

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 2015

Note **31 March** 31 December
 2015 2014
 (Un-audited) **(Audited)**
 (Rupees in '000)

ASSETS

Cash and balances with treasury banks		6,195,383	5,523,757
Balances with other banks		2,419,250	492,331
Lendings to financial institutions	7	9,138,214	6,312,559
Investments	8	682,987	842,929
Advances	9	6,891,624	6,603,070
Other assets		1,365,815	1,566,805
Operating fixed assets		319,187	304,984
Deferred tax assets-net		52,033	61,130
		27,064,493	21,707,565

LIABILITIES

Bills payable		914,397	629,787
Borrowings from financial institutions		246,581	860,407
Deposits and other accounts		19,208,569	12,663,537
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		1,763,302	2,390,873
Deferred tax liabilities - net		-	-
		22,132,849	16,544,604
NET ASSETS		4,931,644	5,162,961

REPRESENTED BY:

Head office capital account		3,503,233	3,914,059
Reserves		-	-
Un-remitted profit		1,446,142	1,232,065
		4,949,375	5,146,124
(Deficit) / Surplus on revaluation of securities - net of tax		(17,731)	16,837
		4,931,644	5,162,961

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 three months ended 31 March 2015

	Three months period ended 31 March 2015	Three months period ended 31 March 2015	Three months period ended 31 March 2014	Three months period ended 31 March 2014
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	334,121	334,121	420,788	420,788
Mark-up / return / interest expensed	131,591	131,591	208,523	208,523
Net mark-up / interest income	202,530	202,530	212,265	212,265
Reversal / (Provision) against non-performing loans and advances	9,918	9,918	(15,301)	(15,301)
Reversal against off balance sheet obligation	786	786	4,794	4,794
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	10,704	10,704	(10,507)	(10,507)
Net mark-up / interest income after provisions	213,234	213,234	201,758	201,758
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	124,709	124,709	124,987	124,987
Dividend income	-	-	-	-
Gain from trading in government securities	44,107	44,107	7,473	7,473
Income from dealing in foreign currencies	179,125	179,125	87,901	87,901
Other income	4,309	4,309	359	359
Total non-mark-up / interest income	352,250	352,250	220,720	220,720
	565,484	565,484	422,478	422,478
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	236,138	236,138	266,669	266,669
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	236,138	236,138	266,669	266,669
	329,346	329,346	155,809	155,809
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	329,346	329,346	155,809	155,809
Taxation:				
- Current	(87,558)	(87,558)	(34,121)	(34,121)
- Prior years	-	-	-	-
- Deferred	(27,711)	(27,711)	(24,307)	(24,307)
	(115,269)	(115,269)	(58,428)	(58,428)
PROFIT AFTER TAXATION	214,077	214,077	97,381	97,381

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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 2015

	31 March 2015	31 March 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	329,346	155,809
Adjustments for non-cash charges:		
Depreciation	15,557	15,785
Gain on government securities	(44,107)	(7,473)
Reversal against non-performing advances	(9,918)	15,301
Reversal against off balance sheet obligation	(786)	4,794
Gain on sale of operating fixed assets	(4,293)	(351)
	(43,547)	28,056
	285,799	183,865
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,825,655)	887,894
Advances	(278,636)	(3,419,666)
Others assets (excluding advance taxation)	227,218	200,059
	(2,877,073)	(2,331,713)
Increase / (decrease) in operating liabilities		
Bills payable	284,610	1,646,044
Borrowings from financial institutions	(613,826)	(383,105)
Deposits and other accounts	6,545,032	3,560,187
Other liabilities	(626,785)	(498,595)
	5,589,031	4,324,531
	2,711,958	1,992,818
Income tax paid	(113,786)	(50,378)
Net cash flows from operating activities	2,883,971	2,126,305
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale investments	150,868	(1,549,778)
Purchase of operating fixed assets	(37,583)	(16,794)
Sale proceeds on disposal of operating fixed assets	12,115	554
Net cash flows from investing activities	125,400	(1,566,018)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	-	-
Effects of exchange rate changes on cash and cash equivalents	(410,826)	(296,811)
Increase / (decrease) in cash and cash equivalents	2,598,545	263,476
Cash and cash equivalents at beginning of the year	6,016,088	6,401,520
Cash and cash equivalents at end of the period	8,614,633	6,664,996

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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 2015

	31 March 2,015	31 March 2,014
	(Rupees in '000)	
Profit for the period	214,077	97,381
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial Gain / (loss) on defined benefit plans	0	0
Related deferred tax	0	0
	0	0
Exchange adjustment on account of revaluation of capital	(410,826)	(296,811)
Total comprehensive income for the period	(196,749)	(199,430)
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
(Deficit) / Surplus arising on revaluation of available for sale securities	(27,278)	1,340
Related deferred tax	9,547	(469)
	(17,731)	871
Total comprehensive income during the quarter	(214,480)	(198,559)

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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 2015

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2014 (Audited)	4,649,699	638,687	5,288,386
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	-	97,381	97,381
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	(296,811)	-	(296,811)
	(296,811)	97,381	(199,430)
Balance at 31 March 2014 (Un-audited)	4,352,888	736,068	5,088,956
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	-	491,238	491,238
<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	(438,829)	-	(438,829)
	(438,829)	495,997	57,168
Balance at 31 December 2014 (Audited)	3,914,059	1,232,065	5,146,124
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	-	214,077	214,077
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	(410,826)	-	(410,826)
	(410,826)	214,077	(196,749)
Balance at 31 March 2015 (Un-audited)	3,503,233	1,446,142	4,949,375

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)
Notes to the Condensed Interim Financial Information
For the three months ended 31 March 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 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 2014.

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 2014.

4. CREDIT RATING

The credit rating done by Standard & Poor in February 2015 for Deutsche Bank AG is A for the long term and A-1 for the short term, rating done by Moody's on March 2015 is A3 for the long term and P-2 for the short term and rating done by Fitch in January 2015 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 2014.

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 2014.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		31 March 2015	31 December 2014
		(Un-audited)	(Audited)
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	<u>9,138,214</u>	<u>6,312,559</u>
		<u>9,138,214</u>	<u>6,312,559</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging from 8.01% p.a to 7.51% p.a (2014: 9.50% p.a to 9.66%) and mature within a month. The market value of these securities at 31 March 2015 amounted to Rs. 9,348 million (2014: Rs. 6,644 million).

7.2 Securities held as collateral against lending to financial institutions

	31 March 2015			31 December 2014		
	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	9,138,214	-	9,138,214	6,312,559	-	6,312,559

8. INVESTMENTS

	31 March 2015			31 December 2014		
	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	0	-	0	4,216	-	4,216
Pakistan Investment Bonds	710,265	-	710,265	812,810	-	812,810
	710,265	-	710,265	817,026	-	817,026
Surplus / (Deficit) on revaluation of available for sale securities	(27,278)	-	(27,278)	25,903	-	25,903
	682,987	-	682,987	842,929	-	842,929

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

8.2 The Pakistan Investment Bonds carry a rate ranging from 11.50% p.a to 12.00% p.a (2014: 12.00% p.a) and having maturity within 10 years.

9. ADVANCES

	31 March 2015	31 December 2014
	(Un-audited)	(Audited)
	(Rupees in '000)	
Loans, cash credits, running finances, etc.		
- In Pakistan	6,558,561	5,738,453
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	688,324	1,229,796
- Payable outside Pakistan	65,626	65,626
	753,950	1,295,422
	7,312,511	7,033,875
Provision for non-performing advances	9.2 (420,887)	(430,805)
	6,891,624	6,603,070

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

	31 March 2015			31 December 2014		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	(Un-audited)			(Audited)		
	(Rupees in '000)			(Rupees in '000)		
Category of Classification						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	347,570	347,570	347,570	347,570	347,570	347,570
	347,570	347,570	347,570	347,570	347,570	347,570

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

	31 March 2015			31 December 2014		
	Specific	General	Total	Specific	General	Total
	(Un-audited)			(Audited)		
	(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	-	(9,918)	(9,918)	(10,000)	-	(10,000)
Closing balance	347,570	73,317	420,887	347,570	83,235	430,805

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

10. CONTINGENCIES AND COMMITMENTS

	31 March 2015	31 December 2014
	(Un-audited)	(Audited)
	(Rupees in '000)	
10.1 Transaction-related contingent liabilities		
Contingent liability in respect of performance, bid bonds, shipping guarantees, etc. favouring:		
- Government	15,055,039	18,102,270
- Financial institutions	64,137	66,475
- Others	918,303	908,099
10.2 Trade-related contingent liabilities		
Acceptances	912,273	1,269,802
Letters of credit	2,982,108	2,144,129
10.3 Commitments in respect of forward lending		
Forward repurchase agreement lending (Reverse repo)	9,138,214	6,312,559
Commitments to extend credit	14,679,106	17,094,609
10.4 Commitments in respect of forward exchange contracts		
Purchase:		
- from others	27,808,859	18,705,588
Sale:		
- to others	30,873,391	18,673,952
10.5 Other contingencies		
Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 504 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	6,032,571	1,937,275
10.7 Commitments in respect of forward Sale of Govt. Securities	55,499	-
10.8 Other commitments		
Interest rate swaps - notional amounts	2,569,394	2,685,122

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:

	Three months period ended	
	31 March 2015	31 March 2014
	(Un-audited) (Rupees in '000)	
Profit and loss items		
Mark-up / Interest / Income earned	869	5
Mark-up / Interest / Income expensed	69	18
Head office expenses	38,423	65,828
Balance sheet items	31 March 2015	31 December 2014
	(Un-audited) (Audited) (Rupees in '000)	
Deposits and other accounts		
Opening balance	1	40
Deposits during the year	691,302	1,579,635
Withdrawals during the year	(691,295)	(1,579,674)
Closing balance	8	1
Balances with other branches and a subsidiary of Deutsche Bank, AG	2,108,768	36,025
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	1,471	3,306,913
Interbranch deposits and other accounts	297,611	14,610
Unremitted head office expenses	1,094,191	1,361,674
Off balance sheet items		
Interest rate swaps	976,447	1,011,061
Counter guarantees to branches	10,819,522	12,870,639
Forward purchase of foreign exchange	184,582	743,181
Forward sale of foreign exchange	184,582	877,827

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 21 April 2015.

**Managing Director /
Chief Country Officer
Pakistan**

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