

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Condensed Interim Statement of Financial Position
As at 30 June 2013

	<i>Note</i>	30 June 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
ASSETS			
Cash and balances with treasury banks		5,107,182	5,630,489
Balances with other banks		23,840	2,058,913
Lendings to financial institutions	7	6,285,571	7,414,392
Investments	8	4,733,480	7,747,304
Advances	9	5,541,930	3,979,514
Operating fixed assets		340,613	351,955
Deferred tax assets-net		44,789	74,271
Other assets		<u>1,408,993</u>	<u>1,691,726</u>
		23,486,398	28,948,564
LIABILITIES			
Bills payable		215,603	297,362
Borrowings from financial institutions		3,787,445	317,883
Deposits and other accounts		10,751,606	18,354,233
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<u>3,310,847</u>	<u>4,017,622</u>
		18,065,501	22,987,100
NET ASSETS		<u>5,420,897</u>	<u>5,961,464</u>
REPRESENTED BY:			
Head office capital account		4,172,335	4,115,584
Reserves		-	-
Un-remitted profit		<u>1,246,799</u>	<u>1,855,437</u>
		5,419,134	5,971,021
Surplus / (Deficit) on revaluation of securities - net of tax		<u>1,763</u>	<u>(9,557)</u>
		<u>5,420,897</u>	<u>5,961,464</u>

CONTINGENCIES AND COMMITMENTS

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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 Six months ended 30 June 2013

	Three months period ended 30-Jun 2013	Six months period ended 30-Jun 2013	Three months period ended 30-Jun 2012	Six months period ended 30-Jun 2012
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	410,055	895,395	474,023	999,923
Mark-up / return / interest expensed	179,083	399,562	209,508	403,653
Net mark-up / interest income	230,972	495,833	264,515	596,270
(Provision) / reversal against non-performing loans and advances	2,387	(16,890)	19,809	11,975
(Provision) / reversal against off balance sheet obligation	3,044	(8,072)	(1,800)	(568)
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	5,431	(24,962)	18,009	11,407
Net mark-up / interest income after provisions	236,403	470,871	282,524	607,677
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	95,397	170,336	67,148	132,865
Dividend income	-	-	-	-
Gain / (loss) from trading in government securities	30,865	14,543	(8,103)	(16,283)
Income from dealing in foreign currencies	141,833	168,588	108,416	177,352
Other income	2,610	5,983	4,394	7,884
Total non-mark-up / interest income	270,705	359,450	171,855	301,818
	507,108	830,321	454,379	909,495
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	259,420	477,863	158,556	386,395
Other provisions / write offs	-	-	-	-
Other charges	135	165	1	126
Total non-mark-up / interest expenses	259,555	478,028	158,557	386,521
	247,553	352,293	295,822	522,974
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	247,553	352,293	295,822	522,974
Taxation:				
- Current	(91,833)	(103,252)	(97,893)	(165,067)
- Prior years	-	-	-	-
- Deferred	5,372	(23,386)	(5,539)	(19,990)
	(86,461)	(126,638)	(103,432)	(185,057)
PROFIT AFTER TAXATION	161,092	225,655	192,390	337,917

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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 Six months ended 30 June 2013

	30 June 2013	30 June 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	352,293	522,974
Adjustments for non-cash charges:		
Depreciation	32,130	17,189
(Gain) / Loss on government securities	(14,543)	(16,283)
Provision / (reversal) against non-performing advances	16,890	(11,975)
(Provision) / reversal against off balance sheet obligation	(8,072)	568
(Gain) / loss on sale of operating fixed assets	(5,531)	(681)
	20,874	(11,182)
	373,167	511,792
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,128,821	1,165,282
Advances	(1,579,306)	(1,280,266)
Others assets (excluding advance taxation)	276,646	(39,747)
	(173,839)	(154,731)
Increase/(decrease) in operating liabilities		
Bills payable	(81,759)	(70,002)
Borrowings from financial institutions	3,469,562	(37,776)
Deposits and other accounts	(7,602,627)	154,218
Other liabilities	(698,702)	61,627
	(4,913,526)	108,067
	(5,087,365)	(46,664)
Income tax paid	(97,165)	(484,418)
Net cash flows from operating activities	(4,811,363)	(19,290)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from available-for-sale investments - net	3,045,782	28,736,404
Purchase of operating fixed assets	(26,516)	(97,348)
Investment in available for sale securities		(27,789,092)
Sale proceeds on disposal of operating fixed assets	11,259	2,468
Net cash flows from investing activities	3,030,525	852,432
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	(834,293)	(805,216)
Net cash flows from financing activities	(834,293)	(805,216)
Effects of exchange rate changes on cash and cash equivalents	56,751	89,827
Decrease in cash and cash equivalents	(2,558,380)	117,753
Cash and cash equivalents at beginning of the year	7,689,402	4,628,570
Cash and cash equivalents at end of the period	5,131,022	4,746,323

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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 Six months ended 30 June 2013

	30 June 2013	30 June 2012
	(Rupees in '000)	
Profit for the period	225,655	337,917
Other comprehensive income:		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	56,751	89,827
Total comprehensive income for the period	<u>282,406</u>	<u>427,744</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 (Un-audited)
For the Six months ended 30 June 2013

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2012	3,724,146	2,323,191	6,047,337
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 six months ended 30 June 2012	-	337,917	337,917
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	89,827	-	89,827
	89,827	337,917	427,744
Balance at 30 June 2012	3,813,973	1,855,892	5,669,865
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 six months ended 31 December 2012	-	12,910	12,910
<i>Other Comprehensive income:</i>			
Actuarial gain on defined benefit plan - net of tax	-	(13,365)	(13,365)
Exchange adjustment on revaluation of head office capital account	301,611	-	301,611
	301,611	(455)	301,156
Balance at 31 December 2012	4,115,584	1,855,437	5,971,021
Changes in equity:			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	(834,293)	(834,293)
	-	(834,293)	(834,293)
<i>Comprehensive income for the period:</i>			
Profit for the six months ended 30 June 2013	-	225,655	225,655
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	56,751	-	56,751
	56,751	225,655	282,406
Balance at 30 June 2013	4,172,335	1,246,799	5,419,134

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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 (Un-audited)

For the Six months ended 30 June 2013

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 in Pakistan are carried out through three branches located at Karachi, Lahore and Islamabad (the Bank). The Bank is 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 2012.

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 2012.

The new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after 1 January 2013 and are not considered to be relevant or have any significant effect on the Bank's operations, are not detailed in these condensed interim financial statements.

4. CREDIT RATING

The credit rating done by Standard & Poor in July 2013 for Deutsche Bank AG is A for the long term and A-1 for the short term, rating done by Moody's on April 2013 is A2 for the long term and P-1 for the short term and rating done by Fitch in May 2013 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 annual financial statements of the Bank's Pakistan Branches as at and for the year ended 31 December 2012.

6. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Bank for the year ended 31 December 2012.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		30 June 2013	31 December 2012
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	<u>6,285,571</u>	<u>7,414,392</u>
		<u>6,285,571</u>	<u>7,414,392</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging from 8.00% p.a to 9.05% p.a (2012: 6.50% p.a to 9.25%) and mature within a month. The market value of these securities at 30 June 2013 amounted to Rs. 6,469 million (2012: Rs. 7,498 million).

7.2 Securities held as collateral against lending to financial institutions

	30 June 2013			31 December 2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
------(Rupees in '000)-----						
Market Treasury Bills	6,285,571	-	6,285,571	7,414,392	-	7,414,392

8. INVESTMENTS

	30 June 2013			31 December 2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
------(Rupees in '000)-----						
Available for sale securities						
Market Treasury Bills	4,730,768	-	4,730,768	7,251,080	-	7,251,080
Pakistan Investment Bonds	-	-	-	510,927	-	510,927
	4,730,768	-	4,730,768	7,762,007	-	7,762,007
Deficit on revaluation of available for sale securities	2,712	-	2,712	(14,703)	-	(14,703)
	4,733,480	-	4,733,480	7,747,304	-	7,747,304

8.1 The Market Treasury Bills carry a rate ranging from 11.78% p.a to 12.00% p.a (2012: 9.11% p.a to 9.61% p.a) and having maturity within one year.

9. ADVANCES

	30 June 2013	31 December 2012
(Rupees in '000)		
Loans, cash credits, running finances, etc.		
- In Pakistan	5,187,414	3,180,915
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	695,464	1,122,657
- Payable outside Pakistan	65,626	65,626
	761,090	1,188,283
	5,948,504	4,369,198
Provision for non-performing advances	9.2	
	(406,574)	(389,684)
	5,541,930	3,979,514

- 9.1 Advances include Rs. 357.570 million (31 December 2012: Rs. 357.570 million) have been placed under non-performing status as detailed below:

Category of Classification	30 June 2013			31 December 2012		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	(Rupees in '000)			(Rupees in '000)		
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	357,570	357,570	357,570	357,570	357,570	357,570
	357,570	357,570	357,570	357,570	357,570	357,570

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

	30 June 2013			31 December 2012		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance	357,570	32,114	389,684	376,923	23,242	400,165
(Reversal) / charge made during the period	-	16,890	16,890	(19,353)	8,872	(10,481)
Closing balance	357,570	49,004	406,574	357,570	32,114	389,684

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

10. CONTINGENCIES AND COMMITMENTS

30 June 2013
31 December 2012
(Rupees in '000)

10.1 Transaction-related contingent liabilities

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

- Government	14,318,828	13,045,354
- Financial institutions	58,689	28,287
- Others	4,600,935	14,440,758

10.2 Trade-related contingent liabilities

Acceptances	1,228,629	1,202,680
Letters of credit	1,982,960	2,152,774

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	6,285,571	7,414,392
Commitments to extend credit	12,716,810	14,923,919

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	8,283,383	4,431,160
Sale:		
- to others	334,743	2,657,025

10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 315.071 million (2012: Rs. 344 million). The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

30 June 2013
31 December 2012
(Rupees in '000)

10.6 Cheques in clearing	786,635	3,395,601
10.7 Other commitments		
Cross currency swaps - notional amounts	2,738,173	4,019,695
Interest rate swaps - notional amounts	11,264,764	11,122,757

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:

	Six months period ended	
	30 June	30 June
	2013	2012
	(Rupees in '000)	
Profit and loss items		
Mark-up / Interest / Income earned	9	52
Mark-up / Interest / Income expensed	14	52
Head office expenses	144,391	66,179
Balance sheet items	30 June	31 December
	2013	2012
	(Rupees in '000)	
Deposits and other accounts		
Opening balance	5,530	50
Deposits during the year	341,460	1,290,119
Withdrawals during the year	(346,988)	(1,284,639)
Closing balance	2	5,530
Balances with other branches and a subsidiary of Deutsche Bank, AG	22,617	1,915,282
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	2,984,547	339
Interbranch deposits and other accounts	7,922	7,997
Off balance sheet items		
Interest rate swaps	9,163,293	8,970,123
Counter guarantees to branches	12,164,721	17,253,337
Forward purchase of foreign exchange	128,894	122,150
Forward sale of foreign exchange	128,894	122,150

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 26 April 2013.

**Managing Director &
Chief Country Officer
Pakistan**

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