

**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 2016*

	<i>Note</i>	<b>30 June 2016 (Un-audited)</b>	31 December 2015 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>5,938,281</b>	5,539,927
Balances with other banks		<b>573,718</b>	951,925
Lendings to financial institutions	7	<b>10,600,522</b>	6,422,104
Investments		-	-
Advances	8	<b>5,748,657</b>	6,559,769
Operating fixed assets		<b>318,554</b>	324,115
Deferred tax assets-net		<b>12,696</b>	31,477
Other assets		<b>1,110,584</b>	1,284,666
		<b>24,303,012</b>	21,113,983
<b>LIABILITIES</b>			
Bills payable		<b>974,731</b>	942,655
Borrowings from financial institutions		<b>11,187</b>	11,113
Deposits and other accounts		<b>15,988,567</b>	11,977,105
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<b>1,778,012</b>	2,283,216
		<b>18,752,497</b>	15,214,089
<b>NET ASSETS</b>		<b>5,550,515</b>	5,899,894
<b>REPRESENTED BY:</b>			
Head office capital account		<b>3,743,678</b>	3,667,658
Reserves		-	-
Un-remitted profit		<b>1,806,837</b>	2,232,236
		<b>5,550,515</b>	5,899,894
(Deficit) / surplus on revaluation of securities - net of tax		-	-
		<b>5,550,515</b>	5,899,894

**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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**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 six months period ended 30 June 2016

	Three months period ended 30 June 2016	Six months period ended 30 June 2016	Three months period ended 30 June 2015	Six months period ended 30 June 2015
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	281,344	533,011	346,139	680,260
Mark-up / return / interest expensed	87,016	165,953	106,177	237,768
Net mark-up / interest income	194,328	367,058	239,962	442,492
(Provision) / reversal of against non-performing loans and advances	(1,356)	(1,002)	230,877	240,795
Reversal of provision against off balance sheet obligation	1,384	7,655	7,689	8,474
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	28	6,653	238,566	249,269
Net mark-up / interest income after provisions	194,356	373,711	478,528	691,761
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	117,437	246,087	134,781	259,490
Dividend income	-	-	-	-
Gain from trading in government securities	2,049	3,537	41,247	85,355
Income from dealing in foreign currencies	134,133	261,014	345,451	524,576
Other income	5,360	45,916	525	4,833
Total non-mark-up / interest income	258,979	556,554	522,004	874,254
	453,335	930,265	1,000,532	1,566,015
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	220,127	462,430	260,421	496,559
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	220,127	462,430	260,421	496,559
	233,208	467,835	740,111	1,069,456
Extra Ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	233,208	467,835	740,111	1,069,456
Taxation:				
- Current	(86,509)	(144,962)	(251,233)	(338,791)
- Prior year	(60,902)	(60,902)	(36,631)	(36,631)
- Deferred	4,887	(18,780)	(7,808)	(35,519)
	(142,524)	(224,644)	(295,672)	(410,941)
<b>PROFIT AFTER TAXATION</b>	90,684	243,191	444,439	658,515

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

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**Managing Director &  
Chief Country Officer  
Pakistan**

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

# 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 2016

	<b>Three months period ended 30 June 2016</b>	<b>Six months period ended 30 June 2016</b>	Three months period ended 30 June 2015	Six months period ended 30 June 2015
	------(Rupees in '000)-----			
Profit after taxation	<b>90,684</b>	<b>243,191</b>	444,439	658,515
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange adjustment on account of revaluation of capital	<b>149,560</b>	<b>76,020</b>	130,181	(280,645)
<b>Total Comprehensive income - transferred to equity</b>	<b><u>240,244</u></b>	<b><u>319,211</u></b>	<u>574,620</u>	<u>377,870</u>
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Deficit arising on revaluation of available for sale securities	-	-	(28,519)	(28,519)
Related deferred tax	-	-	9,981	9,981
	-	-	(18,538)	(18,538)
	<b><u>240,244</u></b>	<b><u>319,211</u></b>	<u>556,082</u>	<u>359,332</u>

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

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**Managing Director &  
Chief Country Officer  
Pakistan**

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**Chief Operating Officer  
& Chief Financial 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 six months period ended 30 June 2016

	2016	2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	467,835	1,069,456
Adjustments for:		
Depreciation	39,865	31,913
Gain on government securities	(3,537)	(85,355)
Provision / (reversal of provision) of against non-performing advances	1,002	(240,795)
Reversal of provision against off balance sheet obligation	(7,655)	(8,474)
Gain on disposal of operating fixed assets	(3,772)	(3,820)
	<u>25,903</u>	<u>(306,531)</u>
	493,738	762,925
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,178,418)	(8,442,378)
Advances	810,112	(129,919)
Others assets (excluding advance taxation)	140,863	230,436
	<u>(3,227,443)</u>	<u>(8,341,861)</u>
Increase / (decrease) in operating liabilities		
Bills payable	32,076	241,073
Borrowings from financial institutions	74	747,552
Deposits and other accounts	4,011,462	8,073,822
Other liabilities	(497,550)	(456,989)
	<u>3,546,062</u>	<u>8,605,458</u>
	812,357	1,026,522
Income tax paid	(172,644)	(259,042)
<b>Net cash flows generated from operating activities</b>	<u>639,713</u>	<u>767,480</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net proceeds from sale of investments	3,537	731,685
Purchase of operating fixed assets	(41,932)	(67,465)
Sale proceeds on disposal of operating fixed assets	11,399	12,705
<b>Net cash flows (used in) / generated from investing activities</b>	<u>(26,996)</u>	<u>676,925</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance to head office	(668,590)	-
<b>Net cash used in financing activities</b>	<u>(668,590)</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents	76,020	(280,645)
<b>Increase in cash and cash equivalents</b>	<u>20,147</u>	<u>1,163,760</u>
Cash and cash equivalents at beginning of the period	6,491,852	6,016,088
Cash and cash equivalents at end of the period	<u>6,511,999</u>	<u>7,179,848</u>

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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 2016

	Head office capital account	Un-remitted profit	Total
	----- (Rupees in '000) -----		
Balance as at 01 January 2015	3,914,059	1,232,065	5,146,124
<i>Total 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 account of revaluation of capital	(280,645)	-	(280,645)
	(280,645)	658,515	377,870
Balance as at 30 June 2015	3,633,414	1,890,580	5,523,994
<i>Total Comprehensive income for the period:</i>			
Profit for the six months period ended 31 December 2015	-	357,056	357,056
<i>Other comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	(15,400)	(15,400)
Exchange adjustment on account of revaluation of capital	34,244	-	34,244
	34,244	341,656	375,900
Balance as at 31 December 2015	3,667,658	2,232,236	5,899,894
<i>Total Comprehensive income for the period:</i>			
Profit for the six months period ended 30 June 2016	-	243,191	243,191
<i>Other comprehensive income:</i>			
Exchange adjustment on account of revaluation of capital	76,020	-	76,020
	76,020	243,191	319,211
Remittance made to Head Office	-	(668,590)	(668,590)
Balance as at 30 June 2016	<b>3,743,678</b>	<b>1,806,837</b>	<b>5,550,515</b>

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 six months period ended 30 June 2016*

### **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 Branches'). The Branches are 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 2016 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 Branches for the year ended 31 December 2015.

### **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 Branches for the year ended 31 December 2015.

### **4. CREDIT RATING**

The credit rating done by Standard & Poor in November 2015 for Deutsche Bank AG is BBB+ for the long term and A-2 for the short term, rating done by Moody's on May 2016 is Baa2 for the long term and P-2 for the short term and rating done by Fitch in June 2016 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 the same as those applied in the annual financial statements of the Branches for the year ended 31 December 2015.

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

The Branches' financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2015.

7. LENDINGS TO FINANCIAL INSTITUTIONS	Note	30 June 2016	31 December 2015
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	<u>10,600,522</u>	<u>6,422,104</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging between 5.75% p.a to 6.25% p.a (31 December 2015: 6.10% p.a to 6.50% p.a) and mature within a month. The market value of these securities amounted to Rs. 10,735 million (31 December 2015: Rs. 6,540 million).

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

	30 June 2016			31 December 2015		
	Held by the Branch	Further given as collateral	Total	Held by the Branch	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	<u>10,600,522</u>	-	<u>10,600,522</u>	6,422,104	-	6,422,104

8. ADVANCES	Note	30 June 2016	31 December 2015
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
- In Pakistan			4,545,395
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan			750,404
- Payable outside Pakistan			65,626
		<u>1,311,747</u>	<u>816,030</u>
		<u>5,857,142</u>	<u>6,667,252</u>
Provision for non-performing advances	8.2	<u>(108,485)</u>	<u>(107,483)</u>
		<u>5,748,657</u>	<u>6,559,769</u>

8.1 Advances include Rs. 96.511 million (31 December 2015: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

	30 June 2016			31 December 2015		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>Category of Classification</b>						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	96,511	96,511	96,511

#### 8.2 Particulars of provision against non-performing advances - in local currency

	Six months period ended 30 June 2016			Year ended 31 December 2015		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Opening balance	96,511	10,972	107,483	347,570	83,235	430,805
Charge / (reversal) made during the period / year	-	1,002	1,002	(251,059)	(72,263)	(323,322)
Closing balance	<u>96,511</u>	<u>11,974</u>	<u>108,485</u>	<u>96,511</u>	<u>10,972</u>	<u>107,483</u>

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

<b>9. CONTINGENCIES AND COMMITMENTS</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>(Rupees in '000)</b>	
<b>9.1 Transaction-related contingent liabilities</b>		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, etc. favouring:		
- Government	<b>14,078,289</b>	16,101,044
- Financial institutions	<b>137,528</b>	42,695
- Others	<b>1,145,745</b>	1,136,981
<b>9.2 Trade-related contingent liabilities</b>		
Acceptances	<b>1,115,098</b>	845,525
Letters of credit	<b>1,992,839</b>	2,871,897
<b>9.3 Commitments in respect of forward lending</b>		
Forward repurchase agreement lending (Reverse repo)	<b>10,600,522</b>	6,422,104
Commitments to extend credit	<b>17,285,230</b>	15,814,355
<b>9.4 Commitments in respect of forward exchange contracts</b>		
Purchase:		
- from others	<b>356,168</b>	3,804,640
Sale:		
- to others	<b>847,218</b>	4,407,603
<b>9.5 Cheques in clearing</b>	<b>3,880,058</b>	1,938,923
<b>9.6 Other contingencies</b>		
Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 355 million (31 December 2015: Rs. 355 million). The branches are vigorously contesting the appeals and are confident that no additional liability would arise.		
<b>9.7 Other commitments</b>		
Interest rate swaps - notional amounts	-	2,179,460

## **10. 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 Branches also provide 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 are summarised as follows:

	<b>Six months period ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>(Rupees in '000)</b>	
<b>Profit and loss items</b>		
Mark-up / Interest / Income earned	<b>6</b>	76
Mark-up / Interest / Income expensed	<b>486</b>	1,424
Head office expenses	<b>55,443</b>	87,026
<b>Key management personnel</b>		
Salaries and benefits including post retirement benefits	<b>78,717</b>	86,857
Mark-up / Interest / Income earned	<b>467</b>	307
Mark-up / Interest / Income expensed	<b>377</b>	197
<b>Balance sheet items</b>		
Balances with other branches and a subsidiary of Deutsche Bank, AG	<b>317,646</b>	108,482
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	<b>149</b>	146
Inter-branch deposits and other accounts	<b>221,354</b>	3,380
Un-remitted head office expenses	<b>1,242,981</b>	1,220,133
<b>Key management personnel</b>		
Loans and advances	<b>32,012</b>	30,433
Deposits	<b>27,005</b>	24,199
<b>Deposits and other accounts</b>		
Opening balance	<b>1,046</b>	1
Deposits during the period	<b>547,435</b>	1,380,962
Withdrawals during the period	<b>(548,346)</b>	(1,379,917)
Closing balance	<b>135</b>	1,046
<b>Off balance sheet items</b>		
Interest rate swaps	<b>-</b>	851,230
Counter guarantees to branches	<b>9,930,590</b>	11,143,006
Forward purchase of foreign exchange	<b>251,178</b>	50,137
Forward sale of foreign exchange	<b>321,178</b>	50,137

## **11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in principal or, in its absence, the most advantageous market to which the Branches have access at that date.

The Branches measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

11.1 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

**On balance sheet financial instruments**

		30 June 2016					Fair value			
		Carrying Value								
Note	Held for trading	Available for Sale	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					(Rupees in '000)					
<b>Financial assets measured at fair value</b>										
Other Assets										
	- Unrealized gain on forward foreign exchange contracts	10,940	-	-	-	10,940	-	10,940	-	10,940
<b>Financial assets not measured at fair value</b>										
	Cash and balances with treasury banks	11.2	-	-	5,938,281	-	-	-	5,938,281	
	Balances with other banks	11.2	-	-	573,718	-	-	-	573,718	
	Lendings to financial institutions	11.2	-	-	10,600,522	-	-	-	10,600,522	
	Advances	11.2	-	-	5,748,657	-	-	-	5,748,657	
	Other assets	11.2	-	-	893,065	-	-	-	893,065	
			10,940	-	23,754,243	-	-	-	23,765,183	
<b>Financial Liabilities measured at fair value</b>										
Other liabilities										
	- Unrealized loss on forward foreign exchange contracts	6,714	-	-	-	6,714	-	6,714	-	6,714
<b>Financial liabilities not measured at fair value</b>										
	Bills payable	11.2	-	-	-	974,731	-	-	974,731	
	Borrowings from financial institutions	11.2	-	-	-	11,187	-	-	11,187	
	Deposits and other accounts	11.2	-	-	-	15,988,567	-	-	15,988,567	
	Other liabilities	11.2	-	-	-	1,769,868	-	-	1,769,868	
			6,714	-	-	18,744,353	-	-	18,751,067	

		31 December 2015					Fair value			
		Carrying amount								
Note	Held for trading	Available for Sale	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in 000)					(Rupees in 000)					
<b>Financial assets measured at fair value</b>										
Other Assets										
	- Unrealized gain on forward foreign exchange contracts	28,029	-	-	-	28,029	-	28,029	-	28,029
	- Unrealized gain on interest rate swaps	68,784	-	-	-	68,784	-	68,784	-	68,784
		96,813	-	-	-	96,813	-	96,813	-	96,813
<b>Financial assets not measured at fair value</b>										
	Cash and balances with treasury banks	11.2	-	-	5,539,927	-	-	-	5,539,927	
	Balances with other banks	11.2	-	-	951,925	-	-	-	951,925	
	Lendings to financial institutions	11.2	-	-	6,422,104	-	-	-	6,422,104	
	Advances - net	11.2	-	-	6,559,769	-	-	-	6,559,769	
	Other assets	11.2	-	-	936,156	-	-	-	936,156	
			96,813	-	20,409,881	-	-	-	20,506,694	
<b>Financial Liabilities measured at fair value</b>										
Other liabilities										
	- Unrealized gain on forward foreign exchange contracts	12,473	-	-	-	12,473	-	12,473	-	12,473
	- Unrealized gain on interest rate swaps	20,418	-	-	-	20,418	-	20,418	-	20,418
		32,891	-	-	-	32,891	-	32,891	-	32,891
<b>Financial liabilities not measured at fair value</b>										
	Bills payable	11.2	-	-	-	942,655	-	-	942,655	
	Borrowings from financial institutions	11.2	-	-	-	11,113	-	-	11,113	
	Deposits and other accounts	11.2	-	-	-	11,977,105	-	-	11,977,105	
	Other liabilities	11.2	-	-	-	2,250,325	-	-	2,250,325	
			32,891	-	-	15,181,198	-	-	15,214,089	

11.2 The Branches have not disclosed the fair values for the financial assets and liabilities not carried at fair value, as these are short term or repriced frequently. Therefore, their carrying amounts are reasonable approximation of fair value.

**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 \_\_\_\_\_.

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**Managing Director &  
 Chief Country Officer  
 Pakistan**

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