

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 2017

	Note	30 June 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
ASSETS			
Cash and balances with treasury banks		6,086,614	4,993,782
Balances with other banks		323,454	136,459
Lendings to financial institutions	7	10,784,815	14,630,311
Investments		-	-
Advances	8	6,890,479	3,214,744
Operating fixed assets		285,007	291,553
Deferred tax assets-net		4,915	17,762
Other assets		1,115,241	1,208,960
		25,490,525	24,493,571
LIABILITIES			
Bills payable		769,303	2,976,253
Borrowings from financial institutions		1,030,570	27,509
Deposits and other accounts		15,049,737	14,092,145
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		2,364,322	1,859,794
		19,213,932	18,955,701
NET ASSETS		6,276,593	5,537,870
REPRESENTED BY:			
Head office capital account		3,834,442	3,544,827
Reserves		-	-
Un-remitted profit		2,442,151	1,993,043
		6,276,593	5,537,870
(Deficit) / surplus on revaluation of securities - net of tax		-	-
		6,276,593	5,537,870
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.

SD/-

Managing Director
Chief Country Officer
Pakistan

SD/-

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 2017

	Three months period ended 30 June 2017	Six months period ended 30 June 2017	Three months period ended 30 June 2016	Six months period ended 30 June 2016
----- (Rupees in '000) -----				
Mark-up / return / interest earned	287,966	560,598	281,344	533,011
Mark-up / return / interest expensed	83,498	187,006	87,016	165,953
Net mark-up / interest income	204,468	373,592	194,328	367,058
(Provision) against non-performing loans and advances	(3,853)	(2,590)	(1,356)	(1,002)
(Provision) / reversal of provision against off balance sheet obligation	(5,633)	(6,030)	1,384	7,655
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	(9,486)	(8,620)	28	6,653
Net mark-up / interest income after provisions	194,982	364,972	194,356	373,711
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	158,540	308,260	117,437	246,087
Dividend income	-	-	-	-
Gain from trading in government securities	-	-	2,049	3,537
Income from dealing in foreign currencies	308,668	511,464	134,133	261,014
Other income	2,136	5,481	5,360	45,916
Total non-mark-up / interest income	469,344	825,205	258,979	556,554
	664,326	1,190,177	453,335	930,265
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	226,838	455,233	220,127	462,430
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	226,838	455,233	220,127	462,430
	437,488	734,944	233,208	467,835
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	437,488	734,944	233,208	467,835
Taxation:				
- Current	(157,090)	(244,383)	(86,509)	(144,962)
- Prior year	(28,605)	(28,605)	(60,902)	(60,902)
- Deferred	3,970	(12,847)	4,887	(18,780)
	(181,725)	(285,835)	(142,524)	(224,644)
PROFIT AFTER TAXATION	255,763	449,109	90,684	243,191

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.

SD/-

Managing Director
Chief Country Officer
Pakistan

SD/-

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 Six months period ended 30 June 2017

	Three months period ended 30 June 2017	Six months period ended 30 June 2017	Three months period ended 30 June 2016	Six months period ended 30 June 2016
	------(Rupees in '000)-----			
Profit after taxation	255,763	449,109	90,684	243,191
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange adjustment on revaluation of head office capital accou	289,615	289,615	149,560	76,020
Total Comprehensive income - transferred to equity	545,378	738,724	240,244	319,211
	545,378	738,724	240,244	319,211

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.

SD/-

Managing Director
Chief Country Officer
Pakistan

SD/-

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 Six months period ended 30 June 2017

	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	734,944	467,835
Adjustments for:		
Depreciation	40,908	39,865
Gain on sale of government securities	-	(3,537)
Reversion against non-performing advances	2,590	1,002
Provision / (reversal of provision) against off balance sheet obligation	6,030	(7,655)
Gain on disposal of operating fixed assets	(5,476)	(3,772)
	<u>44,052</u>	<u>25,903</u>
	778,996	493,738
(Increase) / decrease in operating assets		
Lendings to financial institutions	3,845,496	(4,178,418)
Advances	(3,678,325)	810,112
Others assets (excluding advance taxation)	35,503	140,863
	<u>202,674</u>	<u>(3,227,443)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,206,950)	32,076
Borrowings from financial institutions	1,003,061	74
Deposits and other accounts	957,592	4,011,462
Other liabilities	498,497	(497,550)
	<u>252,200</u>	<u>3,546,062</u>
	1,233,870	812,357
Income tax paid	(214,772)	(172,644)
Net cash flows generated from operating activities	<u>1,019,098</u>	<u>639,713</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net proceeds from sale of investments	-	3,537
Purchase of operating fixed assets	(44,273)	(41,932)
Sale proceeds on disposal of operating fixed assets	15,387	11,399
Net cash flows used in investing activities	<u>(28,886)</u>	<u>(26,996)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made to head office	-	(668,590)
Net cash used in financing activities	<u>-</u>	<u>(668,590)</u>
Effects of exchange rate changes on cash and cash equivalents	289,615	76,020
Increase in cash and cash equivalents	<u>1,279,827</u>	<u>20,147</u>
Cash and cash equivalents at beginning of the period	<u>5,130,241</u>	<u>6,491,852</u>
Cash and cash equivalents at end of the period	<u><u>6,410,068</u></u>	<u><u>6,511,999</u></u>

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.

SD/-

Managing Director
Chief Country Officer
Pakistan

SD/-

Chief Financial Officer
Pakistan

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 Six months period ended 30 June 2017

	Head office capital account	Un-remitted profit	Total
	----- (Rupees in '000) -----		
Balance as at 01 January 2016	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 revaluation of head office capital account	76,020	-	76,020
	76,020	243,191	319,211
Balance as at 30 June 2016	3,743,678	2,475,427	6,219,105
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	(668,590)	(668,590)
<i>Total Comprehensive income for the period:</i>			
Profit for the Six months period ended 31 December 2016	-	176,335	176,335
<i>Other comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	9,871	9,871
Exchange adjustment on revaluation of head office capital account	(198,851)	-	(198,851)
	(198,851)	186,206	(12,645)
Balance as at 31 December 2016	3,544,827	1,993,043	5,537,870
<i>Total Comprehensive income for the period:</i>			
Profit for the Six months period ended 30 June 2017	-	449,109	449,109
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of head office capital account	289,615	-	289,615
	289,615	449,109	738,724
Balance as at 30 June 2017	3,834,442	2,442,152	6,276,594

The annexed notes 1 to 12 form an integral part of the condensed interim financial information.

SD/-

Managing Director
Chief Country Officer
Pakistan

SD/-

Chief Financial Officer
Pakistan

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 Six months period ended 30 June 2017

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 Pakistan Operations'). The Pakistan Operations are engaged in banking business as described in the Banking Companies Ordinance, 1962.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information of the Pakistan Operations for the period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the repealed 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 repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act 2017 on May 30, 2017. SECP vide its Circular No. 17 of 2017 and press release of July 20, 2017, has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before June 30, 2017 can prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. The Companies Act 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

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 Pakistan Operations for the year ended 31 December 2016.

4. CREDIT RATING

The credit rating done by Standard & Poor in July 2017 for Deutsche Bank AG is A- for the long term and A-2 for the short term, rating done by Moody's in July 2017 is Baa2 for the long term and P-2 for the short term and rating done by Fitch in August 2017 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 Pakistan Operations for the year ended 31 December 2016.

6. FINANCIAL RISK MANAGEMENT

The Pakistan Operations' financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2016.

7. LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	30 June 2017	31 December 2016
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	10,784,815	14,630,311

7.1 Reverse repos have been made with various commercial banks at rates ranging between 5.75% p.a to 5.76% p.a (31 December 2016: 5.75% p.a to 5.84% p.a) and mature within a month. The market value of these securities amounted to Rs. 10,842 million (31 December 2016: Rs. 14,740 million).

7.2 Securities held as collateral against lending to financial institutions

	30 June 2017			31 December 2016		
	Held by the Branch	Further given as collateral	Total	Held by the Branch	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	10,784,815	-	10,784,815	14,630,311	-	14,630,311

8. ADVANCES	<i>Note</i>	30 June 2017	31 December 2016
		(Rupees in '000)	

Loans, cash credits, running finances, etc.

- In Pakistan
 6,007,403 | 2,577,229 |

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan
 923,630 | 675,479 |

- Payable outside Pakistan
 65,626 | 65,626 |

 989,256 | 741,105 | **6,996,659** | 3,318,334 |

Provision for non-performing advances
 8.2 | **(106,180)** | (103,590) |

 6,890,479 | 3,214,744 |

8.1 Advances include Rs. 96.511 million (31 December 2016: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

	30 June 2017			31 December 2016		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	----- (Rupees in '000) -----					
Category of Classification						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	96,511	96,511	96,511	96,511	96,511	96,511

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

	Six months period ended 30 June 2017			Year ended 31 December 2016		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	96,511	7,079	103,590	96,511	10,972	107,483
Charge / (reversal) made during the period / year	-	2,590	2,590	-	(3,893)	(3,893)
Closing balance	96,511	9,669	106,180	96,511	7,079	103,590

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

9. CONTINGENCIES AND COMMITMENTS	30 June 2017	31 December 2016
	(Rupees in '000)	
9.1 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, etc. favouring:		
- Government	11,067,569	13,825,556
- Financial institutions	734,469	125,697
- Others	122,945	1,022,604
9.2 Trade-related contingent liabilities		
Acceptances	969,445	736,947
Letters of credit	1,683,763	2,469,760
9.3 Commitments in respect of forward lending		
Forward repurchase agreement lending (Reverse repo)	10,784,815	14,630,311
Commitments to extend credit	16,018,190	18,952,295
9.4 Commitments in respect of forward exchange contracts		
Purchase:		
- from the State Bank of Pakistan	-	1,574,850
- from others	241,335	1,988,040
Sale:		
- to others	458,817	3,590,952
9.5 Cheques in clearing	1,096,168	1,579,015
9.6 Other contingencies		

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 695 million (31 December 2016: Rs. 695 million). The branches are vigorously contesting the appeals and are confident that no additional liability would arise.

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 Pakistan Operations also provide advances to employees at reduced rate in accordance with the terms of employment. The transactions and balances with related parties, other than those under the terms of employment are summarised as follows:

	<u>Six months period ended</u>	
	30 June 2017	30 June 2016
	(Rupees in '000)	
Profit and loss items		
Deutsche Bank AG.		
Mark-up / Interest / Income earned	-	6
Mark-up / Interest / Income expensed	13	486
Head office expenses	59,279	55,443
Key management personnel		
Salaries and benefits including post retirement benefits	46,527	78,717
Mark-up / Interest / Income earned	323	467
Mark-up / Interest / Income expensed	485	377

Balance sheet items	30 June 2017	31 December 2016
	(Rupees in '000)	
Deutsche Bank AG.		
Balances with other branches and a subsidiary of Deutsche Bank, AG	150,781	18,614
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	8,373	13,083
Inter-branch deposits and other accounts	82,373	7,771
Un-remitted head office expenses	1,459,345	1,392,350
Key management personnel		
Loans and advances	19,688	31,223
Deposits	34,127	28,688
Deposits and other accounts		
Opening balance	984	1,046
Deposits during the period	736,216	1,224,165
Withdrawals during the period	(729,637)	(1,224,227)
Closing balance	7,563	984
Off balance sheet items		
Counter guarantees to branches	6,790,053	9,402,691
Forward purchase of foreign exchange	241,335	409,770
Forward sale of foreign exchange	241,335	254,676

11. GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees.

12. DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on August 23, 2017

SD/-

**Managing Director
Chief Country Officer
Pakistan**

SD/-

**Chief Financial Officer
Pakistan**