

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 2013

	<i>Note</i>	30 September 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
ASSETS			
Cash and balances with treasury banks		5,712,592	5,630,489
Balances with other banks		324,260	2,058,913
Lendings to financial institutions	7	7,959,746	7,414,392
Investments	8	7,095,788	7,747,304
Advances	9	4,918,710	3,979,514
Other assets		1,626,339	1,691,726
Operating fixed assets		325,560	351,955
Deferred tax assets-net		52,519	74,271
		28,015,514	28,948,564
LIABILITIES			
Bills payable		300,696	297,362
Borrowings from financial institutions		2,069,605	317,883
Deposits and other accounts		15,855,511	18,354,233
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		3,843,594	4,017,622
Deferred tax liabilities - net		-	-
		22,069,406	22,987,100
NET ASSETS		5,946,108	5,961,464
REPRESENTED BY:			
Head office capital account		4,587,789	4,115,584
Reserves		-	-
Un-remitted profit		1,359,097	1,855,437
		5,946,886	5,971,021
(Deficit) on revaluation of securities - net of tax		(778)	(9,557)
		5,946,108	5,961,464
CONTINGENCIES AND COMMITMENTS			

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

**Chief Operating Officer
& Chief Financial Officer
Pakistan**

**Deputy Head of Finance
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 nine months ended 30 September 2013

	Three months period ended 30 September 2013	Nine months period ended 30 September 2013	Three months period ended 30 September 2012	Nine months period ended 30 September 2012
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	370,091	1,265,486	523,987	1,523,910
Mark-up / return / interest expensed	143,501	543,063	248,666	652,319
Net mark-up / interest income	226,590	722,423	275,321	871,591
(Provision) / reversal against non-performing loans and advances	8,095	(8,795)	9,403	21,378
(Provision) / reversal against off balance sheet obligation	1,726	(6,346)	4,481	3,913
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	9,821	(15,141)	13,884	25,291
Net mark-up / interest income after provisions	236,411	707,282	289,205	896,882
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	90,904	261,240	74,040	206,905
Dividend income	-	-	-	-
Gain / (Loss) from trading in government securities	12,344	26,887	366	(15,917)
Income from dealing in foreign currencies	74,953	243,541	58,995	236,347
Other income	3,783	9,766	88	7,972
Total non-mark-up / interest income	181,984	541,434	133,489	435,307
	418,395	1,248,716	422,694	1,332,189
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	246,520	724,383	180,985	567,380
Other provisions / write offs	-	-	-	-
Other charges	-	165	-	126
Total non-mark-up / interest expenses	246,520	724,548	180,985	567,506
	171,875	524,168	241,709	764,683
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	171,875	524,168	241,709	764,683
Taxation:				
- Current	(65,937)	(169,190)	(72,349)	(237,416)
- Prior years	-	-	-	-
- Deferred	6,362	(17,025)	(11,444)	(31,434)
	(59,575)	(186,215)	(83,793)	(268,850)
PROFIT AFTER TAXATION	112,300	337,953	157,916	495,833

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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 ended 30 September 2013

	30 September 2013	30 September 2012
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	524,168	764,683
Adjustments for non-cash charges:		
Depreciation	48,103	26,223
(Gain) / loss on government securities	(26,887)	15,917
Provision / (reversal) against non-performing advances	8,795	(21,378)
(Provision) / reversal against off balance sheet obligation	(6,346)	(3,913)
(Gain) / loss on sale of operating fixed assets	(5,544)	(1,336)
	18,121	15,513
	542,289	780,196
(Increase) / decrease in operating assets		
Lendings to financial institutions	(545,354)	1,214,659
Advances	(947,992)	(1,365,251)
Others assets (excluding advance taxation)	39,479	(82,132)
	(1,453,867)	(232,724)
Increase / (decrease) in operating liabilities		
Bills payable	3,334	17,840
Borrowings from financial institutions	1,751,722	(1,184,393)
Deposits and other accounts	(2,498,722)	3,952,045
Other liabilities	(167,681)	171,863
	(911,347)	2,957,355
	(2,365,214)	2,724,631
Income tax paid	(143,282)	(650,861)
Net cash flows from operating activities	(1,966,207)	2,853,966
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale investments	691,909	(896,147)
Purchase of operating fixed assets	(27,467)	(142,205)
Sale proceeds on disposal of operating fixed assets	11,303	3,127
Net cash flows from investing activities	675,745	(1,035,225)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	(834,293)	(805,216)
Net cash flows from financing activities	(834,293)	(805,216)
Effects of exchange rate changes on cash and cash equivalents	472,205	207,958
Increase / (decrease) in cash and cash equivalents	(1,652,550)	1,221,483
Cash and cash equivalents at beginning of the year	7,689,402	4,628,570
Cash and cash equivalents at end of the period	6,036,852	5,850,053

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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 nine months ended 30 September 2013

	30 September 2013	30 September 2012
	(Rupees in '000)	
Profit for the period	337,953	495,833
Other comprehensive income:		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	472,205	207,958
Total comprehensive income for the period	810,158	703,791

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 nine months ended 30 September 2013

	Head office capital account	Un-remitted Profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2012 (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	-	(805,216)	(805,216)
	-	(805,216)	(805,216)
<i>Comprehensive income for the period:</i>			
Profit for the period	-	495,833	495,833
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	207,958	-	207,958
	207,958	495,833	703,791
Balance at 30 September 2012 (Un-audited)	3,932,104	2,013,808	5,945,912
Changes in equity:			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	-	-
	-	-	-
<i>Comprehensive income for the period:</i>			
Loss for the period	-	(145,006)	(145,006)
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	(13,365)	(13,365)
Exchange adjustment on revaluation of head office capital account	183,480	-	183,480
	183,480	(158,371)	25,109
Balance at 31 December 2012 (Audited)	4,115,584	1,855,437	5,971,021
Changes in equity:			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	(834,293)	(834,293)
	-	(834,293)	(834,293)
<i>Comprehensive income for the period:</i>			
Profit for the period	-	337,953	337,953
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	472,205	-	472,205
	472,205	337,953	810,158
Balance at 30 September 2013 (Un-audited)	4,587,789	1,359,097	5,946,886

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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 nine months ended 30 September 2013

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 2012.

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 2012.

4. CREDIT RATING

The credit rating done by Standard & Poor in August 2013 for Deutsche Bank AG is A for the long term and A-1 for the short term, rating done by Moody's on October 2013 is A2 for the long term and P-1 for the short term and rating done by Fitch in July 2013 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 2012.

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 2012.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		30 September 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
Repurchase agreement lendings (Reverse Repo)	7.1	<u>7,959,746</u>	<u>7,414,392</u>
		<u>7,959,746</u>	<u>7,414,392</u>

7.1 Reverse repos have been made with various commercial banks at rates ranging from 8.30% p.a to 9.52% p.a (2012: 6.50% p.a to 9.25%) and mature within a month. The market value of these securities at 30 September 2013 amounted to Rs. 8,045 million (2012: Rs. 7,498 million).

7.2 Securities held as collateral against lending to financial institutions

	30 September 2013			31 December 2012		
	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	<u>7,959,746</u>	<u>-</u>	<u>7,959,746</u>	<u>7,414,392</u>	<u>-</u>	<u>7,414,392</u>

8. INVESTMENTS

	30 September 2013			31 December 2012		
	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	7,096,985	-	7,096,985	7,251,080	-	7,251,080
Pakistan Investment Bonds	-	-	-	510,927	-	510,927
	<u>7,096,985</u>	<u>-</u>	<u>7,096,985</u>	<u>7,762,007</u>	<u>-</u>	<u>7,762,007</u>
 Deficit on revaluation of available for sale securities	 (1,197)	 -	 (1,197)	 (14,703)	 -	 (14,703)
	<u>7,095,788</u>	<u>-</u>	<u>7,095,788</u>	<u>7,747,304</u>	<u>-</u>	<u>7,747,304</u>

8.1 The Market Treasury Bills carry a rate ranging from 8.09% p.a to 9.17% p.a (2012: 9.11% p.a to 9.61% p.a) and having maturity within one year.

8.2 The Pakistan Investment Bonds carry a rate ranging from 0% p.a to 0% p.a (2012: 10.15% p.a to 11.02% p.a) and having maturity within three years.

9. ADVANCES

	30 September 2013 (Un-audited) (Rupees in '000)	31 December 2012 (Audited)
Loans, cash credits, running finances, etc.		
- In Pakistan	4,702,964	3,180,915
 Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	546,278	1,122,657
- Payable outside Pakistan	67,948	65,626
	<u>614,226</u>	<u>1,188,283</u>
	<u>5,317,190</u>	<u>4,369,198</u>
 Provision for non-performing advances	9.2	
	<u>(398,480)</u>	<u>(389,684)</u>
	<u>4,918,710</u>	<u>3,979,514</u>

- 9.1** Advances include Rs. 357.570 million (31 December 2012: Rs. 357.570 million) have been placed under non-performing status as detailed below:

Category of Classification	30 September 2013			31 December 2012		
	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	357,570	357,570	357,570	357,570	357,570	357,570
	357,570	357,570	357,570	357,570	357,570	357,570

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

	30 September 2013			31 December 2012		
	Specific	General	Total	Specific	General	Total
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Opening balance	357,570	40,910	398,480	376,923	23,242	400,165
(Reversal) / charge made during the period	-	-	-	(19,353)	8,872	(10,481)
Closing balance	357,570	40,910	398,480	357,570	32,114	389,684

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

10. CONTINGENCIES AND COMMITMENTS

30 September 2013 31 December 2012
(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	16,331,837	13,045,354
- Financial institutions	74,495	28,287
- Others	4,816,557	14,440,758

10.2 Trade-related contingent liabilities

Acceptances	721,757	1,202,680
Letters of credit	2,560,575	2,152,774

10.3 Commitments in respect of forward lending

Forward repurchase agreement lending (Reverse repo)	7,959,746	7,414,392
Commitments to extend credit	14,176,175	14,923,919

10.4 Commitments in respect of forward exchange contracts

Purchase:		
- from others	16,360,898	4,431,160
Sale:		
- to others	8,940,768	2,657,025

10.5 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 207.857 million (2012: Rs. 344 million). The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

30 September 2013 31 December 2012
(Un-audited) (Audited)
(Rupees in '000)

10.6 Cheques in clearing	4,497,544	3,395,601
10.7 Commitments in respect of forward Purchase of Govt. Securities	1,534,222	-
10.8 Commitments in respect of forward Sale of Govt. Securities	1,533,233	-
10.9 Other commitments		
Cross currency swaps - notional amounts	2,738,173	4,019,695
Interest rate swaps - notional amounts	10,508,406	11,122,757

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:

	Nine months period ended	
	30 September 2013	30 September 2012
	(Un-audited)	
	(Rupees in '000)	
Profit and loss items		
Mark-up / Interest / Income earned	14	62
Mark-up / Interest / Income expensed	19	53
Head office expenses	235,724	93,767
Balance sheet items	30 September 2013	31 December 2012
	(Un-audited)	(Audited)
	(Rupees in '000)	
Deposits and other accounts		
Opening balance	5,530	50
Deposits during the year	726,493	1,290,119
Withdrawals during the year	(732,015)	(1,284,639)
Closing balance	8	5,530
Balances with other branches and a subsidiary of Deutsche Bank, AG	165,775	1,915,282
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	1,727,665	339
Interbranch deposits and other accounts	8,240	7,997
Off balance sheet items		
Interest rate swaps	8,371,810	8,970,123
Counter guarantees to branches	13,317,648	17,253,337
Forward purchase of foreign exchange	194,167	122,150
Forward sale of foreign exchange	193,969	122,150

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 29 October 2013.

**Chief Operating Officer
& Chief Financial Officer
Pakistan**

**Deputy Head of Finance
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