

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Condensed Interim Statement of Financial Position
As at 31 March 2013

	<i>Note</i>	31 March 2013 (Un-audited)	31 December 2012 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		5,509,530	5,630,489
Balances with other banks		151,150	2,058,913
Lendings to financial institutions	7	10,351,520	7,414,392
Investments	8	4,345,377	7,747,304
Advances	9	4,302,380	3,979,514
Other assets		1,813,545	1,691,726
Operating fixed assets		340,351	351,955
Deferred tax assets-net		41,004	74,271
		<u>26,854,857</u>	<u>28,948,564</u>
LIABILITIES			
Bills payable		349,629	297,362
Borrowings from financial institutions		646,860	317,883
Deposits and other accounts		15,122,561	18,354,233
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		4,772,536	4,017,622
Deferred tax liabilities - net		-	-
		<u>20,891,586</u>	<u>22,987,100</u>
NET ASSETS		<u>5,963,271</u>	<u>5,961,464</u>
REPRESENTED BY:			
Head office capital account		4,044,455	4,115,584
Reserves		-	-
Un-remitted profit		1,919,999	1,855,437
		<u>5,964,454</u>	<u>5,971,021</u>
Surplus / (Deficit) on revaluation of securities - net of tax		(1,183)	(9,557)
		<u>5,963,271</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.

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

**Deputy Head of Finance
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 three months ended 31 March 2013

	Three months period ended 31 March 2013	Three months period ended 31 March 2013	Three months period ended 31 March 2012	Three months period ended 31 March 2012
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	485,340	485,340	525,900	525,900
Mark-up / return / interest expensed	220,479	220,479	194,145	194,145
Net mark-up / interest income	264,861	264,861	331,755	331,755
(Provision) against non-performing loans and advances	(19,277)	(19,277)	(7,834)	(7,834)
(Provision) / reversal against off balance sheet obligation	(11,116)	(11,116)	1,232	1,232
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	(30,393)	(30,393)	(6,602)	(6,602)
Net mark-up / interest income after provisions	234,468	234,468	325,153	325,153
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	74,939	74,939	65,717	65,717
Dividend income	-	-	-	-
Loss from trading in government securities	(16,322)	(16,322)	(8,180)	(8,180)
Income from dealing in foreign currencies	26,755	26,755	68,936	68,936
Other income	3,373	3,373	3,490	3,490
Total non-mark-up / interest income	88,745	88,745	129,963	129,963
	323,213	323,213	455,116	455,116
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	218,444	218,444	227,839	227,839
Other provisions / write offs	-	-	-	-
Other charges	30	30	125	125
Total non-mark-up / interest expenses	218,474	218,474	227,964	227,964
	104,739	104,739	227,152	227,152
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	104,739	104,739	227,152	227,152
Taxation:				
- Current	(11,419)	(11,419)	(67,174)	(67,174)
- Prior years	-	-	-	-
- Deferred	(28,758)	(28,758)	(14,451)	(14,451)
	(40,177)	(40,177)	(81,625)	(81,625)
PROFIT AFTER TAXATION	64,562	64,562	145,527	145,527

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**Chief Operating Officer
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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 three months ended 31 March 2013

	31 March 2013	31 March 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	104,739	227,152
Adjustments for non-cash charges:		
Depreciation	15,930	8,577
Loss on government securities	16,322	8,180
Provision against non-performing advances	19,277	7,834
(Provision) / reversal against off balance sheet obligation	(11,116)	1,232
(Gain) / loss on sale of operating fixed assets	(2,922)	(132)
	37,491	25,691
	142,230	252,843
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,937,128)	2,108,887
Advances	(342,143)	(1,087,174)
Others assets (excluding advance taxation)	(66,155)	(238,605)
	(3,345,426)	783,108
Increase/(decrease) in operating liabilities		
Bills payable	52,267	3,994
Borrowings from financial institutions	328,977	966,865
Deposits and other accounts	(3,231,672)	521,947
Other liabilities	766,030	(22,590)
	(2,084,398)	1,470,216
	(5,429,824)	2,253,324
Income tax paid	(67,083)	(60,107)
Net cash flows from operating activities	(5,354,677)	2,446,060
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale investments	3,398,488	(2,312,997)
Purchase of operating fixed assets	(5,173)	(40,354)
Sale proceeds on disposal of operating fixed assets	3,769	132
Net cash flows from investing activities	3,397,084	(2,353,220)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	-	-
Net cash flows from financing activities	-	-
Effects of exchange rate changes on cash and cash equivalents	(71,129)	152,120
Increase / (decrease) in cash and cash equivalents	(2,028,722)	244,961
Cash and cash equivalents at beginning of the year	7,689,402	4,628,570
Cash and cash equivalents at end of the period	5,660,680	4,873,531

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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 three months ended 31 March 2013

	31 March 2013	31 March 2012
	(Rupees in '000)	
Profit for the period	64,562	145,527
Other comprehensive income:		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	(71,129)	152,120
Total comprehensive income for the period	<u>(6,567)</u>	<u>297,647</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 three months ended 31 March 2013

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2012 (Audited)	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 period	-	145,527	145,527
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	152,120	-	152,120
	152,120	145,527	297,647
Balance at 31 March 2012 (Un-audited)	3,876,266	1,663,502	5,539,768
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	-	205,300	205,300
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	(13,365)	(13,365)
Exchange adjustment on revaluation of head office capital account	239,318	-	239,318
	239,318	191,935	431,253
Balance at 31 December 2012 (Audited)	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	-	-	-
	-	-	-
<i>Comprehensive income for the period:</i>			
Profit for the period	-	64,562	64,562
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	(71,129)	-	(71,129)
	(71,129)	64,562	(6,567)
Balance at 31 March 2013 (Un-audited)	4,044,455	1,919,999	5,964,454

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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 three months ended 31 March 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 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 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.

4. CREDIT RATING

The credit rating done by Standard & Poor in March 2013 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's on March 2013 is A2 for the long term and P-1 for the short term and rating done by Fitch in February 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 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 for the year ended 31 December 2012.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		31 March 2013 (Un-audited)	31 December 2012 (Audited)
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	<u>10,351,520</u>	<u>7,414,392</u>
		<u>10,351,520</u>	<u>7,414,392</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging from 9.02% p.a to 9.40% p.a (2012: 6.50% p.a to 9.25%) and mature within a month. The market value of these securities at 31 March 2013 amounted to Rs. 10,591 million (2012: Rs. 7,498 million).

7.2 Securities held as collateral against lending to financial institutions

	31 March 2013			31 December 2012		
	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	10,351,520	-	10,351,520	7,414,392	-	7,414,392

8. INVESTMENTS

	31 March 2013			31 December 2012		
	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	3,140,734	-	3,140,734	7,251,080	-	7,251,080
Pakistan Investment Bonds	1,206,463	-	1,206,463	510,927	-	510,927
	4,347,197	-	4,347,197	7,762,007	-	7,762,007
Deficit on revaluation of available for sale securities	(1,820)	-	(1,820)	(14,703)	-	(14,703)
	4,345,377	-	4,345,377	7,747,304	-	7,747,304

8.1 The Market Treasury Bills carry a rate ranging from 9.09% p.a to 9.37% p.a (2012: 9.11% p.a to 9.61% p.a) and having maturity within one year.

8.2 The Pakistan Investment Bonds carry a rate ranging from 10.80% p.a to 11.32% p.a (2012: 10.15% p.a to 11.02% p.a) and having maturity within three years.

9. ADVANCES

	31 March 2013	31 December 2012
	(Un-audited)	(Audited)
(Rupees in '000)		
Loans, cash credits, running finances, etc.		
- In Pakistan	3,890,251	3,180,915
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	755,464	1,122,657
- Payable outside Pakistan	65,626	65,626
	821,090	1,188,283
	4,711,341	4,369,198
Provision for non-performing advances	9.2 (408,961)	(389,684)
	4,302,380	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	31 March 2013			31 December 2012		
	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	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

	31 March 2013			31 December 2012		
	Specific	General	Total	Specific	General	Total
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Opening balance	357,570	32,114	389,684	376,923	23,242	400,165
(Reversal) / charge made during the period	-	19,277	19,277	(19,353)	8,872	(10,481)
Closing balance	357,570	51,391	408,961	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

31 March 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
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10.1 Transaction-related contingent liabilities

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

- Government	14,744,618	13,045,354
- Financial institutions	56,775	28,287
- Others	12,449,711	14,440,758

10.2 Trade-related contingent liabilities

Acceptances	1,263,459	1,202,680
Letters of credit	2,325,319	2,152,774

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	10,351,520	7,414,392
Commitments to extend credit	12,249,005	14,923,919

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	3,776,984	4,431,160
Sale:		
- to others	7,289,643	2,657,025

10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 250.293 million (2012: Rs. 344 million). The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

	31 March 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
10.6 Cheques in clearing	559,217	3,395,601
10.7 Other commitments		
Cross currency swaps - notional amounts	4,046,578	4,019,695
Interest rate swaps - notional amounts	11,197,945	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:

	Three months period ended	
	31 March 2013 (Un-audited) (Rupees in '000)	31 March 2012
Profit and loss items		
Mark-up / Interest / Income earned	6	7
Mark-up / Interest / Income expensed	6	-
Head office expenses	52,171	57,913
Balance sheet items		
	31 March 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
Deposits and other accounts		
Opening balance	5,530	50
Deposits during the year	260,933	1,290,119
Withdrawals during the year	(266,446)	(1,284,639)
Closing balance	<u>17</u>	<u>5,530</u>
Balances with other branches and a subsidiary of Deutsche Bank, AG	148,955	1,915,282
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	9,186	339
Interbranch deposits and other accounts	7,973	7,997
Off balance sheet items		
Interest rate swaps	9,070,213	8,970,123
Counter guarantees to branches	14,094,513	17,253,337
Forward purchase of foreign exchange	179,444	122,150
Forward sale of foreign exchange	179,444	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.

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

**Deputy Head of Finance
Pakistan**