

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Financial Position
As at 30 September 2018

Note **30 September** 31 December
2018 2017
(Un-audited) **(Audited)**
(Rupees in '000)

ASSETS

Cash and balances with treasury bank		6,004,341	5,995,920
Balances with other banks		84,241	396,881
Lendings to financial institutions	7	15,006,744	19,707,230
Investments		-	-
Advances - net	8	5,638,790	5,709,278
Operating fixed assets		246,164	271,894
Deferred tax assets-net		20,009	8,910
Other assets		1,474,172	1,120,022
		28,474,461	33,210,135

LIABILITIES

Bills payable		962,961	932,787
Borrowings from financial institutions		89,967	15,755
Deposits and other accounts		17,749,150	23,212,445
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		2,636,249	2,096,284
		21,438,327	26,257,271
		7,036,134	6,952,864

NET ASSETS

REPRESENTED BY:

Head office capital account	4,621,575	4,238,906
Reserves	-	-
Un-remitted profit	2,414,559	2,713,958
	7,036,134	6,952,864
(Deficit) / surplus on revaluation of securities - net of tax	-	-
	7,036,134	6,952,864

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 13 form an integral part of the condensed interim financial information.


Managing Director
Chief Country Officer
Pakistan


Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(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 2018

	Three months period ended 30 Sep 2018	Nine months period ended 30 Sep 2018	Three months period ended 30 Sep 2017	Nine months period ended 30 Sep 2017
----- (Rupees in '000) -----				
Mark-up / return / interest earned	399,343	1,100,889	303,360	863,958
Mark-up / return / interest expensed	142,435	466,083	110,706	297,712
Net mark-up / interest income	256,908	634,806	192,654	566,246
Reversal / (provision) against non-performing loans and advances	(20)	189	2,312	(278)
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	(20)	189	2,312	(278)
Net mark-up / interest income after provisions	256,888	634,995	194,966	565,968
NON MARK-UP / NON INTEREST INCOME				
Fee, commission and brokerage income	134,270	439,104	146,157	454,417
Dividend income	-	-	-	-
Income from trading in government securities	-	-	-	-
Income from dealing in foreign currencies	77,094	274,366	144,443	655,908
Other income	108	2,352	583	6,064
Total non mark-up / non interest income	211,472	715,822	291,183	1,116,389
	468,360	1,350,817	486,149	1,682,357
NON MARK-UP / NON INTEREST EXPENSES				
Administrative expenses	289,022	878,224	235,091	690,324
(Reversal) / provision against off balance sheet obligation	-	(5,016)	(4,824)	1,206
Other charges	1,390	1,390	1,251	1,251
Total non mark-up / non interest expenses	290,412	874,598	231,518	692,781
	177,948	476,219	254,631	989,576
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	177,948	476,219	254,631	989,576
Taxation:				
- Current	(76,024)	(198,092)	(100,186)	(344,569)
- Prior year	-	-	-	(28,605)
- Deferred	5,944	11,099	10,627	(2,220)
	(70,080)	(186,993)	(89,559)	(375,394)
PROFIT AFTER TAXATION	107,868	289,226	165,072	614,182

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.


 PP
Managing Director
Chief Country Officer
Pakistan


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Deutsche Bank AG, Pakistan Operations

(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 2018

	Three months period ended 30 Sep 2018	Nine months period ended 30 Sep 2018	Three months period ended 30 Sep 2017	Nine months period ended 30 Sep 2017
	(Rupees in '000)			
Profit after taxation	107,868	289,226	165,072	614,182
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange adjustment on account of revaluation of Head office capital account	83,675	382,669	151,233	440,848
Total Comprehensive income - transferred to equity	191,543	671,895	316,305	1,055,030

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Managing Director
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Pakistan


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Deutsche Bank AG, Pakistan Operations

(Incorporated in the Federal Republic of Germany with limited liability)

Condensed Interim Cash Flow Statement (Un-audited)

For nine months period ended 30 September 2018

	2018	2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	476,219	989,576
Adjustments for:		
Depreciation	56,275	61,051
(Reversal) / provision against non-performing loans and advances	(209)	278
(Reversal) / provision against off balance sheet obligation	(5,016)	1,206
Gain on disposal of operating fixed assets	(2,050)	(6,059)
	49,000	56,477
	525,219	1,046,053
Decrease / (increase) in operating assets		
Lendings to financial institutions	4,700,486	(2,586,617)
Advances	70,697	(916,360)
Others assets (excluding advance taxation)	(313,221)	77,805
	4,457,962	(3,425,172)
(Decrease) / increase in operating liabilities		
Bills payable	30,174	1,179,868
Borrowings from financial institutions	74,212	13,816
Deposits and other accounts	(5,463,295)	1,775,660
Other liabilities	544,981	131,128
	(4,813,928)	3,100,472
	169,253	721,353
Income tax paid	(239,021)	(360,655)
Net cash (used in) / generated from operating activities	(69,768)	360,698
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(35,718)	(51,878)
Sale proceeds on disposal of operating fixed assets	7,223	16,319
Net cash used in investing activities	(28,495)	(35,559)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made to Head office	(588,625)	-
Net cash used in financing activities	(588,625)	-
Effects of exchange rate changes on cash and cash equivalents	382,669	440,848
(Decrease) / increase in cash and cash equivalents	(304,219)	765,987
Cash and cash equivalents at beginning of the period	6,392,801	5,130,241
Cash and cash equivalents at end of the period	6,088,582	5,896,228

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 Pakistan


 Chief Financial Officer
 Pakistan

Deutsche Bank AG, Pakistan Operations

(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 2018

	Head office capital account	Un-remitted profit	Total
	(Rupees in '000)		
Balance as at 01 January 2017	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	3,985,675	2,607,225	6,592,900
<i>Total Comprehensive income for the period:</i>			
Profit for the three months period ended 31 December 2017	-	98,041	98,041
<i>Other comprehensive income:</i>			
Actuarial gain on defined benefit plan - net of tax	-	8,692	8,692
Exchange adjustment on revaluation of Head office capital account	253,231	-	253,231
	253,231	106,733	359,964
Balance as at 31 December 2017	4,238,906	2,713,958	6,952,864
<i>Transactions with owners, recorded directly in equity:</i>			
Remittance made to Head office	-	(588,625)	(588,625)
<i>Total Comprehensive income for the period:</i>			
Profit for the nine months period ended 30 September 2018	-	289,226	289,226
<i>Other comprehensive income:</i>			
Exchange adjustment on revaluation of Head office capital account	382,669	-	382,669
	382,669	289,226	671,895
Balance as at 30 September 2018	4,621,575	2,414,559	7,036,134

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.


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Deutsche Bank AG, Pakistan Operations

(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 2018

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 two branches (2017: three branches) located at Karachi and Lahore ('the Pakistan Operations'). The Pakistan Operations are engaged in banking business as described in the Banking Companies Ordinance, 1962.

The group had decided to close Islamabad branch operations with effect from 30 June 2018 as part of its Global Footprint Rationalization Strategy 2020.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information of the Pakistan Operations for the nine months period ended 30 September 2018 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Banking Companies Ordinance, 1962; and the directives issues by SBP.

In case the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP differ from the requirements of IAS 34, the requirements of Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by SBP 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; hence, the condensed interim financial information should be read in conjunction with the financial statements of the Pakistan Operations for the year ended 31 December 2017.

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 2017.

4. CREDIT RATING

The credit rating provided by Standard & Poor's for Deutsche Bank Group on 01 June 2018 is BBB+ for long-term and A-2 for short-term, rating by Fitch on 21 June 2018 is BBB+ for long-term and F2 for short-term; and rating by Moody's on 03 August 2018 is A3 for long-term and on 27 April 2018 is P-2 for short-term.

5. USE OF ESTIMATES AND JUDGEMENTS

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 2017.

6. FINANCIAL RISK MANAGEMENT

The Pakistan Operations' financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2017.

7. LENDINGS TO FINANCIAL INSTITUTIONS

Note 30 September 31 December
2018 2017
(Rupees in '000)

Repurchase agreement lendings (Reverse Repo) 7.1 15,006,744 19,707,230

7.1 Reverse repos have been made with various commercial banks at rates ranging between 7.25% p.a to 7.60% p.a (31 December 2017: 5.70% p.a to 5.90% p.a) and mature within a month. The market value of these securities amounted to Rs. 15,036 million (31 December 2017: Rs. 19,793 million).

7.2 Securities held as collateral against lending to financial institutions

	30 September 2018			31 December 2017		
	Held by Pakistan Operations	Further given as collateral	Total	Held by Pakistan Operations	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	<u>15,006,744</u>	<u>-</u>	<u>15,006,744</u>	<u>19,707,230</u>	<u>-</u>	<u>19,707,230</u>

8. ADVANCES - NET

Note 30 September 31 December
2018 2017
(Rupees in '000)

Loans, cash credits, running finances, etc.
- In Pakistan 4,188,286 4,757,619

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan	<u>1,489,387</u>	<u>990,751</u>
- Payable outside Pakistan	<u>65,626</u>	<u>65,626</u>
	<u>1,555,013</u>	<u>1,056,377</u>
	<u>5,743,299</u>	<u>5,813,996</u>

Provision for non-performing advances 8.2 (104,509) (104,718)
5,638,790 5,709,278

8.1 Advances include Rs. 96.511 million (31 December 2017: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

	30 September 2018			31 December 2017		
	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 2018			Year ended 31 December 2017		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance	96,511	8,207	104,718	96,511	7,079	103,590
(Reversal) / charge made during the period / year	-	(209)	(209)	-	1,128	1,128
Closing balance	<u>96,511</u>	<u>7,998</u>	<u>104,509</u>	<u>96,511</u>	<u>8,207</u>	<u>104,718</u>

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

9. CONTINGENCIES AND COMMITMENTS	30 September 2018	31 December 2017
9.1 Transaction-related contingent liabilities	(Rupees in '000)	
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, etc. favouring:		
- Government	12,699,083	12,689,390
- Financial institutions	141,817	128,359
- Others	521,926	448,875
9.2 Trade-related contingent liabilities		
Acceptances	2,166,348	1,089,422
Letters of credit	1,665,953	1,966,910
9.3 Commitments in respect of forward lending		
Forward repurchase agreement lending (Reverse repo)	15,006,744	19,707,230
Commitments to extend credit	16,788,971	16,585,433
9.4 Commitments in respect of forward exchange contracts		
Purchase	852,718	262,219
Sale	524,494	376,465
9.5 Cheques in clearing	720,578	582,992
9.6 Other contingencies		

Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Courts. Out of these appeals, decisions against additional demands of Rs. 638 million (31 December, 2017: Rs. 638 million) have been made by the Commissioner Inland Revenue Authority in favor of Pakistan Operations; however, appeal affects are yet to be issued. Additionally, Pakistan Operations are vigorously contesting the appeals for demands of Rs. 42 million (31 December, 2017: Rs. 42 million) 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 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:

	Nine months period ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Profit and loss items		
Deutsche Bank AG.		
Mark-up / Interest / Income expensed	3	183
Head office expenses	87,169	110,984
Key management personnel		
Salaries and benefits including post retirement benefits	98,675	67,147
Mark-up / Interest / Income earned	697	468
Mark-up / Interest / Income expensed	246	740

Balance sheet items	As at	
	30 September 2018	31 December 2017
	(Rupees in '000)	
Deutsche Bank AG.		
Balances with other branches and a subsidiary of Deutsche Bank, AG	83,693	16,151
Borrowings from other branches and a subsidiary of Deutsche Bank, AG	464	594
Inter-branch deposits and other accounts	146,496	5,883
Un-remitted Head office expenses	1,843,081	1,585,736
Key management personnel		
Loans and advances	42,252	23,185
Deposits	17,788	20,859
Deposits and other accounts		
Opening balance	3,050	984
Deposits during the period	2,484,908	1,952,012
Withdrawals during the period	(2,479,247)	(1,949,946)
Closing balance	8,711	3,050
Off balance sheet items		
Counter guarantees to branches	7,679,224	7,527,336
Forward purchase of foreign exchange	162,799	185,681
Forward sale of foreign exchange	162,799	128,679

11. The Pakistan Operations calculate the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per the SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. As of 30 Sept, 2018, the Pakistan Operations' LCR stood at 313% (31 December, 2017: 362%) and NSFR stood at 163% (31 December, 2017: 180%) against SBP requirement of 90% and 100% respectively.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

13. DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on October 30, 2018


 PP
 Managing Director
 Chief Country Officer
 Pakistan


 Chief Financial Officer
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