

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)
<b>ASSETS</b>			
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
		<b>28,650,280</b>	<b>24,493,571</b>
<b>LIABILITIES</b>			
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
		<b>22,057,380</b>	<b>18,955,701</b>
<b>NET ASSETS</b>		<b>6,592,900</b>	<b>5,537,870</b>
<b>REPRESENTED BY:</b>			
Head office capital account		3,985,675	3,544,827
Reserves		-	-
Un-remitted profit		2,607,225	1,993,043
		<b>6,592,900</b>	<b>5,537,870</b>
(Deficit) / surplus on revaluation of securities - net of tax		-	-
		<b>6,592,900</b>	<b>5,537,870</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	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
<b>NON MARK-UP / INTEREST INCOME</b>				
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
<b>NON MARK-UP / INTEREST EXPENSES</b>				
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	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	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)
<b>PROFIT AFTER TAXATION</b>	165,072	614,182	98,616	341,810

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

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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 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
<b>Other comprehensive income</b>				
<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
<b>Total Comprehensive income - transferred to equity</b>	<b>316,305</b>	<b>1,055,030</b>	<b>103,917</b>	<b>423,132</b>

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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 nine months period ended 30 September 2017*

	2017	2016
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
	56,477	36,919
	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)
	(3,425,172)	(2,411,502)
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)
	3,100,472	1,981,303
	721,353	226,276
Income tax paid	(360,655)	(248,363)
<b>Net cash flows generated / (utilised) from operating activities</b>	<b>360,698</b>	<b>(22,087)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
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
<b>Net cash flows used in investing activities</b>	<b>(35,559)</b>	<b>(35,324)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made to head office	-	(668,590)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(668,590)</b>
Effects of exchange rate changes on cash and cash equivalents	440,848	81,322
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>765,987</b>	<b>(644,679)</b>
Cash and cash equivalents at beginning of the period	5,130,241	6,491,852
Cash and cash equivalents at end of the period	5,896,228	5,847,173

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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 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.

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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 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>-</u>	<u>17,216,928</u>	<u>14,630,311</u>	<u>-</u>	<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	(103,868)	(103,590)
		<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>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>

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>	<u>96,511</u>	<u>7,079</u>	<u>103,590</u>

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

<b>9. CONTINGENCIES AND COMMITMENTS</b>	<b>30 Sep 2017</b>	<b>31 December 2016</b>
	<b>(Rupees in '000)</b>	
<b>9.1 Transaction-related contingent liabilities</b>		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, etc. favouring:		
- Government	<b>11,026,103</b>	13,825,556
- Financial institutions	<b>123,486</b>	125,697
- Others	<b>606,391</b>	1,022,604
<b>9.2 Trade-related contingent liabilities</b>		
Acceptances	<b>993,676</b>	736,947
Letters of credit	<b>1,678,497</b>	2,469,760
<b>9.3 Commitments in respect of forward lending</b>		
Forward repurchase agreement lending (Reverse repo)	<b>17,216,928</b>	14,630,311
Commitments to extend credit	<b>18,480,515</b>	18,952,295
<b>9.4 Commitments in respect of forward exchange contracts</b>		
Purchase:		
- from the State Bank of Pakistan	-	1,574,850
- from others	<b>246,076</b>	1,988,040
Sale:		
- to others	<b>307,442</b>	3,590,952
<b>9.5 Cheques in clearing</b>	<b>701,751</b>	1,579,015
<b>9.6 Other contingencies</b>		

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:

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



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

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**Managing Director  
Chief Country Officer  
Pakistan**

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**Chief Financial Officer  
Pakistan**