

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Condensed Interim Statement of Financial Position
As at 30 September 2012

	<i>Note</i>	30 September 2012 (Un-audited)	31 December 2011 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		5,125,177	4,590,065
Balances with other banks		724,876	38,505
Lendings to financial institutions	7	6,425,727	7,640,386
Investments	8	6,498,518	5,587,411
Advances	9	4,373,647	2,987,018
Other assets		1,564,074	1,068,497
Deferred tax assets-net		88,433	130,675
Operating fixed assets		313,206	199,014
		25,113,658	22,241,571
LIABILITIES			
Bills payable		256,747	238,907
Borrowings from financial institutions		338,669	1,523,062
Deposits and other accounts		15,070,914	11,118,869
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		3,492,884	3,324,934
Deferred tax liabilities - net		-	-
		19,159,214	16,205,772
NET ASSETS		5,954,444	6,035,799
REPRESENTED BY:			
Head office capital account		3,932,104	3,724,146
Reserves		-	-
Un-remitted profit		2,013,807	2,323,191
		5,945,911	6,047,337
Surplus / (Deficit) on revaluation of securities - net of tax		8,533	(11,538)
		5,954,444	6,035,799

CONTINGENCIES AND COMMITMENTS

10

The annexed notes 1 to 13 form an integral part of these financial statements.

**Managing Director &
Chief Country Officer
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 2012

	Three months period ended 30 September 2012	Nine months period ended 30 September 2012	Three months period ended 30 September 2011	Nine months period ended 30 September 2011
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	523,987	1,523,910	406,740	1,181,752
Mark-up / return / interest expensed	248,666	652,319	117,567	380,995
Net mark-up / interest income	<u>275,321</u>	<u>871,591</u>	289,173	<u>800,757</u>
(Provision) / reversal against non-performing loans and advances	9,403	21,378	(15,369)	8,097
(Provision) / reversal against off balance sheet obligation	4,481	3,913	(4,016)	7,390
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	<u>13,884</u>	<u>25,291</u>	<u>(19,385)</u>	<u>15,487</u>
Net mark-up / interest income after provisions	<u>289,205</u>	<u>896,882</u>	269,788	816,244
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	74,040	206,905	70,255	242,650
Dividend income	-	-	-	-
Income from trading in government securities	366	(15,917)	30,385	47,081
Income from dealing in foreign currencies	58,995	236,347	54,762	258,333
Other income	88	7,972	30,243	31,473
Total non-mark-up / interest income	<u>133,489</u>	<u>435,307</u>	185,645	<u>579,537</u>
	<u>422,694</u>	<u>1,332,189</u>	455,433	1,395,781
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	180,985	567,380	201,405	630,133
Other provisions / write offs	-	-	-	-
Other charges	-	126	10	251
Total non-mark-up / interest expenses	<u>180,985</u>	<u>567,506</u>	201,415	630,384
	<u>241,709</u>	<u>764,683</u>	254,018	765,397
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	<u>241,709</u>	<u>764,683</u>	254,018	765,397
Taxation:				
- Current	(72,349)	(237,416)	(102,534)	(259,000)
- Prior years	-	-	-	-
- Deferred	(11,444)	(31,434)	7,484	(20,000)
	<u>(83,793)</u>	<u>(268,850)</u>	<u>(95,050)</u>	<u>(279,000)</u>
PROFIT AFTER TAXATION	<u>157,916</u>	<u>495,833</u>	158,968	486,397

The annexed notes 1 to 13 form an integral part of these financial statements.

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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 2012

	30 September 2012	30 September 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	764,683	765,397
Adjustments for non-cash charges:		
Depreciation	26,223	27,351
Income on government securities	15,917	(47,081)
(Reversal) / provision against non-performing advances	(21,378)	(8,097)
(Reversal) / provision against off balance sheet obligation	(3,913)	(7,390)
(Gain) / loss on sale of operating fixed assets	(1,336)	(853)
	15,513	(36,070)
	780,196	729,327
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,214,659	(837,148)
Advances	(1,365,251)	(255,926)
Others assets (excluding advance taxation)	(82,132)	(121,606)
	(232,724)	(1,214,680)
Increase/(decrease) in operating liabilities		
Bills payable	17,840	(2,474,465)
Borrowings from financial institutions	(1,184,393)	3,297,360
Deposits and other accounts	3,952,045	4,200,176
Other liabilities	171,863	20,011
	2,957,355	5,043,082
	2,724,631	3,828,402
Income tax paid	(650,861)	(227,281)
Net cash flows from operating activities	2,853,966	4,330,448
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from available-for-sale investments - net	40,553,111	11,017,359
Purchase of operating fixed assets	(142,205)	(77,544)
Investment in available for sale securities	(41,449,258)	(15,377,922)
Sale proceeds on disposal of operating fixed assets	3,127	3,920
Net cash flows from investing activities	(1,035,225)	(4,434,187)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	(805,216)	-
Net cash flows from financing activities	(805,216)	-
Effects of exchange rate changes on cash and cash equivalents	207,958	114,517
Increase / (decrease) in cash and cash equivalents	1,221,483	10,778
Cash and cash equivalents at beginning of the year	4,628,570	4,759,803
Cash and cash equivalents at end of the period	5,850,053	4,770,581

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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 2012

	30 September 2012	30 September 2011
	(Rupees in '000)	
Profit for the period	495,833	486,397
Other comprehensive income:		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	207,958	114,517
Total comprehensive income for the period	<u>703,791</u>	<u>600,914</u>

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.

Surplus / deficit on revaluation of 'Available for Sale' securities is presented below equity in accordance with the requirements specified by the State Bank of Pakistan vide its BSD circular 20 dated 04 August 2000 and BSD circular 10 dated 13 July 2004 and hence is not reported in other comprehensive income.

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Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Condensed Interim Statement of Changes in Equity
For the nine months ended 30 September 2012

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2011 (Audited)	3,667,876	1,606,542	5,274,418
Changes in equity:			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	-	-
<i>Comprehensive income for the period:</i>			
Profit for the period	-	486,397	486,397
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	114,517	-	114,517
	114,517	486,397	600,914
Balance at 30 September 2011 (Un-audited)	3,782,393	2,092,939	5,875,332
Changes in equity:			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	-	-
<i>Comprehensive income for the period:</i>			
Profit for the period	-	221,841	221,841
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	8,410	8,410
Exchange adjustment on revaluation of head office capital account	(58,247)	-	(58,247)
	(58,247)	230,251	172,004
Balance at 31 December 2011 (Audited)	3,724,146	2,323,190	6,047,336
Changes in equity:			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	(805,216)	(805,216)
	-	(805,216)	(805,216)
<i>Comprehensive income for the period:</i>			
Profit for the period	-	495,833	495,833
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	207,958	-	207,958
	207,958	495,833	703,791
Balance at 30 September 2012 (Un-audited)	3,932,104	2,013,807	5,945,911

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Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Notes to the Condensed Interim Financial Information
For the nine months ended 30 September 2012

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

These financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These condensed Interim Financial Statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Bank's Pakistan Branches for the year ended 31 December 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank's Pakistan Branches for the year ended 31 December 2011.

4. CREDIT RATING

The credit rating done by Standard & Poor in October 2011 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's on September 2012 is A2 for the long term and P-1 for the short term and rating done by Fitch in October 2012 is A+ for the long term and F1+ for the short term.

5. USE OF ESTIMATE AND JUDGEMENT

The significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were same as those that applied to the financial statements of the Bank's Pakistan Branches as at and for the year ended 31 December 2011.

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 2011.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		30 September 2012 (Un-audited)	31 December 2011 (Audited)
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	<u>6,425,727</u>	<u>7,640,386</u>
		<u>6,425,727</u>	<u>7,640,386</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging from 7.49 % p.a to 11.92 % p.a (2011: 11.25% p.a to 11.85% p.a) and mature within a month. The market value of these securities at 30 September 2012 amounted to Rs. 6,680 million (2011: Rs. 7,921 million).

7.2 Securities held as collateral against lending to financial institutions

	30 September 2012			31 December 2011		
	Held by bank	Further given as collateral (Un-audited)	Total	Held by bank	Further given as collateral (Audited)	Total
----- (Rupees in '000) -----						
Market Treasury Bills	<u>6,425,727</u>	<u>-</u>	<u>6,425,727</u>	<u>7,640,386</u>	<u>-</u>	<u>7,640,386</u>

8. INVESTMENTS

	30 September 2012			31 December 2011		
	Held by bank	Further given as collateral (Un-audited)	Total	Held by bank	Further given as collateral (Audited)	Total
----- (Rupees in '000) -----						
Available for sale securities						
Market Treasury Bills	<u>6,485,391</u>	<u>-</u>	<u>6,485,391</u>	<u>5,356,156</u>	<u>-</u>	<u>5,356,156</u>
Pakistan Investment Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,006</u>	<u>-</u>	<u>249,006</u>
	<u>6,485,391</u>	<u>-</u>	<u>6,485,391</u>	<u>5,605,162</u>	<u>-</u>	<u>5,605,162</u>
Surplus / (deficit) on revaluation of available for sale securities	<u>13,127</u>	<u>-</u>	<u>13,127</u>	<u>(17,751)</u>	<u>-</u>	<u>(17,751)</u>
	<u>6,498,518</u>	<u>-</u>	<u>6,498,518</u>	<u>5,587,411</u>	<u>-</u>	<u>5,587,411</u>

8.1 Market Treasury Bills carry a rate of 10.27% to 12.65% p.a (2011: 11.77% p.a to 12.75% p.a.) and mature within six months.

9. ADVANCES

	30 September 2012	31 December 2011
	(Un-audited)	(Audited)
(Rupees in '000)		
Loans, cash credits, running finances, etc.		
- In Pakistan	<u>3,653,987</u>	<u>2,118,717</u>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	<u>1,030,745</u>	<u>1,202,840</u>
- Payable outside Pakistan	<u>67,702</u>	<u>65,626</u>
	<u>1,098,447</u>	<u>1,268,466</u>
	<u>4,752,434</u>	<u>3,387,183</u>
Provision for non-performing advances	9.2 <u>(378,787)</u>	<u>(400,165)</u>
	<u>4,373,647</u>	<u>2,987,018</u>

- 9.1 Advances include Rs. 357.57 million (31 December 2011: Rs. 376.923 million) have been placed under non-performing status as detailed below:

Category of Classification	30 September 2012			31 December 2011		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	357,570	357,570	357,570	376,923	376,923	376,923
	<u>357,570</u>	<u>357,570</u>	<u>357,570</u>	<u>376,923</u>	<u>376,923</u>	<u>376,923</u>

- 9.2 Particulars of provision against non-performing advances - in local currency

	30 September 2012			31 December 2011		
	General	Specific	Total	General	Specific	Total
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Opening balance	23,242	376,923	400,165	57,728	361,537	419,265
(Reversal) / charge made during the period	(2,025)	(19,353)	(21,378)	(34,486)	15,386	(19,100)
Closing balance	<u>21,217</u>	<u>357,570</u>	<u>378,787</u>	<u>23,242</u>	<u>376,923</u>	<u>400,165</u>

- 9.2.1 General provision represents amounts recognised inline with the instructions received from head office.

10. CONTINGENCIES AND COMMITMENTS

30 September 2012
(Un-audited)
(Rupees in '000)

31 December 2011
(Audited)

10.1 Transaction-related contingent liabilities

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

- Government	11,880,563	9,878,099
- Financial institutions	29,167	52,487
- Others	14,361,680	30,875,763

10.2 Trade-related contingent liabilities

Acceptances	1,431,510	1,263,703
Letters of credit	1,945,522	2,781,192

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	6,425,727	7,640,386
Commitments to extend credit	13,877,977	14,003,786

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	6,508,873	12,148,774
Sale:		
- to others	3,461,737	7,399,526

10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 826.96 million. The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

30 September 2012
(Un-audited)
(Rupees in '000)

31 December 2011
(Audited)

10.6 Cheques in clearing	1,228,007	840,931
10.7 Capital expenditures commitments	119,745	81,069
10.8 Commitments in respect of forward Purchase of Govt. Securities	99,914	-
10.9 Other commitments		
FX Options - notional amounts	-	53,172
Cross currency swaps - notional amounts	4,002,684	3,903,678
Interest rate swaps - notional amounts	10,927,195	10,489,066

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

11. 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 those disclosed elsewhere are summarised as follows:

	Nine months period ended	
	30 September 2012	30 September 2011
	(Un-audited)	
	(Rupees in '000)	
Profit and loss items		
Mark-up / Interest / Income earned	62	67
Mark-up / Interest / Income expensed	53	1
Head office expenses	93,767	140,354
Balance sheet items	30 September 2012	31 December 2011
	(Un-audited)	(Audited)
	(Rupees in '000)	
Deposits and other accounts		
Opening balance	50	880
Deposits during the year	1,078,505	2,817,645
Withdrawals during the year	(1,078,553)	(2,818,475)
Closing balance	<u>2</u>	<u>50</u>
Balances with DB branches	26,828	37,850
Borrowings from DB branches	24,263	1,233,493
Interbranch deposits and other accounts	7,796	7,859
Off balance sheet items		
FX Options	-	26,586
Interest Rate Swap	8,772,485	8,339,766
Counter guarantees to branches	16,447,935	14,234,986
Letters of credit with branches	217,610	206,101
Forward purchase of foreign exchange	110,721	2,586,134
Forward sale of foreign exchange	110,721	2,608,794

12. GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

13. DATE OF AUTHORIZATION

These condensed interim financial information were authorised for issue on 23 October 2012.

**Managing Director &
Chief Country Officer
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