

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 2012

	<i>Note</i>	31 March 2012 (Un-audited)	31 December 2011 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		4,850,134	4,590,065
Balances with other banks		23,397	38,505
Lendings to financial institutions	7	5,531,499	7,640,386
Investments	8	7,905,458	5,587,411
Advances	9	4,066,359	2,987,018
Other assets		1,300,033	1,068,497
Operating fixed assets		230,791	199,014
Deferred tax assets-net		111,593	130,675
		24,019,264	22,241,571
LIABILITIES			
Bills payable		242,901	238,907
Borrowings from financial institutions		2,489,927	1,523,062
Deposits and other accounts		11,640,816	11,118,869
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		3,303,575	3,324,934
Deferred tax liabilities - net		-	-
		17,677,219	16,205,772
NET ASSETS		6,342,045	6,035,799
REPRESENTED BY:			
Head office capital account		3,876,266	3,724,146
Reserves		-	-
Un-remitted profit		2,468,718	2,323,191
		6,344,984	6,047,337
Surplus / (Deficit) on revaluation of securities - net of tax		(2,939)	(11,538)
		6,342,045	6,035,799

CONTINGENCIES AND COMMITMENTS

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

**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 2012

	Three months period ended 31 March 2012	Three months period ended 31 March 2012	Three months period ended 31 March 2011	Three months period ended 31 March 2011
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	525,900	525,900	397,983	397,983
Mark-up / return / interest expensed	194,145	194,145	127,547	127,547
Net mark-up / interest income	331,755	331,755	270,436	270,436
(Provision) / reversal against non-performing loans and advances	(7,834)	(7,834)	(18,756)	(18,756)
(Provision) / reversal against off balance sheet obligation	1,232	1,232	(5,538)	(5,538)
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	(6,602)	(6,602)	(24,294)	(24,294)
Net mark-up / interest income after provisions	325,153	325,153	246,142	246,142
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	65,717	65,717	83,552	83,552
Dividend income	-	-	-	-
Loss from trading in government securities	(8,180)	(8,180)	-	-
Income from dealing in foreign currencies	68,936	68,936	116,619	116,619
Other income	3,490	3,490	651	651
Total non-mark-up / interest income	129,963	129,963	200,822	200,822
	455,116	455,116	446,964	446,964
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	227,839	227,839	225,841	225,841
Other provisions / write offs	-	-	-	-
Other charges	125	125	24	24
Total non-mark-up / interest expenses	227,964	227,964	225,865	225,865
	227,152	227,152	221,099	221,099
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	227,152	227,152	221,099	221,099
Taxation:				
- Current	(67,174)	(67,174)	(73,784)	(73,784)
- Prior years	-	-	-	-
- Deferred	(14,451)	(14,451)	(3,303)	(3,303)
	(81,625)	(81,625)	(77,087)	(77,087)
PROFIT AFTER TAXATION	145,527	145,527	144,012	144,012

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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 three months ended 31 March 2012

	31 March 2012	31 March 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	227,152	221,099
Adjustments for non-cash charges:		
Depreciation	8,577	8,660
Loss on government securities	(8,180)	-
(Reversal) / provision against non-performing advances	7,834	18,756
(Reversal) / provision against off balance sheet obligation	1,232	5,538
(Gain) / loss on sale of operating fixed assets	(132)	(252)
	<u>9,331</u>	<u>32,702</u>
	236,483	253,801
(Increase) / decrease in operating assets		
Lendings to financial institutions	2,108,887	(5,665,576)
Advances	(1,087,174)	(254,834)
Others assets (excluding advance taxation)	(238,605)	(135,301)
	<u>783,108</u>	<u>(6,055,711)</u>
Increase/(decrease) in operating liabilities		
Bills payable	3,994	216,140
Borrowings from financial institutions	966,865	3,961,470
Deposits and other accounts	521,947	2,102,558
Other liabilities	(22,590)	(152,768)
	<u>1,470,216</u>	<u>6,127,400</u>
	2,253,324	71,689
Income tax paid	(60,107)	(85,217)
Net cash flows from operating activities	<u>2,429,700</u>	<u>240,273</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from available-for-sale investments - net	9,426,440	3,082,468
Purchase of operating fixed assets	(40,354)	(22,129)
Investment in available for sale securities	(11,723,077)	(3,349,431)
Sale proceeds on disposal of operating fixed assets	132	2,123
Net cash flows from investing activities	<u>(2,336,860)</u>	<u>(286,969)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	-	-
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents	152,120	222,214
Increase / (decrease) in cash and cash equivalents	<u>244,961</u>	<u>175,518</u>
Cash and cash equivalents at beginning of the year	4,628,570	4,759,803
Cash and cash equivalents at end of the period	<u>4,873,531</u>	<u>4,935,321</u>

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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 2012

	31 March 2012	31 March 2011
	(Rupees in '000)	
Profit for the period	145,527	144,012
Other comprehensive income:		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	152,120	222,214
Total comprehensive income for the period	<u>297,647</u>	<u>366,226</u>

The actuarial valuations for employee defined benefit plans are carried out at annual intervals. The management considers that there are no events at the balance sheet date which require an update of these valuations. In the absence of updated valuations, no corresponding actuarial gains / losses have been recognised during the period.

Surplus / deficit on revaluation of 'Available for Sale' securities is presented below equity in accordance with the requirements specified by the State Bank of Pakistan vide its BSD circular 20 dated 04 August 2000 and BSD circular 10 dated 13 July 2004 and hence is not reported in other comprehensive income.

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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
For the three months ended 31 March 2012

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2011 (Audited)	3,667,876	1,606,543	5,274,419
Changes in equity:			
<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	-	144,012	144,012
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	222,214	-	222,214
	222,214	144,012	366,226
Balance at 31 March 2011 (Un-audited)	3,890,090	1,750,555	5,640,645
Changes in equity:			
<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	-	564,223	564,223
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	8,413	8,413
Exchange adjustment on revaluation of head office capital account	(165,944)	-	(165,944)
	(165,944)	572,636	406,692
Balance at 31 December 2011 (Audited)	3,724,146	2,323,191	6,047,337
Changes in equity:			
<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	-	145,527	145,527
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	152,120	-	152,120
	152,120	145,527	297,647
Balance at 31 March 2012 (Un-audited)	3,876,266	2,468,718	6,344,984

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
For the three months ended 31 March 2012

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 are carried out through three branches located at Karachi, Lahore and Islamabad. Pakistan Branches are engaged in banking business as described in the Banking Companies Ordinance, 1962.

2. STATEMENT OF COMPLIANCE

These financial statements are presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. These condensed Interim Financial Statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Bank's Pakistan Branches for the year ended 31 December 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation followed for the preparation of these condensed interim financial statements 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 2011.

4. CREDIT RATING

The credit rating done by Standard & Poor in November 2011 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's on February 2012 is Aa3 for the long term and P-1 for the short term and rating done by Fitch in December 2011 is A+ for the long term and F1+ for the short term.

5. USE OF ESTIMATE AND JUDGEMENT

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 financial statements of the Bank's Pakistan Branches as at and for the year ended 31 December 2011.

6. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2011.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		31 March 2012 (Un-audited)	31 December 2011 (Audited)
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	<u>5,531,499</u>	<u>7,640,386</u>
		<u>5,531,499</u>	<u>7,640,386</u>

- 7.1 Reverse repos have been made with various commercial banks at rates ranging from 11.60% p.a to 11.91% p.a (2011: 11.25% p.a to 11.85% p.a) and mature within a month. The market value of these securities at 31 March 2012 amounted to Rs. 5,750 million (2011: Rs. 7,921 million).

7.2 Securities held as collateral against lending to financial institutions

	31 March 2012			31 December 2011		
	Held by bank	Further given as collateral (Un-audited)	Total	Held by bank	Further given as collateral (Audited)	Total
----- (Rupees in '000) -----						
Market Treasury Bills	5,531,499	-	5,531,499	7,640,386	-	7,640,386

8. INVESTMENTS

	31 March 2012			31 December 2011		
	Held by bank	Further given as collateral (Un-audited)	Total	Held by bank	Further given as collateral (Audited)	Total
----- (Rupees in '000) -----						
Available for sale securities						
Market Treasury Bills	7,909,979	-	7,909,979	5,356,156	-	5,356,156
Pakistan Investment Bonds	-	-	-	249,006	-	249,006
	7,909,979	-	7,909,979	5,605,162	-	5,605,162
Deficit on revaluation of available for sale securities	(4,521)	-	(4,521)	(17,751)	-	(17,751)
	7,905,458	-	7,905,458	5,587,411	-	5,587,411

- 8.1 The Market Treasury Bills carry a rate ranging from 11.6% p.a to 11.98% p.a (2011: 11.77% to 12.75% p.a) and having maturity within one month to one year.
- 8.2 The Pakistan Investment Bonds carry a rate ranging from 11.95% p.a to 12.89% p.a (2011: 11.95% to 12.12% p.a) and having been sold.

9. ADVANCES

	31 March 2012 (Un-audited)	31 December 2011 (Audited)
(Rupees in '000)		
Loans, cash credits, running finances, etc.		
- In Pakistan	3,486,205	2,118,717
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	922,526	1,202,840
- Payable outside Pakistan	65,626	65,626
	988,152	1,268,466
	4,474,357	3,387,183
Provision for non-performing advances	9.2 (407,998)	(400,165)
	4,066,359	2,987,018

- 9.1** Advances include Rs. 376.923 million (31 December 2011: Rs. 376.923 million) have been placed under non-performing status as detailed below:

Category of Classification	31 March 2012			31 December 2011		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	376,923	376,923	376,923	376,923	376,923	376,923
	376,923	376,923	376,923	376,923	376,923	376,923

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

	31 March 2012			31 December 2011		
	Specific	General	Total	Specific	General	Total
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Opening balance	376,923	23,242	400,165	361,537	57,728	419,265
(Reversal) / charge made during the period	-	7,833	7,833	15,386	(34,486)	(19,100)
Closing balance	376,923	31,075	407,998	376,923	23,242	400,165

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

10. CONTINGENCIES AND COMMITMENTS

31 March 2012 31 December 2011
(Un-audited) (Audited)
(Rupees in '000)

10.1 Transaction-related contingent liabilities

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

- Government	10,209,600	9,878,099
- Financial institutions	49,593	52,487
- Others	14,792,558	30,875,763

10.2 Trade-related contingent liabilities

Acceptances	1,470,942	1,263,703
Letters of credit	2,965,467	2,781,192

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	5,531,499	7,640,386
Commitments to extend credit	12,275,647	14,003,786

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	13,661,719	12,148,774
Sale:	-	
- to others	7,592,456	7,399,526

10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 171.196 million. The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

31 March 2012 31 December 2011
(Un-audited) (Audited)
(Rupees in '000)

10.6 Cheques in clearing	504,196	840,931
10.7 Capital expenditures commitments	128,532	81,069
10.8 Commitments in respect of forward Sale of Govt. Securities	28,685	-
10.9 Other commitments		
FX Options - notional amounts	82,280	53,172
Cross currency swaps - notional amounts	3,947,235	3,903,678
Interest rate swaps - notional amounts	10,551,679	10,489,066

These options and swaps have been covered with back to back contracts with the branches of the bank outside Pakistan.

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:

	Three months period ended	
	31 March 2012 (Un-audited) (Rupees in '000)	31 March 2011 (Un-audited) (Rupees in '000)
Profit and loss items		
Mark-up / Interest / Income earned	7	16
Mark-up / Interest / Income expensed	-	-
Head office expenses	57,913	32,296
Balance sheet items	31 March 2012 (Un-audited) (Rupees in '000)	31 December 2011 (Audited) (Rupees in '000)
Deposits and other accounts		
Opening balance	50	880
Deposits during the year	307,080	2,817,645
Withdrawals during the year	(307,121)	(2,818,475)
Closing balance	<u>9</u>	<u>50</u>
Balances with DB branches	22,188	37,850
Borrowings from DB branches	1,955,976	1,233,493
Interbranch deposits and other accounts	7,562	7,859
Off balance sheet items		
Interest rate swaps	8,406,144	8,339,766
Counter guarantees to branches	14,512,261	14,234,986
Forward purchase of foreign exchange	14,512,261	2,586,134
Forward sale of foreign exchange	2,719,267	2,608,794
FX Options	41,140	26,586

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 24 April 2012.

**Managing Director &
Chief Country Officer
Pakistan**

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