

**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 2015*

	<i>Note</i>	<b>30 June 2015 (Un-audited)</b>	31 December 2014 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		5,237,151	5,523,757
Balances with other banks		1,942,697	492,331
Lendings to financial institutions	7	14,754,937	6,312,559
Investments	8	142,176	842,929
Advances	9	6,973,785	6,603,070
Operating fixed assets		331,651	304,984
Deferred tax assets-net		44,660	61,130
Other assets		1,219,988	1,566,805
		<b>30,647,045</b>	<b>21,707,565</b>
<b>LIABILITIES</b>			
Bills payable		870,860	629,787
Borrowings from financial institutions		1,607,959	860,407
Deposits and other accounts		20,737,359	12,663,537
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,925,411	2,390,873
		<b>25,141,589</b>	<b>16,544,604</b>
<b>NET ASSETS</b>		<b>5,505,456</b>	<b>5,162,961</b>
<b>REPRESENTED BY:</b>			
Head office capital account		3,633,414	3,914,059
Reserves		-	-
Un-remitted profit		1,890,580	1,232,065
		<b>5,523,994</b>	<b>5,146,124</b>
(Deficit) / surplus on revaluation of securities - net of tax		(18,538)	16,837
		<b>5,505,456</b>	<b>5,162,961</b>

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

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

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**Vice President  
Finance**

Deutsche Bank AG, Pakistan Branches  
(Incorporated in the Federal Republic of Germany with Limited Liability)  
Condensed Interim Profit and Loss Account (Un-audited)  
For six months period ended 30 June 2015

	Three months period ended 30 June 2015	Six months period ended 30 June 2015	Three months period ended 30 June 2014	Six months period ended 30 June 2014
----- (Rupees in '000) -----				
Mark-up / return / interest earned	346,139	680,260	420,282	841,070
Mark-up / return / interest expensed	106,177	237,768	216,890	425,413
Net mark-up / interest income	<u>239,962</u>	<u>442,492</u>	203,392	415,657
Reversal of / (provision) against non-performing loans and advances	230,877	240,795	2,398	(12,903)
Reversal of provision against off balance sheet obligation	7,689	8,474	1,086	5,880
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	<u>238,566</u>	<u>249,269</u>	3,484	(7,023)
Net mark-up / interest income after provisions	<u>478,528</u>	<u>691,761</u>	206,876	408,634
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	134,781	259,490	116,174	241,161
Dividend income	-	-	-	-
Gain from trading in government securities	41,247	85,355	3,764	11,237
Income from dealing in foreign currencies	345,451	524,576	193,348	281,249
Other income	525	4,833	2,054	2,413
Total non-mark-up / interest income	<u>522,004</u>	<u>874,254</u>	315,340	536,060
	<u>1,000,532</u>	<u>1,566,015</u>	522,216	944,694
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	260,421	496,559	198,195	464,864
Other provisions / write offs	-	-	-	-
Other charges	-	-	43	43
Total non-mark-up / interest expenses	<u>260,421</u>	<u>496,559</u>	198,238	464,907
	<u>740,111</u>	<u>1,069,456</u>	323,978	479,787
Extra Ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<u>740,111</u>	<u>1,069,456</u>	323,978	479,787
Taxation:				
- Current	(251,233)	(338,791)	(121,223)	(155,344)
- Prior year	(36,631)	(36,631)	-	-
- Deferred	(7,808)	(35,519)	11,711	(12,596)
	<u>(295,672)</u>	<u>(410,941)</u>	(109,512)	(167,940)
<b>PROFIT AFTER TAXATION</b>	<u>444,439</u>	<u>658,515</u>	214,466	311,847

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

\_\_\_\_\_  
**Chief Operating Officer  
& Chief Financial Officer  
Pakistan**

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**Vice President  
Finance**

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 period ended 30 June 2015

	30 June 2015	30 June 2014
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,069,456	479,787
Adjustments for non-cash charges:		
Depreciation	31,913	31,711
Gain on government securities	(85,355)	(11,237)
(Reversal of) / provision against non-performing advances	(240,795)	12,903
Reversal of provision against off balance sheet obligation	(8,474)	(5,880)
Gain on sale of operating fixed assets	(3,820)	(2,372)
	<u>(306,531)</u>	<u>25,125</u>
	762,925	504,912
(Increase) / decrease in operating assets		
Lendings to financial institutions	(8,442,378)	4,670,422
Advances	(129,919)	(1,404,301)
Others assets (excluding advance taxation)	230,436	94,126
	<u>(8,341,861)</u>	<u>3,360,247</u>
Increase / (decrease) in operating liabilities		
Bills payable	241,073	105,327
Borrowings from financial institutions	747,552	(3,593,386)
Deposits and other accounts	8,073,822	(4,597,486)
Other liabilities	(456,989)	(39,990)
	<u>8,605,458</u>	<u>(8,125,535)</u>
	263,597	(4,765,288)
Income tax paid	(259,042)	(150,002)
<b>Net cash flows generated from / (used in) operating activities</b>	<u>767,480</u>	<u>(4,410,378)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale investments	731,685	4,468,512
Purchase of operating fixed assets	(67,465)	(24,542)
Sale proceeds on disposal of operating fixed assets	12,705	4,907
<b>Net cash flows generated from investing activities</b>	<u>676,925</u>	<u>4,448,877</u>
	<u>1,444,405</u>	<u>38,499</u>
Effects of exchange rate changes on cash and cash equivalents	(280,645)	(324,571)
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>1,163,760</u>	<u>(286,072)</u>
Cash and cash equivalents at beginning of the period	6,016,088	6,401,520
Cash and cash equivalents at end of the period	<u>7,179,848</u>	<u>6,115,448</u>

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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 Statement of Comprehensive Income (Un-audited)

For the six months period ended 30 June 2015

	<b>Three months period ended 30 June 2015</b>	<b>Six months period ended 30 June 2015</b>	Three months period ended 30 June 2014	Six months period ended 30 June 2014
	----- <b>(Rupees in '000)</b> -----			
Profit after taxation	444,439	658,515	214,466	311,847
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss account</b>				
Exchange differences on translation of net investment in foreign branches	130,181	(280,645)	(27,760)	(324,571)
<b>Comprehensive income - transferred to condensed interim statement of changes in equity</b>	<b>574,620</b>	<b>377,870</b>	<b>186,706</b>	<b>(12,724)</b>
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
(Deficit) / surplus on revaluation of available-for-sale securities - net of tax	(18,538)	(18,538)	12,661	12,661
<b>Total comprehensive income during the period</b>	<b><u>556,082</u></b>	<b><u>359,332</u></b>	<b><u>199,367</u></b>	<b><u>(63)</u></b>

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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 period ended 30 June 2015

	Head office capital account	Un-remitted profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2014	4,649,699	638,687	5,288,386
<b>Changes in equity:</b>			
<i>Comprehensive income for the period:</i>			
Profit for the six months period ended 30 June 2014	-	311,847	311,847
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of head office capital account	(324,571)	-	(324,571)
	(324,571)	311,847	(12,724)
Balance at 30 June 2014	4,325,128	950,534	5,275,662
<b>Changes in equity:</b>			
<i>Comprehensive income for the period:</i>			
Profit for the six months period ended 31 December 2014	-	276,772	276,772
<i>Other comprehensive income:</i>			
Actuarial gain on defined benefit plan - net of tax	-	4,759	4,759
Exchange adjustment on revaluation of head office capital account	(411,069)	-	(411,069)
	(411,069)	281,531	(129,538)
Balance at 31 December 2014	3,914,059	1,232,065	5,146,124
<b>Changes in equity:</b>			
<i>Comprehensive income for the period:</i>			
Profit for the six months period ended 30 June 2015	-	658,515	658,515
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of head office capital account	(280,645)	-	(280,645)
	(280,645)	658,515	377,870
Balance at 30 June 2015	<b>3,633,414</b>	<b>1,890,580</b>	<b>5,523,994</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

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& Chief Financial Officer  
Pakistan**

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Finance**

# 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 period ended 30 June 2015*

### **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**

The condensed interim financial information of the Branches for the period ended 30 June 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated 12 May 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and the condensed interim financial information should be read in conjunction with the financial statements of the Bank's Pakistan Branches for the year ended 31 December 2014.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation followed for the preparation of the condensed interim financial information 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 2014.

### **4. CREDIT RATING**

The credit rating done by Standard & Poor in June 2015 for Deutsche Bank AG is BBB+ for the long term and A-2 for the short term, rating done by Moody's on June 2015 is A3 for the long term and P-2 for the short term and rating done by Fitch in May 2015 is A for the long term and F1 for the short term.

### **5. USE OF ESTIMATES AND JUDGEMENTS**

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 for the year ended 31 December 2014.

### **6. FINANCIAL RISK MANAGEMENT**

The branch's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Bank's Pakistan Branches for the year ended 31 December 2014.

<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>	<i>Note</i>	<b>30 June 2015</b>	31 December 2014
		<b>(Rupees in '000)</b>	
Repurchase agreement lendings (Reverse Repo)	7.1	<u><b>14,754,937</b></u>	<u>6,312,559</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging between 6.45% p.a to 7.00% p.a (2014: 9.50% p.a to 9.66% p.a) and mature within a month. The market value of these securities at 30 June 2015 amounted to Rs. 15,181 million (2014: Rs. 6,644 million).

**7.2 Securities held as collateral against lending to financial institutions**

	<b>30 June 2015</b>			31 December 2014		
	<b>Held by bank</b>	<b>Further given as collateral</b>	<b>Total</b>	Held by bank	Further given as collateral	Total
----- <b>(Rupees in '000)</b> -----						
Market Treasury Bills	<u><b>14,754,937</b></u>	<u>-</u>	<u><b>14,754,937</b></u>	<u>6,312,559</u>	<u>-</u>	<u>6,312,559</u>

**8. INVESTMENTS**

	<b>30 June 2015</b>			31 December 2014		
	<b>Held by bank</b>	<b>Further given as collateral</b>	<b>Total</b>	Held by bank	Further given as collateral	Total
----- <b>(Rupees in '000)</b> -----						
<b>Available for sale securities</b>						
Market Treasury Bills	-	-	-	4,216	-	4,216
Pakistan Investment Bonds	<u><b>170,695</b></u>	<u>-</u>	<u><b>170,695</b></u>	<u>812,810</u>	<u>-</u>	<u>812,810</u>
	<u><b>170,695</b></u>	<u>-</u>	<u><b>170,695</b></u>	<u>817,026</u>	<u>-</u>	<u>817,026</u>
(Deficit) / surplus on revaluation of available for sale securities	<u><b>(28,519)</b></u>	<u>-</u>	<u><b>(28,519)</b></u>	<u>25,903</u>	<u>-</u>	<u>25,903</u>
	<u><b>142,176</b></u>	<u>-</u>	<u><b>142,176</b></u>	<u>842,929</u>	<u>-</u>	<u>842,929</u>

8.1 The Market Treasury Bills are "Nil" (2014: 9.10% p.a to 9.87% p.a).

8.2 The Pakistan Investment Bonds carry rates ranging between 8.80% to 9.10% p.a (2014: 12.00% p.a) and mature within ten years.

<b>9. ADVANCES</b>	<i>Note</i>	<b>30 June 2015</b>	31 December 2014
		<b>(Rupees in '000)</b>	
Loans, cash credits, running finances, etc.			
- In Pakistan		<b>6,189,901</b>	5,738,453
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		<b>908,267</b>	1,229,796
- Payable outside Pakistan		<b>65,626</b>	65,626
		<u><b>973,893</b></u>	<u>1,295,422</u>
		<u><b>7,163,794</b></u>	<u>7,033,875</u>
Provision for non-performing advances	9.2	<u><b>(190,009)</b></u>	<u>(430,805)</u>
		<u><b>6,973,785</b></u>	<u>6,603,070</u>

- 9.1 Advances include Rs. 136.369 million (31 December 2014: Rs. 347.570 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2015			31 December 2014		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	(Rupees in '000)			(Rupees in '000)		
Loss	136,369	136,369	136,369	347,570	347,570	347,570

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

	Six months period ended 30 June 2015			Year ended 31 December 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance	347,570	83,235	430,805	357,570	34,773	392,343
(Reversal) / charge made during the period / year	(211,201)	(29,595)	(240,796)	(10,000)	48,462	38,462
Closing balance	136,369	53,640	190,009	347,570	83,235	430,805

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

10. CONTINGENCIES AND COMMITMENTS

30 June  
2015  
(Rupees in '000)

31 December  
2014

10.1 Transaction-related contingent liabilities

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

- Government	16,230,509	18,102,270
- Financial institutions	68,363	66,475
- Others	1,151,623	908,099

10.2 Trade-related contingent liabilities

Acceptances	1,225,780	1,269,802
Letters of credit	2,450,918	2,144,129

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	14,754,937	6,312,559
Commitments to extend credit	14,894,584	17,094,609

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	13,139,146	18,705,588
Sale:		
- to others	13,785,810	18,673,952

10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 569 million (2014: Rs. 504 million). The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

10.6 Cheques in clearing 5,709,191 1,937,275

10.7 Other commitments

Interest rate swaps - notional amounts	2,421,252	2,685,122
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These 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:

	<b>Six months period ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in '000)</b>	
<b>Profit and loss items</b>		
Mark-up / Interest / Income earned	<b>76</b>	10
Mark-up / Interest / Income expensed	<b>1,424</b>	43
Head office expenses	<b>87,026</b>	122,622
<b>Balance sheet items</b>	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in '000)</b>	
<b>Deposits and other accounts</b>		
Opening balance	<b>1</b>	40
Deposits during the year	<b>771,554</b>	1,579,635
Withdrawals during the year	<b>(771,380)</b>	(1,579,674)
Closing balance	<b>175</b>	<b>1</b>
Balances with other branches and a subsidiary of Deutsche Bank, AG	<b>1,666,868</b>	485,548
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	<b>1,355,296</b>	571,546
Inter-branch deposits and other accounts	<b>289,071</b>	9,226
Un-remitted head office expenses	<b>1,119,422</b>	1,361,674
<b>Off balance sheet items</b>		
Interest rate swaps	<b>925,626</b>	1,011,061
Counter guarantees to branches	<b>10,961,812</b>	12,870,639
Forward purchase of foreign exchange	<b>2,044,382</b>	743,181
Forward sale of foreign exchange	<b>2,554,237</b>	877,827

## 12. GENERAL

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

## 13. DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on **August 24, 2015**.

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

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**Vice President  
Finance**