

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 2017

| | Note | 30 Sep 2017 (Un-audited) (Rupees in '000) | 31 December 2016 (Audited) |
|---|------|--|----------------------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 5,680,993 | 4,993,782 |
| Balances with other banks | | 215,235 | 136,459 |
| Lendings to financial institutions | 7 | 17,216,928 | 14,630,311 |
| Investments | | - | - |
| Advances | 8 | 4,130,826 | 3,214,744 |
| Operating fixed assets | | 272,119 | 291,553 |
| Deferred tax assets-net | | 15,542 | 17,762 |
| Other assets | | 1,118,637 | 1,208,960 |
| | | 28,650,280 | 24,493,571 |
| LIABILITIES | | | |
| Bills payable | | 4,156,121 | 2,976,253 |
| Borrowings from financial institutions | | 41,325 | 27,509 |
| Deposits and other accounts | | 15,867,805 | 14,092,145 |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities | | - | - |
| Other liabilities | | 1,992,129 | 1,859,794 |
| | | 22,057,380 | 18,955,701 |
| NET ASSETS | | 6,592,900 | 5,537,870 |
| REPRESENTED BY: | | | |
| Head office capital account | | 3,985,675 | 3,544,827 |
| Reserves | | - | - |
| Un-remitted profit | | 2,607,225 | 1,993,043 |
| | | 6,592,900 | 5,537,870 |
| (Deficit) / surplus on revaluation of securities - net of tax | | - | - |
| | | 6,592,900 | 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 nine months period ended 30 September 2017

| | Three months period ended 30 Sep 2017 | Nine months period ended 30 Sep 2017 | Three months period ended 30 Sep 2016 | Nine months period ended 30 Sep 2016 |
|---|--|---|--|---|
| ----- (Rupees in '000) ----- | | | | |
| Mark-up / return / interest earned | 303,360 | 863,958 | 255,359 | 788,370 |
| Mark-up / return / interest expensed | 110,706 | 297,712 | 90,956 | 256,909 |
| Net mark-up / interest income | 192,654 | 566,246 | 164,403 | 531,461 |
| Reversal of provision / (Provision) against non-performing loans and advances | 2,312 | (278) | 4,626 | 3,625 |
| Reversal of provision / (Provision) against off balance sheet obligation | 4,824 | (1,206) | 155 | 7,810 |
| Provision for diminution in value of investments | - | - | - | - |
| Bad debts written off directly | - | - | - | - |
| | 7,136 | (1,484) | 4,781 | 11,435 |
| Net mark-up / interest income after provisions | 199,790 | 564,762 | 169,184 | 542,896 |
| NON MARK-UP / INTEREST INCOME | | | | |
| Fee, commission and brokerage income | 146,157 | 454,417 | 118,647 | 364,734 |
| Dividend income | - | - | - | - |
| Gain from trading in government securities | - | - | 3,836 | 7,374 |
| Income from dealing in foreign currencies | 144,443 | 655,908 | 111,620 | 372,635 |
| Other income | 583 | 6,064 | 785 | 46,701 |
| Total non-mark-up / interest income | 291,183 | 1,116,389 | 234,888 | 791,444 |
| | 490,973 | 1,681,151 | 404,072 | 1,334,340 |
| NON MARK-UP / INTEREST EXPENSES | | | | |
| Administrative expenses | 235,091 | 690,324 | 252,354 | 714,784 |
| Other provisions / write offs | - | - | - | - |
| Other charges | 1,251 | 1,251 | - | - |
| Total non-mark-up / interest expenses | 236,342 | 691,575 | 252,354 | 714,784 |
| | 254,631 | 989,576 | 151,718 | 619,556 |
| Extra Ordinary / unusual items | - | - | - | - |
| PROFIT BEFORE TAXATION | 254,631 | 989,576 | 151,718 | 619,556 |
| Taxation: | | | | |
| - Current | (100,186) | (344,569) | (56,365) | (201,327) |
| - Prior year | - | (28,605) | - | (60,902) |
| - Deferred | 10,627 | (2,220) | 3,263 | (15,517) |
| | (89,559) | (375,394) | (53,102) | (277,746) |
| PROFIT AFTER TAXATION | 165,072 | 614,182 | 98,616 | 341,810 |

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 nine months period ended 30 September 2017

| | Three months period ended 30 Sep 2017 | Nine months period ended 30 Sep 2017 | Three months period ended 30 Sep 2016 | Nine months period ended 30 Sep 2016 |
|---|--|---|--|---|
| | ------(Rupees in '000)----- | | | |
| Profit after taxation | 165,072 | 614,182 | 98,616 | 341,810 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| Exchange adjustment on revaluation of head office capital accou | 151,233 | 440,848 | 5,301 | 81,322 |
| Total Comprehensive income - transferred to equity | 316,305 | 1,055,030 | 103,917 | 423,132 |

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 nine months period ended 30 September 2017

| | 2017 | 2016 |
|--|-------------------------|-------------------------|
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 989,576 | 619,556 |
| Adjustments for: | | |
| Depreciation | 61,051 | 60,275 |
| Gain on sale of government securities | - | (7,374) |
| Provision / (reversal of provision) against non-performing advances | 278 | (3,625) |
| Provision / (reversal of provision) against off balance sheet obligation | 1,206 | (7,810) |
| Gain on disposal of operating fixed assets | (6,059) | (4,547) |
| | <u>56,477</u> | <u>36,919</u> |
| | 1,046,053 | 656,475 |
| (Increase) in operating assets | | |
| Lendings to financial institutions | (2,586,617) | (4,171,794) |
| Advances | (916,360) | 1,784,458 |
| Others assets (excluding advance taxation) | 77,805 | (24,166) |
| | <u>(3,425,172)</u> | <u>(2,411,502)</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 1,179,868 | (209,356) |
| Borrowings from financial institutions | 13,816 | 71,761 |
| Deposits and other accounts | 1,775,660 | 2,631,038 |
| Other liabilities | 131,128 | (512,140) |
| | <u>3,100,472</u> | <u>1,981,303</u> |
| | 721,353 | 226,276 |
| Income tax paid | (360,655) | (248,363) |
| Net cash flows generated / (utilised) from operating activities | 360,698 | (22,087) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net proceeds from sale of investments | - | 7,374 |
| Purchase of operating fixed assets | (51,878) | (55,845) |
| Sale proceeds on disposal of operating fixed assets | 16,319 | 13,147 |
| Net cash flows used in investing activities | (35,559) | (35,324) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Remittance made to head office | - | (668,590) |
| Net cash used in financing activities | - | (668,590) |
| Effects of exchange rate changes on cash and cash equivalents | <u>440,848</u> | <u>81,322</u> |
| Increase / (decrease) in cash and cash equivalents | 765,987 | (644,679) |
| 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>5,896,228</u> | <u>5,847,173</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 nine months period ended 30 September 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 nine months period ended 30 September 2016 | - | 341,810 | 341,810 |
| <i>Transactions with owners, recorded directly in equity:</i> | | | |
| 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 as at 30 September 2016 | 3,748,980 | 1,905,456 | 5,654,436 |
| <i>Total Comprehensive income for the period:</i> | | | |
| Profit for the three months period ended 31 December 2016 | - | 77,716 | 77,716 |
| <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 | (204,153) | - | (204,153) |
| | (204,153) | 87,587 | (116,566) |
| 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 nine months period ended 30 September 2017 | - | 614,182 | 614,182 |
| <i>Other comprehensive income:</i> | | | |
| Exchange adjustment on revaluation of head office capital account | 440,848 | - | 440,848 |
| | 440,848 | 614,182 | 1,055,030 |
| Balance as at 30 September 2017 | <u>3,985,675</u> | <u>2,607,225</u> | <u>6,592,900</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)

Notes to the Condensed Interim Financial Information (Un-audited)

For nine months period ended 30 September 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 September 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 assigned by Standard & Poor in July 2017 for Deutsche Bank AG is A- for the long term and A-2 for the short term, rating assigned by Moody's in July 2017 is Baa2 for the long term and P-2 for the short term and rating assigned by Fitch in September 2017 is BBB+ for the long term and F2 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 | Note | 30 Sep 2017 | 31 December 2016 |
|--|------|-------------------|---------------------|
| | | (Rupees in '000) | |
| Repurchase agreement lendings (Reverse Repo) | 7.1 | <u>17,216,928</u> | <u>14,630,311</u> |

7.1 Reverse repos have been executed with various commercial banks at rates ranging between 5.25% 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. 17,389 million (31 December 2016: Rs. 14,740 million).

7.2 Securities held as collateral against lending to financial institutions

| | 30 September 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 | <u>17,216,928</u> | - | <u>17,216,928</u> | 14,630,311 | - | <u>14,630,311</u> |

| 8. ADVANCES | Note | 30 Sep 2017 | 31 December 2016 |
|---|------|------------------|---------------------|
| | | (Rupees in '000) | |
| Loans, cash credits, running finances, etc. | | | |
| - In Pakistan | | 3,354,498 | 2,577,229 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| - Payable in Pakistan | | 814,570 | 675,479 |
| - Payable outside Pakistan | | 65,626 | 65,626 |
| | | <u>880,196</u> | <u>741,105</u> |
| | | <u>4,234,694</u> | <u>3,318,334</u> |
| Provision for non-performing advances | 8.2 | <u>(103,868)</u> | <u>(103,590)</u> |
| | | <u>4,130,826</u> | <u>3,214,744</u> |

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 September 2017 | | | 31 December 2016 | | |
|-----------------------------------|------------------------------------|-----------------------|-------------------|------------------------------------|-----------------------|-------------------|
| | Classified advances domestic | Provision required | Provision held | Classified advances domestic | Provision required | Provision held |
| | ----- (Rupees in '000) ----- | | | ----- (Rupees in '000) ----- | | |
| Category of Classification | | | | | | |
| 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

| | Nine months period ended 30 September 2017 | | | Year ended 31 December 2016 | | |
|--|---|--------------|----------------|--------------------------------|---------|---------|
| | Specific | General | Total | Specific | General | Total |
| | ----- (Rupees in '000) ----- | | | ----- (Rupees in '000) ----- | | |
| Opening balance | 96,511 | 7,079 | 103,590 | 96,511 | 10,972 | 107,483 |
| Reversal / (charge) made during the period / year | - | 278 | 278 | - | (3,893) | (3,893) |
| Closing balance | <u>96,511</u> | <u>7,357</u> | <u>103,868</u> | 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 Sep 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 | 11,026,103 | 13,825,556 |
| - Financial institutions | 123,486 | 125,697 |
| - Others | 606,391 | 1,022,604 |
| 9.2 Trade-related contingent liabilities | | |
| Acceptances | 993,676 | 736,947 |
| Letters of credit | 1,678,497 | 2,469,760 |
| 9.3 Commitments in respect of forward lending | | |
| Forward repurchase agreement lending (Reverse repo) | 17,216,928 | 14,630,311 |
| Commitments to extend credit | 18,480,515 | 18,952,295 |
| 9.4 Commitments in respect of forward exchange contracts | | |
| Purchase: | | |
| - from the State Bank of Pakistan | - | 1,574,850 |
| - from others | 246,076 | 1,988,040 |
| Sale: | | |
| - to others | 307,442 | 3,590,952 |
| 9.5 Cheques in clearing | 701,751 | 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 an arm's length. The Pakistan Operations 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:

| | Nine months period ended | |
|--|--------------------------|----------------|
| | 30 Sep 2017 | 30 Sep 2016 |
| | (Rupees in '000) | |
| Profit and loss items | | |
| Deutsche Bank AG. | | |
| Mark-up / Interest / Income earned | - | 6 |
| Mark-up / Interest / Income expensed | 183 | 633 |
| Head office expenses | 110,984 | 84,698 |
| Key management personnel | | |
| Salaries and benefits including post retirement benefits | 21,832 | 105,479 |
| Mark-up / Interest / Income earned | 157 | 717 |
| Mark-up / Interest / Income expensed | 254 | 471 |

| Balance sheet items | 30 Sep 2017 | 31 December 2016 |
|--|-------------------------|---------------------|
| | (Rupees in '000) | |
| Deutsche Bank AG. | | |
| Balances with other branches and a subsidiary of Deutsche Bank, AG | 214,691 | 18,614 |
| Borrowings from other branches and a subsidiary of Deutsche Bank, AG | 28,670 | 13,083 |
| Inter-branch deposits and other accounts | 69,482 | 7,771 |
| Un-remitted head office expenses | 1,511,050 | 1,392,350 |
| Key management personnel | | |
| Loans and advances | 23,546 | 31,223 |
| Deposits | 23,752 | 28,688 |
| Deposits and other accounts | | |
| Opening balance | 984 | 1,046 |
| Deposits during the period | 949,456 | 1,224,165 |
| Withdrawals during the period | (897,651) | (1,224,227) |
| Closing balance | 52,789 | 984 |
| Off balance sheet items | | |
| Counter guarantees to branches | 6,376,962 | 9,402,691 |
| Forward purchase of foreign exchange | 129,816 | 409,770 |
| Forward sale of foreign exchange | 105,716 | 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 October 30, 2017

SD/-

SD/-

**Managing Director
Chief Country Officer
Pakistan**

**Chief Financial Officer
Pakistan**