



INDEPENDENT AUDITOR'S 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, 2020, 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 Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the 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.

Emphasis of Matter

We draw attention to Note 4(h)(x) of Schedule 18 to the financial statements which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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

The Branch Management Board of the Bank is responsible for the other information. The other information comprises the Basel III - Pillar 3 Disclosure but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we 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 Branch Management Board for Financial Statements

The Branch Management Board of the Bank 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 Reserve Bank of India (the "RBI") from time to time as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause 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.

Other Matter

The financial statements of the Bank for the year ended March 31, 2019, were audited by another auditor whose report dated June 19, 2019 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

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required by sub section 3 of Section 30 of the Banking Regulation Act, 1949 we report that:
 - a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b. 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
 - c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally in Mumbai as all the necessary records and data required for the purpose of our audit are available therein.
3. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, 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;
 - e. The requirements of Section 164(2) of the Act is not applicable to the Bank considering it is a branch of Deutsche Bank AG, which is incorporated with limited liability in Germany;
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Companies Act, 2013 do not apply; and

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its financial statements – Refer Schedule 12 and Note 4(n)(i) and 4(v) of Schedule 18 to the financial statements;
 - ii. The Bank has made provision as at March 31, 2020, 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 Note 4(g), 4(h)(i) and Note 4(n)(i) of Schedule 18 to the financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2020.

For MSKC & Associates (Formerly known as R.K. Kumar & Co.)
Chartered Accountants
ICAI Firm Registration Number: 001595S

sd/-
Tushar Kurani
Partner
Membership Number: 118580
UDIN: 20118580AAAACD3673



ANNEXURE A TO THE INDEPENDENT AUDITOR'S 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 Auditor's Report of even date to the Chief Executive Officer of Deutsche Bank AG – India Branches on the Financial Statements for the year ended March 31, 2020]

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, 2020 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 ("the 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.

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls 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 management and directors of the Bank; 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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 MSKC & Associates (Formerly known as R.K. Kumar & Co.)
Chartered Accountants**

ICAI Firm Registration Number: 001595S

sd/-
Tushar Kurani
Partner
Membership Number: 118580
UDIN: 20118580AAACD3673

Mumbai
June 22, 2020



Balance Sheet as on 31 March 2020				Profit and Loss Account for the year ended 31 March 2020			
In thousands of Indian Rupees				In thousands of Indian Rupees			
Particulars	Schedule	31 March 2020	31 March 2019	Particulars	Schedule	Year ended 31 March 2020	Year ended 31 March 2019
Capital and Liabilities				Income			
Capital	1	75,881,087	75,881,087	Interest Earned	13	66,541,712	56,762,129
Reserves and Surplus	2	94,014,941	83,705,521	Other Income	14	7,318,779	12,147,854
Deposits	3	599,095,565	555,408,831	Total		73,860,491	68,909,983
Borrowings	4	139,736,932	167,252,499	Expenditure			
Other Liabilities and Provisions	5	303,711,894	180,638,101	Interest Expended	15	28,760,907	25,421,677
Total		1,212,440,419	1,062,886,039	Operating Expenses	16	19,959,024	18,620,632
				Provisions and Contingencies	17	14,831,140	12,876,074
				Total		63,551,071	56,918,383
Assets				Profit / (Loss)			
Cash and Balances with Reserve Bank of India	6	31,946,422	29,368,589	Net profit for the year		10,309,420	11,991,600
Balances with Banks and Money at Call and Short Notice	7	66,851,653	133,139,715	Profit brought forward		9,238,069	7,922,281
Investments	8	331,799,673	257,856,672	Total		19,547,489	19,913,881
Advances	9	510,677,596	482,695,715	Appropriations			
Fixed assets	10	1,138,329	1,238,112	Transfer to statutory reserve		2,577,355	2,997,900
Other assets	11	270,026,746	158,587,236	Transfer to/(from) investment fluctuation reserve		2,400,000	804,519
Total		1,212,440,419	1,062,886,039	Transfer to/(from) investment reserve		(145,699)	(47,526)
				Transfer to remittable surplus retained for CRAR requirements		–	6,920,919
Contingent liabilities	12	14,090,570,798	11,414,292,324	Remittances to Head Office made during the year		–	–
Bills for collection		373,538,918	644,660,349	Balance carried over to Balance Sheet		14,715,833	9,238,069
Significant accounting policies and Notes to the financial statements	18			Total		19,547,489	19,913,881
The accompanying notes form an integral part of this Balance Sheet				Significant accounting policies and notes to the financial statements			
				18			
The accompanying notes form an integral part of this Balance Sheet				The accompanying notes form an integral part of this Profit and Loss Account.			

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 **MSKC & Associates (Formerly known as R.K. Kumar & Co.)**
Chartered Accountants
Firm Registration No: 001595S

For **Deutsche Bank AG - India Branches**

Sd/-
Tushar Kurani
Partner
Membership No: 118580

Sd/-
Kaushik Shaparia
Chief Executive Officer – India

Sd/-
Avinash Prabhu
Chief Financial Officer – India

Place : Mumbai
Date : 22 June, 2020

Place : Mumbai
Date : 22 June, 2020



Cash Flow Statement for the year ended 31 March 2020

In thousands of Indian Rupees

Particular	31 March 2020	31 March 2019
Cash Flow from operating activities		
Net profit before Taxes	19,816,226	22,652,704
Adjustment for:		
Depreciation and amortisation for the year	375,487	342,365
Provision for depreciation on investments	2,696,443	112,514
Provision for loan loss (net)	1,121,733	113,867
Provision for contingent credit exposures	(42,906)	47,811
Bad-debts written off	1,049,334	1,688,550
Provision for country risk	21,772	(5,035)
Provision for standard assets	47,936	1,214,149
Other Provisions	392,522	(956,886)
(Profit)/Loss on sale of fixed assets (net)	116,870	9,463
	<u>25,595,417</u>	<u>25,219,502</u>
Adjustment for:		
Increase / (Decrease) in deposits	43,686,734	88,011,071
Increase / (Decrease) in other liabilities and provisions	122,654,469	90,134,410
(Increase) / Decrease in investments	(76,639,444)	(67,757,658)
(Increase) / Decrease in advances	(30,152,948)	(92,023,569)
(Increase) / Decrease in other assets	(110,590,785)	(83,044,185)
	<u>(25,446,557)</u>	<u>(39,460,429)</u>
Income tax paid	(10,355,531)	(10,133,001)
Net cash flow from / (used in) operating activities (A)	<u>(35,802,088)</u>	<u>(49,593,430)</u>
Cash flows from investing activities		
Purchase of fixed assets	(249,041)	(549,003)
Capital Work-in-progress	(146,900)	51,078
Proceeds from sale of fixed assets	3,367	951
Net cash flow from/(used in) investing activities (B)	<u>(392,574)</u>	<u>(496,974)</u>
Cash flows from financing activities		
Increase in Capital	–	28,540,000
Remittance of profit to Head Office	–	–
Increase / (Decrease) in borrowings (net)	(27,515,567)	59,668,901
Net cash flow from/(used in) financing activities (C)	<u>(27,515,567)</u>	<u>88,208,901</u>
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	<u>(63,710,229)</u>	<u>38,118,497</u>
Cash and cash equivalents at beginning of the year	162,508,304	124,389,807
Cash and cash equivalents at end of the year	98,798,075	162,508,304
Net Increase / (Decrease) in cash and cash equivalents	<u>(63,710,229)</u>	<u>38,118,497</u>
Notes on cash flow statement		
1. Cash and balances with Reserve Bank of India	31,946,422	29,368,589
Balances with banks and money at call and short notice	66,851,653	133,139,715
Cash and cash equivalents at end of the year	<u>98,798,075</u>	<u>162,508,304</u>

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 **MSKC & Associates (Formerly known as R.K. Kumar & Co.)**

Chartered Accountants

Firm Registration No: 001595S

Sd/-

Tushar Kurani

Partner

Membership No: 118580

Place : Mumbai

Date : 22 June, 2020

For **Deutsche Bank AG - India Branches**

Sd/-

Kaushik Shaparia

Chief Executive Officer – India

Place : Mumbai

Date : 22 June, 2020

Sd/-

Avinash Prabhu

Chief Financial Officer – India



Schedules forming part of the Balance Sheet as on 31 March 2020

In thousands of Indian Rupees

Particulars	31 March 2020	31 March 2019	Particulars	31 March 2020	31 March 2019
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	30,750,000	28,150,000	1 Borrowings in India		
Head Office Account			(a) Reserve Bank of India	1,120,000	7,500,000
Opening Balance	75,881,087	47,341,087	(b) Other Banks	7,628	-
(including start-up capital of Rs 2 million and remittances from Head office)			(c) Other institutions and agencies	124,661,805	111,343,999
Additions during the year	-	28,540,000		125,789,433	118,843,999
Total	75,881,087	75,881,087	2 Borrowings outside India		
			Other Banks	13,947,499	48,408,500
				13,947,499	48,408,500
			Total	139,736,932	167,252,499
			Secured borrowings included in 1 and 2 above	110,781,806	118,843,999
			Schedule 5 - Other Liabilities and Provisions		
			1 Bills payable	2,429,930	4,776,047
			2 Inter-office adjustments - branches in India (net)	1,263	-
			3 Interest accrued	9,227,865	8,808,121
			4 Provision for taxation (net of tax paid in advance / tax deducted at source)	-	-
			5 Others (including provisions) (Refer Schedule 18 Note-4 h vi)	292,052,836	167,053,933
			Total	303,711,894	180,638,101
			Schedule 6 - Cash and Balances with Reserve Bank of India		
			1 Cash in hand (including foreign currency notes)	174,570	130,800
			2 Balances with Reserve Bank of India		
			(a) in current account	31,771,852	29,237,789
			(b) in other accounts	-	-
			Total	31,946,422	29,368,589
			Schedule 7 - Balances with Banks and Money at Call and Short Notice		
			1 In India		
			(a) Balances with banks		
			i. in current accounts	68,980	35,661
			ii. in other deposit accounts	552,500	2,052,500
			(b) Money at call and short notice		
			i. with banks	31,820,000	71,390,000
			ii. with other institutions	8,636,435	14,280,876
			2 Outside India		
			(a) in current accounts	12,154,038	17,718,678
			(b) in deposit accounts	-	-
			(c) Money at call and short notice	13,619,700	27,662,000
			Total	66,851,653	133,139,715
Schedule 2 - Reserves and Surplus					
1 Statutory reserve					
Opening Balance	29,688,575	26,690,675			
Additions during the year:					
Additions : Transfer from Profit and Loss Account	2,577,355	2,997,900			
	32,265,930	29,688,575			
2 Capital reserve					
Opening Balance	360,607	360,607			
Additions during the year	-	-			
	360,607	360,607			
3 Investment fluctuation reserve					
Opening Balance	804,519	-			
Additions/(Deductions) : Transfer from/(to) Profit and Loss Account (Refer Schedule 18 Note-4 n iii b)	2,400,000	804,519			
	3,204,519	804,519			
4 Investment reserve					
Opening Balance	145,699	193,225			
Additions/(Deductions) : Transfer from/(to) Profit and Loss Account (Refer Schedule 18 Note-4 n iii a)	(145,699)	(47,526)			
	-	145,699			
5 Balance in Profit and Loss Account	14,715,833	9,238,069			
6 Remittable Surplus retained for CRAR requirements					
Opening Balance	43,468,052	36,547,133			
Additions : Transfer from Profit and Loss Account	-	6,920,919			
	43,468,052	43,468,052			
Total	94,014,941	83,705,521			
Schedule 3 - Deposits					
1 (a) Demand deposits					
i. From banks	14,199,869	15,180,169			
ii. From others	300,888,085	227,673,570			
	315,087,954	242,853,739			
(b) Savings bank deposits	24,728,970	20,970,403			
(c) Term deposits					
i. From banks	-	-			
ii. From others	259,278,641	291,584,689			
	259,278,641	291,584,689			
Total	599,095,565	555,408,831			
2 (i) Deposits of branches in India	599,095,565	555,408,831			
(ii) Deposits of branches outside India	-	-			
Total	599,095,565	555,408,831			



Schedules forming part of the Balance Sheet as on 31 March 2020

In thousands of Indian Rupees

Particulars	31 March 2020	31 March 2019	Particulars	31 March 2020	31 March 2019
Schedule 8 - Investments			2 Other Fixed Assets (including furniture and fixtures)		
(1) Investments in India in:			(a) Cost as on 31st March of the preceding year		
1 Government securities	261,306,910	229,965,794		2,269,670	1,896,807
2 Other approved securities	-	-	(b) Additions during the year		
3 Shares	648,835	648,798		227,941	477,030
4 Debentures and bonds	26,516,185	27,667,884	(c) Deductions during the year		
5 Others (Includes Security Receipts, Pass Through Certificates)	8,955,428	339,514		(178,947)	(104,167)
Gross Investments in India	297,427,358	258,621,990	(d) Accumulated depreciation to date (Refer Schedule 18 Note-4 m vi i)		
Less : Provision for depreciation on investments	(3,461,761)	(765,318)		(1,666,543)	(1,445,411)
Total	293,965,597	257,856,672	Net Block		
				652,121	824,259
(2) Investments outside India in:			3 Capital Work-in-progress		
1 Government securities	37,834,076	-		201,090	54,190
Less : Provision for depreciation on investments	-	-	Total		
	37,834,076	-		1,138,329	1,238,112
Total Investments	331,799,673	257,856,672	Schedule 11 - Other Assets		
Schedule 9 - Advances			1 Inter-office adjustments - branches in India (net)		
1 (a) Bills purchased and discounted	68,081,593	73,019,548		-	502
(b) Cash credits, overdrafts and loans repayable on demand	226,440,122	192,417,565	2 Interest accrued		
(c) Term loans	216,155,881	217,258,602		6,017,621	5,402,257
Total	510,677,596	482,695,715	3 Tax paid in advance / tax deducted at source (net of provision for taxation)		
				6,522,875	6,358,033
2 (a) Secured by tangible assets (includes advances against book debts)	247,541,568	257,320,771	4 Stationery and stamps		
(b) Covered by bank / Government guarantees	1,477,070	2,670,388		549	604
(c) Unsecured	261,658,958	222,704,556	5 Others (including deferred tax - Refer Schedule 18 Note - 4 m iv)		
Total	510,677,596	482,695,715		257,485,701	146,825,840
			Total		
3 Advances in India				270,026,746	158,587,236
(a) Priority sector	162,239,018	144,313,960	Schedule 12 - Contingent Liabilities		
(b) Public sector	10,616,794	705,153	1 Claims against the Bank not acknowledged as debts (including tax related matters)		
(c) Banks	5,853,175	10,847,445		2,808,421	3,301,759
(d) Others	331,968,609	326,829,157	2 Liability on account of outstanding foreign exchange contracts		
Total	510,677,596	482,695,715		5,918,245,182	5,591,366,751
			3 Guarantees given on behalf of constituents		
Schedule 10 - Fixed Assets			(a) In India		
1 Premises (including leasehold improvements)				138,075,187	156,174,596
(a) Cost as on 31st March of the preceding year	1,263,982	1,260,762	(b) Outside India		
(b) Additions during the year	21,100	71,973		42,400,114	44,234,980
(c) Deductions during the year	(4,635)	(68,753)	4 Acceptances, endorsements and other obligations		
(d) Accumulated depreciation to date (Refer Schedule 18 Note-4 m vi i)	(995,329)	(904,319)		20,404,174	47,833,994
Net Block	285,118	359,663	5 Bills rediscounted		
				-	-
			6 Other Items for which the Bank is contingently liable		
			(a) Swaps		
				7,283,619,067	4,936,954,291
			(b) Options		
				644,743,317	562,630,666
			(c) Futures		
				-	5,260,748
			(d) Other items		
				40,275,336	66,534,539
			Total		
				14,090,570,798	11,414,292,324



Schedules forming part of the Profit and Loss Account for the year ended 31 March 2020

In thousands of Indian Rupees

Particulars	Year ended 31 March 2020	Year ended 31 March 2019	Particulars	Year ended 31 March 2020	Year ended 31 March 2019		
Schedule 13 - Interest Earned			Schedule 16 - Operating Expenses				
1	Interest/discounts on advances/bills	42,112,651	37,233,587	1	Payments to and provisions for employees (Refer Schedule 18 Note-4 m i) (net of cost recoveries)	5,651,992	5,845,197
2	Income on investments	19,581,579	15,138,664	2	Rent, taxes and lighting (net of cost recoveries) (Refer Schedule 18 Note-4 m v)	908,817	921,727
3	Interest on balances with Reserve Bank of India and other interbank funds	4,808,132	4,342,562	3	Printing and stationery	35,681	37,376
4	Others	39,350	47,316	4	Advertisement and publicity	80,584	50,071
	Total	66,541,712	56,762,129	5	Depreciation on Bank's property	375,487	342,365
Schedule 14 - Other Income			Schedule 17 - Provision and Contingencies				
1	Commission, exchange and brokerage (net) (including custodial and depository income)	5,259,347	4,672,670	1	Provision for loan loss (net)	1,121,733	113,867
2	Profit / (Loss) on sale of investments (net)	1,150,286	804,519	2	Provision / (write back) for contingent credit exposures	(42,906)	47,811
3	Profit / (Loss) on sale of fixed assets (net)	(116,870)	(9,463)	3	Provision made on sale of NPA	37,500	-
4	Profit / (Loss) on exchange transactions (net)	22,991	5,862,800	4	Provision / (write back) for standard assets	47,936	1,214,149
5	Miscellaneous Income / (Loss)	1,003,025	817,328	5	Provision / (write back) for country risk	21,772	(5,035)
	Total	7,318,779	12,147,854	6	Bad debts written off	1,049,334	1,688,550
Schedule 15 - Interest Expended			Schedule 18 - Notes forming part of the financial statements of the India Branches				
1	Interest on deposits	21,873,459	19,461,525	For the year ended 31 March 2020			
2	Interest on Reserve Bank of India and other interbank borrowings (including from other money market participants)	6,845,998	5,857,797	1. Background			
3	Others	41,450	102,355	The accompanying financial statements for the year ended 31 March 2020 comprise accounts of the India Branches of Deutsche Bank AG (the 'Bank') which is incorporated in Germany with limited liability.			
	Total	28,760,907	25,421,677	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.				
			Total				
			14,831,140				
			12,876,074				

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

For the year ended 31 March 2020

1. Background

The accompanying financial statements for the year ended 31 March 2020 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 2020

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 ('FEDAI'). Revenue and expenses in foreign currency are translated at the rates prevailing on the date of the transaction. Profits/losses resulting from year-end revaluations are included in the Profit and Loss Account.

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 Investments are classified as Investments in India & Outside India. These are further 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 including US 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 (PTC's) 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 2020

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. In case of sale of non-performing assets to SC/RC, 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 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.



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

For the year ended 31 March 2020

3. Significant accounting policies (Continued)

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. 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.
- iv. Eligible employees of the Bank have been granted stock awards under various plans of equity shares of Deutsche Bank AG. As per the various plans, these stock awards vest in installments (tranches) over multi year periods. During the year, the Bank has charged an amount pertaining to these under the head "Payments to and provisions for employees" as compensation cost.
- v. Actuarial gains/losses are immediately taken to the Profit and Loss Account.

i. Taxation

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

j. Provisions, contingent liabilities and contingent assets

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

k. Debit Card Reward Points

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

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

For the year ended 31 March 2020

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 September 30, 2020.

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

	31 March 2020	31 March 2019
i) Common Equity Tier 1 capital ratio	14.11%	15.37%
ii) Tier 1 capital ratio	14.11%	15.37%
iii) Tier 2 capital ratio	0.82%	0.66%
iv) Total Capital ratio (CRAR)	14.93%	16.03%
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 2020	31 March 2019
Common Equity Tier 1 (CET1) capital	151,390,595	148,893,536
Tier 1 capital	151,390,595	148,893,536
Tier 2 capital	8,801,955	6,440,446
Total capital	160,192,550	155,333,982
Total risk weighted assets	1,073,134,308	968,816,930

b. Investments*(In Rs.'000)*

	31 March 2020	31 March 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	297,427,358	258,621,990
(b) Outside India	37,834,076	-
(ii) Provisions for Depreciation		
(a) In India	(3,461,761)	(765,318)
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	293,965,597	257,856,672
(b) Outside India	37,834,076	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance (as on 1 April)	765,318	652,804
(ii) Add: Provisions made during the year	2,696,443	112,514
(iii) Less: Write-off/ (write-back) of excess provisions during the year	-	-
(iv) Closing balance (as on 31 March)	3,461,761	765,318

Investments – Government securities (Schedule 8.1) include:

- Government securities amounting to Rs. 34,900,000 thousand representing face value (Previous year: Rs. 53,330,000 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. 1,093,360 thousand representing face value (Previous year Rs. 7,185,560 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. 30,750,000 thousand representing face value (Previous year Rs. 28,150,000 thousand) are held with RBI under Section 11(2)(b) of the Banking Regulation Act, 1949.
- Government securities amounting to Rs. 55,351,300 thousand representing face value (Previous year Rs. 33,294,600) 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 2020

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 2020	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31 March 2020
Securities sold under repos				
(i) Government securities	-	55,153,706	8,931,353	55,153,706
(ii) Corporate debt Securities	-	-	-	-
Securities purchased under reverse repo				
(i) Government securities	3,893,484	140,686,923	44,840,091	8,636,435
(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 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.

d. Issuer composition of non statutory liquidity ratio investments

(In Rs. '000)

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities*	Extent of 'unlisted' securities
31 March 2020					
Public sector undertakings	504,679	-	-	-	-
Financial Institutions (FIs)	3,299,341	-	-	-	-
Banks	2,389,238	-	-	-	-
Private Corporate	20,971,761	16,230,963	-	-	1,909,250
Subsidiaries / Joint Ventures	-	-	-	-	-
Others (including SC/RC, PTC's & US T-Bills)	46,789,505	8,955,428	-	336,213	336,213
Provision held towards depreciation	(3,461,761)	(3,461,761)	-	(336,213)	(339,213)
Total	70,492,763	21,724,630	-	-	1,906,250

Amounts reported under the above columns are not mutually exclusive.

*Excludes investment in equity shares

(In Rs. '000)

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities*	Extent of 'unlisted' securities
31 March 2019					
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

e. Movement in non-performing non-SLR investments

(In Rs. '000)

	31 March 2020	31 March 2019
Opening Balance	425,804	66,000
Addition during the year	3,370,037	359,804
Reductions during the year	-	-
Closing Balance	3,795,841	425,804
Total Provisions held	3,125,548	425,804



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

For the year ended 31 March 2020

4. Notes to financial statements (Continued)

f. Sale and Transfers to/from HTM category

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

g. Derivatives

i Details of outstanding interest rate swap agreements

(In Rs. '000)

	31 March 2020	31 March 2019
1. The Notional principal of swap agreements	6,868,087,138	4,662,853,883
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	114,734,642	41,590,856
3. Collateral required by the bank upon entering into swaps	Nil	Nil
4. Concentration of credit risk arising from the Swaps %		
– Banks (Including CCIL)	96.51%	97.18%
– Others	3.49%	2.82%
Total	100.00%	100.00%
5. The fair value of the swap book	(2,714,000)	39,372

■ Nature and terms of interest rate swaps

(In Rs. '000)

	31 March 2020	31 March 2019
Trading – MIBOR ¹ Pay Fixed - Receive Floating	2,415,393,368	1,645,662,127
Trading – MIBOR ¹ Pay Floating - Receive Fixed	2,378,132,533	1,840,683,404
Trading – MIFOR ² Pay Fixed - Receive Floating	520,170,000	309,470,000
Trading – MIFOR ² Pay Floating - Receive Fixed	307,000,000	209,590,000
Trading – INBMK ³ Pay Fixed - Receive Floating	8,250,000	8,250,000
Trading – INBMK ³ Pay Floating - Receive Fixed	5,500,000	9,500,000
Trading – Others (Incl LIBOR ⁴) Pay Fixed - Receive Floating	468,545,926	264,259,873
Trading – Others (Incl LIBOR ⁴) Pay Floating - Receive Fixed	536,972,087	270,096,102
Trading – LIBOR ⁴ Pay Floating - Receive Floating	225,217,997	102,616,072
Trading – EUBOR ⁵ Pay Floating - Receive Floating	2,905,227	2,726,305
Total	6,868,087,138	4,662,853,883

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 2020 and 31 March 2019.

ii Exchange Traded Interest Rate Derivatives

(In Rs. '000)

	31 March 2020	31 March 2019
(i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)*	–	–
a) 10 year Government Security Notional Bond	–	–
(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 2020

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 2020		31 March 2019	
	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
1. Derivatives (Notional Principal Amounts)				
a) For hedging	-	-	-	-
b) For Trading	6,978,520,428	6,868,087,138	6,433,358,573	4,662,853,883
2. Marked to Market Positions (net)				
a) Asset (+)	118,416,994	114,734,642	79,789,525	41,590,856
b) Liability (-)	(130,692,908)	(117,448,642)	(93,938,105)	(41,551,484)
3. Credit Exposure #	319,092,732	176,016,205	242,119,020	82,285,152
4. Likely impact of one percentage change in interest rates (100 * PV01)				
a) On hedging	-	-	-	-
b) On Trading	2,666,235	2,251,094	1,631,538	181,268
5. Maximum of 100*PV01 observed during the year @				
a) On hedging	-	-	-	-
b) On Trading	3,932,466	4,521,459	2,451,431	2,412,677
6. Minimum of 100*PV01 observed during the year @				
a) On hedging	-	-	-	-
b) On Trading	1,386,018	183,710	1,060,749	4,548

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 2020

4. Notes to financial statements (Continued)

h. Asset Quality

i Non-Performing Assets (NPAs):

(In Rs.'000)

Movement in NPAs		31 March 2020	31 March 2019
(i)	Net NPAs to Net Advances (%)	1.31%	1.44%
(ii)	Movement of Gross NPAs		
a)	Opening balance	14,244,373	10,233,160
b)	Additions during the year	8,156,514	8,216,081
c)	Reductions during the year	(7,298,134)	(4,204,868)
d)	Closing Balance	15,102,753	14,244,373
(iii)	Movement of Net NPAs		
a)	Opening balance	6,946,507	3,049,161
b)	Additions during the year	5,141,861	6,097,367
c)	Reductions during the year	(5,405,213)	(2,200,021)
d)	Closing Balance	6,683,155	6,946,507
(iv)	Movement of Provisions for NPAs		
a)	Opening balance	7,297,866	7,183,999
b)	Provisions made during the year	3,014,653	2,118,714
c)	Write off/ write back of excess provisions during the year	(1,892,921)	(2,004,847)
d)	Closing Balance	8,419,598	7,297,866

ii Particulars of Accounts Restructured (financial year ended 31 March 2020)

(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	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
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	3,157	-	-	3,157	-	3,157	-	-	-	3,157
		Provision thereon	-	-	-	-	-	-	-	-	-	-	789	-	-	789	-	789	-	-	-	789
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	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	898	-	-	898	-	898	-	-	-	898
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(2)	2	-	-	-	(2)	2	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(141,602)	141,602	-	-	-	(141,602)	141,602	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(23,439)	42,040	-	18,601	-	(23,439)	42,040	-	18,601	-



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

For the year ended 31 March 2020

4. Notes to financial statements (Continued)

h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2020) (Continued)

(In Rs. '000)

SI No	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
6	Write-offs (net of recovery/reversal) of restructured accounts during the FY	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1
		Amount outstanding	-	-	210,000	-	210,000	-	-	-	-	-	-	-	3,874	-	3,874	-	-	213,874	-	-	213,874
		Provision thereon	-	-	210,000	-	210,000	-	-	-	-	-	-	-	-	-	-	-	-	210,000	-	-	210,000
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	2	-	3	-	1	2	-	-	-	3
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	3,157	137,728	-	140,885	-	3,157	137,728	-	-	-	140,885
		Provision thereon	-	-	-	-	-	-	-	-	-	-	789	42,040	-	42,829	-	789	42,040	-	-	-	42,829

Figures under Sr no. 6 (Under CDR Mechanism , Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 98,891 thousand. Figures under SI no. 6 (Others, Doubtful - Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 3,874 thousand

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					
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	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 2020

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

iii Divergence in Asset Classification and Provisioning for NPAs

Based on the requirement for disclosure of divergence in asset classification and provisioning prescribed by the RBI vide circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, the Bank does not have any such reportable divergences in asset classification and provisioning for the financial year ended March 31, 2020 meeting the criteria specified in the said circular.

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, 2020 and March 31, 2019.

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

(In Rs. '000)

	31 March 2020	31 March 2019
Backed by NPAs sold by the bank as underlying	-	-
Backed by NPAs sold by other banks/financial institution/non-banking financial companies as underlying	336,213	339,514
Total	336,213	339,514

Provision held on above investments is Rs. 336,213 thousand (Previous year Rs. 339,514 thousand).

(In Rs. '000)

31 March 2020		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	-	-	336,213
	Provision held against (ii)	-	-	336,213
	Total (i) + (ii)	-	-	336,213

(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



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

For the year ended 31 March 2020

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 2020	31 March 2019
Provision on Standard Assets	4,183,256	4,135,320

vii Details of non-performing financial assets purchased / sold: (In Rs.'000)

	31 March 2020	31 March 2019
No of accounts sold	6,545*	–
Aggregate outstanding	–	–
Aggregate consideration received	37,500	–

* pertains to written off accounts

viii Details of Resolution plan (RP) implemented as prescribed by RBI vide circular no RBI/2018-19/203/DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019: (In Rs.'000)

	No of Accounts	Amount Involved (including non-funded exposure)
31 March 2020	2	1,576,671*

* Includes Rs 37 thousand of loan where conversion of debt to equity has taken place.

ix Details of Micro, Small and Medium Enterprises (MSME) accounts restructured as prescribed by RBI vide circular no RBI/2018-19/100 DBR. No.BP.BC.18/21.04.048/2018-19 January 1, 2019: (In Rs.'000)

	31 March 2020	31 March 2019
No. of accounts restructured	–	–
Amounts	–	–

x The Novel Coronavirus (COVID-19)

COVID-19 pandemic continues to spread rapidly across the globe including India. The global and Indian financial markets have experienced and may continue to experience significant volatility resulting from the spread of COVID-19. Developments around the COVID 19 disease in 2020 so far suggest that that global and domestic economic growth is expected to be negatively impacted by the spread of the disease and the resulting disruption of economic activity, which could impact the Bank's performance. The extent to which the COVID-19 pandemic will impact the Bank's performance depends on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and governmental response to mitigate its impact.

Management believes that it has taken into account material impact of known events arising from COVID-19 pandemic in the preparation of the financial statements as at 31st March 2020. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Bank will continue to monitor any material changes to future economic conditions.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted moratorium to eligible borrowers on the payment of installments and / or interest, as applicable. For such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of day's past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). The Bank holds provisions in this regard as per the said RBI guidelines and the required disclosures are as follows:

(In Rs.'000)

	31 March 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	13,420,601
(ii) Respective amount where asset classification benefits is extended.	789,533
(iii) Provisions made during the year	265,569
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	–

i. Business Ratios

Year ended	31 March 2020	31 March 2019
Interest income as a percentage of working funds\$	6.12%	6.02%
Non-interest income as a percentage of working funds\$	0.67%	1.29%
Operating profit as a percentage of working funds \$	2.32%	2.64%
Return on assets #	0.95%	1.27%
Business per employee (in Rs. 000's) *@	645,214	616,234
Profit per employee (in Rs. 000's) *	6,072	7,181

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

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

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

* Productivity ratios are based on year end employee numbers.



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

For the year ended 31 March 2020

4. Notes to financial statements (Continued)

j. Asset Liability Management

Maturity pattern of certain items of assets and liabilities (financial year ended 31 March 2020)

(In Rs.'000)

Maturity Bucket*	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day – 1#	-	-	-	-	-	-
2-7 Days	127,360,179	45,564,301	218,636,100	65,325,583	71,446,062	16,553,728
8-14 Days	12,555,005	37,756,339	4,227,714	8,026,150	3,978,192	3,783,250
15-30 Days	33,193,252	69,641,386	3,818,360	-	15,400,437	-
31 Days and upto 2 months	22,727,571	21,945,014	3,674,655	250,900	2,259,685	-
Over 2 months and upto 3 months	19,676,892	27,511,466	2,766,781	1,650,900	2,598,298	-
Over 3 Months and upto 6 months	30,838,480	25,808,925	3,969,261	26,252,700	1,957,328	-
Over 6 Months and upto 1 year	41,998,360	41,747,971	7,558,374	12,325,400	6,204,919	-
Over 1 Year and upto 3 years	276,749,060	109,417,850	42,894,698	25,905,299	-	36,209,084
Over 3 Year and upto 5 years	33,996,766	31,132,456	10,344,828	-	1,548	-
Over 5 years	-	100,151,888	33,908,902	-	2,524,268	5,752,658
Total	599,095,565	510,677,596	331,799,673	139,736,932	106,370,737	62,298,720

* 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.

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	73,517,845	34,569,900	141,017,721	48,875,399	50,662,889	4,034,119
8-14 Days	13,536,081	48,707,244	2,430,523	17,873,250	13,896,119	10,373,250
15-30 Days	34,793,006	37,812,202	3,338,565	5,186,625	13,624,924	5,186,625
31 Days and upto 2 months	37,525,110	7,790,819	4,933,680	14,144,000	3,010,330	13,831,000
Over 2 months and upto 3 months	44,612,839	22,684,612	5,674,787	19,017,625	3,472,762	19,017,625
Over 3 Months and upto 6 months	51,175,770	47,014,212	10,560,172	34,669,500	3,831,061	-
Over 6 Months and upto 1 year	38,597,196	18,160,067	7,146,494	5,389,000	279,131	-
Over 1 Year and upto 3 years	230,197,018	124,794,011	48,825,450	22,097,100	-	21,835,101
Over 3 Year and upto 5 years	31,453,294	26,368,684	6,848,135	-	-	-
Over 5 years	672	114,793,964	27,081,145	-	2,392,259	3,470,093
Total	555,408,831	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.

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 2020	31 March 2019
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 133,344 thousand (Previous year Rs 168,839 thousand) pertaining to individual housing loans eligible for priority sector advances]	7,171,964	9,386,915
(b) Other lendings secured by mortgage on residential property	100,324,121	95,611,388
(ii) Commercial Real Estate (CRE)* –	39,792,310	48,280,660
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)	37,966,735	34,272,048
(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).	11,176,180	14,987,491
Total	196,431,310	202,538,502

* 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 2020

4. Notes to financial statements (Continued)

k. Exposures (Continued)

ii Exposure to Capital Market

(In Rs. '000)

Items	31 March 2020	31 March 2019
(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	529,841	529,805
(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	577,461	352,807
(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	1,490,000	7,000,000
(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	-	-
Total	3,698,914	11,174,918

iii Risk Category wise Country Exposure

(In Rs. '000)

Risk Category	31 March 2020		31 March 2019	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	108,384,553	86,920	108,083,671	65,148
Low	4,865,310	-	2,359,831	-
Moderately Low Risk	-	-	373,379	-
Moderate	-	-	15,460	-
Moderately High Risk	46,275	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	113,296,138	86,920	110,832,341	65,148

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.

Based on the above prescribed limits, during the year the Bank has exceeded the credit exposure in respect of the below mentioned entities.

- Wipro Limited*
- Flipkart India Private Limited*
- Star India Private Limited*
- Government of the United States of America@

* Exposure is within the Large Exposure limits as prescribed under RBI circular DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019

@ Exposure is in excess of Large Exposure limits as prescribed under RBI circular DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019 which is subsequently ratified and informed to RBI

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

During the year no penalties have been imposed on the Bank (Previous year: Rs. 40,100 thousand) by the RBI under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949.

(In Rs. '000)

	31 March 2020	31 March 2019
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 2020

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 2020	31 March 2019
Defined benefit obligation	1,282,693	1,124,028
Fair value of plan assets	1,141,985	1,049,771
Deficit/(Surplus)	140,708	74,257
Changes in present value of defined benefits obligations		
Opening Balance	1,124,028	1,148,560
Current service cost	116,989	123,758
Interest cost	81,536	78,499
Benefits paid	(102,370)	(231,355)
Actuarial (gain)/loss recognised during the year	62,510	4,566
Closing Balance	1,282,693	1,124,028
Changes in fair value of plan assets		
Opening Balance	1,049,771	1,091,416
Expected return on plan assets	82,306	82,084
Contributions by the Bank	60,484	100,611
Benefits paid	(102,370)	(231,355)
Actuarial gain/(loss) recognised during the year	51,794	7,015
Closing Balance	1,141,985	1,049,771
Total expense recognised in the Profit and Loss Account in schedule 16.1		
Current service cost	116,989	123,758
Interest cost	81,536	78,499
Expected return on plan assets	(82,306)	(82,084)
Net actuarial (gain)/loss recognised during the year	10,716	(2,449)
Expense recognised in the Profit and Loss Account	126,935	117,724
Actual return on plan assets	134,100	89,099
Key Assumptions		
Salary Escalation	10.00%	10.00%
Discount rate	6.70%	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 2020	31 March 2019
Government of India Securities (Central and State)	29.62%	25.76%
Corporate Bonds (Including Public Sector Bonds)	59.37%	66.07%
Equity shares of listed companies	-	-
Cash & Cash equivalents (including other current assets)	10.86%	7.96%
Others (including fixed deposit & special deposits) (including assets under scheme of Insurance)	0.15%	0.21%
Total	100.00%	100.00%

Experience adjustments are as follows:

(In Rs.'000)

	For the financial year ended				
	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined Benefit Obligation	1,282,693	1,124,028	1,148,560	1,124,791	984,119
Funded Assets	1,141,985	1,049,771	1,091,416	1,033,727	942,077
Deficit/ (Surplus)	140,708	74,257	57,144	91,064	42,042
Experience Gain/(Loss) adjustments on plan liabilities	42,578	(4,566)	15,207	(9,914)	(37,370)
Experience Gain/(Loss) adjustments on plan assets	51,794	7,015	(18,806)	40,935	(2,381)
Actuarial Gain/(Loss) due to change of assumptions	(105,088)	-	58,304	(68,875)	(8,738)



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

For the year ended 31 March 2020

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. 163,419 thousand (Previous year: Rs 208,047 thousand) to the Profit and Loss Account towards provident fund expenses.

Key Assumptions	31 March 2020	31 March 2019
Discount rate	6.70%	7.60%
Expected return	8.50%	8.50%

Long-Term Award

The Bank has discontinued Long Service Award benefit with effect from October 1, 2019. Accordingly the Bank has reversed Rs. 30,289 thousand (Previous year charged : Rs 6,022 thousand) to the Profit and Loss Account.

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 2020					
Revenue	3,443,655	39,138,045	22,365,124	8,913,667	73,860,491
Less: Inter-segment revenue	(11,782,746)	3,451,772	(276,204)	(8,607,178)	–
Income from operations	15,226,401	35,686,273	22,641,328	306,489	73,860,491
Results	424,326	10,764,454	2,526,939	6,100,507	19,816,226
Unallocated Expenses					–
Operating Profit before tax					19,816,226
Income Tax and Deferred Tax					(9,506,806)
Extraordinary profit/Loss (pre-tax)					–
Net Profit after tax					10,309,420
Other Information					
Segment Assets	467,092,018	497,143,350	224,774,482	11,615,179	1,200,625,029
Unallocated Assets					11,815,390
Total Assets					1,212,440,419
Segment Liabilities	310,487,899	519,942,667	192,619,892	189,389,961	1,212,440,419
Unallocated Liabilities					–
Total Liabilities					1,212,440,419
Capital expenditure	70,831	2,461	119,635	56,115	249,042
Depreciation	77,730	182,176	115,581	–	375,487

(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



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

For the year ended 31 March 2020

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. Others also include revenue from new Capital Release Unit (CRU) which is established along with other objectives to oversee a reduction in the size of lower yielding longer-dated fixed income assets and hence free up resources that can be allocated to the Banks core strengths.

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 (a closed joint stock company), Deutsche Asset & Wealth Management Investment GmbH, DBÖ Vermögensverwaltung GmbH in Liqu., 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, Hanoi Building Commercial Joint Stock Bank (merged per 28.08.2012), Scottish Widows Investment Solutions Funds ICVC - Fundamentale Index Emerging Markets Equity Fund, Elmo Leasing Zwanzigste GmbH, EVAF B-Frost Finland Properties Oy, Hua Xia Bank Company Limited, Polski Kredyt Bank S.A. (sold per 26.11.2001), United Bank for Africa PLC, Gemini Technology Services Inc., PT Deutsche Sekuritas Indonesia, Deutsche Securities Asia Limited, Taipei Branch.



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

For the year ended 31 March 2020

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	-	-	2,910	-	-	2,910
	-	-	3,725	-	-	3,725
Interest paid	-	-	622,030	-	-	622,030
	-	-	474,883	-	-	474,883
Interest received	-	-	286,962	-	-	286,962
	-	-	331,507	-	-	331,507
Rendering of services - receipt	-	-	126,514	-	-	126,514
	-	-	213,777	-	-	213,777
Receiving of services - payment	-	-	1,010,919	-	-	1,010,919
	-	-	1,140,223	-	-	1,140,223
Management contracts	-	-	123,696	-	-	123,696
	-	-	(227,776)	-	-	(227,776)
Purchase of securities	-	-	183,750,377	-	-	183,750,377
	-	-	85,908,566	-	-	85,908,566
Sale of securities	-	-	168,304,736	-	-	168,304,736
	-	-	107,038,620	-	-	107,038,620
Purchase/sale of foreign exchange contracts	-	-	757,219,283	-	-	757,219,283
	-	-	1,149,705,433	-	-	1,149,705,433

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	-	-	18,891,643	-	-	18,891,643
	-	-	17,066,222	-	-	17,066,222
Advances	-	-	827,700	-	-	827,700
	-	-	-	-	-	-
Balances with Banks	-	-	6,438,111	-	-	6,438,111
	-	-	2,443,659	-	-	2,443,659
Non-funded commitments	-	-	485,359,896	-	-	485,359,896
	-	-	41,216,651	-	-	41,216,651
Other Assets	-	-	1,191,201	-	-	1,191,201
	-	-	2,165,284	-	-	2,165,284
Other Liabilities	-	-	9,662,503	-	-	9,662,503
	-	-	1,114,900	-	-	1,114,900

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 2020

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 2020. (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	-	-	13,538,631	-	-	13,538,631
	-	-	<i>32,657,311</i>	-	-	<i>32,657,311</i>
Deposits	-	-	42,054,635	-	-	42,054,635
	-	-	<i>33,540,471</i>	-	-	<i>33,540,471</i>
Advances	-	-	2,168,391	-	-	2,168,391
	-	-	<i>755,164</i>	-	-	<i>755,164</i>
Balances with Banks	-	-	40,329,047	-	-	40,329,047
	-	-	<i>21,969,544</i>	-	-	<i>21,969,544</i>
Non-funded commitments	-	-	551,790,316	-	-	551,790,316
	-	-	<i>88,688,744</i>	-	-	<i>88,688,744</i>
Other Assets	-	-	2,470,514	-	-	2,470,514
	-	-	<i>2,277,712</i>	-	-	<i>2,277,712</i>
Other Liabilities	-	-	9,662,503	-	-	9,662,503
	-	-	<i>1,997,305</i>	-	-	<i>1,997,305</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 2020. 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. 26,671 thousand (Previous year: 45,217 thousand), Deutsche Bank Trust Company Americas Rs. 63,415 thousand (Previous year: Rs. 139,535 thousand), Deutsche Investments India Private Limited Rs. 16,985 thousand (Previous year: Rs. 13,279 thousand), DBOI Global Services Private Limited Rs. 15,121 thousand (Previous year: Rs. 6,563 thousand).

Receiving of services – payment

Expenses for receiving services from Deutsche Bank Trust Company Americas Rs. 87,817 thousand (Previous year: Rs 106,645 thousand), DBOI Global Services Private Limited Rs. 717,478 thousand (Previous year: Rs. 807,325 thousand), Deutsche Investor Services Private Limited Rs. 109,899 thousand (Previous year: Rs. 158,244 thousand).

Management contracts

Receipt from Deutsche Equities India Private Limited Rs 74,393 thousand (Previous Year: Rs. 62,568 thousand), DBOI Global Services Private Limited Rs. 258,275 thousand (Previous year: Rs. 196,506 thousand), Deutsche Investments India Private Limited Rs. 81,357 thousand (Previous year: Rs. 61,898 thousand), Deutsche CIB Centre Private Limited Rs. 83,178 thousand (Previous year: Rs. 19,540 thousand) Deutsche Bank Trust Company Americas Rs. 74,536 thousand (Previous year receipt of: Rs. 39,183 thousand).

Payment to DB USA Core Corporation Rs. 3,935 thousand (Previous year: Rs. 231,674 thousand), DB Group Services (EURO) Rs. 229,633 thousand (Previous year: Rs. 167,291 thousand), DB Global Technology, Inc. Rs. 25,835 thousand (Previous year: Rs. 50,925 thousand), Deutsche Group Services Pty Limited Rs. 52,271 thousand (Previous year: Rs. 1,564 thousand), DBOI Global Services (UK) Limited Rs. 31,481 thousand (Previous year: Rs. 4,919 thousand), OOO "Deutsche Bank TechCentre" Rs. 42,826 thousand (Previous year: Rs. 2,332 thousand), Deutsche Bank Securities Inc. Rs. 28,504 thousand (Previous year: Rs. 35,760 thousand), Deutsche Knowledge Services Pte. Ltd., Manila Branch Rs. 14,195 thousand (Previous year: Rs. 10,406 thousand), Deutsche Securities Inc. Rs. 16,679 thousand (Previous year: Rs. 1,944 thousand).

Balance with Bank

Balance with Deutsche Bank Trust Company Americas Rs. 6,430,389 thousand (Previous year: Rs. 2,443,499 thousand).

Other Assets

Deutsche Equities India Private Limited Rs. 78,850 thousand (Previous year: Rs. 227,001 thousand), Deutsche Bank Trust Company Americas Rs. 374,144 thousand (Previous year: Rs. 220,847 thousand), DB International (Asia) Limited Rs 500,415 thousand (Previous year: Rs. 1,522,669 thousand).

Other Liabilities

DBOI Global Services Private Limited Rs. 455,233 thousand (Previous year: Rs. 351,762 thousand), DB Group Services (EURO) Rs. 394,334 thousand (Previous year: Rs. 387,427 thousand), DB International (Asia) Limited Rs 7,986,328 thousand (Previous year: Rs.8 thousand).



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

For the year ended 31 March 2020

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 2020	31 March 2019
Current tax*	10,190,689	11,169,254
Deferred tax	(683,883)	(508,150)

* Includes tax provision for earlier years of Rs. 71,995 thousand (Previous year Rs. 245,595 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 2020	31 March 2019
Deferred tax asset / (Deferred tax liabilities)		
Provision for bad and doubtful debts	4,424,450	3,839,118
Depreciation on fixed assets	160,501	30,046
Provision for staff compensation and benefits	175,481	237,770
Others	532,083	501,698
Net Deferred tax asset / (Deferred tax Liabilities)	5,292,515	4,608,632

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. 250,546 thousand (Previous year: Rs. 370,928 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for premises: Total lease rental of Rs. 424,614 thousand (Previous year: Rs. 281,618 thousand) has been included under Schedule 16.2.
- Non-cancellable leasing arrangement for vehicles: Total lease rental of Rs. 26,275 thousand (Previous year: Rs 26,332 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 2020	31 March 2019
Not later than one year	495,026	470,260
Later than one year and not later than five years	368,897	724,950
Later than five years	–	–

vi Other accounting standards

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

(In Rs.'000)

	31 March 2020	31 March 2019
Premises		
Gross Carrying at Beginning of the year	1,263,982	1,260,762
Accumulated Depreciation at Beginning of the year	904,319	878,472
Opening Carrying Amount	359,663	382,290
Additions during the year	21,100	71,973
Deductions (net) during the year	(14)	(617)
Depreciation for the period	(95,631)	(93,983)
Closing Carrying amount	285,118	359,663
Gross Carrying at end of the year	1,280,447	1,263,982
Accumulated Depreciation at end of the year	995,329	904,319
Other Fixed Assets		
Gross Carrying at Beginning of the year	2,269,670	1,896,807
Accumulated Depreciation at Beginning of the year	1,445,411	1,291,399
Opening Carrying Amount	824,259	605,408
Additions during the year	227,941	477,030
Deductions (net) during the year	(120,223)	(9,797)
Depreciation for the period	(279,856)	(248,382)
Closing Carrying amount	652,121	824,259
Gross Carrying at end of the year	2,318,664	2,269,670
Accumulated Depreciation at end of the year	1,666,543	1,445,411



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

For the year ended 31 March 2020

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 2020	31 March 2019
Cost as at 31 March of the preceding year	845,081	544,736
Addition during the year	310,327	306,035
Deduction during the year	(158,733)	(5,690)
Accumulated depreciation to date	(461,594)	(340,296)
Net Value as at 31 March of the current year	535,081	504,785

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 statements 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 does not consolidate the Company 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 2020	31 March 2019
Provision for loan loss (net)	1,121,733	113,867
Provision / (write back) for contingent credit exposures	(42,906)	47,811
Provision made on sale of NPA	37,500	-
Provision / (write back) for standard assets	47,936	1,214,149
Provision / (write back) for country risk	21,772	(5,035)
Bad debts written off	1,049,334	1,688,550
Provision / (write back) for depreciation on investments	2,696,443	112,514
Other Provisions (net)	392,522	(956,886)
Provision for taxation:		
(a) Current tax	10,190,689	11,169,254
(b) Deferred tax	(683,883)	(508,150)
Total	14,831,140	12,876,074

Other Provisions (net) represent provisions made on prudential basis on specific advances or exposures which are not NPAs and general provision created for accounts where moratorium is granted in accordance with RBI guidelines relating to COVID-19 Regulatory Package.

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 2020	31 March 2019
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. 145,699 thousand during the year ended 31 March 2020 (Previous year: Rs. 47,526 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 2,400,000 thousand during the year ended 31 March 2020 (Previous year: Rs. 804,519 thousand) as required by RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018.

iv Customer complaints

	31 March 2020	31 March 2019
A Customer complaints		
(a) No. of complaints pending at the beginning of the year	15	184
(b) No. of complaints received during the year	2,306	2,348
(c) No. of complaints redressed during the year	2,295	2,517
(d) No. of complaints pending at the end of the year	26	15
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 2020

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, 2020 and March 31, 2019.

vi Provisioning Coverage Ratio as at 31 March 2020 is 55.75% (Previous year 51.23%)

vii Bancassurance business

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

(In Rs. '000)

	31 March 2020	31 March 2019
For selling life insurance products	62,826	62,416
For selling non life insurance products	26,202	24,541
For selling Mutual fund products	335,468	439,994
For selling PMS products	100,655	89,334
Others	-	-
Total	525,151	616,285

viii Concentration of Deposits, Advances, Exposures and NPAs

i Concentration of Deposits

(In Rs. '000)

	31 March 2020	31 March 2019
Total Deposits of twenty largest depositors	141,029,483	151,375,746
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	23.54%	26.95%

ii Concentration of Advances*

(In Rs. '000)

	31 March 2020	31 March 2019
Total Advances to twenty largest borrowers	640,005,973	540,923,534
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	41.05%	37.99%

*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 2020	31 March 2019
Total Exposure to twenty largest borrowers/customers	670,116,705	542,456,563
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	41.05%	37.35%

**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 2020	31 March 2019
Total Exposure to top four NPA accounts	8,977,246	8,207,246

ix Sector-wise Advances and NPAs

(In Rs. '000)

Sector / Sub-Sector *	31 March 2020			31 March 2019		
	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 :	101,453,968	1,484,667	1.46%	95,367,705	863,712	0.91%
Chemicals and Chemical Products	23,075,849	9,769	0.04%	16,670,381	17,353	0.10%
Basic Metal and Metal Products	-	-	-	11,185,313	69,617	0.62%
All Engineering	20,649,541	620,987	3.01%	20,422,606	321,439	1.57%
Gems and Jewellery	-	-	-	12,246,679	-	-
3 Services, of which :	61,386,120	812,913	1.32%	49,197,146	558,949	1.14%
Computer Software	21,890,102	44,108	0.20%	19,914,744	17,155	0.09%
Other Services	13,552,087	330,966	2.44%	9,981,196	193,781	1.94%
Banking and finance other than NBFC and MFs	7,843,107	-	-	10,348,930	-	0.00%
Non-Banking Financial Companies	8,100,000	-	-	-	-	-
4 Personal loans, of which :	131,560	3,290	2.50%	165,473	2,729	1.65%
Housing Loans	131,560	3,290	2.50%	165,473	2,729	1.65%
Total PRIORITY SECTOR (A)	162,971,648	2,300,870	1.41%	144,730,324	1,425,390	0.98%



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

For the year ended 31 March 2020

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

ix Sector-wise Advances and NPAs (Continued)

(In Rs. '000)

Sector / Sub-Sector *	31 March 2020			31 March 2019		
	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 :	128,917,155	5,173,915	4.01%	84,956,930	7,351,400	8.65%
Basic Metal and Metal Products	–	–	–	9,293,289	23,736	0.26%
All Engineering	21,360,000	499,325	2.34%	21,849,650	–	–
Vehicles, Vehicle Parts and Transport Equipments	14,908,597	3,491,044	23.42%	10,495,568	3,491,044	33.26%
Infrastructure	43,719,249	–	–	11,385,557	2,600,000	22.84%
3 Services, of which :	168,829,097	2,609,470	1.55%	187,044,752	889,350	0.48%
Trade	41,670,089	1,384,433	3.32%	33,916,845	255,011	0.75%
Commercial real Estate	29,280,713	2,338	0.01%	40,576,314	–	–
Non-Banking Financial Companies	52,825,217	–	–	54,430,614	–	–
Banking and finance other than NBFC and MFs	–	–	–	36,069,773	248,345	0.69%
4 Personal loans, of which :	58,379,294	5,018,498	8.60%	73,261,575	4,578,233	6.25%
Housing Loans	6,907,214	298,696	4.32%	9,111,706	268,366	2.95%
Other Personal Loans	50,962,457	4,719,801	9.26%	63,745,720	4,309,867	6.76%
Total NON PRIORITY SECTOR (B)	356,125,546	12,801,883	3.59%	345,263,257	12,818,983	3.71%
Total (A) + (B)	519,097,194	15,102,753	2.91%	489,993,581	14,244,373	2.91%

* 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 2020	31 March 2019
Gross NPAs as on 1 April (Opening Balance)	14,244,373	10,233,160
Additions (Fresh NPAs) during the year	8,156,514	8,216,081
Sub-total (A)	22,400,887	18,449,241
Less:-		
(i) Up gradations	1,843,732	1,152,541
(ii) Recoveries (excluding recoveries made from upgraded accounts)	4,405,068	1,363,777
(iii) Technical/Prudential write-offs	–	–
(iv) Write-offs other than those under (iii) above	1,049,334	1,688,550
Sub-total (B)	7,298,134	4,204,868
Gross NPAs as on 31 March (closing balance) (A-B)	15,102,753	14,244,373

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 2020	31 March 2019
Total Assets	63,607,814	45,380,678
Total NPAs	–	–
Total Revenue	447,075	739,743

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 2020

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 2020	31 March 2019
Total amount of Intra-group exposures	16,065,737	18,801,424
Total amount of top 20 intra group exposures	16,065,737	18,801,424
% of intra-group exposure to total exposure of the bank on borrowers / customers	0.98%	1.29%
Breach of limits on intra group exposures	No	No

- xvii Transfers to Depositor Education and Awareness Fund (DEAF)

(In Rs. '000)

	31 March 2020	31 March 2019
Opening balance of amounts transferred to DEAF	394,960	285,407
Add : Amounts transferred to DEAF during the year	63,038	111,120
Less : Amounts reimbursed by DEAF towards claims	(2,340)	(1,567)
Closing balance of amounts transferred to DEAF	455,658	394,960

- 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. 942,748 thousand (Previous year Rs. 1,572,286 thousand) and incremental capital of Rs. 4,775,703 thousand (Previous year Rs. 8,198,531 thousand) on account of Unhedged Foreign Currency Exposure of its borrowers.

- xix The Bank has outstanding factoring exposure of Rs. 38,516,980 thousand (Previous year: Rs. 26,427,474 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 2020

4. Notes to financial statements (Continued)

o. Liquidity Coverage Ratio

(In Rs. '000)

	Daily average for Quarter ended 30 June, 2019		Daily average for Quarter ended 30 September, 2019		Daily average for Quarter ended 31 December, 2019		Daily average for Quarter ended 31 March, 2020	
	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)		241,070,159		261,860,933		274,053,012		276,011,729
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	80,709,254	7,965,307	83,560,739	8,252,500	84,596,010	8,355,803	84,792,572	8,375,041
(i) Stable deposits	2,112,378	105,619	2,071,493	103,575	2,075,964	103,798	2,084,324	104,216
(ii) Less stable deposits	78,596,876	7,859,688	81,489,246	8,148,925	82,520,046	8,252,005	82,708,248	8,270,825
3 Unsecured wholesale funding, of which:	347,924,575	136,880,960	368,069,675	145,708,164	373,912,995	145,878,325	390,749,408	158,795,752
(i) Operational deposits (all counterparties) and deposits in networks of cooperative banks	183,323,428	45,797,856	184,610,515	46,119,788	208,245,627	52,028,337	211,272,375	52,783,663
(ii) Non-operational deposits (all counterparties)	164,601,147	91,083,104	183,459,160	99,588,376	165,667,368	93,849,988	179,477,033	106,012,089
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding								
5 Additional requirements, of which:	323,476,291	29,310,242	314,712,874	26,407,352	328,893,642	22,187,941	324,226,128	23,993,857
(i) Outflows related to derivative exposures and other collateral requirements	-	10,273,946	-	8,378,129	-	4,143,220	-	6,361,266
(ii) Outflows related to loss of funding on debt products								
(iii) Credit and liquidity facilities	32,34,76,291	1,90,36,296	31,47,12,874	1,80,29,223	32,88,93,642	1,80,44,721	32,42,26,128	1,76,32,591
6 Other contractual funding obligations	10,35,570	10,35,570	11,87,113	11,87,113	10,10,722	10,10,722	9,38,387	9,38,387
7 Other contingent funding obligations	20,55,21,652	61,65,650	20,99,79,669	62,99,390	21,07,07,953	63,21,239	19,91,75,620	59,75,269
8 Total Cash Outflows		181,357,729		187,854,519		183,754,030		198,078,306
Cash inflows								
9 Secured lending (eg reverse repos)	51,431,440	-	57,653,569	-	90,970,290	-	85,653,794	-
10 Inflows from fully performing exposures	193,367,099	125,913,764	193,935,876	128,094,564	201,139,715	144,796,364	193,792,080	133,064,713
11 Other cash inflows	6,342,430	5,321,687	3,940,347	3,793,539	2,921,121	2,729,605	7,269,479	6,802,733
12 Total Cash Inflows	251,140,969	131,235,451	255,529,792	131,888,103	295,031,126	147,525,969	286,715,353	139,867,446
		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE
13 Total HQLA		241,070,159		261,860,933		274,053,012		276,011,729
14 Total Net Cash Outflows*		50,122,278		55,966,416		45,938,507		58,210,860
15 Liquidity Coverage Ratio (%)		480.96%		467.89%		596.56%		474.16%

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

(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	5,905,498
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



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

For the year ended 31 March 2020

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 from 1st January 2019 till 27th March 2020 was 100%, it reduced to 80% from 28 March 2020 till 30 September 2020. As per the RBI circular minimum LCR should be 90% from 1 October 2020 till 31 March 2021, from April 1 2021 onwards minimum LCR will be 100%.

The Bank's average LCR for the quarter ended March 2020 stood at 474.16% as against 421.76% for the quarter ended March 2019. In accordance with RBI guidelines dated 31st March 2015, the LCR ratio for the quarter ended March 2020 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).

The Bank has maintained an average HQLA of Rs. 276,011,729 thousand for quarter ended March 2020 as against Rs. 178,457,300 thousand for quarter ended March 2019.

The Bank's average net cash outflows stood at Rs. 58,210,860 thousand for quarter ended March 2020 as against Rs. 42,312,550 thousand for quarter ended March 2019. 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 business centrally and holistically, meetings are chaired by the Bank's Treasurer and 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 disbursal. 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. 390,711 thousand (Previous year Rs. 387,926 thousand)
- b. Amount spent during the year is Rs. 394,192 thousand (Previous year Rs. 389,851 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 2020			31 March 2019		
	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	394,192	-	394,192	389,851	-	389,851

q. Disclosure on provisioning pertaining to fraud accounts

(In Rs. '000)

	31 March 2020	31 March 2019
Number of frauds reported during the year	46	52
Amounts involved	152,492	1,931
Provisions made during the year	134,219	121
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 2020		31 March 2019	
	Purchased	Sold	Purchased	Sold
PSLC - Agriculture	-	-	-	-
PSLC - SF / MF	-	-	-	-
PSLC - Micro Enterprises	-	-	-	-
PSLC - General	49,000,000	-	15,927,500	-
Total	49,000,000	-	15,927,500	-

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. 1,288 thousand

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

For the year ended 31 March 2020

4. Notes to financial statements (Continued)

(Previous year Rs. 502 thousand) and interest thereon is Rs Nil (Previous year Rs. Nil), principal amount paid after the due date to such enterprises is Rs. 881 thousand (Previous year Rs. 140 thousand) and the interest payable as at 31 March 2020 to such enterprises is Rs. 1 thousand (Previous year Rs. 2 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 2019. The RBI had also advised that the Banks in India are required to implement Ind AS from 1 April 2019. 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 2020	31 March 2019
Opening provision	7,484	8,031
Provision made during the year	5,919	4,573
Utilization of provision during the year	(5,950)	(5,120)
Closing provision	7,453	7,484

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 would be 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 accordingly implemented the judgement with effect from March 1, 2019 for the impacted categories of employees (a) Employees with Basic Salary lower than Rs. 15,000 per month, for whom the PF computation is now based on Basic salary plus allowances, and (b) International workers for whom PF would be on their Basic salary plus allowances, except certain foreign nationals who would be considered Indian nationals for the purpose of PF computation.

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 **MSKC & Associates (Formerly known as R.K. Kumar & Co.)**Chartered Accountants
Firm Registration No: 001595SSd/-
Tushar Kurani
Partner
Membership No: 118580Place : Mumbai
Date : 22 June, 2020For **Deutsche Bank AG - India Branches**Sd/-
Kaushik Shaparia
Chief Executive Officer – IndiaPlace : Mumbai
Date : 22 June, 2020Sd/-
Avinash Prabhu
Chief Financial Officer – India