

**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 2011*

	<i>Note</i>	<b>30 September 2011 (Un-audited)</b>	<b>31 December 2010 (Audited)</b>
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>4,671,283</b>	4,722,669
Balances with other banks		<b>99,298</b>	37,134
Lendings to financial institutions	7	<b>7,060,294</b>	6,223,146
Investments	8	<b>6,461,379</b>	2,046,309
Advances	9	<b>3,509,971</b>	3,245,948
Other assets		<b>988,610</b>	898,722
Operating fixed assets		<b>157,356</b>	110,230
Deferred tax assets-net		<b>128,125</b>	150,725
		<b>23,076,316</b>	17,434,883
<b>LIABILITIES</b>			
Bills payable		<b>166,263</b>	2,640,728
Borrowings from financial institutions		<b>3,741,251</b>	443,891
Deposits and other accounts		<b>10,266,123</b>	6,065,947
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		<b>3,022,841</b>	3,010,220
Deferred tax liabilities - net		-	-
		<b>17,196,478</b>	12,160,786
<b>NET ASSETS</b>		<b>5,879,838</b>	5,274,097
<b>REPRESENTED BY:</b>			
Head office capital account		<b>3,782,393</b>	3,667,876
Reserves		-	-
Un-remitted profit		<b>2,092,939</b>	1,606,542
		<b>5,875,332</b>	5,274,418
Surplus / (Deficit) on revaluation of securities - net of tax		<b>4,506</b>	(321)
		<b>5,879,838</b>	5,274,097

**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 nine months ended 30 September 2011*

	Three months period ended 30 September 2011	Nine months period ended 30 September 2011	Three months period ended 30 September 2010	Nine months period ended 30 September 2010
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	406,740	1,181,752	296,941	877,309
Mark-up / return / interest expensed	117,567	380,995	77,839	207,307
Net mark-up / interest income	289,173	800,757	219,102	670,002
(Provision) / reversal against non-performing loans and advances	(15,369)	8,097	7,785	(35,353)
(Provision) / reversal against off balance sheet obligation	(4,016)	7,390	(11,771)	(9,407)
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	(19,385)	15,487	(3,986)	(44,760)
Net mark-up / interest income after provisions	269,788	816,244	215,116	625,242
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	70,255	242,650	107,117	261,138
Dividend income	-	-	-	-
Income from trading in government securities	30,385	47,081	-	-
Income from dealing in foreign currencies	54,762	258,333	260,488	691,559
Other income	30,243	31,473	(1,368)	(800)
Total non-mark-up / interest income	185,645	579,537	366,237	951,897
	455,433	1,395,781	581,353	1,577,139
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	201,405	630,133	212,923	575,337
Other provisions / write offs	-	-	-	-
Other charges	10	251	9	262
Total non-mark-up / interest expenses	201,415	630,384	212,932	575,599
	254,018	765,397	368,421	1,001,540
Extra Ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	254,018	765,397	368,421	1,001,540
Taxation:				
- Current	(102,534)	(259,000)	(221,074)	(454,454)
- Prior years	-	-	-	-
- Deferred	7,484	(20,000)	96,808	103,881
	(95,050)	(279,000)	(124,266)	(350,573)
<b>PROFIT AFTER TAXATION</b>	158,968	486,397	244,155	650,967

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Chief Country Officer  
Pakistan**

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& Chief Financial Officer  
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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 2011*

	<b>30 September 2011</b>	<b>30 September 2010</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>765,397</b>	1,001,540
Adjustments for non-cash charges:		
Depreciation	<b>27,351</b>	29,120
Income on government securities	<b>(47,081)</b>	-
(Reversal) / provision against non-performing advances	<b>(8,097)</b>	35,353
(Reversal) / provision against off balance sheet obligation	<b>(7,390)</b>	9,407
(Gain) / loss on sale of operating fixed assets	<b>(853)</b>	1,243
	<b>(36,070)</b>	75,123
	<b>729,327</b>	1,076,663
(Increase) / decrease in operating assets		
Lendings to financial institutions	<b>(837,148)</b>	(605,620)
Advances	<b>(255,926)</b>	722,955
Others assets (excluding advance taxation)	<b>(121,606)</b>	(91,780)
	<b>(1,214,680)</b>	25,555
Increase/(decrease) in operating liabilities		
Bills payable	<b>(2,474,465)</b>	61,331
Borrowings from financial institutions	<b>3,297,360</b>	(118,883)
Deposits and other accounts	<b>4,200,176</b>	1,156,415
Other liabilities	<b>20,011</b>	781,062
	<b>5,043,082</b>	1,879,925
	<b>3,828,402</b>	1,905,480
Income tax paid	<b>(227,281)</b>	(712,807)
<b>Net cash flows from operating activities</b>	<b>4,330,448</b>	2,269,336
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale proceeds from available-for-sale investments - net	<b>11,017,359</b>	4,724,086
Purchase of operating fixed assets	<b>(77,544)</b>	(29,508)
Investment in available for sale securities	<b>(15,377,922)</b>	(6,333,125)
Sale proceeds on disposal of operating fixed assets	<b>3,920</b>	3,697
<b>Net cash flows from investing activities</b>	<b>(4,434,187)</b>	(1,634,850)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made during the period	-	(534,131)
<b>Net cash flows from financing activities</b>	-	(534,131)
Effects of exchange rate changes on cash and cash equivalents	<b>114,517</b>	(108,886)
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>10,778</b>	(8,531)
Cash and cash equivalents at beginning of the year	<b>4,759,803</b>	4,893,341
Cash and cash equivalents at end of the period	<b>4,770,581</b>	4,884,810

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

**Managing Director &  
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Pakistan**

**Chief Operating Officer  
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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 2011*

	30 September 2011 (Rupees in '000)	30 September 2010
<b>Profit for the period</b>	<b>486,397</b>	650,967
<b>Other comprehensive income:</b>		
Actuarial (loss) / gain on defined benefit plans	-	-
Exchange adjustment on account of revaluation of capital	<b>114,517</b>	(108,886)
<b>Total comprehensive income for the period</b>	<b><u>600,914</u></b>	<b><u>542,081</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.

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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 2011*

	<b>Head office capital account</b>	<b>Un-remitted Profit</b>	<b>Total</b>
	<b>----- (Rupees in '000) -----</b>		
Balance at 01 January 2010 (Audited)	3,877,033	1,292,224	5,169,257
<b>Changes in equity:</b>			
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to head office	-	(534,131)	(534,131)
	-	(534,131)	(534,131)
<i>Comprehensive income for the period:</i>			
Profit for the period	-	650,967	650,967
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	(108,886)	-	(108,886)
	(108,886)	650,967	542,081
Balance at 30 September 2010 (Un-audited)	3,768,147	1,409,060	5,177,207
<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	-	183,326	183,326
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	14,156	14,156
Exchange adjustment on revaluation of head office capital account	(100,271)	-	(100,271)
	(100,271)	197,482	97,211
Balance at 31 December 2010 (Audited)	3,667,876	1,606,542	5,274,418
<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	-	486,397	486,397
<i>Other Comprehensive income:</i>			
Actuarial loss on defined benefit plan - net of tax	-	-	-
Exchange adjustment on revaluation of head office capital account	114,517	-	114,517
	114,517	486,397	600,914
Balance at 30 September 2011 (Un-audited)	<b>3,782,393</b>	<b>2,092,939</b>	<b>5,875,332</b>

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 nine months ended 30 September 2011*

**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 2010.

**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 2010.

**4. CREDIT RATING**

The credit rating done by Standard & Poor in October 2011 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's on August 2011 is Aa3 for the long term and P-1 for the short term and rating done by Fitch in July 2011 is AA- 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 2010.

**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 2010.

**7. LENDINGS TO FINANCIAL INSTITUTIONS**

		<b>30 September 2011 (Un-audited) (Rupees in '000)</b>	<b>31 December 2010 (Audited)</b>
Repurchase agreement lendings (Reverse Repo)	7.1	<u><b>7,060,294</b></u>	<u>6,223,146</u>
		<u><b>7,060,294</b></u>	<u>6,223,146</u>

- 7.1** Reverse repos have been made with various commercial banks at rates ranging from 13.25% p.a to 13.41% p.a (2010: 12.49% p.a to 13% p.a) and mature within a month. The market value of these securities at 30 September 2011 amounted to Rs. 7,355 million (2010: Rs. 6,254 million).

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

	30 September 2011			31 December 2010		
	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>7,060,294</u>	<u>-</u>	<u>7,060,294</u>	<u>6,223,146</u>	<u>-</u>	<u>6,223,146</u>

**8. INVESTMENTS**

	30 September 2011			31 December 2010		
	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	<u>6,454,447</u>	<u>-</u>	<u>6,454,447</u>	<u>2,046,803</u>	<u>-</u>	<u>2,046,803</u>
	<u>6,454,447</u>	<u>-</u>	<u>6,454,447</u>	<u>2,046,803</u>	<u>-</u>	<u>2,046,803</u>
Deficit on revaluation of available for sale securities	<u>6,932</u>	<u>-</u>	<u>6,932</u>	<u>(494)</u>	<u>-</u>	<u>(494)</u>
	<u>6,461,379</u>	<u>-</u>	<u>6,461,379</u>	<u>2,046,309</u>	<u>-</u>	<u>2,046,309</u>

- 8.1** Market Treasury Bills carry a rate of 12.98% - 13.91% p.a (2010: 12.65% - 13.12% p.a.) and mature within a year.

**9. ADVANCES**

	30 September 2011 (Un-audited) (Rupees in '000)	31 December 2010 (Audited)
Loans, cash credits, running finances, etc.		
- In Pakistan	<u>2,919,090</u>	<u>2,867,146</u>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	<u>936,423</u>	<u>721,188</u>
- Payable outside Pakistan	<u>65,626</u>	<u>76,879</u>
	<u>1,002,049</u>	<u>798,067</u>
	<u>3,921,139</u>	<u>3,665,213</u>
Provision for non-performing advances	9.2 <u>(411,168)</u>	<u>(419,265)</u>
	<u>3,509,971</u>	<u>3,245,948</u>

- 9.1** Advances include Rs. 379.338 million (31 December 2010: Rs. 361.537 million) have been placed under non-performing status as detailed below:

Category of Classification	30 September 2011			31 December 2010		
	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	379,338	379,338	379,338	361,537	361,537	361,537
	<b>379,338</b>	<b>379,338</b>	<b>379,338</b>	<b>361,537</b>	<b>361,537</b>	<b>361,537</b>

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

	30 September 2011			31 December 2010		
	General	Specific	Total	General	Specific	Total
	(Un-audited) (Rupees in '000)			(Audited) (Rupees in '000)		
Opening balance	57,728	361,537	419,265	112,484	269,033	381,517
(Reversal) / charge made during the period	(25,898)	17,801	(8,097)	(54,756)	92,504	37,748
Closing balance	<b>31,830</b>	<b>379,338</b>	<b>411,168</b>	<b>57,728</b>	<b>361,537</b>	<b>419,265</b>

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

**10. CONTINGENCIES AND COMMITMENTS**

**30 September 2011**      31 December 2010  
(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	9,711,961	11,622,842
- Financial institutions	79,418	80,347
- Others	23,983,027	25,731,789

**10.2 Trade-related contingent liabilities**

Acceptances	1,919,594	1,248,282
Letters of credit	2,145,362	3,081,534

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

Purchase:

- from the State Bank of Pakistan	-	885,500
- from others	12,245,848	7,711,277

Sale:

- to others	5,432,268	3,674,497
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**10.4 Other contingencies**

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs. 136.018 million. The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

**30 September 2011**      31 December 2010  
(Un-audited)      (Audited)  
(Rupees in '000)

<b>10.5 Cheques in clearing</b>	2,618,507	1,312,474
<b>10.6 Capital expenditures commitments</b>	62,630	3,002
<b>10.7 Forward repurchase agreement lending</b>	7,060,294	-
<b>10.8 Commitments in respect of forward Purchase of Govt. Securities</b>	177,463	-
<b>10.9 Commitments in respect of forward Sale of Govt. Securities</b>	189,242	-
<b>10.10 Other commitments</b>		
FX Options - notional amounts	124,106	-
Cross currency swaps - notional amounts	3,891,149	2,738,173
Interest rate swaps - notional amounts	10,239,532	8,625,235

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>Nine months period ended</b>	
	<b>30 September 2011</b>	<b>30 September 2010</b>
	<b>(Un-audited)</b>	
	<b>(Rupees in '000)</b>	
<b>Profit and loss items</b>		
Mark-up / Interest / Income earned	67	19
Mark-up / Interest / Income expensed	1	6
Head office expenses	140,354	120,710
<b>Balance sheet items</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>(Rupees in '000)</b>	
<b>Deposits and other accounts</b>		
Opening balance	880	7,674
Deposits during the year	2,639,317	1,490,871
Withdrawals during the year	(2,638,696)	(1,497,665)
Closing balance	<u>1,501</u>	<u>880</u>
Balances with DB branches	25,612	11,507
Borrowings from DB branches	3,210,207	-
Interbranch deposits and other accounts	12,427	6,375
<b>Off balance sheet items</b>		
FX Options	62,053	-
Interest Rate Swap	8,111,053	7,181,447
Counter guarantees to branches	7,514,254	10,519,706
Forward purchase of foreign exchange	846,079	1,002,805
Forward sale of foreign exchange	837,192	1,001,620

## 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 27 October 2011.

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**Managing Director &  
Chief Country Officer  
Pakistan**

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**Chief Operating Officer  
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Pakistan**