Rs. 257,931 thousand (Previous year: Rs. 175,875 thousand), Deutsche Investor Services Private Limited Rs. 101,567 thousand (Previous year: Rs. 97,034 thousand)



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

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 2016	31 March 2015
Provision for:		
Current tax	12,461,711	11,080,845
Deferred tax	(2,100,712)	296,665

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 2016	31 March 2015
Provision for bad and doubtful debts	981,037	876,845
Depreciation on fixed assets	76,498	43,243
Provision for staff compensation and benefits	121,792	171,931
Provision for Mark to Market Unrealized Loss on Derivatives	1,878,689	–
Others	514,523	379,808
Deferred tax asset	3,572,539	1,471,827

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. 211,858 thousand (Previous year: Rs. 142,587 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for premises: Total lease rental of Rs. 303,836 thousand (Previous year: Rs. 346,920 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for vehicles: Total lease rental of Rs. 28,829 thousand (Previous year: Rs. 27,661 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 2016	31 March 2015
Not later than one year	303,223	304,002
Later than one year and not later than five years	259,614	561,443
Later than five years	–	–

vi Other accounting standards

i) AS 6 - Depreciation Accounting - Movement in Accumulated depreciation:

(In Rs.'000)

Depreciation to date	31 March 2016	31 March 2015
PREMISES		
Beginning of the year	1,071,988	942,726
Additions during the year	131,080	132,557
Deductions during the year	(15,269)	(3,295)
Closing balance	1,187,799	1,071,988
OTHER FIXED ASSETS		
Beginning of the year	1,613,381	1,614,848
Additions during the year	169,927	150,417
Deductions during the year	(317,640)	(151,884)
Closing balance	1,465,668	1,613,381

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 2016	31 March 2015
Cost as at 31 March of the preceding year	229,512	278,000
Addition during the year	31,245	2,313
Deduction during the year	(3,824)	(50,801)
Accumulated depreciation to date	(224,537)	(219,556)
Net Value as at 31 March of the current year	32,396	9,956

iii) AS 28 – Impairment of Assets – During the year an amount Rs. 1,866 thousand is reversed (Previous year provision: Rs. 37,855 thousand) with respect to impairment of Fixed Assets which has been included in Schedule 16.12.

iv) No disclosures are required under AS 24 on Discontinuing Operations.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016*

4. Notes to financial statements (Continued)

n. Additional disclosures

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

(In Rs.'000)

	31 March 2016	31 March 2015
Provision for loan loss (net)	159,356	(691,809)
Provision/(write back) for contingent credit exposures	1,700	1,317
Provision for standard assets	1,585,823	166,789
Provision/(write back) for country risk	774	(121,829)
Bad debts written off	146,028	814,241
Provision/(write back) for depreciation on investments	12,449	11,564
Other Provisions (net)	331,281	(10,129)
Provision for taxation:		
(a) Current tax	12,461,711	11,080,845
(b) Deferred tax	(2,100,712)	296,665
Total	12,598,410	11,547,654

Other Provisions (net) include provisions of Rs. 331,281 thousand (Previous year Rs. Nil) made on prudential basis on specific advances or exposures which are not NPAs. During the previous year, in accordance with RBI circular dated March 11, 2015, the Bank has reversed the excess provision of Rs. 160,129 thousand on account of sale of Non-performing assets to SC/RC to its Profit and Loss Account.

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 2016	31 March 2015
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. 5,298 thousand during the year ended 31 March, 2016 (Previous year: Rs. 4,921 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 2016	31 March 2015
A Customer complaints		
(a) No. of complaints pending at the beginning of the year	225	240
(b) No. of complaints received during the year	5,431	7,212
(c) No. of complaints redressed during the year	5,481	7,227
(d) No. of complaints pending at the end of the year	175	225
B Awards passed by the Banking Ombudsman		
(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, 2016 and March 31, 2015.

- vi Provisioning Coverage Ratio as at 31 March 2016 is 44.52% (Previous year: 60.95%)

- vii Bancassurance business

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

(In Rs. '000)

	31 March 2016	31 March 2015
For selling life insurance products	47,505	53,115
For selling non life insurance products	10,355	7,659
For selling Mutual fund products	363,032	608,513
For selling PMS products	72,896	36,315
Others	816	3,606
Total	494,604	709,208



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

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 2016	31 March 2015
Total Deposits of twenty largest depositors	140,239,899	135,719,589
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	32.09%	35.13%

ii Concentration of Advances*

(In Rs. '000)

	31 March 2016	31 March 2015
Total Advances to twenty largest borrowers	300,011,942	296,273,662
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	24.84%	27.03%

* 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 2016	31 March 2015
Total Exposure to twenty largest borrowers/customers	303,402,462	299,505,723
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	24.77%	27.04%

** 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 2016	31 March 2015
Total Exposure to top four NPA accounts	722,825	653,719

ix Sector-wise Advances and NPAs

(In Rs. '000)

Sl. No.	Sector/Sub-Sector *	31 March 2016			31 March 2015		
		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
A	PRIORITY SECTOR						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Advances to industries sector eligible as priority sector lending, of which :	96,088,879	330,464	0.34%	67,023,936	133,080	0.20%
	Chemicals and Chemical Products	16,168,797	3,749	0.02%	13,687,456	1,140	0.01%
	Basic Metal and Metal Products	26,739,294	16,863	0.06%	18,453,582	10,027	0.05%
	All Engineering	14,509,573	172,296	1.19%	7,955,118	18,195	0.23%
	Petroleum, Coal Products and Nuclear Fuels	10,243,396	-	-	-	-	-
	Banking and finance other than NBFC and MFs	-	-	-	4,190,839	-	-
3	Services, of which :	17,274,869	81,569	0.47%	18,306,261	50,864	0.28%
	Computer Software	8,623,632	3,624	0.04%	10,765,579	-	-
	Professional and Other Services	5,788,297	73,690	1.27%	6,126,956	45,290	0.74%
	Other Services	1,998,203	4,256	0.21%	-	-	-
4	Personal loans, of which :	314,328	-	-	356,505	958	0.27%
	Housing Loans	306,389	-	-	356,505	958	0.27%
	Total PRIORITY SECTOR (A)	113,678,076	412,033	0.36%	85,686,702	184,902	0.22%
B	NON PRIORITY SECTOR						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry, of which :	179,648,337	329,270	0.18%	129,896,458	296,954	0.23%
	Chemicals and Chemical Products	-	-	-	14,754,705	240,717	1.63%
	Basic Metal and Metal Products	-	-	-	14,115,014	23,736	0.17%
	All Engineering	18,294,595	30,221	0.17%	19,191,144	-	-
	Banking and finance other than NBFC and MFs	100,022,962	-	-	54,089,443	-	-
3	Services, of which :	67,663,088	317,752	0.47%	91,478,406	331,545	0.36%
	Non-Banking Financial Companies	23,756,457	-	-	40,034,709	-	-
	Trade	10,959,019	-	-	-	-	-
	Commercial Real Estate	10,201,982	-	-	-	-	-
	Other Services	8,888,106	-	-	-	-	-
4	Personal loans, of which :	72,439,682	932,189	1.29%	55,049,663	379,580	0.69%
	Other Personal Loans	53,729,301	602,698	1.12%	34,140,267	165,060	0.48%
	Housing Loans	18,111,157	329,492	1.82%	19,663,803	214,520	1.09%
	Total NON PRIORITY SECTOR (B)	319,751,107	1,579,211	0.49%	276,424,527	1,008,079	0.36%
	Total (A) + (B)	433,429,183	1,991,244	0.46%	362,111,229	1,192,981	0.33%

* 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 2016*

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

x Movement of NPAs

(In Rs. '000)

	31 March 2016	31 March 2015
Gross NPAs as on 1 April (Opening Balance)	1,192,981	1,673,409
Additions (Fresh NPAs) during the year	1,386,191	947,858
Sub-total (A)	2,579,172	2,621,267
Less:-		
(i) Up gradations	230,441	180,739
(ii) Recoveries (excluding recoveries made from upgraded accounts)	211,459	433,306
(iii) Technical/Prudential write-offs	-	-
(iv) Write-offs other than those under (iii) above	146,028	814,241
Sub-total (B)	587,928	1,428,286
Gross NPAs as on 31 March (closing balance) (A-B)	1,991,244	1,192,981

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 2016	31 March 2015
Total Assets	38,466,298	24,566,506
Total NPAs	-	-
Total Revenue	17,521	6,767

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 2016	31 March 2015
Total amount of Intra-group exposures	9,634,307	6,658,633
Total amount of top 20 intra group exposures	9,634,307	6,658,633
% of intra-group exposure to total exposure of the bank on borrowers/customers	0.79%	0.60%
Breach of limits on intra group exposures	NA	NA

xvii Transfers to Depositor Education and Awareness Fund (DEAF)

(In Rs. '000)

	31 March 2016	31 March 2015
Opening balance of amounts transferred to DEAF	93,187	-
Add : Amounts transferred to DEAF during the year	47,972	93,542
Less : Amounts reimbursed by DEAF towards claims	(1,229)	(355)
Closing balance of amounts transferred to DEAF	139,930	93,187

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.



Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

xviii Unhedged Foreign Currency Exposure (Continued)

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. 1,527,990 thousand (Previous year Rs. 211,839 thousand) and incremental capital of Rs. 6,122,419 thousand (Previous year Rs. 562,156 thousand) on account of Unhedged Foreign Currency Exposure of its borrowers.

- xix The Bank has outstanding factoring exposure of Rs. 23,245,714 thousand (Previous year: Rs. 18,217,643 thousand). The same has been included under the head 'Bills purchased and discounted' in Schedule 9.1.

o. Liquidity Coverage Ratio

(In Rs. '000)

	Monthly average for the twelve months ended as of 31 March 2016		Monthly average for the three months ended as of 31 March 2015	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1 Total high-quality liquid assets (HQLA)		58,816,434		52,160,673
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	36,583,086	3,544,256	73,174,533	7,206,967
(i) Stable deposits	2,281,061	114,053	2,209,733	110,487
(ii) Less stable deposits	34,302,026	3,430,203	70,964,800	7,096,480
3 Unsecured wholesale funding, of which:	244,934,269	92,128,118	211,991,733	80,348,960
(i) Operational deposits (all counterparties)	122,927,242	30,702,396	92,478,667	23,099,033
(ii) Non-operational deposits (all counterparties)	122,007,027	61,425,722	103,771,900	41,508,760
(iii) Unsecured debt	–	–	15,741,167	15,741,167
4 Secured wholesale funding		–		–
5 Additional requirements, of which	386,084,387	26,275,691	111,882,900	13,396,500
(i) Outflows related to derivative exposures and other collateral requirements	1,958,392	1,958,392	2,453,567	2,453,567
(ii) Outflows related to loss of funding on debt products	–	–	–	–
(iii) Credit and liquidity facilities	384,125,995	24,317,299	109,429,333	10,942,933
6 Other contractual funding obligations	1,602,664	1,602,664	–	–
7 Other contingent funding obligations	222,472,440	10,734,136	469,838,000	23,491,900
8 TOTAL CASH OUTFLOWS		134,284,864		124,444,327
Cash Inflows				
9 Secured lending (e.g. reverse repos)	25,528,611	62,495	11,833,100	–
10 Inflows from fully performing exposures	108,234,947	75,059,964	151,028,567	88,674,367
11 Other cash inflows	3,280,381	2,225,194	2,283,767	2,283,767
12 TOTAL CASH INFLOWS	137,043,939	77,347,653	165,145,433	90,958,133
		Total Adjusted Value		Total Adjusted Value
21 TOTAL HQLA		58,816,434		52,160,673
22 TOTAL NET CASH OUTFLOWS		56,937,212		37,084,710
23 LIQUIDITY COVERAGE RATIO (%)		103.30%		140.65%



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
 for the year ended 31 March 2016*

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 70% on 1 January 2016, which will be increased to 80% on 1 January 2017, 90% on 1 January 2018 and 100% on 1 January 2019.

The Bank's monthly average of LCR as of 31 March 2016 stood at 103.30%

The Bank has maintained an average HQLA of Rs 58,816,434 thousands as at 31st March 2016 as against Rs 52,160,673 thousands for 31st March 2015, 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's average net cash outflows have gone up to Rs 134,284,864 thousands as of 31st March 2016 as against 124,444,327 thousands as of 31st March 2015. 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 local Asset and Liability Committee (ALCO) for Deutsche Bank AG India is the primary platform for providing strategic direction and follow through action relating to the management of the entity's financial resources. It focuses on building a strong risk and resource management framework, which positively contributes to optimising the balance sheet and funding structure.

ALCO manages and defines its funding strategy to maintain a stress-compliant and diversified funding profile based on LCR & 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 and is chaired by the Bank's Treasurer. ALCO meetings are attended by the CEO and other senior management personnel including business heads and relevant infrastructure function heads.

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:

- a. Enabling underprivileged children and youth to overcome poverty through education by improving their skill sets and by making vocational training and job placements available to them
- b. Developing sustainable ideas that drive social and environmental change
- c. Women Empowerment, promotion of traditional art & culture
- d. Disaster Relief

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. 383,930 thousand
- b. Amount spent during the year is Rs. 145,503 thousand (Previous year Rs. 11,087 thousand)

Despite best efforts, the Bank's CSR expenditure for the year was constrained due to a paucity of credible and large projects that could qualify within the ambit of the Bank's CSR focus areas. However, it would be worthwhile to note the CSR expenditure in FY 2015-16 is significantly higher than in the prior year, thus demonstrating the progress that the Bank has made in this aspect.

q. 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. 153 thousand (Previous year Rs. 6 thousand) and interest thereon is Rs Nil (Previous year Rs. Nil), principal amount paid after the due date to such enterprises is Rs. 4,851 thousand (Previous year Rs. 603 thousand) and the interest payable as at 31 March 2016 to such enterprises is Rs 49 thousand (Previous year Rs. 2 thousand).

r. Movement in provision for debit card reward points

(In Rs'000)

	31 March 2016	31 March 2015
Opening provision	4,685	2,419
Provision made during the year	8,022	4,685
Utilization/(write back) of provision during the year	(4,685)	(2,419)
Closing provision	8,022	4,685



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)
for the year ended 31 March 2016*

4. Notes to financial statements (Continued)

s. 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 forward 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.

t. 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.

In terms of our report attached.

For B S R & Associates LLP

Chartered Accountants

Firm's 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: 20 June 2016