

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 2016

	<i>Note</i>	30 September 2016 (Un-audited)	31 December 2015 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		5,622,219	5,539,927
Balances with other banks		224,954	951,925
Lendings to financial institutions	7	10,593,898	6,422,104
Investments	8	-	-
Advances	9	4,778,936	6,559,769
Operating fixed assets		311,085	324,115
Deferred tax assets-net		15,960	31,477
Other assets		1,294,967	1,284,666
		22,842,019	21,113,983
LIABILITIES			
Bills payable		733,299	942,655
Borrowings from financial institutions		82,874	11,113
Deposits and other accounts		14,608,143	11,977,105
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,763,267	2,283,216
		17,187,583	15,214,089
NET ASSETS		5,654,436	5,899,894
REPRESENTED BY:			
Head office capital account		3,748,980	3,667,658
Reserves		-	-
Un-remitted profit		1,905,456	2,232,236
		5,654,436	5,899,894
(Deficit) / surplus on revaluation of securities - net of tax		-	-
		5,654,436	5,899,894

CONTINGENCIES AND COMMITMENTS

10

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

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 nine months period ended 30 September 2016

	Three months period ended 30 Sep 2016	Nine months period ended 30 Sep 2016	Three months period ended 30 Sep 2015	Nine months period ended 30 Sep 2015
----- (Rupees in '000) -----				
Mark-up / return / interest earned	255,359	788,370	415,258	1,095,518
Mark-up / return / interest expensed	90,956	256,909	117,945	355,712
Net mark-up / interest income	<u>164,403</u>	<u>531,461</u>	297,313	739,806
Reversal of provision against non-performing loans and advances	4,626	3,625	64,656	305,451
Reversal of provision against off balance sheet obligation	155	7,810	1,595	10,069
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	<u>4,781</u>	<u>11,435</u>	66,251	315,520
Net mark-up / interest income after provisions	<u>169,184</u>	<u>542,896</u>	363,564	1,055,326
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	118,647	364,734	120,293	379,783
Dividend income	-	-	-	-
Gain from trading in government securities	3,836	7,374	(514)	84,841
Income from dealing in foreign currencies	111,620	372,635	125,739	650,315
Other income	785	46,701	521	5,354
Total non-mark-up / interest income	<u>234,888</u>	<u>791,444</u>	246,039	1,120,293
	<u>404,072</u>	<u>1,334,340</u>	609,603	2,175,619
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	252,354	714,784	235,818	732,377
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	<u>252,354</u>	<u>714,784</u>	235,818	732,377
	<u>151,718</u>	<u>619,556</u>	373,785	1,443,242
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	<u>151,718</u>	<u>619,556</u>	373,785	1,443,242
Taxation:				
- Current	(56,365)	(201,327)	(130,071)	(468,862)
- Prior year	-	(60,902)	-	(36,631)
- Deferred	3,263	(15,517)	(754)	(36,273)
	<u>(53,102)</u>	<u>(277,746)</u>	(130,825)	(541,766)
PROFIT AFTER TAXATION	<u>98,616</u>	<u>341,810</u>	242,960	901,476

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

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Pakistan**

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& 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 nine months period ended 30 September 2016

	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
------(Rupees in '000)-----				
Profit for the period	98,616	341,810	242,960	901,476
Other comprehensive income				
Items that will not be reclassified to profit and loss :				
Actuarial gain/(Loss) on defined benefit plans	-	-	-	-
Related deferre tax	-	-	-	-
Exchange adjustment on account of revaluation of capital	5,301	81,322	124,697	(155,948)
Total comprehensive income for the period	103,917	423,132	367,657	745,528
Items that may be reclassified to profit and loss in subsequent periods:				
(Deficit) / Surplus arising on revaluation of available for sale securities	-	-	(9,029)	(9,029)
Related deferred tax	-	-	3,160	3,160
Total comprehensive income during the period	103,917	423,132	361,788	739,659

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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 2016

	30 September 2016	30 September 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	619,556	1,443,242
Adjustments for non-cash charges:		
Depreciation	60,275	52,778
Gain on government securities	(7,374)	(84,841)
Reversal of provision against non-performing advances	(3,625)	(305,451)
Reversal of provision against off balance sheet obligation	(7,810)	(10,069)
Gain on sale of operating fixed assets	(4,547)	(4,336)
	36,919	(351,919)
	656,475	1,091,323
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,171,794)	(4,387,859)
Advances	1,784,458	1,491,817
Others assets (excluding advance taxation)	(24,166)	79,667
	(2,411,502)	(2,816,375)
Increase / (decrease) in operating liabilities		
Bills payable	(209,356)	(24,632)
Borrowings from financial institutions	71,761	(825,254)
Deposits and other accounts	2,631,038	3,704,289
Other liabilities	(512,140)	(474,921)
	1,981,303	2,379,482
	(430,199)	(436,893)
Income tax paid	(248,363)	(454,215)
Net cash flows generated from / (used in) operating activities	(22,087)	200,215
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale investments	7,374	843,524
Purchase of operating fixed assets	(55,845)	(72,561)
Sale proceeds on disposal of operating fixed assets	13,147	13,577
Net cash flows generated from investing activities	(35,324)	784,540
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	(668,590)	-
Net cash flows from financing activities	(668,590)	-
Effects of exchange rate changes on cash and cash equivalents	81,322	(155,948)
Increase / (decrease) in cash and cash equivalents	(644,679)	828,807
Cash and cash equivalents at beginning of the period	6,491,852	6,016,088
Cash and cash equivalents at end of the period	5,847,173	6,844,895

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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 2016

	Head office capital account	Un-remitted profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2015	3,914,059	1,232,065	5,146,124
Changes in equity:			
<i>Comprehensive income for the period:</i>			
Profit for the nine months period ended 30 September 2015	-	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
Changes in equity:			
<i>Comprehensive income for the period:</i>			
Profit for the period	-	114,095	114,095
<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	(90,453)	-	(90,453)
	(90,453)	98,695	8,242
Balance at 31 December 2015	3,667,658	2,232,236	5,899,894
Changes in equity:			
<i>Comprehensive income for the period:</i>			
Profit for the nine months period ended 30 September 2016	-	341,810	341,810
Remittance made to Head Office	-	(668,590)	(668,590)
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of head office capital account	81,322	-	81,322
	81,322	(326,780)	(245,458)
Balance at 30 September 2016	3,748,980	1,905,456	5,654,436

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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 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 September 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 same as those that applied to the annual financial statements of the 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	Note	30 September 2016 (Rupees in '000)	31 December 2015
Repurchase agreement lendings (Reverse Repo)	7.1	<u>10,593,898</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 5.81% p.a (2015: 6.10% p.a to 6.50% p.a) and mature within a month. The market value of these securities at 30 September 2016 amounted to Rs. 10,693 million (2015: Rs. 6,540 million).

7.2 Securities held as collateral against lending to financial institutions

	30 September 2016			31 December 2015		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
------(Rupees in '000)-----						
Market Treasury Bills	<u>10,593,898</u>	-	<u>10,593,898</u>	6,422,104	-	<u>6,422,104</u>

8. ADVANCES	Note	30 September 2016 (Rupees in '000)	31 December 2015
Loans, cash credits, running finances, etc.			
- In Pakistan		3,966,099	5,851,222
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		851,069	750,404
- Payable outside Pakistan		65,626	65,626
		<u>916,695</u>	816,030
		4,882,794	6,667,252
Provision for non-performing advances	8.2	<u>(103,858)</u>	(107,483)
		4,778,936	<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 September 2016			31 December 2015		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
(Rupees in '000)						
Category of Classification						
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

	Nine months period ended 30 September 2016			Year ended 31 December 2015		
	Specific	General (Rupees in '000)	Total	Specific	General (Rupees in '000)	Total
Opening balance	96,511	10,972	107,483	347,570	83,235	430,805
Charge / (reversal) made during the period / year	-	(3,625)	(3,625)	(251,059)	(72,263)	(323,322)
Closing balance	<u>96,511</u>	<u>7,347</u>	<u>103,858</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.

9. CONTINGENCIES AND COMMITMENTS	30 September 2016	31 December 2015
	(Rupees in '000)	
9.1 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, etc. favouring:		
- Government	13,691,950	16,101,044
- Financial institutions	125,720	42,695
- Others	978,415	1,136,981
9.2 Trade-related contingent liabilities		
Acceptances	1,159,003	845,525
Letters of credit	1,794,483	2,871,897
9.3 Commitments in respect of forward lending		
Forward repurchase agreement lending (Reverse repo)	10,593,898	6,422,104
Commitments to extend credit	18,231,739	15,814,355
9.4 Commitments in respect of forward exchange contracts		
Purchase:		
- from others	1,057,053	3,804,640
Sale:		
- to others	1,456,139	4,407,603
9.5 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.		
9.6 Cheques in clearing	3,880,336	1,938,923
9.7 Other commitments		
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 are summarised as follows:

PROFIT AND LOSS	Nine months period ended	
	30 September 2016	30 September 2015
	(Rupees in '000)	
Deutsche Bank, AG		
Mark-up / Interest / Income earned	6	80
Mark-up / Interest / Income expensed	633	1,714
Head office expenses	84,698	123,537
Key management personnel		
Salaries and benefits including post retirement benefits	105,479	125,390
Mark-up / Interest / Income earned	717	514
Mark-up / Interest / Income expensed	471	233

BALANCE SHEET

30 September 31 December
2016 2015
(Rupees in '000)

Deutsche Bank, AG

Balances with other branches and a subsidiary of Deutsche Bank, AG	45,023	108,482
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	71,638	146
Inter-branch deposits and other accounts	25,084	3,380
Un-remitted head office expenses	1,271,995	1,220,133

Key management personnel

Loans and advances	32,482	30,433
Deposits	24,037	24,199

Deposits and other accounts

Opening balance	1,046	1
Deposits during the year	1,107,136	1,380,962
Withdrawals during the year	(1,069,473)	(1,379,917)
Closing balance	38,709	1,046

Off balance sheet items

Interest rate swaps	-	851,230
Counter guarantees to branches	9,458,458	11,143,006
Forward purchase of foreign exchange	262,971	50,137
Forward sale of foreign exchange	295,971	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 September 2016								
		Carrying Value					Fair 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)					
Financial assets measured at fair value										
Other Assets										
	- Unrealized gain on forward foreign exchange contracts	13,504	-	-	-	13,504	-	13,504	-	13,504
Financial assets not measured at fair value										
	Cash and balances with treasury banks	-	-	5,622,219	-	5,622,219	-	-	-	-
11.2	Balances with other banks	-	-	224,954	-	224,954	-	-	-	-
11.2	lendings to financial institutions	-	-	10,593,898	-	10,593,898	-	-	-	-
11.2	Advances	-	-	4,778,936	-	4,778,936	-	-	-	-
11.2	Other assets	-	-	1,079,235	-	1,079,235	-	-	-	-
		<u>13,504</u>	<u>-</u>	<u>22,999,242</u>	<u>-</u>	<u>22,312,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities measured at fair value										
Other liabilities										
	- Unrealized loss on forward foreign exchange contracts	3,775	-	-	-	3,775	-	3,775	-	3,775
Financial liabilities not measured at fair value										
	Bills payable	-	-	-	733,299	733,299	-	-	-	-
11.2	Borrowings from financial institutions	-	-	-	82,874	82,874	-	-	-	-
11.2	Deposits and other accounts	-	-	-	14,608,143	14,608,143	-	-	-	-
11.2	Other liabilities	-	-	-	1,759,492	1,759,492	-	-	-	-
		<u>3,775</u>	<u>-</u>	<u>-</u>	<u>17,183,808</u>	<u>17,187,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On balance sheet financial instruments		31 December 2015								
		Carrying amount					Fair 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)					
Financial assets measured at fair value										
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
		<u>96,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,813</u>	<u>-</u>	<u>96,813</u>	<u>-</u>	<u>96,813</u>
Financial assets not measured at fair value										
	Cash and balances with treasury banks	-	-	5,539,927	-	5,539,927	-	-	-	-
11.2	Balances with other banks	-	-	951,925	-	951,925	-	-	-	-
11.2	lendings to financial institutions	-	-	6,422,104	-	6,422,104	-	-	-	-
11.2	Advances - net	-	-	6,559,769	-	6,559,769	-	-	-	-
11.2	Other assets	-	-	936,156	-	936,156	-	-	-	-
		<u>96,813</u>	<u>-</u>	<u>20,409,881</u>	<u>-</u>	<u>20,506,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities measured at fair value										
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
		<u>32,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,891</u>	<u>-</u>	<u>32,891</u>	<u>-</u>	<u>32,891</u>
Financial liabilities not measured at fair value										
	Bills payable	-	-	-	942,655	942,655	-	-	-	-
11.2	Borrowings from financial institutions	-	-	-	11,113	11,113	-	-	-	-
11.2	Deposits and other accounts	-	-	-	11,977,105	11,977,105	-	-	-	-
11.2	Other liabilities	-	-	-	2,250,325	2,250,325	-	-	-	-
		<u>32,891</u>	<u>-</u>	<u>-</u>	<u>15,181,198</u>	<u>15,214,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 25 October, 2016

SD/-

Managing Director &
Chief Country Officer
Pakistan

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Chief Operating Officer
& Chief Financial Officer
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