



## Independent Auditor's Report

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

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Deutsche Bank AG – India Branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2015, the Profit and Loss Account, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information.

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

2. The Bank's Management is responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with provisions of the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the applicable provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Act, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2015;
  - (b) in the case of the Profit and Loss account, of the profit of the Bank for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

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



8. As required sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - (c) during the course of our audit we have visited 4 branches. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
9. Further, as required by section 143(3) of the Act, we further report that:
- (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
  - (iii) the financial accounting systems of the Bank are centralized and, therefore, returns are not necessary to be submitted by the branches;
  - (iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
  - (vi) the requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Deutsche Bank AG, which is incorporated with limited liability in Germany; and
  - (vii) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 18 - Note 4(n)(i) to the financial statements;
    - (b) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 18 - Note 4(n)(i) to the financial statements; and
    - (c) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No: 116231W/W-100024

Sd/-

**N Sampath Ganesh**

*Partner*

Membership No: 042554

Mumbai  
10 June 2015

## Deutsche Bank



India Annual Results 2014-2015  
Deutsche Bank AG, India Branches  
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<b>BALANCE SHEET AS ON 31 MARCH 2015</b>				<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015</b>			
In thousands of Indian Rupees		<b>31 March 2015</b>	31 March 2014	In thousands of Indian Rupees		<b>Year ended 31 March 2015</b>	Year ended 31 March 2014
	<b>Schedule</b>				<b>Schedule</b>		
<b>Capital and Liabilities</b>				<b>Income</b>			
Capital	1	44,971,087	44,971,087	Interest earned	13	44,299,929	35,468,107
Reserves and surplus	2	59,352,453	45,293,322	Other income	14	13,763,359	4,878,282
Deposits	3	386,340,147	261,135,038	<b>Total</b>		<b>58,063,288</b>	<b>40,346,389</b>
Borrowings	4	69,187,984	159,505,954	<b>Expenditure</b>			
Other liabilities and provisions	5	56,120,160	66,045,063	Interest expended	15	18,814,246	13,217,140
<b>Total</b>		<b>615,971,831</b>	<b>576,950,464</b>	Operating expenses	16	13,642,257	12,690,457
<b>Assets</b>				Provisions and contingencies	17	11,547,654	7,144,179
Cash and balances with Reserve Bank of India	6	28,540,976	35,652,446	<b>Total</b>		<b>44,004,157</b>	<b>33,051,776</b>
Balances with banks and money at call and short notice	7	58,294,534	4,199,544	<b>Profit</b>			
Investments	8	128,782,919	197,111,566	Net profit for the year		14,059,131	7,294,613
Advances	9	361,384,063	290,144,049	Profit brought forward		6,520,162	9,426,856
Fixed assets	10	1,579,844	1,698,926	<b>Total</b>		<b>20,579,293</b>	<b>16,721,469</b>
Other assets	11	37,389,495	48,143,933	<b>Appropriations</b>			
<b>Total</b>		<b>615,971,831</b>	<b>576,950,464</b>	Transfer to statutory reserve		3,514,783	1,823,653
Contingent liabilities	12	6,702,527,307	7,008,266,738	Transfer to/(from) investment reserve		(4,921)	(47,840)
Bills for collection		299,787,831	116,391,628	Transfer to remittable surplus retained for CRAR requirements		5,518,800	8,425,494
Significant accounting policies and Notes to the financial statements	18			Balance carried over to Balance Sheet		11,550,631	6,520,162
The accompanying notes form an integral part of this Balance Sheet				<b>Total</b>		<b>20,579,293</b>	<b>16,721,469</b>
				Significant accounting policies and Notes to the financial statements 18			
				The accompanying notes form an integral part of this Profit and Loss Account.			

In terms of our report attached.

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

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

For **Deutsche Bank AG**  
India Branches

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

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

Place : Mumbai  
Dated : 10 June 2015



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### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

In thousands of Indian Rupees	31 March 2015	31 March 2014
<b>Net profit before Taxes</b>	25,436,641	14,048,946
<b>Adjustment for:</b>		
Depreciation and amortisation for the year	282,975	324,600
Provision for depreciation on investments	11,564	112,420
Provision for loan loss (net)	(691,809)	161,662
Provision for contingent credit exposures	1,317	1,905
Bad-debts written off	814,241	15,928
Provision for country risk	(121,829)	97,931
Provision for standard assets	166,789	–
Other Provisions	(10,129)	–
Impairment of fixed assets	37,855	–
Loss on sale of fixed assets (net)	24,339	2,254
	25,951,954	14,765,646
<b>Adjustment for:</b>		
Increase in deposits	125,205,109	53,191,936
Increase/(Decrease) in other liabilities and provisions	(9,961,051)	29,005,423
(Increase)/Decrease in investments	67,332,956	(89,631,390)
(Increase)/Decrease in advances	(71,362,446)	(66,580,166)
(Increase)/Decrease in other assets	11,893,064	(11,994,839)
	149,059,586	(71,243,390)
Advance tax paid	(12,516,136)	(7,288,949)
<b>Net cash from/(used in) operating activities (A)</b>	136,543,450	(78,532,339)
<b>Cash flows from investing activities</b>		
(Purchase)/Maturity of HTM Investments	984,127	(1,580,510)
Purchase of fixed assets	(235,299)	(875,003)
Capital Work-in-progress	4,497	395,272
Proceeds from sale of fixed assets	4,715	1,327
	758,040	(2,058,914)
<b>Net cash used in investing activities (B)</b>		
<b>Cash flows from financing activities</b>		
Increase in Capital	–	4,057,000
Increase/(Decrease) in borrowings	(90,317,970)	78,377,889
<b>Net cash from/(used in) financing activities (C)</b>	(90,317,970)	82,434,889
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	46,983,520	1,843,636
Cash and cash equivalents at the beginning of the year	39,851,990	38,008,354
Cash and cash equivalents as at the end of the year	86,835,510	39,851,990
<b>Increase in cash and cash equivalents</b>	46,983,520	1,843,636
<b>Notes on cash flow statement</b>		
1. Cash and balances with Reserve Bank of India	28,540,976	35,652,446
Balances with banks and money at call and short notice	58,294,534	4,199,544
<b>Cash and cash equivalents as at 31 March</b>	86,835,510	39,851,990

2. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

In terms of our report attached.

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

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

Place : Mumbai  
Dated : 10 June 2015

For **Deutsche Bank AG**  
India Branches

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

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



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**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2015**

In thousands of Indian Rupees	31 March 2015	31 March 2014	In thousands of Indian Rupees	31 March 2015	31 March 2014
<b>Schedule 1 – Capital</b>			<b>Schedule 4 – Borrowings</b>		
Amount of deposit with Reserve Bank of India (at face value) under Section 11 (2)(b) of the Banking Regulation Act, 1949	16,250,000	14,500,000	<b>1 Borrowings in India</b>		
<b>Head Office Account</b>			(a) Reserve Bank of India	27,930,000	40,830,000
Opening Balance	44,971,087	40,914,087	(b) Banks	32,017	4,526,542
(including start-up capital of Rs 2 million and remittances from Head office)			(c) Other institutions and agencies	–	35,977,504
Additions during the year	–	4,057,000		<b>27,962,017</b>	<b>81,334,046</b>
<b>Total</b>	<b>44,971,087</b>	<b>44,971,087</b>	<b>2 Borrowings Outside India</b>		
			Banks	41,225,967	78,171,908
			<b>Total</b>	<b>69,187,984</b>	<b>159,505,954</b>
<b>Schedule 2 – Reserves and Surplus</b>			<b>Secured borrowings included in 1 and 2 above</b>	<b>27,930,000</b>	<b>76,807,504</b>
<b>1 Statutory reserve</b>					
Opening Balance	15,470,522	13,646,869	<b>Schedule 5 – Other Liabilities and Provisions</b>		
Additions : Transfer from Profit and Loss Account	3,514,783	1,823,653	<b>1</b> Bills payable	4,800,390	2,682,433
	<b>18,985,305</b>	<b>15,470,522</b>	<b>2</b> Inter-office adjustments – branches in India (net)	–	–
<b>2 Capital reserve</b>	177,207	177,207	<b>3</b> Interest accrued	4,209,145	3,078,261
	<b>177,207</b>	<b>177,207</b>	<b>4</b> Provision for taxation (net of tax paid in advance / tax deducted at source)	–	–
<b>3 Investment reserve</b>			<b>5</b> Others (including provisions) (Refer Schedule 18 Note–4 h v)	47,110,625	60,284,369
Opening Balance	318,944	366,784	<b>Total</b>	<b>56,120,160</b>	<b>66,045,063</b>
Additions/(Deductions): Transfer from/to Profit and Loss Account	(4,921)	(47,840)			
	<b>314,023</b>	<b>318,944</b>	<b>Schedule 6 – Cash and Balances with Reserve Bank of India</b>		
<b>4 Balance in Profit and Loss Account</b>	11,550,631	6,520,162	<b>1</b> Cash in hand (including foreign currency notes)	147,438	141,271
	<b>11,550,631</b>	<b>6,520,162</b>	<b>2</b> Balances with Reserve Bank of India		
<b>5 Remittable Surplus retained for CRAR requirements</b>			(a) in current account	28,393,538	35,511,175
Opening Balance	22,806,487	14,380,993	(b) in other accounts	–	–
Additions : Transfer from Profit and Loss Account	5,518,800	8,425,494	<b>Total</b>	<b>28,540,976</b>	<b>35,652,446</b>
	<b>28,325,287</b>	<b>22,806,487</b>			
<b>Total</b>	<b>59,352,453</b>	<b>45,293,322</b>	<b>Schedule 7 – Balances with Banks and Money at Call and Short Notice</b>		
			<b>1 In India</b>		
<b>Schedule 3 – Deposits</b>			(a) Balances with banks		
<b>1 (a) Demand deposits</b>			i. in current accounts	29,135	86,600
i. From banks	2,295,473	477,619	ii. in other deposit accounts (including with financial institutions)	1,700,000	–
ii. From others	135,690,661	109,063,317	(b) Money at call and short notice		
	<b>137,986,134</b>	<b>109,540,936</b>	i. with banks	–	–
<b>(b) Savings bank deposits</b>	14,910,318	12,044,995	ii. with other institutions	31,998,893	–
<b>(c) Term deposits</b>			<b>2 Outside India</b>		
i. From banks	–	–	(a) in current accounts	8,941,506	4,112,944
ii. From others	233,443,695	139,549,107	(b) in deposit accounts	–	–
	<b>233,443,695</b>	<b>139,549,107</b>	(c) money at call and short notice	15,625,000	–
<b>Total</b>	<b>386,340,147</b>	<b>261,135,038</b>	<b>Total</b>	<b>58,294,534</b>	<b>4,199,544</b>
<b>2 (i) Deposits of branches in India</b>	<b>386,340,147</b>	261,135,038			
<b>(ii) Deposits of branches outside India</b>	–	–			
<b>Total</b>	<b>386,340,147</b>	<b>261,135,038</b>			



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### SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2015

In thousands of Indian Rupees	31 March 2015	31 March 2014	In thousands of Indian Rupees	31 March 2015	31 March 2014
<b>Schedule 8 – Investments</b>			<b>2 Other Fixed Assets (including furniture and fixtures)</b>		
<b>Investments in India in:</b>			<b>(a) Cost as on 31st March of the preceding year</b>		
1 Government securities	112,856,392	157,538,991		2,274,939	1,928,534
2 Other approved securities	–	–	<b>(b) Additions during the year</b>		
3 Shares	206,001	206,001		165,094	394,781
4 Debentures and bonds	4,712,693	5,691,839	<b>(c) Deductions during the year</b>		
5 Others (Includes Commercial Papers, Certificate of Deposit, Security Receipts and Deposits with SIDBI, NABARD, NHB)	11,376,773	34,032,111		(214,263)	(48,376)
Gross Investments in India	<b>129,151,859</b>	<b>197,468,942</b>	<b>(d) Accumulated depreciation to date (Refer Schedule 18 Note–4 m vi)</b>		
Less : Provision for depreciation on investments	(368,940)	(357,376)		(1,613,381)	(1,614,848)
<b>Total</b>	<b>128,782,919</b>	<b>197,111,566</b>	<b>612,389</b>		
<b>Schedule 9 – Advances</b>			<b>3 Capital Work-in-progress</b>		
1 (a) Bills purchased and discounted	66,708,809	58,153,117		8,222	12,719
(b) Cash credits, overdrafts and loans repayable on demand	225,973,626	176,537,659	<b>Total</b>		
(c) Term loans	68,701,628	55,453,273		<b>1,579,844</b>	<b>1,698,926</b>
<b>Total</b>	<b>361,384,063</b>	<b>290,144,049</b>	<b>Schedule 11 – Other Assets</b>		
2 (a) Secured by tangible assets (includes advances against book debts)	105,185,360	71,614,236	1 Inter-office adjustments – branches in India (net)	395	8,958
(b) Covered by bank / Government guarantees	6,425,774	7,281,121	2 Interest accrued	5,123,630	5,439,236
(c) Unsecured	249,772,929	211,248,692	3 Tax paid in advance/ tax deducted at source (net of provision for taxation)	4,808,306	3,373,015
<b>Total</b>	<b>361,384,063</b>	<b>290,144,049</b>	4 Stationery and stamps	936	229
3 Advances in India			5 Others (including deferred tax – Refer Schedule 18 Note – 4 m iv)	27,456,228	39,322,495
(a) Priority sector	85,651,259	66,197,536	<b>Total</b>		
(b) Public sector	9,269,808	4,497,208		<b>37,389,495</b>	<b>48,143,933</b>
(c) Banks	43,684,088	41,012,548	<b>Schedule 12 – Contingent Liabilities</b>		
(d) Others	222,778,908	178,436,757	1 Claims against the Bank not acknowledged as debts (including tax related matters)	3,000,280	2,580,379
<b>Total</b>	<b>361,384,063</b>	<b>290,144,049</b>	2 Liability on account of outstanding foreign exchange contracts	3,278,348,605	2,813,270,474
<b>Non performing advances (net) as a % of Total advances (net), classified as per Reserve Bank of India guidelines</b>	<b>0.1289%</b>	<b>0.0877%</b>	3 Guarantees given on behalf of customers (a) In India	116,519,655	105,440,880
<b>Schedule 10 – Fixed Assets</b>			(b) Outside India	28,535,249	13,924,033
1 <b>Premises (including leasehold improvements)</b>			4 Acceptances, endorsements and other obligations	98,224,964	90,321,307
(a) Cost as on 31st March of the preceding year	1,968,842	1,488,620	5 Bills rediscounted	7,650,000	44,493,625
(b) Additions during the year	70,205	480,222	6 Other Items for which the Bank is contingently liable (a) Swaps	2,975,865,461	3,802,304,840
(c) Deductions during the year	(7,826)	–	(b) Options	86,475,890	24,910,165
(d) Accumulated depreciation to date (Refer Schedule 18 Note–4 m vi)	(1,071,988)	(942,726)	(c) Futures	52,422	–
	<b>959,233</b>	<b>1,026,116</b>	(d) Other items	107,854,781	111,021,035
			<b>Total</b>		
				<b>6,702,527,307</b>	<b>7,008,266,738</b>



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### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

In thousands of Indian Rupees			In thousands of Indian Rupees				
	Year ended 31 March 2015	Year ended 31 March 2014		Year ended 31 March 2015	Year ended 31 March 2014		
<b>Schedule 13 – Interest Earned</b>			<b>Schedule 16 – Operating Expenses</b>				
1	Interest/discounts on advances/bills	31,517,007	25,280,445	1	Payments to and provisions for employees (Refer Schedule 18 Note-4 m i) (net of cost recoveries)	6,074,728	5,437,518
2	Income on investments	11,928,650	9,661,902	2	Rent, taxes and lighting (Refer Schedule 18 Note-4 m v) (net of cost recoveries)	743,666	692,757
3	Interest on balances with Reserve Bank of India and other interbank funds	698,104	219,070	3	Printing and stationery	61,731	45,165
4	Others	156,168	306,690	4	Advertisement and publicity	78,556	51,414
	<b>Total</b>	<b>44,299,929</b>	<b>35,468,107</b>	5	Depreciation on bank's property	282,975	324,600
				6	Auditors' fees and expenses	4,600	4,000
				7	Legal charges	28,575	109,944
				8	Postage, telegrams, telephones, etc.	304,554	254,696
<b>Schedule 14 – Other Income</b>			<b>Schedule 17– Provision and Contingencies</b>				
1	Commission, exchange and brokerage (net) (including custodial and depository income)	5,519,161	4,986,879	1	Provision for loan loss (net)	(691,809)	161,662
2	Profit/(Loss) on sale of investments (net)	2,272,038	(765,985)	2	Provision / (write back) for contingent credit exposures	1,317	1,905
3	Profit/(Loss) on sale of land, building and other assets (net) including write off	(24,339)	(2,254)	3	Provision for standard assets (Refer Schedule 18 Note-4 n xviii)	166,789	–
4	Profit/(Loss) on exchange transactions (net)	4,897,496	(152,156)	4	Provision/(write back) for country risk	(121,829)	97,931
5	Miscellaneous Income/(Loss)	1,099,003	811,798	5	Bad debts written off	814,241	15,928
	<b>Total</b>	<b>13,763,359</b>	<b>4,878,282</b>	6	Provision/(write back) for depreciation on investments	11,564	112,420
				7	Other Provisions (net) (Refer Schedule 18 Note-4 h iii)	(10,129)	–
<b>Schedule 15 – Interest Expended</b>			<b>Schedule 18 – Provision and Contingencies</b>				
1	Interest on deposits	12,375,911	9,012,557	8	Provision for taxation:		
2	Interest on Reserve Bank of India and other interbank borrowings (including from other money market participants)	6,435,587	4,202,440	(a) Current tax	11,080,845	6,842,839	
3	Others	2,748	2,143	(b) Deferred tax (Refer Schedule 18 Note-4 m iv)	296,665	(88,506)	
	<b>Total</b>	<b>18,814,246</b>	<b>13,217,140</b>	<b>Total</b>	<b>11,547,654</b>	<b>7,144,179</b>	

#### Schedule 18 : Notes forming part of the financial statements of the India Branches for the year ended 31 March 2015

##### 1. Background

The accompanying financial statements for the year ended 31 March 2015 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) Rule, 2014 to the extent applicable and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India.

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





*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
 for the year ended 31 March 2015*

**3. Significant accounting policies**

**a. Foreign currency translation**

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

**b. Investments**

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

Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period are classified as HFT investments. All other investments are classified as AFS investments.

ii. Investments under HTM are carried at acquisition cost. The premium, if any, is amortised over the remaining life of the security on a straight line basis, while discount, if any, is ignored. Profit on sale of HTM securities is appropriated to Capital Reserve net of income tax and statutory reserve while loss, if any, is charged to the Profit and Loss Account.

iii. Investments under AFS and HFT categories are revalued periodically at the market price or fair value as declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA"). Securities under each category are valued scrip-wise and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for and net appreciation, if any, is ignored. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification.

iv. Treasury bills, commercial paper and certificate of deposits, being discounted instruments, are valued at carrying cost.

v. The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges, Subsidiary General Ledger ('SGL') account transactions, the price list published by the RBI or the prices periodically declared by PDAI jointly with FIMMDA.

vi. The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the FIMMDA guidelines. Further, in the case of unquoted fixed income securities (other than government securities), valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ('YTM') rates of government securities of similar tenor. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA.

vii. Investments in security receipts issued by asset reconstruction companies have been valued at the latest Net Asset Values ("NAV") obtained from the asset reconstruction companies.

viii. Investments in pass through certificates have been valued by adopting base yield curve and corporate bond spread relative to weighted average maturity of the security.

ix. Quoted equity shares are valued at their closing price on a recognised stock exchange. Unquoted equity shares are valued at the book value if the latest balance sheet is available, else, at Re. 1 per company, as per relevant RBI guidelines.

x. Cost of investments is based on the weighted average cost method.

xi. Broken period interest paid at the time of acquisition of the security has been charged to the Profit and Loss Account.

xii. Brokerage, commission, etc. paid at the time of purchase/sale is charged to the Profit and Loss Account.

xiii. Repurchase (repo) and reverse repurchase (reverse repo) transactions are accounted for as secured borrowing and lending contracts, respectively, in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility ("LAF") are also accounted for as secured borrowing and lending transactions. These transactions are reflected under Schedule 4 and Schedule 7 accordingly.

xiv. 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.

xv. The Bank follows settlement date accounting for recording purchase and sale of investments.

xvi. 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.





*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
 for the year ended 31 March 2015*

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

**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 trading assets/liabilities respectively in the Balance Sheet.
- iii. The accounting for derivatives transactions undertaken as hedges is as follows:  
 Derivative contracts that hedge interest bearing assets or liabilities are valued for in the same manner as the underlying asset or liability. The bank identifies the hedged item (asset or liability) at the inception of the transaction itself.  
 Gains or losses on the termination of derivative transaction would be recognised when the offsetting gain or loss is recognised on the underlying asset or liability. This implies that any gain or loss on the terminated derivative would be deferred and recognised over the shorter of the remaining contractual life of the derivative or the remaining life of the asset/liability.
- iv. Overdue receivables under derivative contracts are identified and recognised through the Profit and Loss Account in accordance with applicable RBI guidelines.
- v. Foreign exchange contracts outstanding at the Balance Sheet date are marked to market as per methodology and at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts as specified by FEDAI. Contracts of maturities over twelve months (Long Term Forex Contracts) are marked to market at rates derived from the Reuters curve for that respective currency. The resulting profits or losses are recognised in the Profit and Loss Account.
- vi. In case of currency option trades, the premium received/paid is reflected on the Balance Sheet and recognised in the Profit and Loss Account only on maturity of trade.

**d. Advances and provision for advances**

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

**e. Fixed assets and depreciation**

- i. Fixed assets are stated at historical cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit/functioning capability from/of such assets.
- ii. Fixed assets other than software costing less than Rs 30 thousand are expensed off in the Profit and Loss Account.



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2015*

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

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

- iii. Depreciation on fixed assets is provided on a straight-line basis over the estimated useful life of the asset as determined by the Management and is consistent with its global policy/RBI guidelines as prescribed. The rates for this purpose are as follows:

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

- iv. Depreciation for the entire month is charged in the month in which the asset is purchased.
- v. Depreciation for the entire month is charged in the month of sale if the asset is sold after 15th day of the month. Depreciation is not provided for the month of sale if the asset is sold on or before 15th of the month.
- vi. Leasehold improvements are depreciated over the residual period of the lease or over a period of 10 years whichever is shorter.
- vii. Software is amortised on a straight-line basis over its estimated useful life upto 10 years.
- viii. If at the Balance Sheet date there is an indication that an impairment of fixed assets exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of its depreciable historical cost.
- ix. Leasehold land and building thereon is amortised over the period of lease. The lease period of land, acquired by the Bank from Brihanmumbai Municipal Corporation ('BMC') on which the Bank has two buildings has expired in September 2001 & September 2004 respectively. The Bank has applied for renewal of the lease and the Bank's solicitor has advised that in accordance with normal market practice the lease is expected to be renewed at least for another 30 years. Accordingly, the Bank has amortised the leasehold land and building thereon of Rs. 689,647 thousands upto September 2031 and September 2034 respectively.

**f. Lease transactions:**

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

**g. Income recognition**

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

**h. Staff benefits**

- i. The Bank pays gratuity to employees who retire or resign after a minimum prescribed period of continuous service. The Bank's Gratuity Scheme bestows benefits to employees which are generally higher than those under the Payment of Gratuity Act, 1972. The Bank makes contributions to a separate gratuity fund at the rate of 8.33% of the basic salary on a monthly basis subject to adjustments based on actuarial valuation. This fund is recognised by the Income-tax authorities and administered by a trust. The Gratuity Scheme is treated as a defined benefit plan and provision for gratuity expenses are made based on an independent actuarial valuation conducted by a qualified actuary at year-end.
- ii. The Bank contributes 12% of basic salary as employer's contribution towards Provident Fund which is administered by a trust. This Provident Fund is classified as a defined benefit plan under AS 15, Employee benefits (revised) as the same is created with a guaranteed return linked with that under Employees Provident Fund ('EPF') Scheme, 1952. The trust has the option of retaining an appropriate amount out of the amount earned, in a separate account (Surplus account) to finance future shortfalls, if any, after paying out an amount equal to or greater than the guaranteed rate of return. During the year the actuary has estimated the present value obligation (PVO) of the future guaranteed rate(s) of interest as per the guidance from the Institute of Actuaries of India in this regard. The shortfall if any of the PVO and the fair value of surplus account is reflected in the Profit and Loss Account for the year.
- iii. Provision for compensated absences, pre-retirement leave and long-term awards are made based on independent actuarial valuation conducted by a qualified actuary at year-end. Provision for compensated absences includes provision for pre-retirement leave.



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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### 3. Significant accounting policies (Continued)

#### h. Staff benefits (Continued)

- 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.

### 4. Notes to financial statements

#### a. Capital adequacy ratio

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

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

	31 March 2015	31 March 2014
	<i>(In Rs.'000)</i>	
i) Common Equity Tier 1 capital ratio (%)	15.03	14.23
ii) Tier 1 capital ratio (%)	15.03	14.23
iii) Tier 2 capital ratio (%)	0.59	0.61
iv) <b>Total Capital ratio (CRAR) (%)</b>	<b>15.62</b>	<b>14.84</b>
v) Percentage of the shareholding of the Government of India in public sector banks	NA	NA
vi) Amount of equity capital raised	-	4,057,000
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)]	-	-



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### a. Capital adequacy ratio (Continued)

Capital and risk weighted assets:

	31 March 2015	31 March 2014
Common Equity Tier 1 capital	90,970,010	81,512,489
Tier 1 capital	90,970,010	81,512,489
Tier 2 capital	3,559,386	3,519,475
<b>Total capital</b>	<b>94,529,396</b>	<b>85,031,964</b>
Total risk weighted assets	605,117,385	572,965,406

##### b. Investments

(In Rs. '000)

	31 March 2015	31 March 2014
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	129,151,859	197,468,942
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	(368,940)	(357,376)
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	128,782,919	197,111,566
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance (as on 1 April)	357,376	244,957
(ii) Add: Provisions made during the year	11,564	112,419
(iii) Less: Write-off/ (write-back) of excess provisions during the year	-	-
(iv) Closing balance (as on 31 March)	368,940	357,376

Investments – Government securities (Schedule 8.1) include:

- Government securities amounting to Rs.17,000,000 thousand representing face value (Previous year: Rs. 17,500,000 thousand) are collateral holdings parked with Clearing Corporation of India Limited ('CCIL') for securities and Collateralised Borrowing and Lending Obligation ('CBLO') segment.
- Government securities amounting to Rs. 29,100,040 thousand representing face value (Previous year Rs. 42,463,200 thousand) are repoed under Liquidity Adjustment Facility ('LAF') with RBI.
- Government securities amounting to Rs. 13,400,000 thousand representing face value (Previous year: Rs.9,700,000 thousand) are deposited with RBI in Intra Day Liquidity ('IDL') for availing Real Time Gross Settlement ('RTGS').
- Government securities amounting to Rs. Nil representing face value (Previous year Rs. 27,002,400 thousand) are given under repurchase transactions.
- Government securities amounting to Rs. 16,250,000 thousand representing face value (Previous year Rs. 14,500,000 thousand) are held with RBI under Section 11(2)(b) of the Banking Regulation Act, 1949.

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

(In Rs. '000)

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

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



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

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

(In Rs. '000)

31 March 2014	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31 March 2014
Securities sold under repos	–	77,013,800	16,461,489	27,002,400
(i) Government securities	–	77,013,800	16,461,489	27,002,400
(ii) Corporate debt Securities	–	–	–	–
Securities purchased under reverse repo	–	32,304,000	1,159,741	–
(i) Government securities	–	32,304,000	1,159,741	–
(ii) Corporate debt Securities	–	–	–	–

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

d. Issuer composition of non statutory liquidity ratio investments

(In Rs. '000)

Issuer 31 March 2015	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	500,367	200,000	–	–	–
Financial Institutions(FIs)	6,362,981	4,757,883	–	–	4,757,883
Banks	6,262,515	3,711,639	–	–	–
Private Corporates	2,813,228	2,806,001	–	–	206,000
Subsidiaries/Joint Ventures	–	–	–	–	–
Others (including SC/RC)	356,376	356,376	–	356,376	356,376
Provision held towards depreciation	(368,940)	(368,940)	–	(356,376)	(356,376)
<b>Total</b>	<b>15,926,527</b>	<b>11,462,959</b>	<b>–</b>	<b>–</b>	<b>4,963,883</b>

Amounts reported under the above columns are not mutually exclusive.

(In Rs.'000)

Issuer 31 March 2014	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	2,508,018	1,000,000	–	–	–
Financial Institutions(FIs)	7,544,176	6,742,010	–	–	5,742,010
Banks	27,933,726	26,951,334	–	–	–
Private Corporates	1,587,655	1,386,001	–	–	206,000
Subsidiaries/Joint Ventures	–	–	–	–	–
Others (including SC/RC)	356,376	356,376	–	–	356,376
Provision held towards depreciation	(357,376)	(357,376)	–	–	(356,376)
<b>Total</b>	<b>39,572,575</b>	<b>36,078,345</b>	<b>–</b>	<b>–</b>	<b>5,948,010</b>

Amounts reported under the above columns are not mutually exclusive.

e. Movement in non-performing non-SLR investments

(In Rs.'000)

	31 March 2015	31 March 2014
Opening Balance	3,000	3,000
Reductions during the year	–	–
Closing Balance	3,000	3,000
<b>Total Provisions held</b>	<b>3,000</b>	<b>3,000</b>

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).



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### g. Derivatives

##### i Details of outstanding interest rate swap agreements

	31 March 2015	31 March 2014
		<i>(In Rs.'000)</i>
1. The Notional principal of swap agreements	2,790,638,744	3,617,079,576
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	5,226,145	7,154,256
3. Collateral required by the bank upon entering into swaps	Nil	Nil
4. Concentration of credit risk arising from the Swaps %		
– Banks	94.62%	92.21%
– Others	5.38%	7.79%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
5. The fair value of the swap book	1,193,703	2,150,789

##### ■ Nature and terms of interest rate swaps

	31 March 2015	31 March 2014
		<i>(In Rs.'000)</i>
Trading – MIBOR* Pay Fixed – Receive Floating	392,269,514	582,552,693
Trading – MIBOR* Pay Floating – Receive Fixed	438,032,235	604,431,514
Trading – MIFOR** Pay Fixed – Receive Floating	165,159,014	217,279,014
Trading – MIFOR** Pay Floating – Receive Fixed	181,989,770	180,189,770
Trading – INBMK*** Pay Fixed – Receive Floating	42,790,000	51,330,000
Trading – INBMK*** Pay Floating – Receive Fixed	31,500,000	32,500,000
Trading – MIOIS**** Pay Fixed – Receive Floating	3,446,667	3,763,333
Trading – Others (Incl LIBOR) Pay Fixed – Receive Floating	768,534,671	975,721,501
Trading – Others (Incl LIBOR) Pay Floating – Receive Fixed	722,541,873	933,239,723
Trading – LIBOR Pay Floating – Receive Floating	44,375,000	36,072,028
<b>Total</b>	<b>2,790,638,744</b>	<b>3,617,079,576</b>

\* Mumbai Interbank Offer Rate

\*\* Mumbai Interbank Forward Offer Rate

\*\*\* India Benchmark

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

■ There were no rupee forward rate agreements (FRA's) outstanding as at 31 March 2015 and 31 March 2014.

##### ii Exchange Traded Interest Rate Derivatives

	31 March 2015	31 March 2014
		<i>(In Rs.'000)</i>
(i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)*		
a) 10 Yrs G Secs	1,730,661	–
(ii) Notional principal amount of exchange traded interest rate derivatives outstanding		
a) 10 Yrs G Secs	52,422	–
(iii) Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	–	–
(iv) Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	–	–

\* Includes both purchase and sale.





*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
 for the year ended 31 March 2015*

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

**g. Derivatives (Continued)**

iii Disclosures on risk exposure in Derivatives

Qualitative Disclosures

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

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

The Management Board (MB) provides overall risk and capital management supervision for the consolidated group. The Chief Risk Officer (CRO) is a member of the Management Board and has Group-wide supradivisional responsibility for the management of all credit, market, and operational risks, as well as comprehensively, i.e. including liquidity risk, for the control of risk and the continuing development of methods for risk measurement.

The Bank operates a three-line of defense risk management model whereby business management, risk management oversight and assurance roles are played by functions independent of one another.

Risk strategy and risk appetite are defined based on the Group Strategic & Capital Plan and Group Risk Appetite in order to align risk, capital, and performance targets. Effective systems, processes and procedures are a critical component of the Group's risk management capability.

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

All major risk classes are managed in a coordinated manner via risk management processes, including credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk. This includes risk concentrations within and across risk types.

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

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

The Bank uses Comprehensive Approach for collateral valuation.

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

**Hedging**

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

**Accounting, Valuation & Provisioning**

*Accounting & Provisioning*

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

*Valuation*

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

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

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

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



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### g. Derivatives (Continued)

Quantitative Disclosures

(In Rs. '000)

Sr. No	31 March 2015		31 March 2014	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
1.	Derivatives (Notional Principal Amounts)			
a)	42,187,500	–	79,147,715	–
b)	3,507,863,711	2,790,691,166	2,944,258,189	3,617,079,575
2.	Marked to Market Positions (net)			
a)	12,811,305	5,226,145	15,254,959	7,154,256
b)	(26,591,287)	(4,032,466)	(32,817,634)	(5,003,467)
3.	122,072,657	39,651,845	150,675,495	66,644,659
4.	Likely impact of one percentage upward change in interest rates (100 * PV01)			
a)	(22,061)	–	(80,333)	–
b)	(369,448)	409,982	(219,909)	1,168,719
5.	Maximum of 100*PV01 observed during the year @			
a)	(12,202)	–	–	–
b)	(116,945)	1,853,224	62,551	2,296,836
6.	Minimum of 100*PV01 observed during the year @			
a)	(84,918)	–	(165,046)	–
b)	(369,448)	(169,076)	(456,592)	(144,868)

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

@ Maximum & Minimum of PV01 as disclosed above is based on daily risk data and relates to an increase of 100 basis points.

##### h. Asset Quality

i Non-Performing Assets (NPAs):

(In Rs. '000)

Movement in NPAs (funded)	31 March 2015	31 March 2014
(i) Net NPAs to Net Advance (%)	0.1289%	0.0877%
(ii) Movement of Gross NPAs		
a) Opening balance	1,673,409	1,543,845
b) Additions during the year	947,858	373,942
c) Reductions during the year	(1,428,286)	(244,378)
d) Closing Balance	1,192,981	1,673,409
(iii) Movement of Net NPAs		
a) Opening balance	254,434	286,533
b) Additions during the year	795,592	111,804
c) Reductions during the year	(584,211)	(143,903)
d) Closing Balance	465,815	254,434
(iv) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,418,975	1,257,312
b) Provisions made during the year	152,266	262,138
c) Write off/ write back of excess provisions during the year	(844,075)	(100,475)
d) Closing Balance	727,166	1,418,975



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### h. Asset Quality (Continued)

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

(In Rs.'000)

SI No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	
	Details ↓																					
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	12	-	12	-	-	12	-	12
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	1,994	-	1,994	-	-	1,994	-	1,994
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	1,994	-	1,994	-	-	1,994	-	1,994
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-	-	1	-	(1)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	54	-	(54)	-	-	54	-	(54)	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	54	-	(54)	-	-	54	-	(54)	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs (net of recovery/reversal) restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)	-	-	(5)	-	(5)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(36)	-	(1,525)	-	(1,561)	(36)	-	(1,525)	-	(1,561)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(54)	-	(1,525)	-	(1,579)	(54)	-	(1,525)	-	(1,579)
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	6	-	7	1	-	6	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	18	-	415	-	433	18	-	415	-	433
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	415	-	415	-	-	415	-	415

Figures under Sr no. 6 (Standard – Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 36 thousand

Figures under Sr no. 6 (Standard – Provision thereon) includes reversal of provision due to account upgraded as standard amounting to Rs. 54 thousand

Figures under Sr no. 6 (Doubtful – Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 457 thousand

Figures under Sr no. 6 (Doubtful – Provision thereon) includes reversal of provision on restructured accounts amounting to Rs. 457 thousand



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### h. Asset Quality (Continued)

ii Particulars of Accounts Restructured (financial year ended 31 March 2014)

(In Rs.'000)

SI No	Type of Restructuring →	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others				Total						
		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	
	Details ↓																					
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	5	16	-	21	-	5	16	-	21
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	1,143	3,656	-	4,799	-	1,143	3,656	-	4,799
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	286	3,656	-	3,942	-	286	3,656	-	3,942
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(2)	2	-	-	-	(2)	2	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(823)	823	-	-	-	(823)	823	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(206)	206	-	-	-	(206)	206	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(3)	(6)	-	(9)	-	(3)	(6)	-	(9)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(320)	(2,485)	-	(2,805)	-	(320)	(2,485)	-	(2,805)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(80)	(1,868)	-	(1,948)	-	(80)	(1,868)	-	(1,948)
7	Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	12	-	12	-	-	12	-	12
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	1,994	-	1,994	-	-	1,994	-	1,994
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	1,994	-	1,994	-	-	1,994	-	1,994

Figures under Sr no. 6 (Doubtful – Amount outstanding) includes amount recovered from restructured accounts amounting to Rs. 635 thousand

Figures under Sr no. 6 (Doubtful – Provision thereon) includes reversal of provision on restructured accounts amounting to Rs. 188 thousand



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### h. Asset Quality (Continued)

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

The Bank has not sold any financial assets to SC/RC for Asset Reconstruction during the year ended March 31, 2015 and March 31, 2014.

During the year, in accordance with RBI circular dated March 11, 2015, the Bank has reversed the excess provision of Rs. 160,129 thousand on account of sale of Non-performing assets to SC/RC to its Profit and Loss Account.

iv Book value of investments held in security receipts .

(In Rs.'000)

	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/financial institution/non-banking financial companies as underlying		Total	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Book value of investments in security receipts	–	–	356,376	356,376	356,376	356,376

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

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

The Bank has not purchased/sold any non performing financial assets from/to bank during the year ended March 31, 2015 and March 31, 2014.

v Provision for standard assets

Other liabilities and provisions – Others (Schedule 5.5) includes

(In Rs.'000)

	31 March 2015	31 March 2014
Provisions on Standard Assets	1,897,703	1,730,914

##### i. Business Ratios

Year ended	31 March 2015	31 March 2014
Interest income as a percentage of working funds\$	8.04%	7.48%
Non-interest income as a percentage of working funds\$	2.50%	1.02%
Operating profit as a percentage of working funds \$	4.65%	3.04%
Return on assets #	2.55%	1.54%
Business per employee (in Rs. 000's) *@	419,723	318,382
Profit per employee (in Rs. 000's) *	7,916	4,213

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

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

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

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

##### j. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(In Rs. '000)

Maturity Bucket (31 Mar 2015)	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Deposits	33,768,526	24,109,188	17,635,067	18,579,386	76,708,274	42,407,862	5,361,375	158,904,282	8,866,188	–	386,340,147
Advances	8,725,723	12,281,370	16,383,706	32,327,772	65,221,042	49,572,492	37,024,532	91,540,172	8,210,867	40,096,387	361,384,063
Investments (Gross)	53,025,789	8,106,978	3,463,226	5,075,261	9,427,372	7,566,582	3,854,003	30,739,311	2,287,693	5,605,644	129,151,859
Borrowings	3,507,984	17,575,000	20,792,500	–	21,062,500	–	–	–	6,250,000	–	69,187,984
Foreign Currency Assets	9,789,600	25,851,076	6,827,507	14,198,811	15,724,498	8,903,849	2,202,132	373,418	–	1,802,190	85,673,081
Foreign Currency Liabilities	16,622,878	4,377,970	6,066,616	–	21,733,494	–	–	42,216,139	6,254,243	1,759,611	99,030,951



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### j. Asset Liability Management (Continued)

Maturity pattern of certain items of assets and liabilities

(In Rs. '000)

Maturity Bucket (31 Mar 2014)	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Deposits	19,078,173	32,193,491	9,024,167	14,146,919	16,729,183	15,772,969	8,951,690	139,527,401	5,711,045	–	261,135,038
Advances	33,674,728	9,706,742	9,641,500	20,513,827	59,372,624	38,799,299	26,751,719	54,948,014	5,864,205	30,871,391	290,144,049
Investments (Gross)	123,939,927	5,978,420	6,825,029	3,185,664	11,679,703	11,274,741	7,097,979	25,012,519	1,329,014	1,145,946	197,468,942
Borrowings	44,547	120,072,509	–	–	–	–	29,862,413	–	9,526,485	–	159,505,954
Foreign Currency Assets	7,070,835	4,152,457	5,355,670	9,178,657	16,385,068	8,380,662	4,783,232	–	–	–	55,306,581
Foreign Currency Liabilities	5,294,794	39,204,125	2,562,700	324	1,516,565	10,018,916	38,210,000	51,255,129	9,546,507	–	157,609,060

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

##### k. Exposures

i Exposure to Real Estate Sector

(In Rs. '000)

Category	31 March 2015	31 March 2014
<b>a) Direct exposure</b>		
(i) Residential Mortgages –		
(a) Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented [includes an amount of Rs 362,603 thousand (Previous year Rs 395,137 thousand) pertaining to individual housing loans eligible for priority sector advances]	21,203,413	22,465,746
(b) Other lendings secured by mortgage on residential property	29,912,501	17,475,012
(ii) Commercial Real Estate (CRE)* –	9,228,097	5,605,829
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)	9,549,843	5,053,029
(iv) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –	–	–
a. Residential		
b. Commercial Real Estate		
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	17,443,385	11,616,391
<b>TOTAL</b>	<b>87,337,239</b>	<b>62,216,007</b>

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





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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### k. Exposures (Continued)

##### ii Exposure to Capital Market

(In Rs.'000)

Items	31 March 2015	31 March 2014
(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	206,001	206,001
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	–	–
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	13,000	19,010
(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	589,765	1,440,521
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	639,296	590,000
(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	1,546,875	–
(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)	–	–
<b>Total Exposure to Capital Market</b>	<b>2,994,937</b>	<b>2,255,532</b>

##### iii Risk Category wise Country Exposure

(In Rs.'000)

Risk Category	Exposure(net) as at 31 March 2015	Provision held as at 31 March 2015
Insignificant	75,872,570	57,900
Low	2,207,692	–
Moderate	262,960	–
High	–	–
Very High	–	–
Restricted	–	–
Off-credit –	–	–
<b>Total</b>	<b>78,343,222</b>	<b>57,900</b>

(In Rs.'000)

Risk Category	Exposure(net) as at 31 March 2014	Provision held as at 31 March 2014
Insignificant	75,940,043	179,729
Low	9,437,787	–
Moderate	1,102,449	–
High	326,848	–
Very High	50,620	–
Restricted	–	–
Off-credit	–	–
<b>Total</b>	<b>86,857,747</b>	<b>179,729</b>



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2015*

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

**k. Exposures (Continued)**

iv Single and Group Borrower Exposures

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

RBI has permitted banks to enhance the credit exposure by an additional 5 per cent of Capital funds, provided the approval of the Management has been obtained.

The Bank has enhanced the credit exposure by an additional 5 per cent of Capital funds in respect of the below mentioned entities with the approval of the Management during the year.

- LARSEN & TOUBRO LIMITED
- RELIANCE INDUSTRIES LIMITED
- HOUSING AND DEVELOPMENT FINANCE CORPORATION
- WIPRO LIMITED

v. Unsecured Advances

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

**l. Disclosure of Penalties Imposed by RBI**

A penalty of Rs. Nil (Previous year Rs. 10,000 thousand) was imposed on the bank by the RBI under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949.

**m. Disclosure requirements as per Accounting Standards**

i AS 15 – Employee Benefits

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

(In Rs.'000)

	31 March 2015	31 March 2014
1. Provident Fund	192,847	172,004
2. Compensated Absences	59,761	54,343
3. Long-Term Award	24,377	(11,896)

**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 2015	31 March 2014
Defined benefit obligation	886,191	683,148
Fair value of plan assets	893,284	788,774
Deficit/(Surplus)	(7,093)	(105,626)
<b>Changes in present value of defined benefits obligations</b>		
Opening Balance	683,148	603,756
Current service cost	94,606	89,397
Interest cost	58,117	45,279
Benefits paid	(109,718)	(61,207)
Actuarial (gain)/loss recognised during the year	160,038	5,923
Closing Balance	886,191	683,148
<b>Changes in fair value of plan assets</b>		
Opening Balance	788,774	707,351
Expected return on plan assets	62,309	57,862
Contributions by the Bank	89,906	93,052
Benefits paid	(109,718)	(61,207)
Actuarial gain/(loss) recognised during the year	62,013	(8,284)
Closing Balance	893,284	788,774



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

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

###### i AS 15 – Employee Benefits (Continued)

(In Rs.'000)

	31 March 2015	31 March 2014
<b>Total expense recognised in the Profit and Loss Account in schedule 16.1</b>		
Current service cost	94,606	89,397
Interest cost	58,117	45,279
Expected return on plan assets	(62,309)	(57,862)
Net actuarial (gain)/loss recognised during the year	98,025	14,206
Expense recognised in the Profit and Loss Account	188,439	91,020
<b>Actual return on plan assets</b>	<b>124,322</b>	<b>49,578</b>
<b>Key Assumptions</b>		
Salary Escalation	10.00%	10.00%
Discount rate	7.90%	9.25%
Expected rate of return on plan assets	8.00%	8.00%
Attrition rate - 0 to 5 years of service	20.00%	20.00%
Attrition rate - 6 to 10 years of service	15.00%	15.00%
Attrition rate - above 10 years of service	5.00%	5.00%

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

Gratuity Investment Pattern is as follows:

	31 March 2015	31 March 2014
Government of India Securities (Central and State)	46.24%	23.68%
Corporate Bonds (Including Public Sector Bonds)	46.77%	63.81%
Cash (including Deposits)	–	6.48%
Others	6.99%	6.03%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Experience adjustments are as follows:

(In Rs.'000)

	For the financial year ended				
	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined Benefit Obligation	886,191	683,148	603,756	487,083	521,821
Funded Assets	893,284	788,774	707,351	672,542	575,073
Deficit/(Surplus)	(7,093)	(105,626)	(103,595)	(185,459)	(53,252)
Experience Gain/(Loss) adjustments on plan liabilities	(60,165)	(34,990)	(55,324)	36,372	NA
Experience Gain/(Loss) adjustments on plan assets	62,013	(8,284)	36,262	14,969	NA
Actuarial Gain/(Loss) due to change of assumptions	(99,873)	29,068	(21,342)	12,554	NA

###### 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 2015				
Revenue	19,075,524	25,153,637	5,354,196	8,479,931	58,063,288
Less: Inter-segment revenue	(2,568,546)	(2,632,113)	(2,511,136)	7,711,795	–
Income from operations	21,644,070	27,785,750	7,865,332	768,136	58,063,288
Results	5,430,369	12,047,136	702,073	7,314,620	25,494,198
Unallocated Expenses					(57,557)
Operating Profit before tax					25,436,641
Income Tax and Deferred Tax					(11,377,510)
Extraordinary profit/Loss (pre-tax)					–
Net Profit after tax					14,059,131



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

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

##### ii AS 17- Segment reporting: (Continued)

'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 2015					
<b>Other Information</b>					
Segment Assets	242,448,956	288,860,781	75,427,552	2,954,409	609,691,698
Unallocated Assets	-	-	-	-	6,280,133
Total Assets	-	-	-	-	615,971,831
Segment Liabilities	127,782,749	335,250,667	41,905,887	111,032,528	615,971,831
Unallocated Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	615,971,831
Capital expenditure	256	891	24,775	209,377	235,299
Depreciation	106,849	137,268	38,858	-	282,975

(In Rs.'000)

Business Segments	Global Markets	Commercial Banking	Retail Banking	Others	Total
For the year ended 31 March 2014					
Revenue	7,825,267	21,772,698	3,836,936	6,911,488	40,346,389
Less: Inter-segment revenue	(3,048,362)	(1,183,128)	(2,052,893)	6,284,383	-
Income from operations	10,873,629	22,955,826	5,889,829	627,105	40,346,389
Results	(1,696,385)	10,553,266	400,729	5,127,843	14,385,453
Unallocated Expenses	-	-	-	-	(336,507)
Operating Profit before tax	-	-	-	-	14,048,946
Income Tax and Deferred Tax	-	-	-	-	(6,754,333)
Extraordinary profit/Loss (pre-tax)	-	-	-	-	-
Net Profit after tax	-	-	-	-	7,294,613
<b>Other Information</b>					
Segment Assets	261,525,338	251,816,713	54,669,624	3,797,283	571,808,958
Unallocated Assets	-	-	-	-	5,141,506
Total Assets	-	-	-	-	576,950,464
Segment Liabilities	205,577,155	243,091,396	30,120,984	98,160,929	576,950,464
Unallocated Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	576,950,464
Capital expenditure	6,131	2,784	20,604	450,212	479,731
Depreciation	87,766	187,730	49,104	-	324,600

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

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 wholesale business encompassing Global Markets, Commercial banking services, Retail banking and Asset and Wealth Management services.



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

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

###### ii AS 17- Segment reporting: (Continued)

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, 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 and housing loan, deposits and advisory services.

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

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

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

Others in segment assets 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 include capital, 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 significant operations outside India.

###### iii AS 18 - Related party disclosure

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

##### Relationships during the year

###### i. Head office

Deutsche Bank AG and its branches

###### ii. Associate

Comfund Consulting Limited

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

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



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

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

##### iii AS 18 - Related party disclosure (Continued)

Deutsche Securities Korea Co., Deutsche Securities Menkul Degerler A.S., Deutsche Bank (China) Co. Ltd., Deutsche Bank Trust Company Americas, DB Services New Jersey- Inc., Deutsche Bank National Trust Company, DB Services Americas- Inc., DB Investment Partners- Inc., Deutsche Trust Company Limited Japan, Deutsche Bank A.S., DB International (Asia) Limited, DB Service Centre Limited, Deutsche Securities (Proprietary) Limited, DB HR Solutions GmbH, Deutsche IT License GmbH, DB Group Services (EURO), DB Energy Trading LLC, Deutsche Knowledge Services Pte. Ltd.- Manila Branch, Deutsche Asset Management (UK) Limited, MortgageIT- Inc., DBOI Global Services (UK) Limited, Deutsche Bank Nederland N.V., DB Consorzio S. Cons. a r. l., Deutsche CIB Centre Private Limited- Birmingham Branch, Public joint-stock company "Deutsche Bank DBU", OOO "Deutsche Bank TechCentre".

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

##### iv. Key management personnel

In accordance with the RBI circular DBOD.BP.BC No.8/21.04.018/2014-15 dated 1 July 2014, only the Chief Executive Officer of the Bank, falls under the category of key management personnel, hence no disclosures pertaining to him are provided.

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

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

(In Rs.'000)

Items/Related Party	Head Office (as per ownership or control)	Subsidiaries/ Associates/ Joint Venture	Other Related Parties in Deutsche Bank Group	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of fixed assets	-	-	34,619	-	-	34,619
Purchase of fixed assets	-	-	300	-	-	300
Interest paid	-	-	<b>1,723,696</b>	-	-	<b>1,723,696</b>
	-	-	1,295,604	-	-	1,295,604
Interest received	-	-	<b>3,172</b>	-	-	<b>3,172</b>
	-	-	8,608	-	-	8,608
Rendering of services – receipt	-	-	<b>417,588</b>	-	-	<b>417,588</b>
	-	-	343,042	-	-	343,042
Receiving of services – payment	-	-	<b>637,093</b>	-	-	<b>637,093</b>
	-	-	554,795	-	-	554,795
Management contracts	-	-	<b>(116,109)</b>	-	-	<b>(116,109)</b>
	-	-	(282,141)	-	-	(282,141)
Purchase of securities	-	-	<b>7,157,721</b>	-	-	<b>7,157,721</b>
	-	-	55,835,180	-	-	55,835,180
Sale of securities	-	-	<b>25,947,815</b>	-	-	<b>25,947,815</b>
	-	-	6,433,855	-	-	6,433,855
Amount borrowed on repo	-	-	-	-	-	-
Amount lent on call	-	-	-	-	-	-
	-	-	16,240,000	-	-	16,240,000
Amount lent on reverse repo	-	-	-	-	-	-
	-	-	-	-	-	-
Purchase/sale of foreign exchange contracts	-	-	1,091,545,113	-	-	1,091,545,113
	-	-	1,332,462,085	-	-	1,332,462,085

Note: As per the guidance on compliance with the accounting standards by banks issued by the RBI on 1 July 2014, 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.





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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

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

iii AS 18 – Related party disclosure (Continued)

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
<b>Borrowing</b>	-	-	<b>1,847,134</b>	-	-	<b>1,847,134</b>
	-	-	-	-	-	-
<b>Deposits</b>	-	-	<b>28,824,452</b>	-	-	<b>28,824,452</b>
	-	-	<i>17,452,307</i>	-	-	<i>17,452,307</i>
<b>Advances</b>	-	-	<b>1,547,574</b>	-	-	<b>1,547,574</b>
	-	-	<i>12,128</i>	-	-	<i>12,128</i>
<b>Balances with Banks</b>	-	-	<b>1,628</b>	-	-	<b>1,628</b>
	-	-	<i>1,344,933</i>	-	-	<i>1,344,933</i>
<b>Non-funded commitments</b>	-	-	<b>23,667,787</b>	-	-	<b>23,667,787</b>
	-	-	<i>30,240,306</i>	-	-	<i>30,240,306</i>
<b>Other Assets</b>	-	-	<b>661,948</b>	-	-	<b>661,948</b>
	-	-	<i>626,194</i>	-	-	<i>626,194</i>
<b>Other Liabilities</b>	-	-	<b>1,057,788</b>	-	-	<b>1,057,788</b>
	-	-	<i>1,194,496</i>	-	-	<i>1,194,496</i>

Note: As per the guidance on compliance with the accounting standards by banks issued by the RBI on 1 July 2014, 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.

vii. Details of maximum balances outstanding with related parties during financial year ended 31 March 2015. (Current year figures are shown in bold. Previous year's figures are shown in italics):

(In Rs. '000)

Items/Related Party	Head Office (as per ownership or control)	Subsidiaries/ Associates/ Joint Venture	Other Related Parties in Deutsche Bank Group	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Borrowings</b>	-	-	<b>1,902,100</b>	-	-	<b>1,902,100</b>
	-	-	<i>5,269,409</i>	-	-	<i>5,269,409</i>
<b>Deposits</b>	-	-	<b>30,562,839</b>	-	-	<b>30,562,839</b>
	-	-	<i>27,784,413</i>	-	-	<i>27,784,413</i>
<b>Advances</b>	-	-	<b>1,547,574</b>	-	-	<b>1,547,574</b>
	-	-	<i>47,239</i>	-	-	<i>47,239</i>
<b>Balances with Banks</b>	-	-	<b>21,479,152</b>	-	-	<b>21,479,152</b>
	-	-	<i>16,465,401</i>	-	-	<i>16,465,401</i>
<b>Non-funded commitments</b>	-	-	<b>46,971,568</b>	-	-	<b>46,971,568</b>
	-	-	<i>150,991,052</i>	-	-	<i>150,991,052</i>
<b>Other Assets</b>	-	-	<b>1,522,716</b>	-	-	<b>1,522,716</b>
	-	-	<i>2,924,894</i>	-	-	<i>2,924,894</i>
<b>Other Liabilities</b>	-	-	<b>1,687,439</b>	-	-	<b>1,687,439</b>
	-	-	<i>9,708,986</i>	-	-	<i>9,708,986</i>

Maximum amounts outstanding for the year have been computed based on month-end balances outstanding.

viii. The following are the material transactions between the Bank and its related parties for the year ended 31 March 2015. 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.



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

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

##### iii AS 18 – Related party disclosure (Continued)

###### Rendering of services – receipt

Income from Deutsche Bank Trust Company Americas Rs. 174,061 thousand (Previous year: Rs. 123,717 thousand), Deutsche Bank (Mauritius) Limited Rs.71,610 thousand (Previous year: Rs. 46,503 thousand), DB International (Asia) Limited Rs. 93,357 thousand (Previous year : Rs. 69,367 thousand), Deutsche Investments India Private Limited Rs. 46,759 thousand (Previous year: Rs. 68,169 thousand).

###### Receiving of services – payment

Expenses for receiving services from Deutsche Bank Trust Company Americas Rs 64,327 thousand (Previous year: Rs. 73,317 thousand), DBOI Global Services Private Limited Rs 462,558 thousand (Previous year: Rs. 379,688 thousand).

###### Management contract

Receipts from Deutsche Securities (India) Private Limited Rs. 15,377 thousand (Previous year: Rs. 27,823 thousand), Deutsche Equities India Private Limited Rs 103,588 thousand (Previous Year: Rs. 133,164 thousand), Deutsche Asset Management (India) Private Limited Rs. 46,358 thousand (Previous year: Rs. 61,578 thousand), Deutsche Investments India Private Limited Rs. 53,232 thousand (Previous year: Rs. 52,765 thousand), DBOI Global Services Private Limited Rs. 244,691 thousand (Previous year: Rs. 235,516 thousand).

Payment to Deutsche Investor Services Private Limited Rs. 76,030 thousand (Previous year: Rs. 84,764 thousand), Deutsche CIB Centre Private Limited Rs. 51,619 thousand (Previous year: Rs.13,028 thousand) DB Services New Jersey Inc. Rs. 87,865 thousands (Previous year: Rs.74,604 thousands), DB Group Services (EURO) Rs. 280,323 thousands (Previous year: Rs. 576,832 thousands), Deutsche Securities Inc. Rs. 29,076 thousand (Previous year: Rs.Nil), Deutsche Bank National Trust Company Rs. 24,960 thousand (Previous year: Rs. Nil).

###### Balance with Bank

Balance with OOO “Deutsche Bank” Moscow Rs. 1,628 thousand (Previous year: Rs. 1,797 thousand).

###### Other Assets

Receivable from Deutsche Equities India Private Limited Rs. 121,352 thousand (Previous year: Rs. 90,817 thousand), Deutsche CIB Centre Private Limited Rs. 69,452 thousand (Previous year: Rs. 73,027 thousand), DBOI Global Services Private Limited Rs. 129,888 thousand (Previous year: Rs. 110,460 thousand), Deutsche Bank Trust Company Americas Rs.202,903 thousand (Previous year: Rs. 157,072 thousand).

###### Other Liabilities

DBOI Global Services Private Limited Rs. 225,027 thousand (Previous year: Rs. 123,643 thousand), DB Group Services (EURO) Rs. 340,926 thousand (Previous year: Rs. 242,886 thousand), Deutsche Equities India Private Limited Rs. 175,875 thousand (Previous year: Rs. 136,392 thousand).

##### iv AS 22 – Accounting for taxes on income

Amount of provision made for income–tax during the year

(In Rs.'000)

	31 March 2015	31 March 2014
Provision for:		
Current tax	11,080,845	6,842,839
Deferred tax	296,665	(88,506)

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 2015	31 March 2014
Provision for bad and doubtful debts	876,845	1,056,908
Depreciation on fixed assets	43,243	30,253
Provision for staff compensation and benefits	171,931	208,953
Others	379,808	472,378
<b>Deferred tax asset</b>	<b>1,471,827</b>	<b>1,768,492</b>



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

m. Disclosure requirements as per Accounting Standards (Continued)

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:-

- i. Cancellable leasing arrangement for premises: Total lease rental of Rs. 142,587 thousand (Previous year: Rs. 66,916 thousand) has been included under Operating expenses – Rent, taxes and lighting (Schedule 16.2) in the Profit and Loss Account.
- ii. Non-cancellable leasing arrangement for premises: Total lease rental of Rs. 346,920 thousand (Previous year: Rs. 427,465 thousand) has been included under the head Operating expenses – Rent, taxes and lighting (Schedule 16.2) in the Profit and Loss Account.
- iii. Non-cancellable leasing arrangement for vehicles: Total lease rental of Rs. 27,661 thousand (Previous year: Rs. 25,476 thousand) has been included under the head Operating expenses – Other expenditure (net of cost recoveries) (Schedule 16.12) in the Profit and Loss Account.

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

(In Rs.'000)

	31 March 2015	31 March 2014
Not later than one year	304,002	304,883
Later than one year and not later than five years	561,443	679,484
Later than five years	–	–

vi Other accounting standards

i) AS 6 – Depreciation – Movement in Accumulated depreciation:

(In Rs'000)

	31 March 2015	31 March 2014
<b>Depreciation to date</b>		
<b>PREMISES</b>		
Beginning of the year	942,726	820,099
Additions during the year	132,557	122,627
Deductions during the year	(3,295)	–
Closing balance	1,071,988	942,726
<b>OTHER FIXED ASSETS</b>		
Beginning of the year	1,614,848	1,457,670
Additions during the year	150,417	201,973
Deductions during the year	(151,884)	(44,795)
Closing balance	1,613,381	1,614,848

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 2015	31 March 2014
Cost as at 31 March of the preceding year	278,000	357,802
Addition during the year	2,313	10,687
Deduction during the year	(50,801)	(90,489)
Accumulated depreciation to date	(219,556)	(239,301)
Net Value as at 31 March of the current year	9,956	38,697

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

iv) No disclosures are required under AS-21 on Consolidated Financial Statements, AS-23 on Accounting for Investments in Associates in Consolidated Financial Statements & AS-24 on Discontinuing Operations.



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### n. Additional disclosures

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

(In Rs.'000)

	31 March 2015	31 March 2014
Provisions/ (write back) for depreciation on Investment	11,564	112,420
Provision for loan loss (net)	(691,809)	161,662
Provision/ (write back) for contingent credit exposures	1,317	1,905
Bad debts written off	814,241	15,928
Provision for standard assets	166,789	–
Provision/ (write back) towards country risk	(121,829)	97,931
Provision made towards Income tax	11,080,845	6,842,839
Other Provision and Contingencies:		
Deferred tax	296,665	(88,506)
Other Provisions (net)	(10,129)	–
<b>Total</b>	<b>11,547,654</b>	<b>7,144,179</b>

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 2015	31 March 2014
Opening balance	712,260	712,260
Add: Floating provisions made during the year	–	–
Less: Draw down made during the year	–	–
Closing balance	712,260	712,260

iii Drawdown on reserves

The Bank has drawn down investment reserve of Rs. 4,921 thousand during the year ended 31 March, 2015 (Previous year: Rs. 47,840 thousand) as required by RBI circular DBOD No. BP. BC.20/21.04.141/2014-15 dated 1 July 2014.

iv Customer complaints

	31 March 2015	31 March 2014
<b>A Customer complaints</b>		
(a) No. of complaints pending at the beginning of the year	240	90
(b) No. of complaints received during the year	7,212	4,492
(c) No. of complaints redressed during the year	7,227	4,342
(d) No. of complaints pending at the end of the year	225	240
<b>B Unimplemented awards of Banking Ombudsman</b>		
(a) No. of unimplemented awards at the beginning of the year	–	–
(b) No. of Awards passed by the Banking Ombudsman during the year	–	–
(c) No. of Awards implemented during the year	–	–
(d) No. of unimplemented Awards at the end of the Year	–	–

v Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2015 and March 31, 2014.

vi Provisioning Coverage Ratio as at 31 March 2015 is 60.95% (Previous year: 84.80%)

vii Bancassurance business

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

(In Rs. '000)

	31 March 2015	31 March 2014
For selling life insurance products	53,115	63,703
For selling non life insurance products	7,659	6,831
For selling Mutual fund products	608,513	426,857
For selling PMS products	36,315	44,865
Others	3,606	2,050
<b>Total</b>	<b>709,208</b>	<b>544,306</b>



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### n. Additional disclosures (Continued)

##### viii Concentration of Deposits, Advances, Exposures and NPAs

##### i Concentration of Deposits

(In Rs. '000)

	31 March 2015	31 March 2014
Total Deposits of twenty largest depositors	135,719,589	86,423,508
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	35.13%	33.10%

##### ii Concentration of Advances\*

(In Rs. '000)

	31 March 2015	31 March 2014
Total Advances to twenty largest borrowers	178,194,581	188,575,379
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	27.05%	34.93%

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

##### iii Concentration of Exposures\*\*

(In Rs. '000)

	31 March 2015	31 March 2014
Total Exposure to twenty largest borrowers/customers	178,194,581	188,575,379
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	16.09%	26.38%

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

##### iv Concentration of NPAs

(In Rs. '000)

	31 March 2015	31 March 2014
Total Exposure to top four NPA accounts	653,719	1,326,798

##### ix Sector-wise Advances and NPAs

(In Rs. '000)

Sl. No.	Sector/Sub-Sector *	As at 31.03.2015			As at 31.03.2014		
		Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>PRIORITY SECTOR</b>						
1	Agriculture and allied activities	-	-		-	-	
2	Advances to industries sector eligible as priority sector lending, of which:	62,833,097	133,080	0.21%	40,036,903	-	
	Chemicals and Chemical Products	13,687,456	1,140	0.01%	10,526,429	-	
	Basic Metal and Metal Products	18,453,582	10,027	0.05%	12,324,965	-	
	All Engineering	7,955,118	18,195	0.23%	-	-	
	Petroleum, Coal Products and Nuclear Fuels	-	-		4,290,423	-	
3	Services, of which:	22,497,100	50,864	0.23%	15,241,886	-	
	Computer Software	10,765,579	-		4,793,452	-	
	Professional and Other Services	6,126,956	45,290	0.74%	-	-	
	Banking and finance other than NBFC and MFs	4,190,839	-		9,883,905	-	
4	Personal loans, of which:	356,505	958	0.27%	10,941,605	99,953	0.91%
	Housing Loans	356,505	958	0.27%	-	-	
	Other Personal Loans	-	-		10,546,468	99,953	0.95%
	<b>Total PRIORITY SECTOR (A)</b>	<b>85,686,702</b>	<b>184,902</b>	<b>0.22%</b>	<b>66,220,394</b>	<b>99,953</b>	<b>0.15%</b>



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
for the year ended 31 March 2015

4. Notes to financial statements (Continued)

n. Additional disclosures (Continued)

ix Sector-wise Advances and NPAs (Continued)

(In Rs. '000)

Sl. No.	Sector/Sub-Sector *	As at 31.03.2015			As at 31.03.2014		
		Outstanding Total Gross Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>B NON PRIORITY SECTOR</b>							
1	Agriculture and allied activities	–	–	–	–	–	–
2	Industry, of which:	75,807,015	296,954	0.39%	64,891,115	1,021,323	1.57%
	Chemicals and Chemical Products	14,754,705	240,717	1.63%	15,669,283	240,717	1.54%
	Basic Metal and Metal Products	14,115,014	23,736	0.17%	–	–	–
	All Engineering	19,191,144	–	–	21,125,106	–	–
3	Services, of which:	145,567,849	331,545	0.23%	109,571,888	317,756	0.29%
	Non-Banking Financial Companies	40,034,709	–	–	25,159,969	–	–
	Banking and finance other than NBFC and MFs	54,089,443	–	–	46,073,533	–	–
4	Personal loans, of which:	55,049,663	379,580	0.69%	50,879,627	234,377	0.46%
	Other Personal Loans	34,140,267	165,060	0.48%	18,737,901	92,667	0.49%
	Housing Loans	19,663,803	214,520	1.09%	21,099,506	141,709	0.67%
	<b>Total NON PRIORITY SECTOR (B)</b>	<b>276,424,527</b>	<b>1,008,079</b>	<b>0.36%</b>	<b>225,342,630</b>	<b>1,573,456</b>	<b>0.70%</b>
	<b>Total (A) + (B)</b>	<b>362,111,229</b>	<b>1,192,981</b>	<b>0.33%</b>	<b>291,563,024</b>	<b>1,673,409</b>	<b>0.57%</b>

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 2015	31 March 2014
Gross NPAs as on 1 April (Opening Balance)	1,673,409	1,543,845
Additions (Fresh NPAs) during the year	947,858	373,942
Sub-total (A)	2,621,267	1,917,787
Less:-		
(i) Up gradations	180,739	291
(ii) Recoveries (excluding recoveries made from upgraded accounts)	433,306	228,159
(iii) Technical/Prudential write-offs	–	–
(iv) Write-offs other than those under (iii) above	814,241	15,928
Sub-total (B)	1,428,286	244,378
Gross NPAs as on 31 March (closing balance) (A-B)	1,192,981	1,673,409

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 2015	31 March 2014
Total Assets	24,566,506	4,112,944
Total NPAs	–	–
Total Revenue	6,767	9,433

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





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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### n. Additional disclosures (Continued)

###### xiii Disclosure requirements for remuneration

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

###### xiv Disclosures relating to Securitisation

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

###### xv Credit Default Swaps

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

###### xvi Intra-Group Exposures

The details of Intra-Group transaction are as follows:

	(In Rs. '000)
	31 March 2015
Total amount of Intra-group exposures	6,658,633
Total amount of top 20 intra group exposures	6,658,633
% of intra-group exposure to total exposure of the bank on borrowers/customers	0.60%
Breach of limits on intra group exposures	NA

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

	(In Rs. '000)
	31 March 2015
Opening balance of amounts transferred to DEAF	-
Add : Amounts transferred to DEAF during the year	93,542
Less : Amounts reimbursed by DEAF towards claims	(355)
Closing balance of amounts transferred to DEAF	93,187

###### xviii Unhedged Foreign Currency Exposure

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

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

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 a provision of Rs. 211,839 thousand and incremental capital of Rs. 562,156 thousands on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2015.



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### o. Liquidity Coverage Ratio

(In Rs. '000)

		Monthly average for the three months ended as of 31 March 2015	
		Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>			
1	Total high-quality liquid assets (HQLA)		52,160,673
<b>Cash Outflows</b>			
2	Retail deposits and deposits from small business customers, of which:	73,174,533	7,206,967
	(i) Stable deposits	2,209,733	110,487
	(ii) Less stable deposits	70,964,800	7,096,480
3	Unsecured wholesale funding, of which:	211,991,733	80,348,960
	(i) Operational deposits (all counterparties)	92,478,667	23,099,033
	(ii) Non-operational deposits (all counterparties)	103,771,900	41,508,760
	(iii) Unsecured debt	15,741,167	15,741,167
4	Secured wholesale funding		–
5	Additional requirements, of which	111,882,900	13,396,500
	(i) Outflows related to derivative exposures and other collateral requirements	2,453,567	2,453,567
	(ii) Outflows related to loss of funding on debt products	–	–
	(iii) Credit and liquidity facilities	109,429,333	10,942,933
6	Other contractual funding obligations	–	–
7	Other contingent funding obligations	469,838,000	23,491,900
8	<b>TOTAL CASH OUTFLOWS</b>		<b>124,444,327</b>
<b>Cash Inflows</b>			
9	Secured lending (e.g. reverse repos)	11,833,100	–
10	Inflows from fully performing exposures	151,028,567	88,674,367
11	Other cash inflows	2,283,767	2,283,767
12	<b>TOTAL CASH INFLOWS</b>	165,145,433	90,958,133
			<b>Total Adjusted Value</b>
21	<b>TOTAL HQLA</b>		52,160,673
22	<b>TOTAL NET CASH OUTFLOWS</b>		37,084,710
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>		140.65%

##### Qualitative Disclosure around LCR

The Bank measures and monitors the Liquidity Coverage Ratio (LCR) in line with the extant RBI guidelines. The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30 day stress scenario. The ratio is defined as the amount of High Quality Liquid Assets ("HQLA") that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both actual and contingent exposures, in a stressed scenario. The LCR is subject to a transitional phase-in period, starting at a minimum of 60% on 1 January 2015, which will be increased to 70% on 1 January 2016, 80% on 1 January 2017, 90% on 1 January 2018 and 100% on 1 January 2019.

The Bank's monthly average of LCR for the three months ended as of 31 March 2015 stood at 140.65%.

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



*Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
 for the year ended 31 March 2015*

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

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

The main drivers of LCR cash outflows are operational and non-operational deposits from corporate and retail customers, short-term borrowings and contingent outflows from credit and liquidity facilities, letters of credit, guarantees and trade finance facilities granted to corporate customers. The main LCR inflow driver is inflows from fully performing exposures, representing inflows from loans extended to retail and corporate customers. Derivative exposures and potential collateral calls are not material contributors to the LCR.

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

The Bank has a diversified liability mix with the main sources of funding consisting of capital infused by the DB AG Head Office and CASA and time deposits from retail and corporate customers. The Bank exhibits no material counterparty concentration across all funding sources.

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

The Bank has set up a CSR governance structure and the Bank's CSR Policy document sets out the following primary objectives:

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

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

- a. Gross amount required
  - (i) With reference to the RBI circular DBOD. No.Dir.BC. 50/13.01.01/2005-06 dated 21 December 2005, amount to be spent by the Bank on donations limited to Rs. 72,946 thousand (based on 1% of published profits for the previous year) with specific exclusions.
  - (ii) With reference to Section 135 of the Companies Act, 2013 (Act), amount required to be spent by the Bank is Rs. 313,961 thousand (based on 2% of average net profits for the previous 3 financial years).
- b. Amount spent during the year is Rs. 11,087 thousand.

The Bank's CSR expenditure for the year was constrained due to the major focus for the Bank during FY 2014-15 being on the exercise of setting up the process and procedures for CSR – including conceptualizing and implementing the CSR Policy, identifying Projects which fall within the ambit of the Bank's CSR focus areas and thereafter, carrying out a thorough due diligence of such shortlisted NGOs and Projects.

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

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, 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 paid to such enterprises is Rs 603 thousand (Previous year Rs. 338 thousand) and the interest payable as at 31 March 2015 to such enterprises is Rs 2 thousand (Previous year Rs 3 thousand).

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

*(In Rs'000)*

	<b>31 March 2015</b>	31 March 2014
Opening provision	<b>2,419</b>	2,262
Provision made during the year	<b>4,685</b>	2,419
Utilization/(write back) of provision during the year	<b>(2,419)</b>	(2,262)
Closing provision	<b>4,685</b>	2,419



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Schedule 18: Notes forming part of the financial statements of the India Branches (Continued)  
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#### 4. Notes to financial statements (Continued)

##### s. Provisions, Contingent liabilities and contingent Asset

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

##### t. Comparative figures

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

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

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

In terms of our report attached.

In terms of our report attached.

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

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

For **Deutsche Bank AG**  
India Branches

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

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

Place : Mumbai  
Dated : 10 June 2015