

Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Balance Sheet
As at 31 March 2009

	<i>Note</i>	31 March 2009 (Un-audited) (Rupees in '000)	31 December 2008
ASSETS			
Cash and balances with treasury banks		3,979,069	4,754,734
Balances with other banks		87,005	1,628,093
Lendings to financial institutions	6	3,927,365	5,309,670
Investments	7	198,309	999,390
Advances	8	5,087,158	6,334,606
Other assets		2,211,283	2,552,371
Operating fixed assets		138,639	130,225
Deferred tax assets	9	38,358	20,649
		15,667,186	21,729,738
LIABILITIES			
Bills payable		1,665,130	1,683,524
Borrowings from financial institutions		1,774,437	532,521
Deposits and other accounts		4,343,531	10,317,214
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		3,660,673	4,562,266
		11,443,771	17,095,525
NET ASSETS		4,223,415	4,634,213
REPRESENTED BY:			
Head office capital account		3,401,869	3,600,702
Un-remitted profit		822,645	1,033,743
		4,224,514	4,634,445
(Deficit) /Surplus on revaluation of securities - net of tax		(1,099)	(232)
		4,223,415	4,634,213

CONTINGENCIES AND COMMITMENTS

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

**Chief Country Officer
& Head of Global Banking
Pakistan**

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

Deutsche Bank AG, Pakistan Branches

(Incorporated in the Federal Republic of Germany with Limited Liability)

Profit and Loss Account (un-audited)

For the three months period ended 31 March 2009

Note	Three months period ended 31 March 2009	Three months period ended 31 March 2009	Three months period ended 31 March 2008	Three months period ended 31 March 2008
	(Rupees in ' 000)			
Mark-up / return / interest earned	262,248	262,248	274,747	274,747
Mark-up / return / interest expensed	46,969	46,969	145,236	145,236
Net mark-up / interest income	215,279	215,279	129,511	129,511
(Provision) / Reversal against non-performing loans and advances	(41,427)	(41,427)	(28,157)	(28,157)
(Provision) / Reversal against off balance sheet obligation	(1,665)	(1,665)	(19,351)	(19,351)
Provision for diminution in value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	(43,092)	(43,092)	(47,508)	(47,508)
Net mark-up / interest income after provisions	172,187	172,187	82,003	82,003
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	63,588	63,588	65,354	65,354
Dividend income	-	-	-	-
(Loss) / Income from trading in government securities	-	-	(81,502)	(81,502)
Income from dealing in foreign currencies	414,221	414,221	566,617	566,617
Other income	4,408	4,408	2,231	2,231
Total non-mark-up / interest income	482,217	482,217	552,700	552,700
	654,404	654,404	634,703	634,703
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	204,129	204,129	199,935	199,935
Other provisions / write offs	-	-	-	-
Other charges	38	38	-	-
Total non-mark-up / interest expenses	204,167	204,167	199,935	199,935
	450,237	450,237	434,768	434,768
Extra Ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	450,237	450,237	434,768	434,768
Taxation:				
- Current	(174,283)	(174,283)	(128,930)	(128,930)
- Prior years	-	-	-	-
- Deferred	17,242	17,242	(23,168)	(23,168)
	(157,041)	(157,041)	(152,098)	(152,098)
PROFIT AFTER TAXATION	293,196	293,196	282,670	282,670
Accumulated profit brought forward	529,449	529,449	702,916	702,916
Accumulated profit carried forward	822,645	822,645	985,586	985,586

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

Chief Country Officer
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Deutsche Bank AG, Pakistan Branches
(Incorporated in the Federal Republic of Germany with Limited Liability)
Cash Flow Statement (un-audited)
For the three months period ended 31 March 2009

	2009 (Rupees in '000)	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	450,237	434,768
Adjustments for non-cash charges:		
Depreciation	9,712	7,174
Loss on sale of government securities	-	81,502
Provision against non-performing loans and advances	41,427	28,157
Provision against off balance sheet obligation	1,665	19,351
Gain on sale of operating fixed assets	(2,122)	(1,336)
Financial charges on leased assets	-	-
	50,682	134,848
	500,919	569,616
Decrease/(Increase) in operating assets		
Lendings to financial institutions	1,382,305	(3,075,663)
Advances	1,205,929	142,633
Others assets (excluding advance taxation)	229,307	(308,465)
	2,817,541	(3,241,495)
(Decrease)/Increase in operating liabilities		
Bills payable	(18,394)	2,402,855
Borrowings from financial institutions	1,241,916	(5,282,949)
Deposits and other accounts	(5,973,683)	4,366,050
Other liabilities	(903,167)	374,814
	(5,653,328)	1,860,770
	(2,835,787)	(1,380,725)
Income tax paid	(62,500)	(164,572)
<i>Net cash flow from operating activities</i>	(2,397,368)	(975,681)
CASH FLOW FROM INVESTING ACTIVITIES		
Encashment / Sale proceeds of available for sale securities	1,618,497	5,362,854
Additions to operating fixed assets	(23,600)	(16,658)
Investment in available for sale securities	(818,749)	(4,117,193)
Sale proceeds of operating fixed assets disposed-off	7,594	3,946
<i>Net cash flow from investing activities</i>	783,742	1,232,949
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made during the period	(504,294)	-
Effects of exchange rate changes on cash and cash equivalents	(198,833)	-
<i>Net cash flow from financing activities</i>	(703,127)	-
Increase in cash and cash equivalents	(2,316,753)	257,268
Cash and cash equivalents at beginning of the year	6,382,827	3,649,739
Cash and cash equivalents at end of the period	4,066,074	3,907,007

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Deutsche Bank AG, Pakistan Branches

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Statement of Changes in Equity (un-audited)

For the three months period ended 31 March 2009

	Head office capital account	Un-remitted Profit	Total
(Rupees in ' 000)			
Balance at 01 January 2008	2,853,853	714,811	3,568,664
Profit for the period	-	282,670	282,670
Balance at 31 March 2008	2,853,853	997,481	3,851,334
Profit for the period	-	234,887	234,887
Profit remitted during the period	-	(198,625)	(198,625)
Exchange adjustment on revaluation of capital	746,849	-	746,849
Balance at 31 December 2008	3,600,702	1,033,743	4,634,445
Profit for the period	-	293,196	293,196
Profit remitted during the period	-	(504,294)	(504,294)
Exchange adjustment on revaluation of capital	(198,833)	-	(198,833)
Balance at 31 March 2009	3,401,869	822,645	4,224,514

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 Accounts (un-audited)

For the three months period ended 31 March 2009

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Pakistan branches for the year ended 31 December 2008.

These condensed interim financial statements are unaudited and being presented in condensed form in accordance with the requirements prescribed by State Bank of Pakistan vide BSD Circular Letter No. 2 dated 12 May 2004 and International Accounting Standards 34, 'Interim Financial Reporting'. They do not include the information required for the full annual financial statements, and should be read in conjunction with the financial statements as at and for the year ended 31 December 2008.

3. CREDIT RATING

The credit rating done by Standard & Poor on January 2009 for Deutsche Bank AG is A+ for the long term and A-1 for the short term, rating done by Moody's on February 2009 is Aa1 for the long term and P-1 for the short term and rating done by Fitch on January 2009 is AA- for the long term and F1+ for the short term.

4. USE OF ESTIMATE AND JUDGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the result of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual result may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 Pakistan Branches as at and for the year ended 31 December 2008.

5. 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 December 31, 2008.

6. LENDINGS TO FINANCIAL INSTITUTIONS

	31 March 2009	31 December 2008
	(Rupees in '000)	

Repurchase agreement lending (Reverse Repo)

3,927,365	5,309,670
<u>3,927,365</u>	<u>5,309,670</u>

7. INVESTMENTS

Held by
(Rupees in '000)

Available for sale securities

- Market Treasury Bills

198,309	0	198,309
<u>198,309</u>	<u>0</u>	<u>198,309</u>

31 December 2008

999,390	-	999,390
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8. ADVANCES

31 March 2009	31 December 2008
(Rupees in '000)	

Loans, cash credits, running finances, etc.

- In Pakistan

4,135,485	5,005,801
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Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan

785,449	1,346,348
<u>248,086</u>	<u>22,800</u>

- Payable outside Pakistan

1,033,535	1,369,148
<u>5,169,020</u>	<u>6,374,949</u>

Provision for non-performing advances - general

(81,862)	(40,343)
<u>5,087,158</u>	<u>6,334,606</u>

8.1 No advances (31 December 2008:Nil) have been placed under non-performing status.

	31 March 2009	31 December 2008
8.2 Particulars of provision against non-performing advances - general		
Opening balance	40,343	16,162
Charge made during the period	41,519	24,181
Reversal made during the period	-	-
	41,519	24,181
Closing balance	81,862	40,343

8.2.1 This represents amounts recognised inline with the instructions received from head office.

9. DEFERRED TAX ASSET	31 March 2009	31 December 2008
Deferred tax debits arising in respect of:		
- Acturial Gains and losses	2,522	2,522
- Provision against off balance sheet obligation	16,351	
- Provision against other assets		408
- Defecit on revaluation of securities	592	125
- Provision for general loan loss	28,652	29,921
	48,117	32,976
Deferred tax credits arising in respect of:		
- Difference between accounting book value of fixed assets and tax base	9,759	12,327
Net deferred tax asset	38,358	20,649

10. CONTINGENCIES AND COMMITMENTS

10.1 Transaction-related contingent liabilities

Contingent liability in respect of guarantees given favouring:

- Government	11,782,957	8,333,739
- Financial institutions	3,344,597	20,781
- Others	9,249,041	16,340,456

10.2 Trade-related contingent liabilities

Acceptances	1,119,980	1,192,351
Letters of credit	5,060,606	3,893,592

10.3 Commitments in respect of forward exchange contracts

Purchase		
- From the State Bank of Pakistan	1,232	1,074
- From others	20,002,991	24,441,796
Sale		
- From others	9,592,380	16,738,175

10.4 Other contingencies

Appeals for various assessment years are pending before Income Tax Appellate Authorities contesting additional demands of Rs.121.345 million. The bank is vigorously contesting its appeals and is confident that no additional liability would arise.

10.5 Cheques in clearing	1,662,381	1,316,127
10.6 Commitments in respect of forward lendings		
Repurchase agreement lendings	3,927,365	-
10.7 Other commitments		
FX Options - notional amounts	2,439,400	5,860,544
Forward Rate Agreements - notional amounts	-	250,000
Cross currency swaps - notional amounts	6,085,525	6,085,525
Interest rate swaps - notional amounts	14,520,416	14,322,603

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, are summarised as follows:

	Three months period ended	
	31 March 2009	31 March 2008
	(Rupees in '000)	
Profit and loss items		
Mark-up / Interest / Income earned	360	598
Mark-up / Interest / Income expensed	2	5
Head office expenses	65,745	69,575
All risk insurance premium	138	86
Balance sheet items	31 March 2009	31 December 2008
Deposits and other accounts		
At 1 January	52,794	51,808
Deposits during the year	441,511	1,762,998
Withdrawals during the year	(493,164)	(1,762,012)
At 30 September / 31 December	<u>1,141</u>	<u>52,794</u>
Borrowings from DB branches	1,209,478	-
Interbranch deposits and other accounts	34,495	5,831
Off balance sheet items		
Counter guarantees to branches	6,499,183	5,027,775
Forward purchase of foreign exchange	348,881	1,201,451
Forward sale of foreign exchange	348,881	1,201,451
Interest Rate Swap	10,621,200	10,434,588
FX Options	1,219,700	2,930,272

12. GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

13. DATE OF AUTHORIZATION

These financial statements were authorised by the Chief Country Officer on April 24, 2009.

Chief Country Officer
: **Head of Global Banking**
Pakistan

Chief Operating Officer &
Chief Financial Officer
Pakistan