

**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 2013*

	<i>Note</i>	<b>31 March 2013 (Un-audited)</b>	<b>31 December 2012 (Audited)</b>
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>5,509,530</b>	5,630,489
Balances with other banks		<b>151,150</b>	2,058,913
Lendings to financial institutions	7	<b>10,351,520</b>	7,414,392
Investments	8	<b>4,345,377</b>	7,747,304
Advances	9	<b>4,302,380</b>	3,979,514
Other assets		<b>1,813,545</b>	1,691,726
Operating fixed assets		<b>340,351</b>	351,955
Deferred tax assets-net		<b>41,004</b>	74,271
		<b>26,854,857</b>	28,948,564
<b>LIABILITIES</b>			
Bills payable		<b>349,629</b>	297,362
Borrowings from financial institutions		<b>646,860</b>	317,883
Deposits and other accounts		<b>15,122,561</b>	18,354,233
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		<b>4,772,536</b>	4,017,622
Deferred tax liabilities - net		-	-
		<b>20,891,586</b>	22,987,100
<b>NET ASSETS</b>		<b>5,963,271</b>	5,961,464
<b>REPRESENTED BY:</b>			
Head office capital account		<b>4,044,455</b>	4,115,584
Reserves		-	-
Un-remitted profit		<b>1,919,999</b>	1,855,437
		<b>5,964,454</b>	5,971,021
Surplus / (Deficit) on revaluation of securities - net of tax		<b>(1,183)</b>	(9,557)
		<b>5,963,271</b>	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 three months ended 31 March 2013*

	<b>Three months period ended 31 March 2013</b>	<b>Three months period ended 31 March 2013</b>	Three months period ended 31 March 2012	Three months period ended 31 March 2012
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	<b>485,340</b>	<b>485,340</b>	525,900	525,900
Mark-up / return / interest expensed	<b>220,479</b>	<b>220,479</b>	194,145	194,145
Net mark-up / interest income	<b>264,861</b>	<b>264,861</b>	331,755	331,755
(Provision) against non-performing loans and advances	<b>(19,277)</b>	<b>(19,277)</b>	(7,834)	(7,834)
(Provision) / reversal against off balance sheet obligation	<b>(11,116)</b>	<b>(11,116)</b>	1,232	1,232
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	<b>(30,393)</b>	<b>(30,393)</b>	(6,602)	(6,602)
Net mark-up / interest income after provisions	<b>234,468</b>	<b>234,468</b>	325,153	325,153
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	<b>74,939</b>	<b>74,939</b>	65,717	65,717
Dividend income	-	-	-	-
Loss from trading in government securities	<b>(16,322)</b>	<b>(16,322)</b>	(8,180)	(8,180)
Income from dealing in foreign currencies	<b>26,755</b>	<b>26,755</b>	68,936	68,936
Other income	<b>3,373</b>	<b>3,373</b>	3,490	3,490
Total non-mark-up / interest income	<b>88,745</b>	<b>88,745</b>	129,963	129,963
	<b>323,213</b>	<b>323,213</b>	455,116	455,116
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	<b>218,444</b>	<b>218,444</b>	227,839	227,839
Other provisions / write offs	-	-	-	-
Other charges	<b>30</b>	<b>30</b>	125	125
Total non-mark-up / interest expenses	<b>218,474</b>	<b>218,474</b>	227,964	227,964
	<b>104,739</b>	<b>104,739</b>	227,152	227,152
Extra Ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>104,739</b>	<b>104,739</b>	227,152	227,152
Taxation:				
- Current	<b>(11,419)</b>	<b>(11,419)</b>	(67,174)	(67,174)
- Prior years	-	-	-	-
- Deferred	<b>(28,758)</b>	<b>(28,758)</b>	(14,451)	(14,451)
	<b>(40,177)</b>	<b>(40,177)</b>	(81,625)	(81,625)
<b>PROFIT AFTER TAXATION</b>	<b>64,562</b>	<b>64,562</b>	145,527	145,527

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

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

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**Deputy Head of Finance  
Pakistan**

**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 2013*

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>104,739</b>	227,152
Adjustments for non-cash charges:		
Depreciation	<b>15,930</b>	8,577
Loss on government securities	<b>16,322</b>	8,180
Provision against non-performing advances	<b>19,277</b>	7,834
(Provision) / reversal against off balance sheet obligation	<b>(11,116)</b>	1,232
(Gain) / loss on sale of operating fixed assets	<b>(2,922)</b>	(132)
	<b>37,491</b>	25,691
	<b>142,230</b>	252,843
(Increase) / decrease in operating assets		
Lendings to financial institutions	<b>(2,937,128)</b>	2,108,887
Advances	<b>(342,143)</b>	(1,087,174)
Others assets (excluding advance taxation)	<b>(66,155)</b>	(238,605)
	<b>(3,345,426)</b>	783,108
Increase/(decrease) in operating liabilities		
Bills payable	<b>52,267</b>	3,994
Borrowings from financial institutions	<b>328,977</b>	966,865
Deposits and other accounts	<b>(3,231,672)</b>	521,947
Other liabilities	<b>766,030</b>	(22,590)
	<b>(2,084,398)</b>	1,470,216
	<b>(5,429,824)</b>	2,253,324
Income tax paid	<b>(67,083)</b>	(60,107)
<b>Net cash flows from operating activities</b>	<b>(5,354,677)</b>	2,446,060
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale investments	<b>3,398,488</b>	(2,312,997)
Purchase of operating fixed assets	<b>(5,173)</b>	(40,354)
Sale proceeds on disposal of operating fixed assets	<b>3,769</b>	132
<b>Net cash flows from investing activities</b>	<b>3,397,084</b>	(2,353,220)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made during the period	-	-
<b>Net cash flows from financing activities</b>	-	-
Effects of exchange rate changes on cash and cash equivalents	<b>(71,129)</b>	152,120
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(2,028,722)</b>	244,961
Cash and cash equivalents at beginning of the year	<b>7,689,402</b>	4,628,570
Cash and cash equivalents at end of the period	<b>5,660,680</b>	4,873,531

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 Statement of Comprehensive Income (Un-audited)

*For the three months ended 31 March 2013*

	<b>31 March 2013 (Rupees in '000)</b>	<b>31 March 2012</b>
<b>Profit for the period</b>	<b>64,562</b>	145,527
<b>Other comprehensive income:</b>		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	<b>(71,129)</b>	152,120
<b>Total comprehensive income for the period</b>	<b><u>(6,567)</u></b>	<b><u>297,647</u></b>

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.

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

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

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**Deputy Head of Finance  
Pakistan**

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 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
<b>Changes in equity:</b>			
<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	-	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	1,663,502	5,539,768
<b>Changes in equity:</b>			
<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	-	205,300	205,300
<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	239,318	-	239,318
	239,318	191,935	431,253
Balance at 31 December 2012 (Audited)	4,115,584	1,855,437	5,971,021
<b>Changes in equity:</b>			
<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	-	64,562	64,562
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	(71,129)	-	(71,129)
	(71,129)	64,562	(6,567)
Balance at 31 March 2013 (Un-audited)	<b>4,044,455</b>	<b>1,919,999</b>	<b>5,964,454</b>

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)*

## Notes to the Condensed Interim Financial Information

*For the three months ended 31 March 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 March 2013 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's on March 2013 is A2 for the long term and P-1 for the short term and rating done by Fitch in February 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

		<b>31 March 2013 (Un-audited)</b>	<b>31 December 2012 (Audited)</b>
		<b>(Rupees in '000)</b>	
Repurchase agreement lendings (Reverse Repo)	7.1	<b>10,351,520</b>	7,414,392
		<b>10,351,520</b>	7,414,392

**7.1** Reverse repos have been made with various commercial banks at rates ranging from 9.02% p.a to 9.40% p.a (2012: 6.50% p.a to 9.25%) and mature within a month. The market value of these securities at 31 March 2013 amounted to Rs. 10,591 million (2012: Rs. 7,498 million).

**7.2 Securities held as collateral against lending to financial institutions**

	31 March 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	<b>10,351,520</b>	-	<b>10,351,520</b>	7,414,392	-	7,414,392

**8. INVESTMENTS**

	31 March 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)-----					
<b>Available for sale securities</b>						
Market Treasury Bills	<b>3,140,734</b>	-	<b>3,140,734</b>	7,251,080	-	7,251,080
Pakistan Investment Bonds	<b>1,206,463</b>	-	<b>1,206,463</b>	510,927	-	510,927
	<b>4,347,197</b>	-	<b>4,347,197</b>	7,762,007	-	7,762,007
Deficit on revaluation of available for sale securities	<b>(1,820)</b>	-	<b>(1,820)</b>	(14,703)	-	(14,703)
	<b>4,345,377</b>	-	<b>4,345,377</b>	7,747,304	-	7,747,304

**8.1** The Market Treasury Bills carry a rate ranging from 9.09% p.a to 9.37% 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 10.80% p.a to 11.32% p.a (2012: 10.15% p.a to 11.02% p.a) and having maturity within three years.

**9. ADVANCES**

	31 March 2013 (Un-audited)	31 December 2012 (Audited)
	(Rupees in '000)	
Loans, cash credits, running finances, etc.		
- In Pakistan	<b>3,890,251</b>	3,180,915
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	<b>755,464</b>	1,122,657
- Payable outside Pakistan	<b>65,626</b>	65,626
	<b>821,090</b>	1,188,283
	<b>4,711,341</b>	4,369,198
Provision for non-performing advances	9.2 <b>(408,961)</b>	(389,684)
	<b>4,302,380</b>	3,979,514

- 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	31 March 2013			31 December 2012		
	Classified advances domestic	Provision required	Provision held	Classified advances domestic	Provision required	Provision held
	(Un-audited)			(Audited)		
	(Rupees in '000)			(Rupees in '000)		
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	357,570	357,570	357,570	357,570	357,570	357,570
	<b>357,570</b>	<b>357,570</b>	<b>357,570</b>	<b>357,570</b>	<b>357,570</b>	<b>357,570</b>

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

	31 March 2013			31 December 2012		
	Specific	General	Total	Specific	General	Total
	(Un-audited)			(Audited)		
	(Rupees in '000)			(Rupees in '000)		
Opening balance	357,570	32,114	389,684	376,923	23,242	400,165
(Reversal) / charge made during the period	-	19,277	19,277	(19,353)	8,872	(10,481)
Closing balance	<b>357,570</b>	<b>51,391</b>	<b>408,961</b>	<b>357,570</b>	<b>32,114</b>	<b>389,684</b>

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

**10. CONTINGENCIES AND COMMITMENTS**

**31 March 2013**  
(Un-audited)  
(Rupees in '000)

**31 December 2012**  
(Audited)  
(Rupees in '000)

**10.1 Transaction-related contingent liabilities**

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

- Government	<b>14,744,618</b>	13,045,354
- Financial institutions	<b>56,775</b>	28,287
- Others	<b>12,449,711</b>	14,440,758

**10.2 Trade-related contingent liabilities**

Acceptances	<b>1,263,459</b>	1,202,680
Letters of credit	<b>2,325,319</b>	2,152,774

**10.3 Commitments in respect of forward lending**

Forward repurchase agreement lending (Reverse repo)	<b>10,351,520</b>	7,414,392
Commitments to extend credit	<b>12,249,005</b>	14,923,919

**10.4 Commitments in respect of forward exchange contracts**

Purchase:		
- from others	<b>3,776,984</b>	4,431,160
Sale:		
- to others	<b>7,289,643</b>	2,657,025

**10.5 Other contingencies**

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 250.293 million (2012: Rs. 344 million). The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

**31 March 2013**  
(Un-audited)  
(Rupees in '000)

**31 December 2012**  
(Audited)

<b>10.6 Cheques in clearing</b>	<b>559,217</b>	3,395,601
<b>10.7 Other commitments</b>		
Cross currency swaps - notional amounts	<b>4,046,578</b>	4,019,695
Interest rate swaps - notional amounts	<b>11,197,945</b>	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:

	<b>Three months period ended</b>	
	<b>31 March 2013 (Un-audited) (Rupees in '000)</b>	<b>31 March 2012 (Audited)</b>
<b>Profit and loss items</b>		
Mark-up / Interest / Income earned	6	7
Mark-up / Interest / Income expensed	6	-
Head office expenses	52,171	57,913
<b>Balance sheet items</b>	<b>31 March 2013 (Un-audited) (Rupees in '000)</b>	<b>31 December 2012 (Audited)</b>
<b>Deposits and other accounts</b>		
Opening balance	5,530	50
Deposits during the year	260,933	1,290,119
Withdrawals during the year	(266,446)	(1,284,639)
Closing balance	17	5,530
Balances with other branches and a subsidiary of Deutsche Bank, AG	148,955	1,915,282
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	9,186	339
Interbranch deposits and other accounts	7,973	7,997
<b>Off balance sheet items</b>		
Interest rate swaps	9,070,213	8,970,123
Counter guarantees to branches	14,094,513	17,253,337
Forward purchase of foreign exchange	179,444	122,150
Forward sale of foreign exchange	179,444	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 26 April 2013.

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

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**Deputy Head of Finance  
Pakistan**