

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 2017

	<i>Note</i>	31 march 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
ASSETS			
Cash and balances with treasury banks		4,767,728	4,993,782
Balances with other banks		96,789	136,459
Lendings to financial institutions	7	7,761,399	14,630,311
Investments		-	-
Advances	8	5,296,952	3,214,744
Operating fixed assets		299,829	291,553
Deferred tax assets-net		945	17,762
Other assets		1,248,602	1,208,960
		19,472,244	24,493,571
LIABILITIES			
Bills payable		728,061	2,976,253
Borrowings from financial institutions		20,169	27,509
Deposits and other accounts		11,048,895	14,092,145
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,900,066	1,859,794
		13,697,191	18,955,701
NET ASSETS		5,775,053	5,537,870
REPRESENTED BY:			
Head office capital account		3,588,664	3,544,827
Reserves		-	-
Un-remitted profit		2,186,389	1,993,043
		5,775,053	5,537,870
(Deficit) / surplus on revaluation of securities - net of tax		-	-
		5,775,053	5,537,870

CONTINGENCIES AND COMMITMENTS

9

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

SD/-

SD/-

**Managing Director
Chief Country Officer
Pakistan**

**VP 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 three months period ended 31 March 2017

	Three months period ended 31 March 2017	Three months period ended 31 March 2017	Three months period ended 31 March 2016	Three months period ended 31 March 2016
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	272,632	272,632	251,667	251,667
Mark-up / return / interest expensed	103,507	103,507	78,937	78,937
Net mark-up / interest income	169,125	169,125	172,730	172,730
Reversal of against non-performing loans and advances	1,263	1,263	355	355
(Provision) / Reversal of provision against off balance sheet obligation	(398)	(398)	6,272	6,272
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	865	865	6,627	6,627
Net mark-up / interest income after provisions	169,990	169,990	179,357	179,357
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	149,721	149,721	128,650	128,650
Dividend income	-	-	-	-
Gain from trading in government securities	-	-	1,488	1,488
Income from dealing in foreign currencies	202,796	202,796	126,881	126,881
Other income	3,344	3,344	3,610	3,610
Total non-mark-up / interest income	355,861	355,861	260,629	260,629
	525,851	525,851	439,986	439,986
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	228,395	228,395	205,356	205,356
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-mark-up / interest expenses	228,395	228,395	205,356	205,356
	297,456	297,456	234,630	234,630
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	297,456	297,456	234,630	234,630
Taxation:				
- Current	(87,293)	(87,293)	(58,453)	(58,453)
- Prior year	-	-	-	-
- Deferred	(16,817)	(16,817)	(23,667)	(23,667)
	(104,110)	(104,110)	(82,120)	(82,120)
PROFIT AFTER TAXATION	193,346	193,346	152,510	152,510

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 three months period ended 31 March 2017

	Three months period ended 31 March 2017	Three months period ended 31 March 2017	Three months period ended 31 March 2016	Three months period ended 31 March 2016
	------(Rupees in '000)-----			
Profit after taxation	193,346	193,346	152,510	152,510
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange adjustment on account of revaluation of capital	43,837	43,837	149,560	149,560
Total Comprehensive income - transferred to equity	237,183	237,183	302,070	302,070
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Deficit arising on revaluation of available for sale securities	-	-	-	-
Related deferred tax	-	-	-	-
	237,183	237,183	302,070	302,070

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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 three months period ended 31 March 2017

	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	297,456	234,630
Adjustments for:		
Depreciation	20,508	19,715
Gain on government securities		(1,488)
Reversal of provision of against non-performing advances	(1,263)	(355)
Provision / (Reversal of provision) against off balance sheet obligation	398	(6,272)
Gain on disposal of operating fixed assets	(3,339)	(3,606)
	16,304	7,994
	313,760	242,624
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,868,912	(5,101,210)
Advances	(2,080,945)	550,801
Others assets (excluding advance taxation)	(52,824)	77,578
	4,735,143	(4,472,831)
Increase / (decrease) in operating liabilities		
Bills payable	(2,248,192)	200,552
Borrowings from financial institutions	(7,340)	70,006
Deposits and other accounts	(3,043,250)	5,151,524
Other liabilities	39,873	(503,501)
	(5,258,909)	4,918,581
	(210,006)	688,374
Income tax paid	(74,110)	(77,782)
Net cash flows generated from operating activities	(284,116)	610,592
CASH FLOW FROM INVESTING ACTIVITIES		
Net proceeds from sale of investments	-	(1,501)
Purchase of operating fixed assets	(33,705)	(37,625)
Sale proceeds on disposal of operating fixed assets	8,260	8,454
Net cash flows (used in) / generated from investing activities	(25,445)	(30,672)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance to head office	-	-
Net cash used in financing activities	-	-
Effects of exchange rate changes on cash and cash equivalents	43,837	149,560
Increase in cash and cash equivalents	(265,724)	729,480
Cash and cash equivalents at beginning of the period	5,130,241	6,491,852
Cash and cash equivalents at end of the period	4,864,517	7,221,332

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 Changes in Equity (Un-audited)
For three months period ended 31 March 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 three months period ended 31 March 2016	-	152,510	152,510
<i>Other comprehensive income:</i>			
Exchange adjustment on account of revaluation of capital	149,560	-	149,560
	149,560	152,510	302,070
Balance as at 31 March 2016	3,817,218	2,384,746	6,201,964
Remittance made to head office	-	(668,590)	(668,590)
<i>Total Comprehensive income for the period:</i>			
Profit for the nine months period ended 31 December 2016	-	267,016	267,016
<i>Other comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	9,871	9,871
Exchange adjustment on account of revaluation of capital	(272,391)	-	(272,391)
	(272,391)	276,887	4,496
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 three months period ended 31 March 2017	-	193,346	193,346
<i>Other comprehensive income:</i>			
Exchange adjustment on account of revaluation of capital	43,837	-	43,837
	43,837	193,346	237,183
Balance as at 31 March 2017	<u>3,588,664</u>	<u>2,186,389</u>	<u>5,775,053</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 three months period ended 31 March 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 Branches'). The Branches are engaged in banking business as described in the Banking Companies Ordinance, 1962.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information of the Branches for the period ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the 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 Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated 12 May 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and the condensed interim financial information should be read in conjunction with the financial statements of the Branches for the year ended 31 December 2016.

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 Branches for the year ended 31 December 2016.

4. CREDIT RATING

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

6. FINANCIAL RISK MANAGEMENT

The Branches' 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***31 March
2017
(Rupees in '000)**31 December
2016

Repurchase agreement lendings (Reverse Repo)

7.1

7,761,399**14,630,311**

- 7.1** Reverse repos have been made with various commercial banks at rates ranging between 5.75% p.a to 6.25% 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. 7,844 million (31 December 2016: Rs. 14,740 million).

7.2 Securities held as collateral against lending to financial institutions

	31 March 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	7,761,399	-	7,761,399	14,630,311	-	14,630,311

8. ADVANCES*Note***31 March
2017
(Rupees in '000)**31 December
2016

Loans, cash credits, running finances, etc.
- In Pakistan

4,686,681

2,577,229

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan
- Payable outside Pakistan

646,972	675,479
65,626	65,626
712,598	741,105
5,399,279	3,318,334

Provision for non-performing advances

8.2

(102,327)
5,296,952(103,590)
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:

	31 March 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	96,511	96,511	96,511	96,511	96,511	96,511

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

	Three months period ended 31 March 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
Charge / (reversal) made during the period / year	-	(1,263)	(1,263)	-	(3,893)	(3,893)
Closing balance	96,511	5,816	102,327	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	31 March 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	11,788,475	13,825,556
- Financial institutions	824,460	125,697
- Others	124,270	1,022,604
9.2 Trade-related contingent liabilities		
Acceptances	913,592	736,947
Letters of credit	1,980,834	2,469,760
9.3 Commitments in respect of forward lending		
Forward repurchase agreement lending (Reverse repo)	7,761,399	14,630,311
Commitments to extend credit	17,466,998	18,952,295
9.4 Commitments in respect of forward exchange contracts		
Purchase:		
- from the State Bank of Pakistan	-	1,574,850
- from others	1,532,760	1,988,040
Sale:		
- to others	1,573,974	3,590,952
9.5 Cheques in clearing	1,535,394	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 Branches 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:

	Three months period ended	
	31 March	31 March
	2017	2016
	(Rupees in '000)	
Profit and loss items		
Deutsche Bank AG.		
Mark-up / Interest / Income earned	-	6
Mark-up / Interest / Income expensed	36	186
Head office expenses	34,838	6,868
Key management personnel		
Salaries and benefits including post retirement benefits	24,559	23,172
Mark-up / Interest / Income earned	161	167
Mark-up / Interest / Income expensed	224	113
Balance sheet items	31 March	31 December
	2017	2016
	(Rupees in '000)	
Deutsche Bank AG.		
Balances with other branches and a subsidiary of Deutsche Bank, AG	10,207	1,011,604
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	1,816	70,656
Inter-branch deposits and other accounts	24,992	256,321
Un-remitted head office expenses	1,434,903	1,231,656
Key management personnel		
Loans and advances	20,000	31,223
Deposits	33,491	28,688
Deposits and other accounts		
Opening balance	984	1,046
Deposits during the period	101,670	1,224,165
Withdrawals during the period	(96,574)	(1,224,227)
Closing balance	6,080	984
Off balance sheet items		
Counter guarantees to branches	7,080,347	9,402,691
Forward purchase of foreign exchange	283,785	409,770
Forward sale of foreign exchange	383,585	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 April 26, 2017

SD/-

Managing Director
Chief Country Officer
Pakistan

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