

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Condensed Interim Balance Sheet
As at 30 September 2009

	<i>Note</i>	(Un-audited) 30 September 2009	(Audited) 31 December 2008
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		4,671,243	4,754,734
Balances with other banks		223,447	1,628,093
Lendings to financial institutions	7	6,182,934	5,309,670
Investments		-	999,390
Advances	8	3,083,735	6,334,606
Other assets		770,610	2,552,371
Operating fixed assets		129,081	130,225
Deferred tax assets - (net)		82,525	20,649
		15,143,575	21,729,738
LIABILITIES			
Bills payable		398,801	1,683,524
Borrowings from financial institutions		530,492	532,521
Deposits and other accounts		6,204,546	10,317,214
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		2,636,262	4,562,266
Deferred tax liabilities		-	-
		9,770,101	17,095,525
NET ASSETS		5,373,474	4,634,213
REPRESENTED BY:			
Head office capital account		3,890,126	3,600,702
Un-remitted profit		1,483,348	1,033,743
		5,373,474	4,634,445
Deficit on revaluation of securities - net of deferred tax		-	(232)
		5,373,474	4,634,213
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 12 form an integral part of the interim financial information.

**Chief Country Officer
& Head of Global Banking
Pakistan**

**Chief Operating Officer &
Chief Financial Officer
Pakistan**

Deutsche Bank AG, Pakistan Branches

(Incorporated in the Federal Republic of Germany with Limited Liability)

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and nine months ended 30 September 2009

	Three months period ended 30 September 2009	Nine months period ended 30 September 2009	Three months period ended 30 September 2008	Nine months period ended 30 September 2008
------(Rupees in '000)-----				
Mark-up / return / interest earned	280,867	814,769	282,718	727,102
Mark-up / return / interest expensed	60,065	167,060	97,848	272,480
Net mark-up / interest income	<u>220,802</u>	<u>647,709</u>	184,870	454,622
Provision against non-performing advances (Provision) / reversal against off balance sheet obligations	14,838	(218,977)	3,682	(31,452)
Provision for diminution in value of investments	18,445	(1,548)	10,223	(8,297)
Bad debts written off directly	-	-	-	-
	<u>33,283</u>	<u>(220,525)</u>	13,905	(39,749)
Net mark-up / interest income after provisions	<u>254,085</u>	<u>427,184</u>	198,775	414,873
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	72,008	206,310	70,462	238,277
Dividend income	-	-	-	-
Income from dealing in foreign currencies	182,329	1,404,213	281,047	992,959
Loss on sale of Government securities	-	(2,294)	10	(197,393)
Other income	963	5,609	24,474	71,603
Total non-mark-up / interest income	<u>255,300</u>	<u>1,613,838</u>	375,993	1,105,446
	<u>509,385</u>	<u>2,041,022</u>	574,768	1,520,319
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	213,400	569,803	190,658	550,557
Other provisions / write offs	-	-	-	-
Other charges	1,214	1,319	763	1,056
Total non-mark-up / interest expenses	<u>214,614</u>	<u>571,122</u>	191,421	551,613
	<u>294,771</u>	<u>1,469,900</u>	383,347	968,706
Extra-ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	<u>294,771</u>	<u>1,469,900</u>	383,347	968,706
Taxation:				
- Current	(89,000)	(578,000)	(418,139)	(1,010,042)
- Prior years	-	-	-	-
- Deferred	(16,000)	62,000	284,242	671,414
	<u>(105,000)</u>	<u>(516,000)</u>	(133,897)	(338,628)
PROFIT AFTER TAXATION	<u>189,771</u>	<u>953,900</u>	249,450	630,078
Accumulated profit brought forward	<u>1,293,577</u>	<u>529,448</u>	884,922	504,294
Accumulated profit carried forward	<u>1,483,348</u>	<u>1,483,348</u>	1,134,372	1,134,372

The annexed notes 1 to 12 form an integral part of the interim financial information.

Chief Country Officer
& Head of Global Banking
Pakistan

Chief Operating Officer &
Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Branches

(Incorporated in the Federal Republic of Germany with Limited Liability)

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended 30 September 2009

	2009	2008
	(Rupees in '000)	
Profit after tax	953,900	630,078
Other comprehensive income:		
Actuarial gain / (loss) on defined benefit plans	-	-
Total comprehensive income for the period	953,900	630,078

The actuarial valuations for employee defined benefit plans are carried out at annual intervals. The management considers that there are no events at the balance sheet date which require an update of these valuations. In the absence of updated valuations, no corresponding actuarial gains / losses have been recognised during the period.

The annexed notes 1 to 12 form an integral part of the interim financial information.

**Chief Country Officer
& Head of Global Banking
Pakistan**

**Chief Operating Officer &
Chief Financial Officer
Pakistan**

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended 30 September 2009

	2009	2008
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,469,900	968,706
<i>Adjustments for:</i>		
Depreciation	29,274	22,422
Provision against non-performing advances	218,977	197,393
Loss on sale of Government Securities	2,294	31,452
Provision against off balance sheet obligations	1,548	8,297
Gain on sale of operating fixed assets	(3,135)	(1,336)
	248,958	258,228
	1,718,858	1,226,934
Decrease / (increase) in operating assets		
Lendings to financial institutions	(873,264)	2,068,594
Advances	3,031,894	(1,876,599)
Others assets (excluding advance taxation)	1,628,870	(1,492,517)
	3,787,500	(1,300,522)
Increase / (decrease) in operating liabilities		
Bills payable	(1,284,723)	(273,847)
Borrowings from financial institutions	(2,029)	(6,040,434)
Deposits and other accounts	(4,112,668)	2,068,314
Other liabilities (excluding current taxation)	(1,981,722)	2,171,954
	(7,381,142)	(2,074,013)
	(3,593,642)	(3,374,535)
Income tax paid	(370,938)	(399,534)
<i>Net cash used in operating activities</i>	(2,245,722)	(2,547,135)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale securities	997,453	7,751,413
Purchase of operating fixed assets	(37,876)	(38,333)
Investment in available-for-sale securities	-	(4,247,247)
Sale proceeds on disposal of operating fixed assets	12,879	11,099
<i>Net cash flow from investing activities</i>	972,456	3,476,932
CASH FLOW FROM FINANCING ACTIVITIES		
Remittances made to head office	(504,294)	(198,625)
<i>Net cash used in financing activities</i>	(504,294)	(198,625)
Effects of exchange rate changes on cash and cash equivalents	289,423	745,631
Increase in cash and cash equivalents	(1,488,137)	1,476,803
Cash and cash equivalents at beginning of the period	6,382,827	3,649,739
Cash and cash equivalents at end of the period	4,894,690	5,126,542

The annexed notes 1 to 12 form an integral part of the interim financial information.

**Chief Country Officer
& Head of Global Banking
Pakistan**

**Chief Operating Officer &
Chief Financial Officer
Pakistan**

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Statement of Changes in Equity (Un-audited)
For the nine months ended 30 September 2009

	Head office capital account	Un-remitted profit	Total
	----- (Rupees in ' 000) -----		
Balance as at 01 January 2008	2,853,853	714,811	3,568,664
Changes in equity for the nine months ended 30 September 2008			
Comprehensive income for the nine months period ended 30 September 2008	0	630,078	630,078
Remittances made to head office	0	(198,625)	(198,625)
Exchange adjustment on revaluation of head office capital account	745,631		745,631
Balance as at 30 September 2008	3,599,484	1,146,264	4,745,748
Changes in equity for the three months ended 31 December 2008			
Comprehensive income for the three months period from 1 October 2008 to 31 December 2008	0	(112,521)	(112,521)
Exchange adjustment on revaluation of head office capital account	1,218	0	1,218
Balance as at 31 December 2008	3,600,702	1,033,743	4,634,445
Changes in equity for the nine months ended 30 September 2009			
Comprehensive income for the nine months period ended 30 September 2009	0	953,900	953,900
Remittances made to head office	0	(504,294)	(504,294)
Exchange adjustment on revaluation of head office capital account	289,423	0	289,423
Balance as at 30 September 2009	3,890,125	1,483,349	5,373,474

The annexed notes 1 to 12 form an integral part of the interim financial information.

**Chief Country Officer
& Head of Global Banking
Pakistan**

**Chief Operating Officer &
Chief Financial Officer
Pakistan**

Deutsche Bank AG, Pakistan Branches

(Incorporated in the Federal Republic of Germany with Limited Liability)

Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months ended 30 September 2009

1. STATUS AND NATURE OF BUSINESS

Deutsche Bank AG is a foreign banking company incorporated in the Federal Republic of Germany with limited liability. Its operations are carried out through three branches located at Karachi, Lahore and Islamabad. Pakistan Branches are engaged in banking business as described in the Banking Companies Ordinance, 1962.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting and are presented in accordance with BSD Circular Letter No. 2 dated 12 May 2004 issued by State Bank of Pakistan. The condensed interim financial information does not include the information required for the full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December 2008.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Pakistan branches for the year ended 31 December 2008, except that International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' became effective for financial periods beginning on or after 1 January 2009. The application of this standard has resulted in increased disclosure regarding the statement of comprehensive income which has been included in the Bank's financial statements.

4. CREDIT RATING

The credit rating done by Standard & Poor in January 2009 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's in February 2009 is Aa1 for the long term and P-1 for the short term and rating done by Fitch in January 2009 is AA- for the long term and F1+ for the short term.

5. USE OF ESTIMATES AND JUDGEMENTS

The significant estimates and judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Bank's Pakistan Branches for the year ended 31 December 2008.

6. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2008.

		30 September 2009	31 December 2008
		(Rupees in '000)	
7.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Repurchase agreement lendings (Reverse repos)	7.1	<u><u>6,182,934</u></u>
			<u><u>5,309,670</u></u>

7.1 Reverse repo have been made with banks at rates ranging from 12.2% p.a to 12.9% p.a (2008: 13% p.a to 13.25% p.a) and mature within a month. The market value of these securities at 30 September 2009 amounted to Rs. 6,206 million (2008: Rs. 5,347 million).

7.2 Securities held as collateral against lending to financial institutions

	<u>30 September 2009</u>			<u>31 December 2008</u>		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	------(Rupees in '000)-----					
Market Treasury Bills	<u><u>6,182,934</u></u>	<u><u>-</u></u>	<u><u>6,182,934</u></u>	<u><u>5,309,670</u></u>	<u><u>-</u></u>	<u><u>5,309,670</u></u>

8. ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan

**30 September
2009**

**31 December
2008**

(Rupees in '000)

		2,703,275	5,005,801
Bills discounted and purchased			
- Payable in Pakistan		<u><u>415,460</u></u>	1,346,348
- Payable outside Pakistan		<u><u>224,320</u></u>	22,800
		<u><u>639,780</u></u>	1,369,148
Advances - gross		<u><u>3,343,055</u></u>	6,374,949
Provision for non-performing advances - specific	8.3	<u><u>(148,235)</u></u>	-
Provision for non-performing advances - general	8.3	<u><u>(111,085)</u></u>	(40,343)
		<u><u>(259,320)</u></u>	(40,343)
Advances - net of provision		<u><u>3,083,735</u></u>	<u><u>6,334,606</u></u>

8.1 Advances include Rs. 287.366 million (2008: nil) which have been placed under non-performing status.

8.2 Category of classification	<u>30 September 2009</u>		
	Domestic	Provision required	Provision held
	------(Rupees in '000)-----		
Substandard	76,445	19,111	19,111
Doubtful	163,593	81,796	81,796
Loss	47,328	47,328	47,328
	<u><u>287,366</u></u>	<u><u>148,235</u></u>	<u><u>148,235</u></u>

8.3 Particulars of provision against non-performing advances

	<u>30 September 2009</u>			<u>31 December 2008</u>		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	-	40,343	40,343	-	16,162	16,162
Charge for the period	<u><u>148,235</u></u>	<u><u>70,742</u></u>	<u><u>218,977</u></u>	-	24,181	24,181
Closing balance	<u><u>148,235</u></u>	<u><u>111,085</u></u>	<u><u>259,320</u></u>	-	<u><u>40,343</u></u>	<u><u>40,343</u></u>

8.3.1 General provision represents amount recognised inline with the instructions received from the head office.

9. CONTINGENCIES AND COMMITMENTS

9.1 Transaction - related contingent liabilities

Contingent liability in respect of performance, bid bonds, shipping guarantee, etc. favouring:

	30 September 2009	31 December 2008
	(Rupees in '000)	
Government	10,467,807	8,333,739
Banking Companies and other financial institutions	56,346	20,781
Others	3,605,900	16,340,456

9.2 Trade - related contingent liabilities

Acceptances	2,111,977	1,192,351
Letters of credit	3,911,865	3,893,592

9.3 Commitments in respect of forward exchange contracts

Purchase:		
- State Bank of Pakistan	788	1,074
- Others	12,311,351	24,441,796
Sale:		
- Others	12,311,388	16,738,175

9.4 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 121.345 million. The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

	30 September 2009	31 December 2008
	(Rupees in '000)	
9.5 Cheques in clearing	2,315,420	1,316,127
9.6 Commitments in respect of forward lendings		
Repurchase agreement lendings (Reverse repos)	6,182,934	5,309,670
9.7 Other commitments		
FX options - notional amounts	-	5,860,544
Forward rate agreements - notional amounts	-	250,000
Cross currency swaps - notional amounts	2,738,173	6,085,525
Interest rate swaps - notional amounts	10,149,455	14,322,603

9.7.1 These options and swaps have been covered with back to back contracts with the branches of the bank outside Pakistan.

9.8 Taxation

The Finance Act, 2009 has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. Through these amendments the deduction for provisions for advances and off balance sheet items will be allowed upto 1% of total advances as at 31 December of that year. Provisioning in excess of 1% would be allowed to be carried over to succeeding years. The amount of bad debts classified as Substandard under Prudential Regulation issued by State Bank of Pakistan would not be allowed as an expense. The amendments are applicable for financial year ending 31 December 2009.

The management has carried out an exercise at period end and concluded that they would be able to get deduction of provision in excess of 1% of total advances and have recognized deferred tax asset on such provision amounting to Rs. 33.493 million. No such deferred tax asset was recognised through 31 December 2008.

10. RELATED PARTY TRANSACTIONS

Related parties comprise of head office, other branches of the bank and employees' retirement benefit funds. The transactions with related parties are conducted under normal course of business at arm's length prices. The bank also provides advances to employees at reduced rate in accordance with their terms of employment. The transactions and balances with related parties other than those under the terms of employment and disclosed elsewhere, are summarised as follows:

Profit and loss items	Nine months period ended	
	30 September	30 September
	(Rupees in '000)	
Mark-up / interest / income earned	458	1,966
Mark-up / interest / income expensed	6	41
Head office expenses	164,119	195,221
All risk insurance premium	-	284

	30 September 2009	31 December 2008
	(Rupees in '000)	
Balance sheet items		
Deposits and other accounts		
Opening balance	52,794	51,808
Deposits during the period / year	3,461,326	1,762,998
Withdrawals during the period / year	(3,512,943)	(1,762,012)
Closing balance	<u>1,177</u>	<u>52,794</u>
Balance sheet items		
Balances with DB branches	84,616	-
Borrowings from DB branches	4,075	-
Interbranch deposits and other accounts	4,114	5,831
Off balance sheet items		
Counter guarantees to branches	4,289,866	5,027,775
Forward purchase of foreign exchange	2,089,850	1,201,451
Forward sale of foreign exchange	2,089,850	1,201,451
Interest Rate Swap	6,229,372	10,434,588
FX Options	-	2,930,272

11. GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

12. DATE OF AUTHORIZATION

The condensed interim financial information was authorised for issue on October 29, 2009.

**Chief Country Officer
& Head of Global Banking
Pakistan**

**Chief Operating Officer &
Chief Financial Officer
Pakistan**