

**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 2016*

	<i>Note</i>	<b>31 March 2016 (Un-audited)</b>	31 December 2015 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>5,805,522</b>	5,539,927
Balances with other banks		<b>1,415,810</b>	951,925
Lendings to financial institutions	7	<b>11,523,314</b>	6,422,104
Investments	8	<b>2,989</b>	-
Advances	9	<b>6,009,323</b>	6,559,769
Operating fixed assets		<b>337,176</b>	324,115
Deferred tax assets-net		<b>7,810</b>	31,477
Other assets		<b>1,226,418</b>	1,284,666
		<b>26,328,362</b>	21,113,983
<b>LIABILITIES</b>			
Bills payable		<b>1,143,207</b>	942,655
Borrowings from financial institutions		<b>81,119</b>	11,113
Deposits and other accounts		<b>17,128,629</b>	11,977,105
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<b>1,773,443</b>	2,283,216
		<b>20,126,398</b>	15,214,089
<b>NET ASSETS</b>		<b>6,201,964</b>	5,899,894
<b>REPRESENTED BY:</b>			
Head office capital account		<b>3,817,218</b>	3,667,658
Reserves		-	-
Un-remitted profit		<b>2,384,746</b>	2,232,236
		<b>6,201,964</b>	5,899,894
Surplus / (Deficit) on revaluation of securities - net of tax		-	-
		<b>6,201,964</b>	5,899,894

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 13 form an integral part of these financial statements.

**SD/-**

**SD/-**

\_\_\_\_\_  
**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 2016*

	<b>Three months period ended 31-Mar 2016</b>	<b>Three months period ended 31-Mar 2016</b>	Three months period ended 31-Mar 2015	Three months period ended 31-Mar 2015
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	251,667	251,667	334,121	334,121
Mark-up / return / interest expensed	78,937	78,937	131,591	131,591
Net mark-up / interest income	<u>172,730</u>	<u>172,730</u>	202,530	202,530
Reversal against non-performing loans and advances	355	355	9,918	9,918
Reversal against off balance sheet obligation	6,272	6,272	786	786
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	<u>6,627</u>	<u>6,627</u>	10,704	10,704
Net mark-up / interest income after provisions	<u>179,357</u>	<u>179,357</u>	213,234	213,234
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	128,650	128,650	124,709	124,709
Dividend income	-	-	-	-
Gain from trading in government securities	1,488	1,488	44,107	44,107
Income from dealing in foreign currencies	126,881	126,881	179,125	179,125
Other income	3,610	3,610	4,309	4,309
Total non-mark-up / interest income	<u>260,629</u>	<u>260,629</u>	352,250	352,250
	<u>439,986</u>	<u>439,986</u>	565,484	565,484
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	205,356	205,356	236,138	236,138
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	<u>205,356</u>	<u>205,356</u>	236,138	236,138
	<u>234,630</u>	<u>234,630</u>	329,346	329,346
Extra Ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<u>234,630</u>	<u>234,630</u>	329,346	329,346
Taxation:				
- Current	(58,453)	(58,453)	(87,558)	(87,558)
- Prior years	-	-	-	-
- Deferred	(23,667)	(23,667)	(27,711)	(27,711)
	<u>(82,120)</u>	<u>(82,120)</u>	(115,269)	(115,269)
<b>PROFIT AFTER TAXATION</b>	<u>152,510</u>	<u>152,510</u>	214,077	214,077

The annexed notes 1 to 13 form an integral part of these financial statements.

SD/-

\_\_\_\_\_  
**Managing Director  
& Chief Country Officer  
Pakistan**

SD/-

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

**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 2016*

	<b>31 March 2016</b>	31 March 2015
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>234,630</b>	329,346
Adjustments for non-cash charges:		
Depreciation	<b>19,715</b>	15,557
Gain on government securities	<b>(1,488)</b>	(44,107)
(Reversal) against non-performing advances	<b>(355)</b>	(9,918)
(Reversal) against off balance sheet obligation	<b>(6,272)</b>	(786)
Gain on sale of operating fixed assets	<b>(3,606)</b>	(4,293)
	<b>7,994</b>	(43,547)
	<b>242,624</b>	285,799
(Increase) / decrease in operating assets		
Lendings to financial institutions	<b>(5,101,210)</b>	(2,825,655)
Advances	<b>550,801</b>	(278,636)
Others assets (excluding advance taxation)	<b>77,578</b>	227,218
	<b>(4,472,831)</b>	(2,877,073)
Increase/(decrease) in operating liabilities		
Bills payable	<b>200,552</b>	284,610
Borrowings from financial institutions	<b>70,006</b>	(613,826)
Deposits and other accounts	<b>5,151,524</b>	6,545,032
Other liabilities	<b>(503,501)</b>	(626,785)
	<b>4,918,581</b>	5,589,031
	<b>445,750</b>	2,711,958
Income tax paid	<b>(77,782)</b>	(113,786)
<b>Net cash flows from operating activities</b>	<b>610,592</b>	2,883,971
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale investments	<b>(1,501)</b>	150,868
Purchase of operating fixed assets	<b>(37,625)</b>	(37,583)
Sale proceeds on disposal of operating fixed assets	<b>8,454</b>	12,115
<b>Net cash flows from investing activities</b>	<b>(30,672)</b>	125,400
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made during the period	<b>-</b>	-
<b>Net cash flows from financing activities</b>	<b>-</b>	-
Effects of exchange rate changes on cash and cash equivalents	<b>149,560</b>	(410,826)
<b>Decrease in cash and cash equivalents</b>	<b>729,480</b>	2,598,545
Cash and cash equivalents at beginning of the year	<b>6,491,852</b>	6,016,088
Cash and cash equivalents at end of the period	<b>7,221,332</b>	8,614,633

The annexed notes 1 to 13 form an integral part of these financial statements.

**SD/-**

\_\_\_\_\_  
**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 three months ended 31 March 2016

	<b>31 March 2,016</b>	31 March 2,015
	<b>(Rupees in '000)</b>	
<b>Profit for the period</b>	<b>152,510</b>	214,077
<b>Other comprehensive income:</b>		
<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	<b>149,560</b>	<b>(410,826)</b>
<b>Total comprehensive income for the period</b>	<b>302,070</b>	<b>(196,749)</b>
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
(Deficit) / Surplus arising on revaluation of available for sale securities	0	<b>(27,278)</b>
Related deferred tax	0	9,547
	0	<b>(17,731)</b>
<b>Total comprehensive income during the quarter</b>	<b>302,070</b>	<b>(214,480)</b>

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**SD/-**

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Pakistan**

**SD/-**

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& Chief Financial Officer  
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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 three months ended 31 March 2016

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2015 (Audited)	3,914,059	1,232,065	5,146,124
<b>Changes in equity:</b>			
<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
<b>Changes in equity:</b>			
<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	-	801,494	801,494
<i>Other Comprehensive income:</i>			
Actuarial gain on defined benefit plan - net of tax	-	(15,400)	(15,400)
Exchange adjustment on revaluation of head office capital account	164,425	-	164,425
	164,425	786,094	950,519
Balance at 31 December 2015 (Audited)	3,667,658	2,232,236	5,899,894
<b>Changes in equity:</b>			
<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	-	152,510	152,510
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	149,560	-	149,560
	149,560	152,510	302,070
Balance at 31 March 2016 (Un-audited)	<b>3,817,218</b>	<b>2,384,746</b>	<b>6,201,964</b>

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 (Un-audited)

*For the three months ended 31 March 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 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 31 March 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 Bank's Pakistan 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 these 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 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 in January 2016 is Baa1 for the long term and P-1 for the short term and rating done by Fitch in January 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 same as those that applied to the annual financial statements of the Bank's Pakistan Branches for the year ended 31 December 2015.

### **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 2015.

**7. LENDINGS TO FINANCIAL INSTITUTIONS**

**31 March**      31 December  
**2016**              2015  
**(Rupees in '000)**

Repurchase agreement lendings (Reverse Repo)	7.1	<b>11,523,314</b>	6,422,104
		<b>11,523,314</b>	<b>6,422,104</b>

**7.1** Reverse repos have been made with various commercial banks at rates ranging from 6.03% p.a to 6.38% p.a (2015: 6.10% p.a to 6.50%) and mature within a month. The market value of these securities at 31 March 2016 amounted to Rs. 11,737 million (2015: Rs. 6,540 million).

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

	31 March 2016			31 December 2015		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- <b>(Rupees in '000)</b> -----					
Market Treasury Bills	<b>11,523,314</b>	-	<b>11,523,314</b>	6,422,104	-	6,422,104

**8. INVESTMENTS**

	31 March 2016			31 December 2015		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- <b>(Rupees in '000)</b> -----					
<b>Available for sale securities</b>						
Market Treasury Bills	<b>2,989</b>	-	<b>2,989</b>	-	-	-
	<b>2,989</b>	-	<b>2,989</b>	-	-	-
Deficit on revaluation of available for sale securities	-	-	-	-	-	-
	<b>2,989</b>	-	<b>2,989</b>	-	-	-

**8.1** The Market Treasury Bills carry a rate of 5.98% p.a (2015: Nil).

**9. ADVANCES**

**31 March**      31 December  
**2016**              2015  
**(Rupees in '000)**

Loans, cash credits, running finances, etc.		<b>4,932,403</b>	5,851,222
- In Pakistan			
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		<b>1,118,422</b>	750,404
- Payable outside Pakistan		<b>65,626</b>	65,626
		<b>1,184,048</b>	816,030
		<b>6,116,451</b>	6,667,252
Provision for non-performing advances	9.2	<b>(107,128)</b>	(107,483)
		<b>6,009,323</b>	<b>6,559,769</b>

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

	31 March 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	96,511	96,511	96,511	96,511	96,511	96,511
	<b>96,511</b>	<b>96,511</b>	<b>96,511</b>	<b>96,511</b>	<b>96,511</b>	<b>96,511</b>

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

	31 March 2016			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
(Reversal) / charge made during the period	-	(355)	(355)	(251,059)	(72,263)	(323,322)
Closing balance	<b>96,511</b>	<b>10,617</b>	<b>107,128</b>	<b>96,511</b>	<b>10,972</b>	<b>107,483</b>

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

## 10. CONTINGENCIES AND COMMITMENTS

**31 March 2016**      31 December 2015  
(Rupees in '000)

### 10.1 Transaction-related contingent liabilities

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

- Government	<b>14,250,537</b>	16,101,044
- Financial institutions	<b>137,721</b>	42,695
- Others	<b>1,118,479</b>	1,136,981

### 10.2 Trade-related contingent liabilities

Acceptances	<b>1,308,303</b>	845,525
Letters of credit	<b>2,243,266</b>	2,871,897

### 10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	<b>11,523,314</b>	6,422,104
Commitments to extend credit	<b>16,782,519</b>	15,814,355

### 10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	<b>8,799,834</b>	3,804,640
Sale:		
- to others	<b>9,346,485</b>	4,407,603

### 10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 355 million (2015: Rs. 355 million). The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

<b>10.6 Cheques in clearing</b>	<b>5,709,191</b>	1,938,923
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### 10.7 Other commitments

Interest rate swaps - notional amounts	-	2,179,460
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## 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>Three months period ended</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>
	(Rupees in '000)	
<b>Profit and loss items</b>		
Mark-up / Interest / Income earned	6	869
Mark-up / Interest / Income expensed	186	69
Head office expenses	6,868	38,423
<b>Balance sheet items</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
	(Rupees in '000)	
<b>Deposits and other accounts</b>		
Opening balance	1,046	1
Deposits during the year	399,692	1,380,962
Withdrawals during the year	(395,798)	(1,379,917)
Closing balance	<u>4,940</u>	<u>1,046</u>
Balances with other branches and a subsidiary of Deutsche Bank, AG	1,011,604	108,482
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	70,656	146
Interbranch deposits and other accounts	256,321	3,380
Unremitted head office expenses	1,231,656	1,220,133
<b>Off balance sheet items</b>		
Interest rate swaps	-	851,230
Counter guarantees to branches	9,949,462	11,143,006
Forward purchase of foreign exchange	123,872	50,137
Forward sale of foreign exchange	141,813	50,137

## 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 April 25, 2016.

SD/-

\_\_\_\_\_  
**Managing Director  
& Chief Country Officer  
Pakistan**

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**Chief Operating Officer  
& Chief Financial Officer  
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