

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 2015

	<i>Note</i>	30 September 2015 (Un-audited)	31 December 2014 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		5,320,898	5,523,757
Balances with other banks		1,523,997	492,331
Lendings to financial institutions	7	10,700,418	6,312,559
Investments	8	49,314	842,929
Advances	9	5,416,705	6,603,070
Operating fixed assets		315,525	304,984
Deferred tax assets-net		37,084	61,130
Other assets		1,435,860	1,566,805
		24,799,801	21,707,565
LIABILITIES			
Bills payable		605,155	629,787
Borrowings from financial institutions		35,153	860,407
Deposits and other accounts		16,367,826	12,663,537
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,905,884	2,390,873
		18,914,018	16,544,604
NET ASSETS		5,885,783	5,162,961
REPRESENTED BY:			
Head office capital account		3,758,111	3,914,059
Reserves		-	-
Un-remitted profit		2,133,541	1,232,065
		5,891,652	5,146,124
(Deficit) / surplus on revaluation of securities - net of tax		(5,869)	16,837
		5,885,783	5,162,961

CONTINGENCIES AND COMMITMENTS

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

**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 period ended 30 September 2015

	Three months period ended 30 September 2015	Nine months period ended 30 September 2015	Three months period ended 30 September 2014	Nine months period ended 30 September 2014
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	415,258	1,095,518	325,976	1,167,046
Mark-up / return / interest expensed	117,945	355,712	142,466	567,880
Net mark-up / interest income	<u>297,313</u>	<u>739,806</u>	183,510	599,166
Reversal / (provision) against non-performing loans and advances	64,656	305,451	6,479	(6,425)
Reversal / (provision) against off balance sheet obligation	1,595	10,069	(453)	5,427
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	<u>66,251</u>	<u>315,520</u>	6,026	(998)
Net mark-up / interest income after provisions	<u>363,564</u>	<u>1,055,326</u>	189,536	598,168
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	120,293	379,783	121,787	362,948
Dividend income	-	-	-	-
(Loss) / Gain from trading in government securities	(514)	84,841	1,741	12,977
Income from dealing in foreign currencies	125,739	650,315	124,310	405,559
Other income	521	5,354	1,302	3,715
Total non-mark-up / interest income	<u>246,039</u>	<u>1,120,293</u>	249,140	785,199
	<u>609,603</u>	<u>2,175,619</u>	438,676	1,383,367
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	235,818	732,377	283,360	748,223
Other provisions / write offs	-	-	-	-
Other charges	-	-	1,213	1,256
Total non-mark-up / interest expenses	<u>235,818</u>	<u>732,377</u>	284,573	749,479
	<u>373,785</u>	<u>1,443,242</u>	154,103	633,888
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	<u>373,785</u>	<u>1,443,242</u>	154,103	633,888
Taxation:				
- Current	(93,440)	(468,862)	(52,596)	(207,940)
- Prior year	(36,631)	(36,631)	-	-
- Deferred	(754)	(36,273)	(1,763)	(14,358)
	<u>(130,825)</u>	<u>(541,766)</u>	(54,359)	(222,298)
PROFIT AFTER TAXATION	<u><u>242,960</u></u>	<u><u>901,476</u></u>	99,744	411,590

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

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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 period ended 30 September 2015

	30 September 2015	30 September 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,443,242	633,888
Adjustments for non-cash charges:		
Depreciation	52,778	47,572
Gain on government securities	(84,841)	(12,977)
(Reversal) / provision against non-performing advances	(305,451)	6,425
Reversal against off balance sheet obligation	(10,069)	(5,427)
Gain on sale of operating fixed assets	(4,336)	(3,674)
	(351,919)	31,919
	1,091,323	665,807
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,387,859)	4,377,711
Advances	1,491,817	(2,835,007)
Others assets (excluding advance taxation)	79,667	186,923
	(2,816,375)	1,729,627
Increase / (decrease) in operating liabilities		
Bills payable	(24,632)	236,447
Borrowings from financial institutions	(825,254)	(3,661,991)
Deposits and other accounts	3,704,289	(1,932,450)
Other liabilities	(474,921)	(151,194)
	2,379,482	(5,509,188)
	(436,893)	(3,779,561)
Income tax paid	(454,215)	(232,691)
Net cash flows generated from operating activities	200,215	(3,346,445)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale investments	843,524	5,444,117
Purchase of operating fixed assets	(72,561)	(44,128)
Sale proceeds on disposal of operating fixed assets	13,577	8,956
Net cash flows generated from investing activities	784,540	5,408,945
Effects of exchange rate changes on cash and cash equivalents	(155,948)	(502,342)
Increase in cash and cash equivalents	828,807	1,560,158
Cash and cash equivalents at beginning of the period	6,016,088	6,401,520
Cash and cash equivalents at end of the period	6,844,895	7,961,678

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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 period ended 30 September 2015

	Three months period ended 30 September 2015	Nine months period ended 30 September 2015	Three months period ended 30 September 2014	Nine months period ended 30 September 2014
----- (Rupees in '000) -----				
Profit after taxation	242,960	901,476	99,744	411,590
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Exchange differences on translation of net investment in foreign branches	124,697	(155,948)	(177,771)	(502,342)
Comprehensive income - transferred to condensed interim statement of changes in equity	367,657	745,528	(78,027)	(90,752)
Items that may be reclassified to profit and loss account in subsequent periods:				
Deficit on revaluation of available-for-sale securities - net of tax	(5,869)	(5,869)	-	-
Total comprehensive income during the period	361,788	739,659	(78,027)	(90,752)

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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 nine months period ended 30 September 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
Changes in equity:			
<i>Comprehensive income for the period:</i>			
Profit for the period	-	411,590	411,590
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of head office capital account	(502,342)	-	(502,342)
	(502,342)	411,590	(90,752)
Balance at 30 September 2014	4,147,357	1,050,277	5,197,634
Changes in equity:			
<i>Comprehensive income for the period:</i>			
Profit for the period	-	177,029	177,029
<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	(233,298)	-	(233,298)
	(233,298)	181,788	(51,510)
Balance at 31 December 2014	3,914,059	1,232,065	5,146,124
Changes in equity:			
<i>Comprehensive income for the period:</i>			
Profit for the period	-	901,476	901,476
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of head office capital account	(155,948)	-	(155,948)
	(155,948)	901,476	745,528
Balance at 30 September 2015	3,758,111	2,133,541	5,891,652

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

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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 nine months period ended 30 September 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 September 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 October 2015 for Deutsche Bank AG is BBB+ for the long term and A-2 for the short term, rating done by Moody's on October 2015 is A3 for the long term and P-2 for the short term and rating done by Fitch in October 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.

7. LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	30 September 2015	31 December 2014
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	10,700,418	6,312,559

7.1 Reverse repos have been made with various commercial banks at rates ranging between 6.05% p.a to 6.45% 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 September 2015 amounted to Rs. 10,848 million (2014: Rs. 6,644 million).

7.2 Securities held as collateral against lending to financial institutions

	30 September 2015			31 December 2014		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	------(Rupees in '000)-----					
Market Treasury Bills	10,700,418	-	10,700,418	6,312,559	-	6,312,559

8. INVESTMENTS

	30 September 2015			31 December 2014		
	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	-	-	-	4,216	-	4,216
Pakistan Investment Bonds	58,343	-	58,343	812,810	-	812,810
	58,343	-	58,343	817,026	-	817,026
(Deficit) / surplus on revaluation of available for sale securities	(9,029)	-	(9,029)	25,903	-	25,903
	49,314	-	49,314	842,929	-	842,929

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 8.8% p.a (2014: 12.00% p.a) and mature within seven years.

9. ADVANCES	<i>Note</i>	30 September 2015	31 December 2014
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
- In Pakistan		4,605,223	5,738,453
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		871,209	1,229,796
- Payable outside Pakistan		65,626	65,626
		936,835	1,295,422
		5,542,058	7,033,875
Provision for non-performing advances	9.2	(125,353)	(430,805)
		5,416,705	6,603,070

- 9.1 Advances include Rs. 96.511 million (31 December 2014: Rs. 347.570 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 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	96,511	96,511	96,511	347,570	347,570	347,570

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

	Nine months period ended 30 September 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	(251,059)	(54,393)	(305,452)	(10,000)	48,462	38,462
Closing balance	96,511	28,842	125,353	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 September
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	17,182,705	18,102,270
- Financial institutions	38,165	66,475
- Others	1,141,038	908,099

10.2 Trade-related contingent liabilities

Acceptances	985,200	1,269,802
Letters of credit	1,770,704	2,144,129

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	10,700,418	6,312,559
Commitments to extend credit	15,963,758	17,094,609

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	20,451,822	18,705,588
Sale:		
- to others	22,500,271	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 866,133 1,937,275

10.7 Other commitments

Interest rate swaps - notional amounts	2,323,348	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:

	Nine months period ended	
	30 September 2015	30 September 2014
	(Rupees in '000)	
Profit and loss items		
Mark-up / Interest / Income earned	80	13
Mark-up / Interest / Income expensed	1,714	224
Head office expenses	123,537	172,769
Balance sheet items	30 September 2015	31 December 2014
	(Rupees in '000)	
Deposits and other accounts		
Opening balance	1	40
Deposits during the year	1,114,087	1,579,635
Withdrawals during the year	(1,114,056)	(1,579,674)
Closing balance	32	1
Balances with other branches and a subsidiary of Deutsche Bank, AG	1,484,261	485,548
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	150	571,546
Inter-branch deposits and other accounts	349,681	9,226
Un-remitted head office expenses	1,154,874	1,361,674
Off balance sheet items		
Interest rate swaps	899,924	1,011,061
Counter guarantees to branches	11,222,225	12,870,639
Forward purchase of foreign exchange	2,605,846	743,181
Forward sale of foreign exchange	2,909,406	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 October 22, 2015.

**Managing Director
& Chief Country Officer
Pakistan**

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