



INDEPENDENT AUDITORS' REPORT

To The Chief Executive Officer Deutsche Bank AG – India Branches

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deutsche Bank AG – India Branches (the "Bank"), which comprise the Balance Sheet as at March 31, 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the provisions of section 29 of the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the "Act") and circulars and guidelines issued by the Reserve Bank of India (the "RBI"), in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Bank's Executive Committee is responsible for the other information. The other information comprises the Pillar 3 Disclosure.

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

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

Responsibilities of Management and Those Charged with Governance for Financial Statements

The Bank's management is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the RBI from time to time as applicable to Banks. 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 of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

We give in "Annexure A" a detailed description of Auditors' responsibilities for Audit of the Financial Statements.

Other Matter

The financial statements of the Bank for the year ended March 31, 2018, were audited by another auditor whose report dated June 13, 2018 expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- This Report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Bank.
- As required by Section 30 of the Banking Regulation Act, 1949 we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank; and
 - During the course of our audit we have visited 5 branches to examine the books of account and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, audit is carried out centrally at Mumbai as all the necessary records and data required for the purposes of the audit are available therein.
- Further, as required by Section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - 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;
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
 - The requirement of Section 164(2) of the Companies Act, 2013 are not applicable to the Bank considering it is a branch of Deutsche Bank AG, which is incorporated with limited liability in Germany;
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and
 - With respect to the other matters to be included in the Auditors' 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:
 - The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 and Schedule 18 – Note no. 4(n)(i) to the financial statements;
 - The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 5 and Schedule 18 Note no. 4(g)(iii), 4(h)(i) and 4(n)(i) to the financial statements; and
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Bank.

For **MSKA & Associates**
Chartered Accountants
 Firm Registration Number: 105047W
Swapnil Kale
 Partner
 Membership Number: 117812



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF Deutsche Bank AG – India Branches

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

For **MSKA & Associates**
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai
June 19, 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Deutsche Bank AG – India Branches

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Management of Deutsche Bank AG – India Branches on the Financial Statements for the year ended March 31, 2019]

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 with reference to financial statements of Deutsche Bank AG – India Branches (the "Bank") as of March 31, 2019 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 with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of the Management; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

In our opinion, the Bank has, in all material respects, an internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

Mumbai
June 19, 2019



| Balance Sheet as on 31 March 2019 | | | | Profit and Loss Account for the year ended 31 March 2019 | | | |
|---|----|----------------------|--------------------|---|----|--------------------------|--------------------------|
| In thousands of Indian Rupees | | 31 March 2019 | 31 March 2018 | In thousands of Indian Rupees | | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Schedule | | | | Schedule | | | |
| Capital and Liabilities | | | | Income | | | |
| Capital | 1 | 75,881,087 | 47,341,087 | Interest earned | 13 | 56,762,129 | 47,411,820 |
| Reserves and surplus | 2 | 83,705,521 | 71,713,921 | Other income | 14 | 12,147,854 | 9,750,996 |
| Deposits | 3 | 561,595,438 | 473,584,367 | Total | | 68,909,983 | 57,162,816 |
| Borrowings | 4 | 167,252,499 | 107,583,598 | Expenditure | | | |
| Other liabilities and provisions | 5 | 174,451,494 | 84,017,045 | Interest expended | 15 | 25,421,677 | 20,812,887 |
| Total | | 1,062,886,039 | 784,240,018 | Operating expenses | 16 | 18,620,632 | 16,726,311 |
| Assets | | | | Provisions and contingencies | 17 | 12,876,074 | 10,523,256 |
| Cash and balances with Reserve Bank of India | 6 | 29,368,589 | 31,622,783 | Total | | 56,918,383 | 48,062,454 |
| Balances with banks and money at call and short notice | 7 | 133,139,715 | 92,767,024 | Profit / (Loss) | | | |
| Investments | 8 | 257,856,672 | 190,211,528 | Net profit for the year | | 11,991,600 | 9,100,362 |
| Advances | 9 | 482,695,715 | 392,474,563 | Profit brought forward | | 7,922,281 | 17,133,946 |
| Fixed assets | 10 | 1,238,112 | 1,092,966 | Total | | 19,913,881 | 26,234,308 |
| Other assets | 11 | 158,587,236 | 76,071,154 | Appropriations | | | |
| Total | | 1,062,886,039 | 784,240,018 | Transfer to statutory reserve | | 2,997,900 | 2,275,091 |
| Contingent liabilities | 12 | 11,414,292,324 | 9,910,079,094 | Transfer to/(from) investment fluctuation reserve | | 804,519 | - |
| Bills for collection | | 644,660,349 | 516,684,259 | Transfer to/(from) investment reserve | | (47,526) | (95,648) |
| Significant accounting policies and Notes to the financial statements | 18 | | | Transfer to remittable surplus retained for CRAR requirements | | 6,920,919 | 7,235,471 |
| The accompanying notes form an integral part of this Balance Sheet | | | | Remittances to Head Office made during the year | | - | 8,897,113 |
| | | | | Balance carried over to Balance Sheet | | 9,238,069 | 7,922,281 |
| | | | | Total | | 19,913,881 | 26,234,308 |
| | | | | Significant accounting policies and Notes to the financial statements | | | |
| | | | | | 18 | | |
| | | | | The accompanying notes form an integral part of this Profit and Loss Account. | | | |

This is the Balance Sheet referred to in our report of even date.

This is the Profit and Loss Account referred to in our report of even date.

For **MSKA & Associates**

Chartered Accountants

Firm Registration No: 105047W

For **Deutsche Bank AG - India Branches**

Sd/-

Swapnil Kale

Partner

Membership No: 117812

Sd/-

Kaushik Shaparia

Chief Executive Officer – India

Sd/-

Avinash Prabhu

Chief Financial Officer – India

Place : Mumbai

Date : 19 June, 2019



Cash Flow Statement for the year ended 31 March 2019

| In thousands of Indian Rupees | 31 March 2019 | 31 March 2018 |
|---|---------------------|--------------------|
| Cash Flow from operating activities | | |
| Net profit before Taxes | 22,652,704 | 16,630,930 |
| Adjustment for: | | |
| Depreciation and amortisation for the year | 342,365 | 297,177 |
| Provision for depreciation on investments | 112,514 | 224,764 |
| Provision for loan loss (net) | 113,867 | 513,157 |
| Provision for contingent credit exposures | 47,811 | 699,883 |
| Bad-debts written off | 1,688,550 | 304,464 |
| Provision for country risk | (5,035) | 56,270 |
| Provision for standard assets | 1,214,149 | 175,902 |
| Other Provisions | (956,886) | 1,018,248 |
| (Profit)/Loss on sale of fixed assets (net) | 9,463 | 168 |
| | 25,219,502 | 19,920,963 |
| Adjustment for: | | |
| Increase / (Decrease) in deposits | 88,011,071 | 84,865,285 |
| Increase / (Decrease) in other liabilities and provisions | 90,134,410 | (77,052,116) |
| (Increase) / Decrease in investments | (67,757,658) | (49,692,683) |
| (Increase) / Decrease in advances | (92,023,569) | (42,375,549) |
| (Increase) / Decrease in other assets | (83,044,185) | 66,346,686 |
| | (39,460,429) | 2,012,586 |
| Income tax paid | (10,133,001) | (8,583,154) |
| Net cash flow from / (used in) operating activities (A) | (49,593,430) | (6,570,568) |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (549,003) | (231,664) |
| Capital Work-in-progress | 51,078 | (52,427) |
| Proceeds from sale of fixed assets | 951 | 1,859 |
| Net cash flow from/(used in) investing activities (B) | (496,974) | (282,232) |
| Cash flows from financing activities | | |
| Increase in Capital | 28,540,000 | 2,370,000 |
| Remittance of profit to Head Office | - | (8,897,113) |
| Increase / (Decrease) in borrowings (net) | 59,668,901 | 11,218,229 |
| Net cash flow from/(used in) financing activities (C) | 88,208,901 | 4,691,116 |
| Net Increase / (Decrease) in cash and cash equivalents (A+B+C) | 38,118,497 | (2,161,684) |
| Cash and cash equivalents at beginning of the year | 124,389,807 | 126,551,491 |
| Cash and cash equivalents at end of the year | 162,508,304 | 124,389,807 |
| Increase in cash and cash equivalents | 38,118,497 | (2,161,684) |
| Notes on cash flow statement | | |
| 1. Cash and balances with Reserve Bank of India | 29,368,589 | 31,622,783 |
| Balances with banks and money at call and short notice | 133,139,715 | 92,767,024 |
| Cash and cash equivalents at end of the year | 162,508,304 | 124,389,807 |

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.

This is the Cash Flow Statement referred to in our report of even date.

For **MSKA & Associates**

Chartered Accountants

Firm Registration No: 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

For **Deutsche Bank AG - India Branches**

Sd/-

Kaushik Shaparia

Chief Executive Officer – India

Sd/-

Avinash Prabhu

Chief Financial Officer – India

Place : Mumbai

Date : 19 June, 2019



Schedules forming part of the Balance Sheet as on 31 March 2019

| In thousands of Indian Rupees | 31 March 2019 | 31 March 2018 | In thousands of Indian Rupees | 31 March 2019 | 31 March 2018 |
|--|--------------------|--------------------|---|--------------------|--------------------|
| 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 | 28,150,000 | 25,500,000 | 1 Borrowings in India | | |
| Head Office Account | | | (a) Reserve Bank of India | 7,500,000 | 6,200,000 |
| Opening Balance | 47,341,087 | 44,971,087 | (b) Other Banks | – | 24,913 |
| (including start-up capital of Rs 2 million and remittances from Head office) | | | (c) Other institutions and agencies | 111,343,999 | 54,279,600 |
| Additions during the year | | | | 118,843,999 | 60,504,513 |
| Opening Balance | | | 2 Borrowings outside India | | |
| Repatriations during the year | | | Other Banks | 48,408,500 | 47,079,085 |
| Additions during the year | 28,540,000 | 2,370,000 | | 48,408,500 | 47,079,085 |
| Total | 75,881,087 | 47,341,087 | Total | 167,252,499 | 107,583,598 |
| Schedule 2 – Reserves and Surplus | | | Secured borrowings included in 1 and 2 above | 118,843,999 | 60,479,600 |
| 1 Statutory reserve | | | Schedule 5 – Other Liabilities and Provisions | | |
| Opening Balance | 26,690,675 | 24,415,584 | 1 Bills payable | 4,776,047 | 6,047,070 |
| Additions : Transfer from Profit and Loss Account | 2,997,900 | 2,275,091 | 2 Inter-office adjustments - branches in India (net) | – | – |
| | 29,688,575 | 26,690,675 | 3 Interest accrued | 2,621,514 | 2,072,990 |
| 2 Capital reserve | | | 4 Provision for taxation (net of tax paid in advance / tax deducted at source) | – | – |
| Opening Balance | 360,607 | 360,607 | 5 Others (including provisions) (Refer Schedule 18 Note-4 h vi) | 167,053,933 | 75,896,985 |
| Additions during the year (Profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve) | – | – | Total | 174,451,494 | 84,017,045 |
| | 360,607 | 360,607 | Schedule 6 – Cash and Balances with Reserve Bank of India | | |
| 3 Investment fluctuation reserve | | | 1 Cash in hand (including foreign currency notes) | 130,800 | 146,401 |
| Opening Balance | – | – | 2 Balances with Reserve Bank of India | | |
| Additions/(Deductions) : Transfer from/(to) Profit and Loss Account | 804,519 | – | (a) in current account | 29,237,789 | 31,476,382 |
| | 804,519 | – | (b) in other accounts | – | – |
| 4 Investment reserve | | | Total | 29,368,589 | 31,622,783 |
| Opening Balance | 193,225 | 288,873 | Schedule 7 – Balances with Banks and Money at Call and Short Notice | | |
| Additions/(Deductions) : Transfer from/(to) Profit and Loss Account | (47,526) | (95,648) | 1 In India | | |
| | 145,699 | 193,225 | (a) Balances with banks | | |
| 5 Balance in Profit and Loss Account | 9,238,069 | 7,922,281 | i. in current accounts | 35,661 | 34,443 |
| 6 Remittable Surplus retained for CRAR requirements | | | ii. in other deposit accounts | 2,052,500 | 1,900,000 |
| Opening Balance | 36,547,133 | 29,311,662 | (b) Money at call and short notice | | |
| Additions : Transfer from Profit and Loss Account | 6,920,919 | 7,235,471 | i. with banks | 1,000,000 | 6,163,324 |
| | 43,468,052 | 36,547,133 | ii. with other institutions | 84,670,876 | 74,234,622 |
| Total | 83,705,521 | 71,713,921 | 2 Outside India | | |
| Schedule 3 – Deposits | | | (a) in current accounts | 17,718,678 | 10,434,635 |
| 1 (a) Demand deposits | | | (b) in deposit accounts | – | – |
| i. From banks | 15,180,169 | 5,472,846 | (c) Money at call and short notice | 27,662,000 | – |
| ii. From others | 227,673,570 | 223,532,143 | Total | 133,139,715 | 92,767,024 |
| | 242,853,739 | 229,004,989 | | | |
| (b) Savings bank deposits | 20,970,403 | 19,888,472 | | | |
| (c) Term deposits | | | | | |
| i. From banks | – | – | | | |
| ii. From others | 297,771,296 | 224,690,906 | | | |
| | 297,771,296 | 224,690,906 | | | |
| Total | 561,595,438 | 473,584,367 | | | |
| 2 (i) Deposits of branches in India | 561,595,438 | 473,584,367 | | | |
| (ii) Deposits of branches outside India | – | – | | | |
| Total | 561,595,438 | 473,584,367 | | | |



Schedules forming part of the Balance Sheet as on 31 March 2019

| In thousands of Indian Rupees | 31 March 2019 | 31 March 2018 | In thousands of Indian Rupees | 31 March 2019 | 31 March 2018 |
|---|--------------------|--------------------|---|-----------------------|----------------------|
| Schedule 8 – Investments | | | 2 Other Fixed Assets (including furniture and fixtures) | | |
| Investments in India in: | | | (a) Cost as on 31st March of the preceding year | | |
| 1 Government securities | 229,965,794 | 172,763,606 | | 1,896,807 | 1,719,557 |
| 2 Other approved securities | – | – | | 477,030 | 230,068 |
| 3 Shares | 648,798 | 618,878 | | (104,167) | (52,818) |
| 4 Debentures and bonds | 27,667,884 | 17,142,334 | | | |
| 5 Others (Includes Security Receipts) | 339,514 | 339,514 | | | |
| Gross Investments in India | 258,621,990 | 190,864,332 | | (1,445,411) | (1,291,399) |
| Less: Provision for depreciation on investments | (765,318) | (652,804) | | | |
| Total | 257,856,672 | 190,211,528 | | 824,259 | 605,408 |
| Schedule 9 – Advances | | | 3 Capital Work-in-progress | | |
| 1 (a) Bills purchased and discounted | 73,019,548 | 103,395,804 | | 54,190 | 105,268 |
| (b) Cash credits, overdrafts and loans repayable on demand | 237,117,565 | 158,868,165 | | | |
| (c) Term loans | 172,558,602 | 130,210,594 | | | |
| Total | 482,695,715 | 392,474,563 | | 1,238,112 | 1,092,966 |
| 2 (a) Secured by tangible assets (includes advances against book debts) | 257,320,771 | 176,186,096 | Schedule 11 – Other Assets | | |
| (b) Covered by bank / Government guarantees | 2,670,388 | 1,236,337 | 1 Inter-office adjustments - branches in India (net) | 502 | 13 |
| (c) Unsecured | 222,704,556 | 215,052,130 | 2 Interest accrued | 5,402,257 | 5,325,127 |
| Total | 482,695,715 | 392,474,563 | 3 Tax paid in advance / tax deducted at source (net of provision for taxation) | 6,358,033 | 7,394,286 |
| 3 Advances in India | | | 4 Stationery and stamps | 604 | 347 |
| (a) Priority sector | 144,313,960 | 135,840,604 | 5 Others (including deferred tax - Refer Schedule 18 Note - 4 m iv) | 146,825,840 | 63,351,381 |
| (b) Public sector | 705,153 | 2,421,364 | Total | 158,587,236 | 76,071,154 |
| (c) Banks | 10,847,445 | 21,884,442 | Schedule 12 – Contingent Liabilities | | |
| (d) Others | 326,829,157 | 232,328,153 | 1 Claims against the Bank not acknowledged as debts (including tax related matters) | 3,301,759 | 2,629,993 |
| Total | 482,695,715 | 392,474,563 | 2 Liability on account of outstanding foreign exchange contracts | 5,591,366,751 | 5,188,856,640 |
| Schedule 10 – Fixed Assets | | | 3 Guarantees given on behalf of constituents | | |
| 1 Premises (including leasehold improvements) | | | (a) In India | 156,174,596 | 125,944,817 |
| (a) Cost as on 31st March of the preceding year | 1,260,762 | 1,262,369 | (b) Outside India | 44,234,980 | 25,299,306 |
| (b) Additions during the year | 71,973 | 1,596 | 4 Acceptances, endorsements and other obligations | 47,833,994 | 51,243,208 |
| (c) Deductions during the year | (68,753) | (3,203) | 5 Bills rediscounted | – | – |
| (d) Accumulated depreciation to date (Refer Schedule 18 Note-4 m vi) | (904,319) | (878,472) | 6 Other Items for which the Bank is contingently liable | | |
| Net Block | 359,663 | 382,290 | (a) Swaps | 4,936,954,291 | 4,106,168,555 |
| | | | (b) Options | 562,630,666 | 306,001,646 |
| | | | (c) Futures | 5,260,748 | – |
| | | | (d) Other items | 66,534,539 | 103,934,929 |
| | | | Total | 11,414,292,324 | 9,910,079,094 |



Schedules forming part of the Profit and Loss account for the year ended 31 March 2019

| In thousands of Indian Rupees | Year ended 31 March 2019 | Year ended 31 March 2018 | In thousands of Indian Rupees | Year ended 31 March 2019 | Year ended 31 March 2018 | | |
|--|---|--------------------------------|---|--------------------------------|--|-------------------|-------------------|
| Schedule 13 – Interest Earned | | | Schedule 16 – Operating Expenses | | | | |
| 1 | Interest/discounts on advances/bills | 37,233,587 | 31,292,882 | 1 | Payments to and provisions for employees (Refer Schedule 18 Note-4 m i) (net of cost recoveries) | 5,845,197 | 6,175,359 |
| 2 | Income on investments | 15,138,664 | 9,729,964 | 2 | Rent, taxes and lighting (net of cost recoveries) (Refer Schedule 18 Note-4 m v) | 921,727 | 815,196 |
| 3 | Interest on balances with Reserve Bank of India and other interbank funds | 4,342,562 | 6,267,725 | 3 | Printing and stationery | 37,376 | 37,978 |
| 4 | Others | 47,316 | 121,249 | 4 | Advertisement and publicity | 50,071 | 54,163 |
| | Total | 56,762,129 | 47,411,820 | 5 | Depreciation on Bank's property | 342,365 | 297,177 |
| Schedule 14 – Other Income | | | Schedule 17 – Provision and Contingencies | | | | |
| 1 | Commission, exchange and brokerage (net) (including custodial and depository income) | 4,672,670 | 4,443,674 | 1 | Provision for loan loss (net) | 113,867 | 513,157 |
| 2 | Profit / (Loss) on sale of investments (net) | 804,519 | 157,033 | 2 | Provision / (write back) for contingent credit exposures | 47,811 | 699,883 |
| 3 | Profit / (Loss) on sale of fixed assets (net) | (9,463) | (168) | 3 | Provision / (write back) for standard assets | 1,214,149 | 175,902 |
| 4 | Profit / (Loss) on exchange transactions (net) | 5,862,800 | 4,382,910 | 4 | Provision / (write back) for country risk | (5,035) | 56,270 |
| 5 | Miscellaneous Income / (Loss) | 817,328 | 767,547 | 5 | Bad debts written off | 1,688,550 | 304,464 |
| | Total | 12,147,854 | 9,750,996 | 6 | Provision / (write back) for depreciation on investments | 112,514 | 224,764 |
| Schedule 15 – Interest Expended | | | Schedule 18 – Notes forming part of the financial statements of the India Branches | | | | |
| 1 | Interest on deposits | 19,461,525 | 14,582,680 | 7 | Other Provisions | (956,886) | 1,018,248 |
| 2 | Interest on Reserve Bank of India and other interbank borrowings (including from other money market participants) | 5,857,797 | 6,190,767 | 8 | Provision for taxation: | | |
| 3 | Others | 102,355 | 39,440 | (a) | Current tax | 11,169,254 | 8,401,755 |
| | Total | 25,421,677 | 20,812,887 | (b) | Deferred tax (Refer Schedule 18 Note-4 m iv) | (508,150) | (871,187) |
| | | | | Total | Total | 12,876,074 | 10,523,256 |

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

For the year ended 31 March 2019

1. Background

The accompanying financial statements for the year ended 31 March 2019 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 and the Companies (Accounting Standards) Amendment Rules 2016 to the extent applicable and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India.

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


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

For the year ended 31 March 2019

3. Significant accounting policies
a. Foreign currency translation

Monetary 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 ('FEDA'). 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.

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 or amortised cost if acquired at a premium. 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. A provision is made for other than temporary diminution, if any, in the value of HTM investments.
- iii. Investments under AFS and HFT categories are revalued periodically as per RBI guidelines. 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, or the prices periodically declared by Fixed Income Money Market and Derivatives Association ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL').
- vi. The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the RBI 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/FBIL.
- vii. Investments in security receipts issued by asset reconstruction companies are valued at the latest Net Asset Values ("NAV") obtained from the asset reconstruction companies.
- viii. Investments in pass through certificates are valued by adopting base yield curve and corporate bond spread relative to weighted average maturity of the security.
- ix. Quoted equity shares are valued at their closing price on a recognised stock exchange. Unquoted equity shares are valued at the book value if the latest balance sheet is available, else, at Re. 1 per company, as per relevant RBI guidelines.
- x. Cost of investments is based on the weighted average cost method.
- xi. Broken period interest paid at the time of acquisition of the security has been charged to the Profit and Loss Account.
- xii. Brokerage, commission, etc. paid at the time of purchase / sale is charged to the Profit and Loss Account.
- xiii. Repurchase (repo) and reverse repurchase (reverse repo) transactions are accounted for as secured borrowing and lending contracts, respectively, in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility ("LAF") are also accounted for as secured borrowing and lending transactions. These transactions are reflected under Schedule 4.1 and Schedule 7.1 accordingly.
- xiv. The Bank undertakes short sale transactions in Central Government dated securities. In accordance with the RBI guidelines, such short positions are categorised as HFT and are classified under Schedule 5.5. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments.
- xv. The difference between the consideration amount of first leg and second leg of the repo/ reverse repo is recognised as interest expense/ income in the Profit and Loss Account.
- xvi. The Bank follows settlement date accounting for recording purchase and sale of investments.
- xvii. Non-performing investments are identified and provision is made thereon based on the RBI guidelines. The provision on such non-performing investments is not set off against the appreciation in respect of other performing investments.
- xviii. 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.



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

For the year ended 31 March 2019

3. Significant accounting policies (Continued)

c. Derivatives transactions (continued)

- 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.
- iv. Overdue receivables under derivative contracts are classified as non-performing when unpaid for a period of 90 days and recognised through the Profit and Loss Account in accordance with applicable RBI guidelines.
- v. Foreign exchange contracts outstanding at the Balance Sheet date are marked to market as per methodology and at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts as specified by FEDAI. Contracts of maturities over twelve months (Long Term Forex Contracts) are marked to market at rates derived from the Reuters curve for that respective currency. The resulting profits or losses are recognised in the Profit and Loss Account.
- vi. In case of currency option trades, the premium received / paid is reflected on the Balance Sheet and recognised in the Profit and Loss Account only on maturity of trade.

d. Advances and provision for advances

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

e. Fixed assets and depreciation

- i. Fixed assets are stated at historical cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.
- ii. Fixed assets individually costing less than Rs 30 thousand are expensed off in the Profit and Loss Account.
- iii. Depreciation is provided on a straight line basis over the estimated useful life of the asset. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of few asset classes where, based on management evaluation and past experience, a different estimate of useful life is considered suitable and is consistent with its global policy / RBI guidelines as prescribed. The rates for this purpose are as follows:

| Asset Type | Estimated useful life |
|---|-----------------------|
| Cost of buildings | 40 years |
| Other fixed assets | |
| ■ Furniture, fixtures and office equipment | 10 years |
| ■ Vehicles | 5 years |
| ■ Electronic Data Processing (EDP) hardware | 3 years |
| ■ Communication equipment | 5 years |

- iv. Depreciation for the entire month is charged in the month in which the asset is purchased.
- v. Depreciation for the entire month is charged in the month of sale if the asset is sold after 15th day of the month. Depreciation is not provided for the month of sale if the asset is sold on or before 15th of the month.
- vi. Leasehold improvements are depreciated over the residual period of the lease or over a period of 10 years whichever is shorter.
- vii. Software is amortised on a straight-line basis over its estimated useful life upto 10 years.
- viii. If at the Balance Sheet date there is an indication that an impairment of fixed assets exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of its depreciable historical cost.
Items of fixed asset that have been retired from active use and are held for sale are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.
- ix. Leasehold land and building thereon is amortised over the period of lease. The lease period of land, acquired by the Bank from Brihanmumbai Municipal Corporation ('BMC') on which the Bank has a building has expired in year 2004. The Bank's solicitor has advised that, based on the



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

For the year ended 31 March 2019

3. Significant accounting policies (Continued)

e. Fixed assets and depreciation (continued)

current policy on lease renewals of the Government of Maharashtra, the lease/sublease for the bank's premises is expected to be renewed for a period of 30 years on usual term and conditions. Accordingly, the Bank has amortised the leasehold land and building for 30 years.

f. Lease transactions:

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Account on a straight line basis 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 on an accrual basis. Commission income on guarantees and acceptances are recognised over the life of the contract.
- iii. Income on discounted instruments is recognized over the tenure of the instrument.
- iv. The Bank, in accordance with extant RBI guidelines, enters into transactions for sale or purchase of Priority Sector Lending Certificates (PSLC). The fee received for sale of PSLCs is recorded under Schedule 14.5 and fee paid for purchase of the PSLCs is recorded under Schedule 16.12.

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

i. Taxation

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

j. Provisions, contingent liabilities and contingent assets

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

k. Debit Card Reward Points

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


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

For the year ended 31 March 2019

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, 2020.

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

| | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| i) Common Equity Tier 1 capital ratio | 15.37% | 14.63% |
| ii) Tier 1 capital ratio | 15.37% | 14.63% |
| iii) Tier 2 capital ratio | 0.66% | 0.59% |
| iv) Total Capital ratio (CRAR) | 16.03% | 15.22% |
| 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 2019 | 31 March 2018 |
|-------------------------------------|--------------------|--------------------|
| Common Equity Tier 1 (CET1) capital | 148,893,536 | 110,622,442 |
| Tier 1 capital | 148,893,536 | 110,622,442 |
| Tier 2 capital | 6,440,446 | 4,474,339 |
| Total capital | 155,333,982 | 115,096,781 |
| Total risk weighted assets | 968,816,930 | 756,084,860 |

b. Investments

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| (1) Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 258,621,990 | 190,864,332 |
| (b) Outside India | - | - |
| (ii) Provisions for Depreciation | | |
| (a) In India | (765,318) | (652,804) |
| (b) Outside India | - | - |
| (iii) Net Value of Investments | | |
| (a) In India | 257,856,672 | 190,211,528 |
| (b) Outside India | - | - |
| (2) Movement of provisions held towards depreciation on investments. | | |
| (i) Opening balance (as on 1 April) | 652,804 | 428,040 |
| (ii) Add: Provisions made during the year | 112,514 | 224,764 |
| (iii) Less: Write-off/ (write-back) of excess provisions during the year | - | - |
| (iv) Closing balance (as on 31 March) | 765,318 | 652,804 |

Investments – Government securities (Schedule 8.1) include:

- Government securities amounting to Rs. 53,330,000 thousand representing face value (Previous year: Rs. 19,750,000 thousand) are collateral holdings parked with Clearing Corporation of India Limited ('CCIL') for Securities segment and Triparty Repo ('TREPS') segment.
- Government securities amounting to Rs. 7,185,560 thousand representing face value (Previous year Rs. 6,390,840 thousand) are reported under Liquidity Adjustment Facility ('LAF') with RBI.
- Government securities amounting to Rs. 13,350,000 thousand representing face value (Previous year: Rs. 13,350,000 thousand) are deposited with RBI in Intra Day Liquidity ('IDL') for availing Real Time Gross Settlement ('RTGS').
- Government securities amounting to Rs. 28,150,000 thousand representing face value (Previous year Rs. 25,500,000 thousand) are held with RBI under Section 11(2)(b) of the Banking Regulation Act, 1949.
- Government securities amounting to Rs. 33,294,600 thousand representing face value (Previous year Rs. Nil) are given under repurchase transactions.



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

For the year ended 31 March 2019

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 2019 | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year | As on 31 March 2019 |
|---|-------------------------------------|-------------------------------------|---|---------------------|
| Securities sold under repos | | | | |
| (i) Government securities | - | 74,590,100 | 13,534,837 | 47,794,600 |
| (ii) Corporate debt Securities | - | - | - | - |
| Securities purchased under reverse repo | | | | |
| (i) Government securities | 1,200,000 | 111,134,100 | 28,271,263 | 15,100,000 |
| (ii) Corporate debt Securities | - | - | - | - |

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

(In Rs. '000)

| 31 March 2018 | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year | As on 31 March 2018 |
|---|-------------------------------------|-------------------------------------|---|---------------------|
| Securities sold under repos | | | | |
| (i) Government securities | - | 13,394,000 | 314,659 | - |
| (ii) Corporate debt Securities | - | - | - | - |
| Securities purchased under reverse repo | | | | |
| (i) Government securities | 10,539,400 | 150,646,900 | 63,567,403 | 12,190,000 |
| (ii) Corporate debt Securities | - | - | - | - |

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

d. Issuer composition of non statutory liquidity ratio investments

(In Rs. '000)

| Issuer 31 March 2019 | Amount | Extent of private placement | Extent of 'below investment grade' securities | Extent of 'unrated' securities* | Extent of 'unlisted' securities |
|-------------------------------------|-------------------|-----------------------------|---|---------------------------------|---------------------------------|
| Public sector undertakings | - | - | - | - | - |
| Financial Institutions(FIs) | - | - | - | - | - |
| Banks | - | - | - | - | - |
| Private Corporate | 28,316,682 | 22,315,165 | - | - | 1,440,994 |
| Subsidiaries / Joint Ventures | - | - | - | - | - |
| Others (including SC/RC) | 339,514 | 339,514 | - | 339,514 | 339,514 |
| Provision held towards depreciation | (765,318) | (765,318) | - | (339,514) | (342,514) |
| Total | 27,890,878 | 21,889,361 | - | - | 1,437,994 |

Amounts reported under the above columns are not mutually exclusive.

*Excludes investment in equity shares

(In Rs.'000)

| Issuer 31 March 2018 | Amount | Extent of private placement | Extent of 'below investment grade' securities | Extent of 'unrated' securities* | Extent of 'unlisted' securities |
|-------------------------------------|-------------------|-----------------------------|---|---------------------------------|---------------------------------|
| Public sector undertakings | - | - | - | - | - |
| Financial Institutions(FIs) | 4,362,712 | - | - | - | - |
| Banks | - | - | - | - | - |
| Private Corporate | 13,398,500 | 9,803,878 | - | - | 1,440,994 |
| Subsidiaries / Joint Ventures | - | - | - | - | - |
| Others (including SC/RC) | 339,514 | 339,514 | - | 339,514 | 339,514 |
| Provision held towards depreciation | (405,514) | (405,514) | - | (339,514) | (339,514) |
| Total | 17,695,212 | 9,737,878 | - | - | 1,440,994 |

Amounts reported under the above columns are not mutually exclusive.

*Excludes investment in equity shares

e. Movement in non-performing non-SLR investments

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|------------------------------|----------------|---------------|
| Opening Balance | 66,000 | 66,000 |
| Addition during the year | 359,804 | - |
| Reductions during the year | - | - |
| Closing Balance | 425,804 | 66,000 |
| Total Provisions held | 425,804 | 66,000 |

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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)**c. Derivatives transactions (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 2019 | 31 March 2018 |
|--|----------------|----------------|
| 1. The Notional principal of swap agreements | 4,662,853,883 | 3,862,677,045 |
| 2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | 41,590,856 | 11,755,163 |
| 3. Collateral required by the bank upon entering into swaps | Nil | Nil |
| 4. Concentration of credit risk arising from the Swaps % | | |
| – Banks (Including CCIL) | 97.18% | 96.23% |
| – Others | 2.82% | 3.77% |
| Total | 100.00% | 100.00% |
| 5. The fair value of the swap book | 39,372 | 419,197 |

■ Nature and terms of interest rate swaps*(In Rs.'000)*

| | 31 March 2019 | 31 March 2018 |
|---|----------------------|----------------------|
| Trading – MIBOR ¹ | | |
| Pay Fixed - Receive Floating | 1,645,662,127 | 1,322,959,031 |
| Trading – MIBOR ¹ | | |
| Pay Floating - Receive Fixed | 1,840,683,404 | 1,489,765,710 |
| Trading - MIFOR ² | | |
| Pay Fixed - Receive Floating | 309,470,000 | 293,000,000 |
| Trading – MIFOR ² | | |
| Pay Floating - Receive Fixed | 209,590,000 | 120,691,000 |
| Trading - INBMK ³ | | |
| Pay Fixed - Receive Floating | 8,250,000 | 14,250,000 |
| Trading - INBMK ³ | | |
| Pay Floating - Receive Fixed | 9,500,000 | 13,000,000 |
| Trading - Others (Incl LIBOR ⁴) | | |
| Pay Fixed - Receive Floating | 264,259,873 | 291,468,658 |
| Trading - Others (Incl LIBOR ⁴) | | |
| Pay Floating - Receive Fixed | 270,096,102 | 287,086,368 |
| Trading- LIBOR ⁴ | | |
| Pay Floating - Receive Floating | 102,616,072 | 30,456,278 |
| Trading- EUBOR ⁵ | | |
| Pay Floating - Receive Floating | 2,726,305 | – |
| Total | 4,662,853,883 | 3,862,677,045 |

1 Mumbai Interbank Offer Rate ; 2 Mumbai Interbank Forward Offer Rate ; 3 India Benchmark ; 4 London Interbank Offered Rate ; 5 Euro Interbank Offered Rate

■ There were no rupee forward rate agreements (FRA's) outstanding as at 31 March 2019 and 31 March 2018.

ii Exchange Traded Interest Rate Derivatives*(In Rs.'000)*

| | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| (i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)* | | |
| a) 10 year Government Security Notional Bond | – | 14,504,862 |
| (ii) Notional principal amount of exchange traded interest rate derivatives outstanding | | |
| b) 10 year Government Security Notional Bond | – | – |
| (iii) Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" | – | – |
| (iv) Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" | – | – |

* Includes both purchase and sale.

iii Disclosures on risk exposure in Derivatives**Qualitative Disclosures**

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

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

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

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

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



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

g. Derivatives (Continued)

iii Disclosures on risk exposure in Derivatives (Continued)

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 VaR methodology by supplementing the VaR 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.

Exchange traded derivative contracts are marked to market using closing price of relevant contract as published by the recognized exchange. Resultant mark to market profit / loss is settled with the exchange on a daily basis.

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 2019 | | 31 March 2018 | |
|--|-----------------------|---------------------------|-----------------------|---------------------------|
| | Currency Derivatives* | Interest Rate Derivatives | Currency Derivatives* | Interest Rate Derivatives |
| 1. Derivatives (Notional Principal Amounts) | | | | |
| a) For hedging | - | - | - | - |
| b) For Trading | 6,433,358,573 | 4,662,853,883 | 5,738,349,796 | 3,862,677,045 |
| 2. Marked to Market Positions (net) | | | | |
| a) Asset (+) | 79,789,525 | 41,590,856 | 37,293,003 | 11,755,163 |
| b) Liability (-) | (93,938,105) | (41,551,484) | (35,726,670) | (11,335,966) |
| 3. Credit Exposure # | 242,119,020 | 82,285,152 | 178,181,891 | 43,460,607 |
| 4. Likely impact of one percentage change in interest rates (100 * PV01) | | | | |
| a) On hedging | - | - | - | - |
| b) On Trading | 1,631,538 | 181,268 | 2,457,590 | 756,408 |
| 5. Maximum of 100*PV01 observed during the year @ | | | | |
| a) On hedging | - | - | - | - |
| b) On Trading | 2,451,431 | 2,412,677 | 2,813,680 | 4,025,094 |
| 6. Minimum of 100*PV01 observed during the year @ | | | | |
| a) On hedging | - | - | - | - |
| b) On Trading | 1,060,749 | 4,548 | 2,413,108 | 583,211 |

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

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

*Includes foreign exchange contracts



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

h. Asset Quality

i Non-Performing Assets (NPAs):

(In Rs. '000)

| Movement in NPAs (funded) | | 31 March 2019 | 31 March 2018 |
|----------------------------------|---|----------------------|----------------------|
| (i) | Net NPAs to Net Advances (%) | 1.44% | 0.78% |
| (ii) | Movement of Gross NPAs | | |
| a) | Opening balance | 10,233,160 | 9,947,728 |
| b) | Additions during the year | 8,216,081 | 3,841,361 |
| c) | Reductions during the year | (4,204,868) | (3,555,929) |
| d) | Closing Balance | 14,244,373 | 10,233,160 |
| (iii) | Movement of Net NPAs | | |
| a) | Opening balance | 3,049,161 | 3,276,886 |
| b) | Additions during the year | 6,097,367 | 2,429,128 |
| c) | Reductions during the year | (2,200,021) | (2,656,853) |
| d) | Closing Balance | 6,946,507 | 3,049,161 |
| (iv) | Movement of Provisions for NPAs (excluding provisions on standard assets) | | |
| a) | Opening balance | 7,183,999 | 6,670,842 |
| b) | Provisions made during the year | 2,118,714 | 1,412,233 |
| c) | Write off/ write back of excess provisions during the year | (2,004,847) | (899,076) |
| d) | Closing Balance | 7,297,866 | 7,183,999 |

ii Particulars of Accounts Restructured (financial year ended 31 March 2019)

(In Rs. '000)

| SI No | Type of Restructuring → | Under CDR Mechanism | | | | | Under SME Debt Restructuring Mechanism | | | | | Others | | | | | Total | | | | | | | | | | |
|-----------|--|---------------------|--------------|-----------|---------|-------|--|--------------|-----------|------|-------|-----------|--------------|-----------|-------|---------|-----------|--------------|-----------|---------|-------|---------|---------|---------|---|---------|---------|
| | | Stand-ard | Sub-Stan-ard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-ard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-ard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-ard | Doubt-ful | Loss | Total | | | | | | |
| Details ↓ | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of borrowers | - | - | 1 | - | 1 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 1 | - | 1 | - | - | 2 | |
| | | Amount outstanding | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | - | 1,862 | - | - | - | - | 1,862 | 1,862 | - | 210,000 | - | - | 211,862 | |
| | | Provision thereon | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 210,000 | - | - | 210,000 |
| 2 | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | 2 | - | - | - | - | 2 | - | 2 | - | - | - | 2 | |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | 141,602 | - | - | - | 141,602 | - | 141,602 | - | - | - | 141,602 | |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | 23,439 | - | - | - | 23,439 | - | 23,439 | - | - | - | 23,439 | |
| 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 2019

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2019) (Continued)

(In Rs. '000)

| Sl No | Type of Restructuring → | | Under CDR Mechanism | | | | | Under SME Debt Restructuring Mechanism | | | | | Others | | | | | Total | | | | |
|-----------|--|--------------------|---------------------|---------------|-----------|------|---------|--|---------------|-----------|------|-------|-----------|---------------|-----------|------|---------|-----------|---------------|-----------|------|---------|
| | | | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total |
| Details ↓ | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Write-offs (net of recovery/reversal) of restructured accounts during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 964 | - | - | - | 964 | 964 | - | - | - | 964 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Restructured Accounts as on March 31 of the FY (closing figures) | No. of borrowers | - | - | 1 | - | 1 | - | - | - | - | - | 1 | 2 | - | - | 3 | 1 | 2 | 1 | - | 4 |
| | | Amount outstanding | - | - | 210,000 | - | 210,000 | - | - | - | - | - | 898 | 141,602 | - | - | 142,500 | 898 | 141,602 | 210,000 | - | 352,500 |
| | | Provision thereon | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | 23,439 | - | - | 23,439 | - | 23,439 | 210,000 | - | 233,439 |

Figures under Sr no. 6 (Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 964 thousand

ii Particulars of Accounts Restructured (financial year ended 31 March 2018)

(In Rs. '000)

| Sl No | Type of Restructuring → | | Under CDR Mechanism | | | | | Under SME Debt Restructuring Mechanism | | | | | Others | | | | | Total | | | | |
|-----------|--|--------------------|---------------------|---------------|-----------|------|---------|--|---------------|-----------|------|-------|-----------|---------------|-----------|------|-------|-----------|---------------|-----------|------|---------|
| | | | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total | Stand-ard | Sub-Stan-dard | Doubt-ful | Loss | Total |
| Details ↓ | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of borrowers | - | - | 1 | - | 1 | - | - | - | - | - | - | - | 1 | - | 1 | - | - | 2 | - | 2 |
| | | Amount outstanding | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | - | 4 | - | 4 | - | - | 210,004 | - | 210,004 |
| | | Provision thereon | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | - | 4 | - | 4 | - | - | 210,004 | - | 210,004 |
| 2 | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 1 | - | - | - | 1 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 1,862 | - | - | - | 1,862 | 1,862 | - | - | - | 1,862 |
| | | 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 2019

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2018) (Continued)

(In Rs.'000)

| Sl No | Type of Restructuring → | | Under CDR Mechanism | | | | Under SME Debt Restructuring Mechanism | | | | Others | | | | Total | | | | | |
|-------|-------------------------|--|---------------------|---------------|----------|------|--|-----------|---------------|----------|--------|-------|-----------|---------------|----------|-------|-------|---------|---|---------|
| | | | Stand-ard | Sub-Stand-ard | Doubtful | Loss | Total | Stand-ard | Sub-Stand-ard | Doubtful | Loss | Total | Stand-ard | Sub-Stand-ard | Doubtful | Loss | Total | | | |
| 6 | | Write-offs (net of recovery/reversal) of restructured accounts during the FY | - | - | - | - | - | - | - | - | - | - | (1) | - | (1) | - | - | (1) | - | (1) |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | (4) | - | (4) | - | - | (4) | - | (4) |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | (4) | - | (4) | - | - | (4) | - | (4) |
| 7 | | Restructured Accounts as on March 31 of the FY (closing figures) | - | - | 1 | - | 1 | - | - | - | - | - | - | - | 1 | 1 | - | 1 | - | 2 |
| | | Amount outstanding | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | - | 1,862 | 1,862 | - | 210,000 | - | 211,862 |
| | | Provision thereon | - | - | 210,000 | - | 210,000 | - | - | - | - | - | - | - | - | - | - | 210,000 | - | 210,000 |

Figures under Sr no. 6 (Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 4 thousand

Figures under Sr no. 6 (Doubtful - Provision thereon) includes reversal of provision on restructured accounts amounting to Rs. 4 thousand

iii Divergence in Asset Classification and Provisioning for NPAs

There was no divergence observed by the RBI for the financial year 2017-18 in respect of the Bank's asset classification and provisioning under the extant prudential norms on Income Recognition, Asset Classification and Provisioning.

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

The Bank has not sold any financial assets to SC/RC for Asset Reconstruction during the year ended March 31, 2019 and March 31, 2018.

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

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|--|----------------|----------------|
| Backed by NPAs sold by the bank as underlying | - | - |
| Backed by NPAs sold by other banks/financial institution/non-banking financial companies as underlying | 339,514 | 339,514 |
| Total | 339,514 | 339,514 |

Provision held on above investments is Rs. 339,514 thousand (Previous year Rs. 339,514 thousand).

(In Rs.'000)

| 31 March 2019 | SRs issued within past 5 years | SRs issued more than 5 years ago but within past 8 years | SRs issued more than 8 years ago |
|---|--------------------------------|--|----------------------------------|
| (i) Book value of SRs backed by NPAs sold by the bank as underlying | - | - | - |
| Provision held against (i) | - | - | - |
| (ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non- banking financial companies as underlying | - | - | 339,514 |
| Provision held against (ii) | - | - | 339,514 |
| Total (i) + (ii) | - | - | 339,514 |

(In Rs.'000)

| 31 March 2018 | SRs issued within past 5 years | SRs issued more than 5 years ago but within past 8 years | SRs issued more than 8 years ago |
|---|--------------------------------|--|----------------------------------|
| (i) Book value of SRs backed by NPAs sold by the bank as underlying | - | - | - |
| Provision held against (i) | - | - | - |
| (ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non- banking financial companies as underlying | - | - | 339,514 |
| Provision held against (ii) | - | - | 339,514 |
| Total (i) + (ii) | - | - | 339,514 |



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

vi Provision for standard assets

Other liabilities and provisions – Others (Schedule 5.5) includes

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|------------------------------|---------------|---------------|
| Provision on Standard Assets | 4,135,320 | 2,921,171 |

vii Details of non-performing financial assets purchased / sold:

The Bank has not purchased/sold any non performing financial assets from/to bank during the year ended March 31, 2019 and March 31, 2018.

viii Flexible Structuring of Existing Loans:

The Bank has not done Flexible Structuring of Existing Loans during the year ended March 31, 2019 and March 31, 2018.

ix Strategic Debt Restructuring Scheme(SDR) (accounts which are currently under the stand-still period):

(In Rs.'000)

| Year ended | No. of accounts where SDR has been invoked | Amount outstanding | | Amount outstanding with respect to accounts where conversion of debt to equity is pending | | Amount outstanding with respect to accounts where conversion of debt to equity has taken place | |
|---------------|--|------------------------|-------------------|---|-------------------|--|-------------------|
| | | Classified as standard | Classified as NPA | Classified as standard | Classified as NPA | Classified as standard | Classified as NPA |
| 31 March 2019 | – | – | – | – | – | – | – |
| 31 March 2018 | 1 | 749,531 | – | – | – | 749,531* | – |

*of which Rs. 329,884 thousand of loans where conversion to equity has taken place.

x Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period):

There are no accounts where the Bank has decided to affect the change of ownership outside SDR Scheme during the year ended March 31, 2019 and March 31, 2018.

xi Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):

There are no project loan accounts where a Bank has decided to effect change in ownership during the year ended March 31, 2019 and March 31, 2018.

xii Scheme for Sustainable Structuring of Stressed Assets (S4A):

There are no accounts where S4A had applied during the year ended March 31, 2019 and March 31, 2018.

xiii Micro, Small and Medium Enterprises (MSME) accounts restructured :

(In Rs.'000)

| Year ended | No. of accounts restructured | Amounts |
|---------------|------------------------------|---------|
| 31 March 2019 | - | - |

i. Business Ratios

| Year ended | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| Interest income as a percentage of working funds\$ | 6.02% | 5.96% |
| Non-interest income as a percentage of working funds\$ | 1.29% | 1.23% |
| Operating profit as a percentage of working funds \$ | 2.64% | 2.47% |
| Return on assets # | 1.27% | 1.14% |
| Business per employee (in Rs. 000's) *@ | 616,234 | 480,506 |
| Profit per employee (in Rs. 000's) * | 7,181 | 5,081 |

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

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

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

* Productivity ratios are based on year end employee numbers.

j. Asset Liability Management

Maturity pattern of certain items of assets and liabilities (financial year ended 31 March 2019)

(In Rs.'000)

| Maturity Bucket* | Deposits | Advances | Investments | Borrowings | Foreign Currency Assets | Foreign Currency Liabilities |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|------------------------------|
| Day – 1# | – | – | – | – | – | – |
| 2-7 Days | 73,536,800 | 48,069,900 | 141,017,721 | 48,875,399 | 50,662,889 | 4,034,119 |
| 8-14 Days | 13,550,651 | 50,707,244 | 2,430,523 | 17,873,250 | 13,896,119 | 10,373,250 |
| 15-30 Days | 35,058,446 | 52,703,869 | 3,338,565 | 5,186,625 | 13,624,924 | 5,186,625 |
| 31 Days and upto 2 months | 37,724,354 | 29,424,152 | 4,933,680 | 14,144,000 | 3,010,330 | 13,831,000 |
| Over 2 months and upto 3 months | 44,711,181 | 20,684,612 | 5,674,787 | 19,017,625 | 3,472,762 | 19,017,625 |
| Over 3 Months and upto 6 months | 51,558,597 | 26,764,212 | 10,560,172 | 34,669,500 | 3,831,061 | – |
| Over 6 Months and upto 1 year | 39,771,623 | 8,743,400 | 7,146,494 | 5,389,000 | 279,131 | – |
| Over 1 Year and upto 3 years | 232,551,997 | 104,560,679 | 48,825,450 | 22,097,100 | – | 21,835,101 |
| Over 3 Year and upto 5 years | 33,131,117 | 26,243,684 | 6,848,135 | – | – | – |
| Over 5 years | 672 | 114,793,963 | 27,081,145 | – | 2,392,259 | 3,470,093 |
| Total | 561,595,438 | 482,695,715 | 257,856,672 | 167,252,499 | 91,169,475 | 77,747,813 |

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

Day 1 being a banking holiday amounts are being shown in 2-7 Days bucket.

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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)**j. Asset Liability Management (Continued)**

Maturity pattern of certain items of assets and liabilities (financial year ended 31 March 2018)

(In Rs. '000)

| Maturity Bucket* | Deposits | Advances | Investments | Borrowings | Foreign Currency Assets | Foreign Currency Liabilities |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|------------------------------|
| Day - 1# | – | – | – | – | – | – |
| 2-7 Days | 85,854,634 | 33,719,458 | 99,456,239 | 16,758,660 | 17,819,581 | 3,528,206 |
| 8-14 Days | 6,912,230 | 23,541,071 | 5,718,059 | 12,276,250 | 15,704,787 | 9,776,250 |
| 15-30 Days | 24,591,359 | 61,058,822 | 4,009,412 | 10,331,750 | 25,710,803 | 9,776,250 |
| 31 Days and upto 2 months | 22,266,068 | 31,244,800 | 4,016,369 | 2,020,188 | 2,169,219 | 2,020,188 |
| Over 2 months and upto 3 months | 27,096,670 | 17,369,599 | 2,987,307 | 15,775,375 | 2,577,512 | 14,664,375 |
| Over 3 Months and upto 6 months | 33,856,511 | 29,241,994 | 5,304,563 | 21,111,000 | 2,009,659 | – |
| Over 6 Months and upto 1 year | 40,028,357 | 8,736,489 | 6,762,679 | 17,810,375 | – | 10,768,825 |
| Over 1 Year and upto 3 years | 206,384,441 | 89,658,406 | 40,007,637 | 3,000,000 | – | 18,674,193 |
| Over 3 Year and upto 5 years | 26,594,097 | 24,784,009 | 9,505,803 | 8,500,000 | – | – |
| Over 5 years | – | 73,119,915 | 12,443,460 | – | 2,210,045 | 2,965,473 |
| Total | 473,584,367 | 392,474,563 | 190,211,528 | 107,583,598 | 68,201,606 | 72,173,760 |

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

Day 1 being a banking holiday amounts are being shown in 2-7 Days bucket.

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.

k. Exposures

i Exposure to Real Estate Sector

(In Rs. '000)

| Category | 31 March 2019 | 31 March 2018 |
|---|--------------------|--------------------|
| 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 168,839 thousand (Previous year Rs 220,700 thousand) pertaining to individual housing loans eligible for priority sector advances] | 9,386,915 | 12,577,979 |
| (b) Other lendings secured by mortgage on residential property | 95,611,388 | 78,913,184 |
| (ii) Commercial Real Estate (CRE)* – | 48,280,660 | 18,196,096 |
| 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) | 34,272,048 | 28,442,924 |
| (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). | 14,987,491 | 23,298,796 |
| Total | 202,538,502 | 161,428,979 |

* 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 2019

4. Notes to financial statements (Continued)

k. Exposures (Continued)

ii Exposure to Capital Market

(In Rs.'000)

| Items | 31 March 2019 | 31 March 2018 |
|---|-------------------|-------------------|
| (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 | 529,805 | 499,885 |
| (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 | 352,807 | 91,964 |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances | - | - |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers | 7,000,000 | 9,482,000 |
| (vi) loans sanctioned to corporates against the security of shares / bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources | - | - |
| (vii) bridge loans to companies against expected equity flows/issues | - | - |
| (viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds | - | - |
| (ix) financing to stockbrokers for margin trading | - | - |
| (x) all exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| (xi) irrevocable Payment Commitments issued by custodian banks in favour of stock exchanges | - | - |
| | 3,292,306 | 2,003,306 |
| Total | 11,174,918 | 12,077,155 |

iii Risk Category wise Country Exposure

(In Rs.'000)

| Risk Category | 31 March 2019 | | 31 March 2018 | |
|----------------------|--------------------|----------------|-------------------|----------------|
| | Exposure(net) | Provision held | Exposure(net) | Provision held |
| Insignificant | 108,083,671 | 65,148 | 73,848,967 | 70,183 |
| Low | 2,359,831 | - | 4,120,219 | - |
| Moderately Low Risk | 373,379 | - | 291,089 | - |
| Moderate | 15,460 | - | 155,393 | - |
| Moderately High Risk | - | - | - | - |
| High | - | - | - | - |
| Very High | - | - | - | - |
| Restricted | - | - | - | - |
| Off-credit | - | - | - | - |
| Total | 110,832,341 | 65,148 | 78,415,668 | 70,183 |

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. During the year the Bank has enhanced the credit exposure by an additional up to 5% of Capital fund in respect of the below mentioned entities with the approval of the Management.

- Wipro Limited
- Flipkart 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

Penalties imposed on the bank by the RBI under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949 are as follows.

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Non-compliance with the directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms, Know Your Customer / Anti-money Laundering (KYC/AML) norms, and on disclosure of monetary penalties imposed by the regulator. | 30,100 | - |
| Non-compliance with various directions issued by RBI on time-bound implementation and strengthening of SWIFT-related operational controls | 10,000 | - |



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards

i AS 15 – Employee Benefits

Gratuity

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 2019 | 31 March 2018 |
|---|---------------|---------------|
| Defined benefit obligation | 1,124,028 | 1,148,560 |
| Fair value of plan assets | 1,049,771 | 1,091,416 |
| Deficit/(Surplus) | 74,257 | 57,144 |
| Changes in present value of defined benefits obligations | | |
| Opening Balance | 1,148,560 | 1,124,791 |
| Current service cost | 123,758 | 125,722 |
| Interest cost | 78,499 | 76,147 |
| Benefits paid | (231,355) | (104,589) |
| Actuarial (gain)/loss recognised during the year | 4,566 | (73,511) |
| Closing Balance | 1,124,028 | 1,148,560 |
| Changes in fair value of plan assets | | |
| Opening Balance | 1,091,416 | 1,033,727 |
| Expected return on plan assets | 82,084 | 82,460 |
| Contributions by the Bank | 100,611 | 98,624 |
| Benefits paid | (231,355) | (104,589) |
| Actuarial gain/(loss) recognised during the year | 7,015 | (18,806) |
| Closing Balance | 1,049,771 | 1,091,416 |
| Total expense recognised in the Profit and Loss Account in schedule 16.1 | | |
| Current service cost | 123,758 | 125,722 |
| Interest cost | 78,499 | 76,147 |
| Expected return on plan assets | (82,084) | (82,460) |
| Net actuarial (gain)/loss recognised during the year | (2,449) | (54,705) |
| Expense recognised in the Profit and Loss Account | 117,724 | 64,704 |
| Actual return on plan assets | | |
| | 89,099 | 63,654 |
| Key Assumptions | | |
| Salary Escalation | 10.00% | 10.00% |
| Discount rate | 7.60% | 7.60% |
| 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% |

Gratuity Investment Pattern is as follows:

| | 31 March 2019 | 31 March 2018 |
|--|----------------|----------------|
| Government of India Securities (Central and State) | 25.76% | 23.66% |
| Corporate Bonds (Including Public Sector Bonds) | 66.07% | 51.49% |
| Equity shares of listed companies | - | 15.87% |
| Cash & Cash equivalents (including other current assets) | 7.96% | 8.88% |
| Others (including fixed deposit & special deposits) (including assets under scheme of Insurance) | 0.21% | 0.10% |
| Total | 100.00% | 100.00% |

Experience adjustments are as follows:

(In Rs.'000)

| | For the financial year ended | | | | |
|--|------------------------------|---------------|---------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 |
| Defined Benefit Obligation | 1,124,028 | 1,148,560 | 1,124,791 | 984,119 | 886,191 |
| Funded Assets | 1,049,771 | 1,091,416 | 1,033,727 | 942,077 | 893,284 |
| Deficit/ (Surplus) | 74,257 | 57,144 | 91,064 | 42,042 | (7,093) |
| Experience Gain/(Loss) adjustments on plan liabilities | 4,566 | 15,207 | (9,914) | (37,370) | (60,165) |
| Experience Gain/(Loss) adjustments on plan assets | 7,015 | (18,806) | 40,935 | (2,381) | 62,013 |
| Actuarial Gain/(Loss) due to change of assumptions | - | 58,304 | (68,875) | (8,738) | (99,873) |



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

i AS 15 – Employee Benefits (Continued)

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Bank has charged Rs. 208,047 thousand (Previous year: Rs 211,005 thousand) to the Profit and Loss Account towards provident fund expenses.

| Key Assumptions | 31 March 2019 | 31 March 2018 |
|------------------------|----------------------|----------------------------|
| Discount rate | 7.60% | 7.60% |
| Expected return | 8.50% | 8.55% for all future years |

Long-Term Award

The Bank has charged Rs. 6,022 thousand (Previous year: Rs 10,743 thousand) to the Profit and Loss Account towards Long term award expenses.

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 2019 | | | | | |
| Revenue | 8,455,944 | 33,826,373 | 18,106,999 | 8,520,667 | 68,909,983 |
| Less: Inter-segment revenue | (8,561,928) | 1,738,511 | (1,091,668) | 7,915,085 | – |
| Income from operations | 17,017,872 | 32,087,862 | 19,198,667 | 605,582 | 68,909,983 |
| Results | 2,694,262 | 11,997,543 | 1,257,370 | 6,703,529 | 22,652,704 |
| Unallocated Expenses | | | | | – |
| Operating Profit before tax | | | | | 22,652,704 |
| Income Tax and Deferred Tax | | | | | (10,661,104) |
| Extraordinary profit/Loss (pre-tax) | | | | | – |
| Net Profit after tax | | | | | 11,991,600 |
| Other Information | | | | | |
| Segment Assets | 309,715,079 | 517,082,933 | 220,815,371 | 4,305,991 | 1,051,919,374 |
| Unallocated Assets | | | | | 10,966,665 |
| Total Assets | | | | | 1,062,886,039 |
| Segment Liabilities | 148,666,423 | 569,347,700 | 178,248,313 | 166,623,603 | 1,062,886,039 |
| Unallocated Liabilities | | | | | – |
| Total Liabilities | | | | | 1,062,886,039 |
| Capital expenditure | 144,971 | 2,196 | 157,797 | 244,039 | 549,003 |
| Depreciation | 85,299 | 160,836 | 96,230 | – | 342,365 |

(In Rs.'000)

| Business Segments | Global Markets | Commercial Banking | Retail Banking | Others | Total |
|---|-----------------------|---------------------------|-----------------------|---------------|--------------|
| For the year ended 31 March 2018 | | | | | |
| Revenue | 5,028,077 | 29,154,532 | 15,369,471 | 7,610,736 | 57,162,816 |
| Less: Inter-segment revenue | (5,970,329) | 1,602,113 | (2,233,196) | 6,601,412 | – |
| Income from operations | 10,998,406 | 27,552,419 | 17,602,667 | 1,009,324 | 57,162,816 |
| Results | 2,307,506 | 7,715,690 | 1,443,808 | 5,163,926 | 16,630,930 |
| Unallocated Expenses | | | | | – |
| Operating Profit before tax | | | | | 16,630,930 |
| Income Tax and Deferred Tax | | | | | (7,530,568) |
| Extraordinary profit/Loss (pre-tax) | | | | | – |
| Net Profit after tax | | | | | 9,100,362 |
| Other Information | | | | | |
| Segment Assets | 147,483,661 | 407,743,536 | 213,697,617 | 3,820,436 | 772,745,250 |
| Unallocated Assets | | | | | 11,494,768 |
| Total Assets | | | | | 784,240,018 |
| Segment Liabilities | 63,446,995 | 441,002,507 | 154,012,568 | 125,777,948 | 784,240,018 |
| Unallocated Liabilities | | | | | – |
| Total Liabilities | | | | | 784,240,018 |
| Capital expenditure | 4,329 | 4,497 | 24,038 | 198,800 | 231,664 |
| Depreciation | 59,128 | 145,251 | 92,798 | – | 297,177 |



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

m. Disclosure requirements as per Accounting Standards (Continued)

ii AS 17 – Segment Reporting (Continued)

The Bank has classified its business groups into following segments:

- Global Markets
- Commercial banking
- Retail banking
- Others

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

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

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

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

Liquidity Pool Management activities are centrally managed by Treasury and are included in Others and subsequently allocated to business segments.

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

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

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

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

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

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

iii AS 18 - Related party disclosures

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

Relationships during the year

i. Head office

Deutsche Bank AG and its branches

ii. Associate

Comfund Consulting Limited

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

DBOI Global Services Private Limited, Deutsche Investor Services Private Limited, Deutsche Equities India Private Limited, Deutsche Securities (India) Private Limited, Deutsche CIB Centre Private Limited, Deutsche Asset Management (India) Private Limited, Deutsche India Holdings Private Limited, Deutsche Investments India Private Limited, RREEF India Advisors Private Limited, Deutsche Trustee Services (India) Private Limited, Deutsche Bank Trust Company Americas, OOO "Deutsche Bank" Deutsche Bank Società per Azioni, Deutsche Nederland N.V., DB International (Asia) Limited, Deutsche Securities Mauritius Limited, DWS Investment S.A., DBOI Global Services (UK) Limited, Joint Stock Company Deutsche Bank DBU, DB Global Technology, Inc., OOO "Deutsche Bank TechCentre", Deutsche Bank (Malaysia) Berhad, Deutsche Bank, Sociedad Anónima Española, Deutsche Bank Securities Inc., Deutsche Knowledge Services Pte. Ltd., Manila Branch, DB USA Core Corporation, Deutsche Bank National Trust Company, DB UK Bank Limited, Deutsche Bank Polska Spółka Akcyjna, DB Global Technology SRL, Deutsche Securities Inc., Deutsche Group Services Pty Limited, DEUTSCHE BANK A.S., DWS Group Services UK Limited, DB Privat- und Firmenkundenbank AG, Deutsche Bank (Suisse) SA, DWS Asset Management (Korea) Company Limited, Deutsche International Corporate Services (Ireland) Limited, Deutsche Bank Luxembourg S.A., DB Service Centre Limited, DWS Investment Management Americas, Inc., DWS Beteiligungs GmbH, Deutsche Bank Americas Holding Corp., Deutsche Securities (Proprietary) Limited, Deutsche Bank Trust Company, National Association, Deutsche Securities Korea Co., Deutsche Trust Company Limited Japan, German American Capital Corporation, DB Energy Trading LLC, DWS Distributors, Inc., Deutsche Alternative Asset Management (UK) Limited, DB Services Americas, Inc., DWS Investments Japan Limited, DWS Investments UK Limited, DWS International GmbH, MortgageIT, Inc., DB Investment Services GmbH, Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien, DB Operaciones y Servicios Interactivos Agrupación de Interés Económico, Deutsche Bank (Cayman) Limited, Deutsche Bank Trust Corporation, Deutsche Global Markets Limited, Deutsche Bank Trust Company Delaware, DB Investment Managers, Inc., Deutsche Securities Saudi Arabia, Deutsche Asset & Wealth Management Investment GmbH, DBÖ Vermögensverwaltung GmbH, DWS Group GmbH & Co. KGaA, DB Group Services (EURO), Deutsche Bank S.A. - Banco Alemão, Deutsche Asia Pacific Holdings Pte Ltd, Deutsche Bank Europe GmbH, Filiale Belgien, Deutsche Bank Nederland N.V., Deutsche Bank (China) Co.- Ltd., Deutsche (Mauritius) Limited, Deutsche Trustees Malaysia Berhad, DWS Alternatives Global Limited, Deutsche Bank Europe GmbH, Filiale Portugal, norisbank GmbH, DWS Service Company, RREEF Management L.L.C., DWS Investments Hong Kong Limited, Deutsche Securities Asia Limited, Singapore Branch, Deutsche Bank México, S.A., Institución de Banca Múltiple, DB Alex. Brown LLC, DB Investment Partners, Inc., Deutsche Bank International Limited, Deutsche Bank (Portugal), S.A., Deutsche Bank Securities Limited, Deutsche Bank Zártkörűen Működő Részvénytársaság, Deutsche Bank S.A., DB Consorzio S. Cons. a r. l., DB Servicios México, Sociedad Anónima de Capital Variable, DB HR Solutions GmbH, DB Capital Markets (Deutschland) GmbH, Xtrackers MSCI Emerging Markets Swap UCITS ETF, Global Commercial Microfinance Consortium II B.V., Essential Capital Consortium B.V., Deutsche India Equity Fund, DB Fund Services LLC, DB (Belgium) Finance S.A./N.V., Deutsche Bank Polska Spółka Akcyjna, Gemini Technology Services Inc., Finanza & Futuro Banca Società per Azioni, Deutsche Securities Menkul Degerler A.S., Deutsche CIB Centre Private Limited, Birmingham Branch.



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

For the year ended 31 March 2019

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 (CEO) of the Bank, falls under the category of key management personnel, hence no disclosures pertaining to the CEO are provided.

CEO of the Bank:

Mr. Ravneet Singh Gill – up to 28 February 2019

Mr. Khurshed Dordi – from 1 March 2019 to 27 May 2019

Mr. Kaushik Shaparia – from 28 May 2019

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 | - | - | 3,404 | - | - | 3,404 |
| | - | - | - | - | - | - |
| Purchase of fixed assets | - | - | 3,725 | - | - | 3,725 |
| | - | - | 162 | - | - | 162 |
| Interest paid | - | - | 474,883 | - | - | 474,883 |
| | - | - | 687,141 | - | - | 687,141 |
| Interest received | - | - | 331,507 | - | - | 331,507 |
| | - | - | 72,025 | - | - | 72,025 |
| Rendering of services - receipt | - | - | 213,777 | - | - | 213,777 |
| | - | - | 194,129 | - | - | 194,129 |
| Receiving of services - payment | - | - | 1,140,223 | - | - | 1,140,223 |
| | - | - | 859,642 | - | - | 859,642 |
| Management contracts | - | - | (227,776) | - | - | (227,776) |
| | - | - | 219,728 | - | - | 219,728 |
| Purchase of securities | - | - | 85,908,566 | - | - | 85,908,566 |
| | - | - | 103,638,775 | - | - | 103,638,775 |
| Sale of securities | - | - | 107,038,620 | - | - | 107,038,620 |
| | - | - | 122,689,361 | - | - | 122,689,361 |
| Purchase/sale of foreign exchange contracts | - | - | 1,149,705,433 | - | - | 1,149,705,433 |
| | - | - | 848,156,142 | - | - | 848,156,142 |

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 | - | - | 17,066,222 | - | - | 17,066,222 |
| | - | - | 14,545,803 | - | - | 14,545,803 |
| Advances | - | - | - | - | - | - |
| | - | - | 510,121 | - | - | 510,121 |
| Balances with Banks | - | - | 2,443,659 | - | - | 2,443,659 |
| | - | - | 8,673,516 | - | - | 8,673,516 |
| Non-funded commitments | - | - | 41,216,651 | - | - | 41,216,651 |
| | - | - | 67,983,881 | - | - | 67,983,881 |
| Other Assets | - | - | 2,165,284 | - | - | 2,165,284 |
| | - | - | 743,783 | - | - | 743,783 |
| Other Liabilities | - | - | 1,114,900 | - | - | 1,114,900 |
| | - | - | 873,156 | - | - | 873,156 |

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 2019

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 2019. (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 | - | - | 32,657,311 | - | - | 32,657,311 |
| | - | - | <i>32,960,341</i> | - | - | <i>32,960,341</i> |
| Deposits | - | - | 33,540,471 | - | - | 33,540,471 |
| | - | - | <i>42,207,822</i> | - | - | <i>42,207,822</i> |
| Advances | - | - | 755,164 | - | - | 755,164 |
| | - | - | <i>1,138,964</i> | - | - | <i>1,138,964</i> |
| Balances with Banks | - | - | 21,969,544 | - | - | 21,969,544 |
| | - | - | <i>17,362,607</i> | - | - | <i>17,362,607</i> |
| Non-funded commitments | - | - | 88,688,744 | - | - | 88,688,744 |
| | - | - | <i>86,624,670</i> | - | - | <i>86,624,670</i> |
| Other Assets | - | - | 2,277,712 | - | - | 2,277,712 |
| | - | - | <i>1,012,317</i> | - | - | <i>1,012,317</i> |
| Other Liabilities | - | - | 1,997,305 | - | - | 1,997,305 |
| | - | - | <i>1,208,681</i> | - | - | <i>1,208,681</i> |

Maximum amounts outstanding for the current year have been computed based on daily 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 2019. 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 DB International (Asia) Limited Rs. 45,217 thousand (Previous year: 61,636 thousand), Deutsche Bank Trust Company Americas Rs. 139,535 thousand (Previous year: Rs. 37,323 thousand).

Receiving of services – payment

Expenses for receiving services from Deutsche Bank Trust Company Americas Rs. 106,645 thousand (Previous year: Rs 63,321 thousand), DBOI Global Services Private Limited Rs. 807,325 thousand (Previous year: Rs. 599,580 thousand), Deutsche Investor Services Private Limited Rs. 158,244 thousand (Previous year: Rs. 155,990 thousand).

Management contracts

Receipt from Deutsche Equities India Private Limited Rs 62,568 thousand (Previous Year: Rs. 135,434 thousand), DBOI Global Services Private Limited Rs. 196,506 thousand (Previous year: Rs. 203,681 thousand), Deutsche Investments India Private Limited Rs. 61,898 thousand (Previous year: Rs. 64,436 thousand), Deutsche CIB Centre Private Limited Rs. 19,540 thousand (Previous year: Rs. 99,114 thousand).

Payment to DB USA Core Corporation Rs. 231,674 thousand (Previous year: Rs. 154,658 thousand), DB Group Services (EURO) Rs. 167,291 thousand (Previous year: Rs. 2,301 thousand), DB Global Technology, Inc. Rs. 50,925 thousand (Previous year: Rs. 90,595 thousand), Deutsche Group Services Pty Limited Rs. 1,564 thousand (Previous year: Rs. 29,382 thousand), Deutsche Bank Trust Company Americas Rs. 39,183 thousand (Previous year receipt of: Rs. 12,936 thousand).

Balance with Bank

Balance with Deutsche Bank Trust Company Americas Rs. 2,443,499 thousand (Previous year: Rs. 8,673,171 thousand).

Other Assets

Receivable from Deutsche CIB Centre Private Limited Rs. 80,759 thousand (Previous year: Rs. 143,691 thousand), DBOI Global Services Private Limited Rs. 62,947 thousand (Previous year: Rs. 265,073 thousand), Deutsche Equities India Private Limited Rs. 227,001 thousand (Previous year: Rs. 130,448 thousand), Deutsche Bank Trust Company Americas Rs. 220,847 thousand (Previous year: Rs. 65,705 thousand), DB International (Asia) Limited Rs 1,522,669 thousand (Previous year: Rs. 117,525 thousand).

Other Liabilities

DBOI Global Services Private Limited Rs. 351,762 thousand (Previous year: Rs. 379,248 thousand), Deutsche Investor Services Private Limited Rs. 28,561 thousand (Previous year: Rs. 122,836 thousand), DB Group Services (EURO) Rs. 387,427 thousand (Previous year: Rs. 136,336 thousand).



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

For the year ended 31 March 2019

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)

| Provision for | 31 March 2019 | 31 March 2018 |
|---------------|---------------|---------------|
| Current tax* | 11,169,254 | 8,401,755 |
| Deferred tax | (508,150) | (871,187) |

* Includes tax provision for earlier years of Rs. 245,595 thousand (Previous year Rs. 513 thousand).

Deferred tax is accounted for on the basis of AS 22 - 'Accounting for Taxes on Income'.

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

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|--|------------------|------------------|
| Deferred tax asset / (Deferred tax liabilities) | | |
| Provision for bad and doubtful debts | 3,839,118 | 3,497,865 |
| Depreciation on fixed assets | 30,046 | (54,302) |
| Provision for staff compensation and benefits | 237,770 | 250,979 |
| Others | 501,698 | 405,940 |
| Net Deferred tax asset / (Deferred tax Liabilities) | 4,608,632 | 4,100,482 |

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. 370,928 thousand (Previous year: Rs. 433,419 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for premises: Total lease rental of Rs. 281,618 thousand (Previous year: Rs. 196,813 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for vehicles: Total lease rental of Rs. 26,332 thousand (Previous year: Rs 28,728 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 2019 | 31 March 2018 |
|---|---------------|---------------|
| Not later than one year | 470,260 | 234,208 |
| Later than one year and not later than five years | 724,950 | 662,635 |
| Later than five years | - | - |

vi Other accounting standards

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

(In Rs'000)

| | 31 March 2019 | 31 March 2018 |
|--|------------------|------------------|
| Premises | | |
| Gross Carrying at Beginning of the year | 1,260,762 | 1,262,369 |
| Accumulated Depreciation at Beginning of the year | 878,472 | 774,207 |
| Opening Carrying Amount | 382,290 | 488,162 |
| Additions during the year | 71,973 | 1,596 |
| Deductions (net) during the year | (617) | (100) |
| Depreciation for the period | (93,983) | (107,368) |
| Closing Carrying amount | 359,663 | 382,290 |
| Gross Carrying at end of the year | 1,263,982 | 1,260,762 |
| Accumulated Depreciation at end of the year | 904,319 | 878,472 |
| Other Fixed Assets | | |
| Gross Carrying at Beginning of the year | 1,896,807 | 1,719,557 |
| Accumulated Depreciation at Beginning of the year | 1,291,399 | 1,152,481 |
| Opening Carrying Amount | 605,408 | 567,076 |
| Additions during the year | 477,030 | 230,068 |
| Deductions (net) during the year | (9,797) | (1,927) |
| Depreciation for the period | (248,382) | (189,809) |
| Closing Carrying amount | 824,259 | 605,408 |
| Gross Carrying at end of the year | 2,269,670 | 1,896,807 |
| Accumulated Depreciation at end of the year | 1,445,411 | 1,291,399 |

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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)**m. Disclosure requirements as per Accounting Standards (Continued)**

vi Other accounting standards (Continued)

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 2019 | 31 March 2018 |
|--|---------------|---------------|
| Cost as at 31 March of the preceding year | 544,736 | 353,903 |
| Addition during the year | 306,035 | 191,835 |
| Deduction during the year | (5,690) | (1,002) |
| Accumulated depreciation to date | (340,296) | (227,676) |
| Net Value as at 31 March of the current year | 504,785 | 317,060 |

iii) AS 28 – Impairment of Assets – During the year provision of Rs. Nil (Previous year Rs. Nil) 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.

v) Consolidated financial statements

The Bank has 30% of ownership interest in Comfund Consulting Limited (the Company). The Company's main objects include carrying on business as consultants and / or advisors to industries, companies and other business establishments. However, the Company surrendered the license to act as a non-banking finance company to Reserve Bank of India on March 26, 2004. The Company has no operations, and the financial statement of the Company are prepared based on liquidation basis of accounting.

Investments in the Company are not held so as to lead to any economic benefits to the Bank. Accordingly no consolidation is required under Accounting Standard 21, "Consolidated Financial Statements" (AS – 21). Further the Company is under long-term restrictions that significantly impair its ability to transfer funds to the Bank. Accordingly no consolidation is required under Accounting Standard 23, "Accounting for Investments in Associates in consolidated financial statements" (AS-23).

Hence the Bank has discontinued consolidation with effect from 31 March 2019, and has accounted for the investment in the Company in accordance with Accounting Standard 13, 'Accounting for Investments'. Such non-consolidation does not have material impact on the financial results of the Bank.

n. Additional disclosures

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

(In Rs.'000)

| | 31 March 2019 | 31 March 2018 |
|--|-------------------|-------------------|
| Provision for loan loss (net) | 113,867 | 513,157 |
| Provision / (write back) for contingent credit exposures | 47,811 | 699,883 |
| Provision / (write back) for standard assets | 1,214,149 | 175,902 |
| Provision / (write back) for country risk | (5,035) | 56,270 |
| Bad debts written off | 1,688,550 | 304,464 |
| Provision / (write back) for depreciation on investments | 112,514 | 224,764 |
| Other Provisions | (956,886) | 1,018,248 |
| Provision for taxation: | | |
| (a) Current tax | 11,169,254 | 8,401,755 |
| (b) Deferred tax | (508,150) | (871,187) |
| Total | 12,876,074 | 10,523,256 |

Other Provisions (net) represent provisions made on prudential basis on specific advances or exposures which are not NPAs.

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 2019 | 31 March 2018 |
|---|---------------|---------------|
| 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 (a) Drawdown on reserves

The Bank has drawn down investment reserve of Rs. 47,526 thousand during the year ended 31 March 2019 (Previous year: Rs. 95,648 thousand) as required by RBI circular DBR No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

iii (b) Investment Fluctuation Reserve

The Bank has created Investment Fluctuation Reserve of Rs 804,519 thousand during the year ended 31 March 2019 as required by RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018.

iv Customer complaints

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| A Customer complaints | | |
| (a) No. of complaints pending at the beginning of the year | 184 | 282 |
| (b) No. of complaints received during the year | 2,348 | 6,121 |
| (c) No. of complaints redressed during the year | 2,517 | 6,219 |
| (d) No. of complaints pending at the end of the year | 15 | 184 |
| 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 | – | – |



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

v Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2019 and March 31, 2018.

vi Provisioning Coverage Ratio as at 31 March 2019 is 51.23% (Previous year 70.20%)

vii Bancassurance business

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

(In Rs. '000)

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| For selling life insurance products | 62,416 | 65,795 |
| For selling non life insurance products | 24,541 | 29,732 |
| For selling Mutual fund products | 439,994 | 548,345 |
| For selling PMS products | 89,334 | 120,933 |
| Others | - | 10 |
| Total | 616,285 | 764,815 |

viii Concentration of Deposits, Advances, Exposures and NPAs

i Concentration of Deposits

(In Rs. '000)

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Total Deposits of twenty largest depositors | 151,375,746 | 138,220,559 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the bank | 26.95% | 29.19% |

ii Concentration of Advances*

(In Rs. '000)

| | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| Total Advances to twenty largest borrowers | 540,923,534 | 384,747,482 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the bank | 37.99% | 31.67% |

*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 2019 | 31 March 2018 |
|--|---------------|---------------|
| Total Exposure to twenty largest borrowers/customers | 542,456,563 | 384,747,482 |
| Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 37.35% | 31.20% |

**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 2019 | 31 March 2018 |
|---|---------------|---------------|
| Total Exposure to top four NPA accounts | 8,207,246 | 6,777,938 |

ix Sector-wise Advances and NPAs

(In Rs. '000)

| Sector / Sub-Sector * | 31 March 2019 | | | 31 March 2018 | | |
|--|----------------------------|------------------|--|----------------------------|------------------|--|
| | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector | Outstanding Total Advances | Gross NPAs | % 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 : | 95,367,705 | 863,712 | 0.91% | 95,351,083 | 759,845 | 0.80% |
| Chemicals and Chemical Products | 16,670,381 | 17,353 | 0.10% | 10,271,871 | 10,943 | 0.11% |
| Basic Metal and Metal Products | 11,185,313 | 69,617 | 0.62% | 20,297,288 | 40,590 | 0.20% |
| All Engineering | 20,422,606 | 321,439 | 1.57% | 21,428,833 | 314,409 | 1.47% |
| Gems and Jewellery | 12,246,679 | - | - | - | - | - |
| Vehicles, Vehicle Parts and Transport Equipments | - | - | - | 9,736,589 | 2,685 | 0.03% |
| 3 Services, of which : | 49,197,146 | 558,949 | 1.14% | 40,567,680 | 394,699 | 0.97% |
| Computer Software | 19,914,744 | 17,155 | 0.09% | 11,972,571 | 23,550 | 0.20% |
| Professional and Other Services | 9,981,196 | 193,781 | 1.94% | 7,693,454 | 311,267 | 4.05% |
| Banking and finance other than NBFC and MFs | 10,348,930 | - | 0.00% | 17,134,140 | - | - |
| 4 Personal loans, of which : | 165,473 | 2,729 | 1.65% | 215,967 | 2,312 | 1.07% |
| Housing Loans | 165,473 | 2,729 | 1.65% | 215,967 | 2,312 | 1.07% |
| Total PRIORITY SECTOR (A) | 144,730,324 | 1,425,390 | 0.98% | 136,134,730 | 1,156,856 | 0.85% |

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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)**m. Disclosure requirements as per Accounting Standards (Continued)**

ix Sector-wise Advances and NPAs (Continued)

(In Rs. '000)

| Sector / Sub-Sector * | 31 March 2019 | | | 31 March 2018 | | |
|--|----------------------------|-------------------|--|----------------------------|------------|--|
| | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
| B NON PRIORITY SECTOR | | | | | | |
| 1 Agriculture and allied activities | – | – | – | – | – | – |
| 2 Industry, of which : | 84,956,930 | 7,351,400 | 8.65% | 74,719,175 | 5,615,493 | 7.52% |
| Basic Metal and Metal Products | 9,293,289 | 23,736 | 0.26% | – | – | – |
| All Engineering | 21,849,650 | – | – | 19,225,105 | – | 0.00% |
| Vehicles, Vehicle Parts and Transport Equipments | 10,495,568 | 3,491,044 | 33.26% | 9,446,498 | 3,491,044 | 36.96% |
| Infrastructure | 11,385,557 | 2,600,000 | 22.84% | 22,423,473 | – | 0.00% |
| 3 Services, of which : | 187,044,752 | 889,350 | 0.48% | 89,017,090 | 599,155 | 0.67% |
| Trade | 33,916,845 | 255,011 | 0.75% | 13,080,387 | – | 0.00% |
| Commercial real Estate | 40,576,314 | – | – | 13,116,757 | 23,034 | 0.18% |
| Non-Banking Financial Companies | 54,430,614 | – | – | 18,350,147 | – | 0.00% |
| Banking and finance other than NBFC and MFs | 36,069,773 | 248,345 | 0.69% | 32,188,527 | 258,369 | 0.80% |
| 4 Personal loans, of which : | 73,261,575 | 4,578,233 | 6.25% | 99,787,567 | 2,861,656 | 2.87% |
| Housing Loans | 9,111,706 | 268,366 | 2.95% | 12,156,222 | 304,024 | 2.50% |
| Other Personal Loans | 63,745,720 | 4,309,867 | 6.76% | 87,134,620 | 2,557,633 | 2.94% |
| Total NON PRIORITY SECTOR (B) | 345,263,257 | 12,818,983 | 3.71% | 263,523,832 | 9,076,304 | 3.44% |
| Total (A) + (B) | 489,993,581 | 14,244,373 | 2.91% | 399,658,562 | 10,233,160 | 2.56% |

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

x Movement of NPAs

(In Rs. '000)

| | 31 March 2019 | 31 March 2018 |
|--|-------------------|---------------|
| Gross NPAs as on 1 April (Opening Balance) | 10,233,160 | 9,947,728 |
| Additions (Fresh NPAs) during the year | 8,216,081 | 3,841,361 |
| Sub-total (A) | 18,449,241 | 13,789,089 |
| Less:- | | |
| (i) Up gradations | 1,152,541 | 2,275,126 |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | 1,363,777 | 976,340 |
| (iii) Technical/Prudential write-offs | – | – |
| (iv) Write-offs other than those under (iii) above | 1,688,550 | 304,463 |
| Sub-total (B) | 4,204,868 | 3,555,929 |
| Gross NPAs as on 31 March (closing balance) (A-B) | 14,244,373 | 10,233,160 |

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 2019 | 31 March 2018 |
|---------------|---------------|---------------|
| Total Assets | 45,380,678 | 10,434,635 |
| Total NPAs | – | – |
| Total Revenue | 739,743 | 403,338 |

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 Global 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.



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

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 2019 | 31 March 2018 |
|--|---------------|---------------|
| Total amount of Intra-group exposures | 18,801,424 | 22,565,947 |
| Total amount of top 20 intra group exposures | 18,801,424 | 22,565,947 |
| % of intra-group exposure to total exposure of the bank on borrowers / customers | 1.29% | 1.83% |
| Breach of limits on intra group exposures | No | Yes |

As at March 31, 2019, the bank's exposure to group entities was 12.74 % of the paid up capital and reserve against the limit of 20% stipulated by RBI. On few days during April & May 18, the Bank had inadvertently breached the limit on account of FX hedge transactions done by the Bank with one of the group entities. Subsequently, the bank had brought down the exposure to bring the intra-group exposures within the limit of 20% of paid up capital & reserve and has since instituted daily reporting & monitoring mechanism on intra-group exposures.

xvii Transfers to Depositor Education and Awareness Fund (DEAF)

(In Rs. '000)

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Opening balance of amounts transferred to DEAF | 285,407 | 221,361 |
| Add : Amounts transferred to DEAF during the year | 111,120 | 116,578 |
| Less : Amounts reimbursed by DEAF towards claims | (1,567) | (52,532) |
| Closing balance of amounts transferred to DEAF | 394,960 | 285,407 |

xviii Unhedged Foreign Currency Exposure

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

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

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

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

The Bank has maintained incremental standard asset provision of Rs. 1,572,286 thousand (Previous year Rs. 1,153,503 thousand) and incremental capital of Rs. 8,198,531 thousand (Previous year Rs. 5,831,538 thousand) on account of Unhedged Foreign Currency Exposure of its borrowers.

xix The Bank has outstanding factoring exposure of Rs. 26,427,474 thousand (Previous year: Rs. 49,323,886 thousand). The same has been included under the head 'Bills purchased and discounted' in Schedule 9.1.



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

o. Liquidity Coverage Ratio

(In Rs. '000)

| | Daily average for Quarter ended 30 June, 2018 | | Daily average for Quarter ended 30 September, 2018 | | Daily average for Quarter ended 31 December, 2018 | | Daily average for Quarter ended 31 March, 2019 | |
|---|---|--------------------------------|--|--------------------------------|---|--------------------------------|--|--------------------------------|
| | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) |
| High Quality Liquid Assets | | | | | | | | |
| 1 Total high-quality liquid assets (HQLA) | | 164,554,496 | | 196,298,567 | | 177,670,710 | | 178,457,300 |
| Cash Outflows | | | | | | | | |
| 2 Retail deposits and deposits from small business customers, of which: | 57,871,348 | 5,682,253 | 62,092,651 | 6,106,903 | 68,808,242 | 6,778,229 | 73,859,793 | 7,285,028 |
| (i) Stable deposits | 2,097,625 | 104,881 | 2,047,253 | 102,363 | 2,051,905 | 102,595 | 2,019,032 | 100,952 |
| (ii) Less stable deposits | 55,773,723 | 5,577,372 | 60,045,398 | 6,004,540 | 66,756,337 | 6,675,634 | 71,840,761 | 7,184,076 |
| 3 Unsecured wholesale funding, of which: | 286,267,323 | 112,633,814 | 319,303,180 | 132,356,954 | 324,387,782 | 127,596,717 | 322,375,038 | 132,705,527 |
| (i) Operational deposits (all counterparties) and deposits in networks of cooperative banks | 168,689,191 | 42,139,201 | 178,536,831 | 44,599,702 | 176,229,730 | 44,023,849 | 170,785,620 | 42,663,029 |
| (ii) Non-operational deposits (all counterparties) | 117,578,132 | 70,494,613 | 140,766,349 | 87,757,252 | 148,158,052 | 83,572,868 | 151,589,418 | 90,042,498 |
| (iii) Unsecured debt | - | - | - | - | - | - | - | - |
| 4 Secured wholesale funding | | | | | | | | |
| 5 Additional requirements, of which: | 404,476,849 | 26,118,143 | 385,370,088 | 26,159,257 | 343,640,541 | 23,758,355 | 325,539,762 | 22,426,374 |
| (i) Outflows related to derivative exposures and other collateral requirements | - | 2,086,609 | - | 3,055,100 | - | 3,390,386 | - | 3,179,704 |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) Credit and liquidity facilities | 404,476,849 | 24,031,534 | 385,370,088 | 23,104,157 | 343,640,541 | 20,367,969 | 325,539,762 | 19,246,670 |
| 6 Other contractual funding obligations | 709,522 | 709,522 | 786,667 | 786,667 | 882,731 | 882,731 | 927,772 | 927,772 |
| 7 Other contingent funding obligations | 176,331,123 | 5,289,934 | 183,936,805 | 5,518,104 | 204,554,496 | 6,136,635 | 196,849,935 | 5,905,499 |
| 8 Total Cash Outflows | | 150,433,666 | | 170,927,885 | | 165,152,667 | | 169,250,199 |
| Cash inflows | | | | | | | | |
| 9 Secured lending (eg reverse repos) | 38,651,503 | - | 72,624,745 | - | 28,769,290 | - | 33,265,830 | - |
| 10 Inflows from fully performing exposures | 171,392,969 | 110,961,425 | 198,017,417 | 130,661,378 | 209,263,179 | 136,775,354 | 198,024,849 | 132,176,312 |
| 11 Other cash inflows | 8,069,397 | 5,467,521 | 4,353,665 | 4,091,814 | 9,358,536 | 6,914,376 | 16,984,017 | 11,545,322 |
| 12 Total Cash Inflows | 218,113,869 | 116,428,946 | 274,995,827 | 134,753,192 | 247,391,005 | 143,689,730 | 248,274,696 | 143,721,634 |
| | | TOTAL ADJUSTED VALUE | | TOTAL ADJUSTED VALUE | | TOTAL ADJUSTED VALUE | | TOTAL ADJUSTED VALUE |
| 13 Total HQLA | | 164,554,496 | | 196,298,567 | | 177,670,710 | | 178,457,300 |
| 14 Total Net Cash Outflows* | | 37,608,417 | | 42,731,971 | | 41,288,166 | | 42,312,550 |
| 15 Liquidity Coverage Ratio (%) | | 437.55% | | 459.37% | | 430.32% | | 421.76% |

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

(In Rs. '000)

| | Monthly average for Quarter ended 30 June, 2017 | | Monthly average for Quarter ended 30 September, 2017 | | Monthly average for Quarter ended 31 December, 2017 | | Daily average for Quarter ended 31 March, 2018 | |
|---|---|--------------------------------|--|--------------------------------|---|--------------------------------|--|--------------------------------|
| | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) | TOTAL UNWEIGHTED VALUE (average) | TOTAL WEIGHTED VALUE (average) |
| High Quality Liquid Assets | | | | | | | | |
| 1 Total high-quality liquid assets (HQLA) | | 151,148,395 | | 146,161,916 | | 174,062,281 | | 189,043,137 |
| Cash Outflows | | | | | | | | |
| 2 Retail deposits and deposits from small business customers, of which: | 44,194,539 | 4,308,192 | 48,611,591 | 4,754,217 | 53,486,658 | 5,239,675 | 53,964,200 | 5,287,862 |
| (i) Stable deposits | 2,225,250 | 111,263 | 2,138,844 | 106,942 | 2,179,833 | 108,992 | 2,171,173 | 108,559 |
| (ii) Less stable deposits | 41,969,289 | 4,196,929 | 46,472,747 | 4,647,275 | 51,306,825 | 5,130,683 | 51,793,027 | 5,179,303 |
| 3 Unsecured wholesale funding, of which: | 289,697,170 | 126,269,816 | 281,259,880 | 116,855,322 | 308,394,876 | 132,063,974 | 311,191,039 | 128,250,184 |
| (i) Operational deposits (all counterparties) and deposits in networks of cooperative banks | 149,340,517 | 37,303,909 | 154,174,879 | 38,510,386 | 171,239,409 | 42,777,012 | 170,268,945 | 42,533,832 |
| (ii) Non-operational deposits (all counterparties) | 140,356,653 | 88,965,907 | 127,085,001 | 78,344,936 | 137,155,467 | 89,286,962 | 140,922,094 | 85,716,352 |
| (iii) Unsecured debt | - | - | - | - | - | - | - | - |
| 4 Secured wholesale funding | | | | | | | | |
| 5 Additional requirements, of which: | 453,114,524 | 29,861,343 | 419,203,501 | 27,151,820 | 395,042,153 | 25,927,637 | 424,282,431 | 28,359,764 |
| (i) Outflows related to derivative exposures and other collateral requirements | - | 2,973,144 | - | 2,078,358 | - | 2,128,920 | - | 2,617,923 |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) Credit and liquidity facilities | 453,114,524 | 26,888,199 | 419,203,501 | 25,073,462 | 395,042,153 | 23,798,717 | 424,282,431 | 25,741,841 |
| 6 Other contractual funding obligations | 608,131 | 608,131 | 601,429 | 601,429 | 717,688 | 717,688 | 916,045 | 916,045 |
| 7 Other contingent funding obligations | 190,452,612 | 5,713,578 | 188,148,317 | 5,644,449 | 182,549,249 | 5,476,477 | 174,682,473 | 5,238,689 |
| 8 Total Cash Outflows | | 166,761,060 | | 155,007,237 | | 169,425,451 | | 168,052,544 |
| Cash inflows | | | | | | | | |
| 9 Secured lending (eg reverse repos) | 81,585,738 | - | 77,108,755 | - | 82,776,957 | - | 104,622,494 | - |
| 10 Inflows from fully performing exposures | 114,336,458 | 77,872,814 | 123,201,048 | 86,033,213 | 151,592,340 | 110,840,164 | 146,378,561 | 107,234,321 |
| 11 Other cash inflows | 4,633,474 | 3,325,135 | 5,194,261 | 3,463,666 | 7,728,864 | 5,338,178 | 7,331,930 | 5,345,410 |
| 12 Total Cash Inflows | 200,555,670 | 81,197,949 | 205,504,064 | 89,496,879 | 242,098,161 | 116,178,342 | 258,333,005 | 112,579,731 |
| | | TOTAL ADJUSTED VALUE | | TOTAL ADJUSTED VALUE | | TOTAL ADJUSTED VALUE | | TOTAL ADJUSTED VALUE |
| 13 Total HQLA | | 151,148,395 | | 146,161,916 | | 174,062,281 | | 189,043,137 |
| 14 Total Net Cash Outflows* | | 85,563,111 | | 65,510,359 | | 53,247,109 | | 55,472,813 |
| 15 Liquidity Coverage Ratio (%) | | 176.65% | | 223.11% | | 326.90% | | 340.79% |

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



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

For the year ended 31 March 2019

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 minimum LCR requirement is 100% starting 1 January 2019.

The Bank's average LCR for the quarter ended March 2019 stood at 421.76% as against 340.79% for the quarter ended March 2018. In accordance with RBI guidelines dated 31st March 2015, the LCR ratio for the quarter ended March 2019 is computed on daily LCR observations.

The banks maintain HQLA primarily in the form of cash including excess CRR 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). As per RBI guidelines dated 28 December 2018 the banks have been permitted to reckon government securities as Level 1 HQLA under FALLCR within the mandatory SLR requirement upto 0.5% of the bank's NDTL in respect of their incremental lending to NBFC's and HFC's after October 19, 2018.

The Bank has maintained an average HQLA of Rs. 178,457,300 thousand for quarter ended March 2019 as against Rs. 189,043,137 thousand for quarter ended March 2018.

The Bank's average net cash outflows stood at Rs. 42,312,550 thousand for quarter ended March 2019 as against Rs. 55,472,813 thousand for quarter ended March 2018. 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, letter 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.

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

p. Corporate Social Responsibility ('CSR')

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

- i. **Education** - Enabling underprivileged children and youth overcome poverty through education and to reach their full potential, by boosting their aspirations, improving their skill set and by making vocational training and job placements available to them. The Bank will work across the education continuum – primary, secondary and tertiary levels leading up to employability.
- ii. **Healthcare** - Providing end-to-end access to affordable and quality healthcare to children, youth and adults from socially and economically backward background. This includes preventive & early screening of diseases, curative & operative healthcare for fatal diseases as well as capacity building for hospitals & institutions.
- iii. **Social & Environment Sustainability** - Developing sustainable ideas that drive social and environmental change for increasing the country's forest and water reserves and usage of renewable energy.
- iv. **Disaster Relief** - Enabling funds directly or through implementing partners to support natural disaster relief efforts as may be required in the country from time to time.
- v. CSR activities falling within the scope of Schedule VII of Section 135 of the Companies Act, 2013.

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. 387,926 thousand (Previous year Rs. 446,753 thousand)
- b. Amount spent during the year is Rs. 389,851 thousand (Previous year Rs. 447,788 thousand), in accordance with the Companies Act, 2013, expenditure towards corporate social responsibility is recognized in the Profit and Loss account.

The details of amount spent during the respective year towards CSR are as under

(In Rs. '000)

| | 31 March 2019 | | | 31 March 2018 | | |
|---|---------------|-------------------------|---------|---------------|-------------------------|---------|
| | Amount spent | Amount Unpaid/provision | Total | Amount spent | Amount Unpaid/provision | Total |
| 1 Construction / acquisition of any asset | - | - | - | - | - | - |
| 2 On purpose other than (i) above | 389,851 | - | 389,851 | 447,788 | - | 447,788 |

q. Disclosure on provisioning pertaining to fraud accounts

(In Rs. '000)

| | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Number of frauds reported during the year | 52 | 29 |
| Amounts involved | 1,931 | 956,340 |
| Provisions made during the year | 121 | 148 |
| Unamortised provision debited from 'other reserves' as at the end of the year | - | - |

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

(In Rs. '000)

| Type of PSLCs | 31 March 2019 | | 31 March 2018 | |
|--------------------------|-------------------|----------|---------------|----------|
| | Purchased | Sold | Purchased | Sold |
| PSLC - Agriculture | - | - | - | - |
| PSLC - SF / MF | - | - | - | - |
| PSLC - Micro Enterprises | - | - | - | - |
| PSLC - General | 15,927,500 | - | - | - |
| Total | 15,927,500 | - | - | - |



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

For the year ended 31 March 2019

4. Notes to financial statements (Continued)

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

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED), certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management and confirmation sought from suppliers by the Bank on registration with specified authority under MSMED, principal amount unpaid to such enterprises as at end of the year is Rs. 502 thousand (Previous year Rs. 1,969 thousand) and interest thereon is Rs Nil (Previous year Rs. Nil), principal amount paid after the due date to such enterprises is Rs. 140 thousand (Previous year Rs. 841 thousand) and the interest payable as at 31 March 2019 to such enterprises is Rs. 2 thousand (Previous year Rs. 6 thousand).

t. Implementation of Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), on 18 January 2016 issued a press release setting out the dates of Indian Accounting Standards (Ind AS) applicability for banks from the accounting period beginning 1 April 2018. The RBI has also advised that the Banks in India are required to implement Ind AS from 1 April 2018. Subsequently implementation of Ind AS was deferred by one year by RBI as the necessary legislative amendments to make the formats of financial statements compatible with Ind AS were under consideration of the Government. Further, RBI vide its notification dated 22 March 2019 has deferred the implementation of Ind AS till further notice.

Based on RBI directions, the Bank continues to submit proforma Ind AS financials to RBI on a quarterly basis. The Ind AS guidelines converge substantially with International Financial Reporting Standards (IFRS) and the Bank already prepares its financial statements for Head Office Reporting based on IFRS. Hence, the Bank has approached Ind AS implementation primarily as a review and analysis of existing IFRS reporting practices vis-à-vis Ind AS.

u. Movement in provision for debit card reward points

(In Rs'000)

| | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| Opening provision | 8,031 | 9,389 |
| Provision made during the year | 4,573 | 3,661 |
| Utilization of provision during the year | (5,120) | (5,019) |
| Closing provision | 7,484 | 8,031 |

v. Provisions, Contingent liabilities and contingent asset

| Sr. No | Contingent Liabilities | Brief |
|--------|---|--|
| 1) | Claims against the Bank not acknowledged as debts | The Bank is a party to various legal proceedings in the normal course of business. The Bank's pending claims and litigations comprise of claims & litigations against the Bank by clients and proceedings pending with Income tax authorities, which are disputed by the bank and possible to be held against the bank. |
| 2) | Liability on account of foreign exchange and derivative contracts | The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps, exchange traded derivatives 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. Exchange traded derivatives are standardized future dated derivative contracts traded in a recognized stock exchange. 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. |

Provident fund liability

On 28 February 2019, the Hon'ble Supreme Court of India in its judgment clarified that certain special allowances were part of the wages for the purpose of considering the contribution under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has given effect to the judgment. The interpretation of the judgment is still under further consideration, and the Bank would consider any further effect in its financial statements upon receiving additional clarity on the subject.

w. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Signatures to Schedule 1 to 18 form part of the Financial Statements and to the above notes.

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

As per our Report of even date.

For **MSKA & Associates**
Chartered Accountants
Firm Registration No: 105047W

Sd/-
Swapnil Kale
Partner
Membership No: 117812

Mumbai
Date: 19 June 2019

For **Deutsche Bank AG - India Branches**

Sd/-
Avinash Prabhu
Chief Financial Officer – India

Sd/-
Kaushik Shaparia
Chief Executive Officer – India