

# Deutsche Bank (Mauritius) Limited

Interim Unaudited Financial Statements  
September 2017



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## Management review for the quarter ended 30 September 2017

The interim abridged financial statements of the Bank for the quarter ended 30 September 2017 are set out on pages 5 to 13.

### Financial overview

Deutsche Bank (Mauritius) limited (DBML) net profit after tax for the nine month ended 30 September 2017 was USD 6,737,152 as compared to USD 4,089,130 for the equivalent period in 2016. This represents a 65% increase YoY.

Deutsche Bank has entered into the following agreements:

An agreement to sell its Corporate Services (CS) business to Vistra, a leading global corporate service provider.

An agreement to sell its Global Trust Solutions (GTS) business, excluding its US operations, to The Bank of N.T. Butterfield & Son Limited (Butterfield).

An agreement to sell its Alternative Fund Services business to Apex Fund Services.

Moreover, DBML has the intention to surrender its banking licence as part of the DB Group strategy.

As a result of the above transactions we expect to see a material impact to DBML balance sheet and Income statement in the upcoming quarters

### Risk profile

The Bank maintained a prudent risk profile during the quarter. Interest rate risks as well as the maturity gap were kept within the limits authorised by the Deutsche Bank Group and by the Board of Directors.

### Revenue Growth

Net interest income increased by 88% compared to the equivalent period in 2016. This is due to higher returns on longer term placement and improvement in USD rates. FX income decreased by 17% over Sep 2016.

Other operating income represents the recharges to other group companies and the liquidity premium awarded by Group Treasury.

### Cost control

Overall, expenses increased by 8% compared to the September 2016 mainly due to an increase in personnel expenses mainly in performance bonus accrual and additional costs related to Projects (retention payments)

The table below shows a breakdown of credit concentration by sector:

	September 2017 USD	September 2016 USD
Sectors:		
Manufacturing	-	11,403,722
Transport	-	324,916
Information ,communication and technology	-	41,879,257
	-	53,607,895

## Management review for the quarter ended 30 September 2017 (continued)

### Capital

The Bank manages its capital base to maintain capital ratio and to support business growth.

Total regulatory capital consists of:

- Tier 1 capital which comprises of
  - (a) Common Equity Tier (CET) 1
  - (b) Additional Tier 1 Capital (AT)
- Tier 2 capital

The capital adequacy ratio (CAR) for September 2017 was as follows:

	September 2017 USD'000	September 2016 USD'000
Common Equity Tier 1 capital : instruments and reserves		
— Ordinary shares (paid-up) capital	7,800	7,800
— Statutory reserves	8,056	8,056
— Retained earnings	22,177	20,752
Common Equity Tier 1 capital before regulatory adjustments	38,034	36,608
Regulatory adjustments	-	-
Common Equity Tier 1 (CET1)	38,034	36,608
Additional Tier 1 Capital (AT1)	-	-
Tier 1 capital (CET1 + AT1)	38,034	36,608
Tier 2 Capital		
— Provision or loan-loss reserves	-	536
Total capital base	38,034	37,144
Risk Weighted Assets	186,908	113,985
CET capital ratio	20.35%	32.1%
Tier 1 capital ratio	20.35%	32.1%
Total capital ratio	20.35%	32.6%

### Liquidity Management

The Bank maintains a diversified funding base and is able to call upon funding from members of the Deutsche Bank Group if required.

## Management review for the quarter ended 30 September 2017 (continued)

### Forward-Looking Statements

This Interim Financial Statement contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Any statement in this Interim Financial Statement that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank (Mauritius) Limited. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financials, the reliability of our risk management policies, procedures and methods.

Friedrich Philipps  
Chief Country Officer

Date: 10 November 2017

Unaudited statement of profit or loss and other comprehensive income  
for the quarter ended 30 September 2017

	Three Months quarter ended 30 September 2017 USD	Three Months quarter ended 30 September 2016 USD	Nine months ended 30 September 2017 USD	Nine months ended 30 September 2016 USD	Year ended December 2016 USD
Interest income	2,344,542	1,153,720	6,276,631	3,355,264	4,701,139
Interest expense	(300,725)	(97,068)	(741,502)	(415,563)	(581,687)
<b>Net interest income</b>	<b>2,043,817</b>	<b>1,056,652</b>	<b>5,535,129</b>	<b>2,939,701</b>	<b>4,119,452</b>
Fee and commission income	254,432	275,812	808,666	793,651	1,090,583
Fee and commission expense	(45,154)	(39,910)	(133,537)	(135,397)	(177,039)
<b>Net fee and commission income</b>	<b>209,278</b>	<b>235,902</b>	<b>675,129</b>	<b>658,254</b>	<b>913,544</b>
Net trading income	113,439	196,043	413,798	498,297	693,273
<b>Revenue</b>	<b>2,366,534</b>	<b>1,488,597</b>	<b>6,624,057</b>	<b>4,096,252</b>	<b>5,726,269</b>
Other operating income	2,997,333	2,670,312	8,824,895	7,889,196	10,479,555
<b>Total operating income</b>	<b>5,363,867</b>	<b>4,158,909</b>	<b>15,448,952</b>	<b>11,985,448</b>	<b>16,205,824</b>
Personnel expenses	(1,957,117)	(1,613,167)	(5,639,409)	(5,069,060)	(7,038,376)
Operating lease expenses	(150,648)	(146,315)	(479,041)	(438,133)	(556,876)
Depreciation	(118,729)	(122,654)	(354,270)	(367,794)	(490,504)
Other expenses	(538,485)	(690,518)	(1,958,326)	(1,914,097)	(3,057,711)
	(2,764,979)	(2,572,654)	(8,431,046)	(7,789,084)	(11,143,467)
<b>Profit before tax</b>	<b>2,598,888</b>	<b>1,586,255</b>	<b>7,017,906</b>	<b>4,196,364</b>	<b>5,062,357</b>
Income tax expense	(104,089)	(63,299)	(280,753)	(107,234)	(151,395)
<b>Total profit and comprehensive income for the period/ year(all attributable to equity shareholders)</b>	<b>2,494,799</b>	<b>1,522,956</b>	<b>6,737,152</b>	<b>4,089,130</b>	<b>4,910,962</b>

Unaudited statement of financial position  
as at 30 September 2017

	September 2017 USD	September 2016 USD	December 2016 USD
<b>Assets:</b>			
Cash and cash equivalents	484,548,220	433,146,478	387,587,689
Loans and advances to banks	134,722,393	126,912,701	149,972,477
Loans and advances to customers	-	53,607,895	62,727,846
Other assets	3,976,988	4,667,512	3,351,421
Property, plant and equipment	743,885	1,191,347	1,068,918
<b>Total assets</b>	<b>623,991,486</b>	<b>619,525,933</b>	<b>604,708,351</b>
<b>Liabilities:</b>			
Deposits from customers	577,378,655	576,285,219	564,967,913
Current tax liabilities	270,051	130,321	143,518
Other liabilities	1,571,847	1,877,620	1,563,139
<b>Total liabilities</b>	<b>579,220,553</b>	<b>578,293,160</b>	<b>566,674,570</b>
<b>Equity:</b>			
Share capital	7,800,330	7,800,330	7,800,330
Revenue reserves	28,914,254	24,840,015	21,549,824
Other reserves	8,056,349	8,592,428	8,683,627
<b>Total equity attributable to equity holders of the Bank</b>	<b>44,770,933</b>	<b>41,232,773</b>	<b>38,033,781</b>
<b>Total liabilities and equity</b>	<b>623,991,486</b>	<b>619,525,933</b>	<b>604,708,351</b>

Unaudited statement of changes in shareholders' equity  
for the year ended 30 September 2017

	Share Capital USD	Revenue reserve USD	General Banking reserve USD	Statutory reserve USD	Total USD
Balance at 01 January 2017	7,800,330	21,549,824	627,278	8,056,349	38,033,781
Profit and total comprehensive income for the period	-	6,737,152	-	-	6,737,152
Transfer from general banking Reserve	-	627,278	(627,278)	-	-
Balance at 30 September 2017	7,800,330	28,914,254	-	8,056,349	44,770,933
Balance at 01 January 2016	7,800,330	19,984,440	1,302,524	8,056,349	37,143,643
Profit and total comprehensive income for the period	-	4,089,130	-	-	4,089,130
Transfer from general banking Reserve	-	766,445	(766,445)	-	-
Balance at 30 September 2016	7,800,330	24,840,015	536,079	8,056,349	41,232,773



Unaudited abridged statement of cash flows  
for the year ended 30 September 2017

	September 2017 USD	September 2016 USD	December 2016 USD
Profit before income tax	7,017,906	4,196,364	5,062,357
Cash flows from operating activities:			
Adjustment for separately disclosed and non cash items:			
Income tax paid	(152,728)	(170,641)	(203,097)
Depreciation	354,270	367,794	490,504
Profit on sale of property and equipment	-	-	56
	7,219,448	4,393,517	5,349,820
Adjustments for net change in assets and liabilities:			
Change in loans and advances to banks	15,250,084	(3,292,670)	(26,352,446)
Change in loans and advances to customers	62,727,846	76,644,519	67,524,568
Change in deposits from customers	12,410,742	(110,763,955)	(122,081,261)
Change in other assets	(625,567)	(1,850,474)	(534,383)
Change in other liabilities	8,708	270,104	(44,378)
Net cash from/(used in) operating activities	96,991,261	(34,598,959)	(76,138,080)
Cash flows from investing activities:			
Acquisition of property and equipment	(30,730)	(189,412)	(188,256)
Net cash (used in) investing activities	(30,730)	(189,412)	(188,256)
Cash flows from financing activities:			
Dividend paid	-	-	(4,020,824)
Net cash (used in) financing activities	-	-	(4,020,824)
Net increase /decrease in cash and cash equivalents	(96,960,531)	(34,788,371)	(80,347,160)
Cash and cash equivalents at beginning of period / year	387,587,689	467,934,849	467,934,849
Cash and cash equivalents at end of period / year	487,548,220	433,146,478	387,587,689

# Notes to interim financial statements for the quarter ended 30 September 2017

## Accounting policies

### (a) Statement of compliance

The interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting and with the Bank of Mauritius guideline on Public Disclosure of Information.

### (b) Basis of preparation

The financial statements are presented in USD and are prepared using the same accounting policies as those adopted in the financial statements for the year ended 31 December 2016.

The taxation charge for the quarter is based on the estimated effective tax rate for the full year.

## Cash and cash equivalents

	September 2017 USD	September 2016 USD	December 2016 USD
Cash and cash equivalents			
Balances with local banks	67,405	186,871	51,982
Balances with banks abroad	39,760,195	17,719,281	5,746,006
Money market placements	444,720,620	415,240,326	381,789,701
<b>Total</b>	<b>484,548,220</b>	<b>433,146,478</b>	<b>387,587,689</b>

	September 2017 USD	September 2016 USD	December 2016 USD
Cash and cash equivalents as per statement of cash flows			
Cash and cash equivalent as above	484,548,220	433,146,478	387,587,689
<b>Total</b>	<b>484,548,220</b>	<b>433,146,478</b>	<b>387,587,689</b>

Notes to interim financial statements for the quarter ended 30 September 2017(continued)

Loans and advances to Banks

	September 2017 USD	September 2016 USD	December 2016 USD
Loans and advances to banks			
Outside Mauritius	134,722,393	126,912,701	149,972,477
Less: specific allowance for impairment	-	-	-
<b>Total</b>	<b>134,722,393</b>	<b>126,912,701</b>	<b>149,972,477</b>

Remaining terms to maturity

	September 2017 USD	September 2016 USD	December 2016 USD
Loans and advances to banks – remaining terms to maturity			
Up to three months	-	-	93,713,218
Over 3 months and up to 6 months	9,007,718	13,754,604	51,208,629
Over 6 months and up to 12 months	125,714,675	113,158,097	5,050,630
<b>Total</b>	<b>134,722,393</b>	<b>126,912,701</b>	<b>149,972,477</b>

Loans and advances to customers

	September 2017 USD	September 2016 USD	December 2016 USD
Loans and advances to customers			
Outside Mauritius	-	53,607,895	62,727,846
Less: specific allowance for impairment	-	-	-
<b>Total</b>	<b>-</b>	<b>53,607,895</b>	<b>62,727,846</b>

	September 2017 USD	September 2016 USD	December 2016 USD
Remaining terms to maturity			
Loans and advances to customers – remaining terms to maturity			
Up to three months	-	48,505,769	55,317,507
Over 3 months and up to 6 months	-	5,102,126	7,410,339
<b>Total</b>	<b>-</b>	<b>53,607,895</b>	<b>62,727,846</b>

Notes to interim financial statements for the quarter ended 30 September 2017(continued)

Other assets

	September 2017 USD	September 2016 USD	December 2016 USD
<b>Other assets</b>			
Mandatory balances with Central Banks	503,214	528,594	367,008
Accrued interest receivable	1,402,823	694,866	765,520
Other receivables	1,871,515	2,972,199	2,070,088
Prepayments	145,938	226,239	68,895
Other (VAT & others)	53,498	245,614	79,910
<b>Total</b>	<b>3,976,988</b>	<b>4,667,512</b>	<b>3,351,421</b>

Deposits from customers

	September 2017 USD	September 2016 USD	December 2016 USD
<b>Deposits from customers</b>			
Corporate customers:			
— Current accounts	533,850,115	547,484,470	513,358,367
— Time deposits			
Up to 3 months	38,580,418	22,847,339	45,350,285
Over 3 months and up to 6 months	3,448,122	5,953,410	1,208,632
Over 6 months and up to 12 months	1,500,000	-	5,050,629
<b>Total</b>	<b>577,378,655</b>	<b>576,285,219</b>	<b>564,967,913</b>

## Notes to interim financial statements for the quarter ended 30 September 2017(continued)

### Other liabilities

	September 2017 USD	September 2016 USD	December 2016 USD
<b>Other liabilities</b>			
Accrued interest payable	98,706	245,961	279,918
Accrued expenses	951,061	598,780	710,619
Balances in clearing	343,850	433,176	323,516
Balance due to related parties	84,617	238,424	88,003
Other (VAT, TDS & Group provision)	93,613	361,279	161,083
<b>Total</b>	<b>1,517,847</b>	<b>1,877,620</b>	<b>1,563,139</b>

### Shareholders' equity

	September 2017 USD	September 2016 USD	December 2016 USD
<b>Share capital</b>			
Authorised issued and fully paid 5,000,000 ordinary shares of no par value	7,800,330	7,800,330	7,800,330

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank.

All shares rank equally with regard to the Bank's residual assets.

### Related Party Transactions

The Bank has a related party relationship with Deutsche Bank AG, the ultimate holding Company, and its group companies. The Bank also has a related party relationship with its directors. The Bank has entered into a number of banking transactions with its related parties in the normal course of business. These include placements or loans to/from banks, deposits as well as other normal banking transactions. These transactions were carried out on commercial terms and at market rates. As at 30 September 2017, no specific charge for bad and doubtful debts had to be made on these balances (30 September 2016 – nil provision).

The Bank, as the main operating entity of Deutsche Bank in Mauritius, provides certain central support functions to other Deutsche Bank entities incorporated in Mauritius. The costs associated with any such support are charged out by the Bank on a cost basis in line with the policy of the Group. The net volumes of related party transactions, outstanding balances, the relating expenses and income for the quarter ended 30 September 2017 are as follows:

Notes to interim financial statements for the quarter ended 30 September 2017(continued)

Related party transactions (continued)

	September 2017 USD	September 2016 USD	December 2016 USD
(All are under 'Other related parties' classification as per IAS 24)			
Balances and placements with banks:			
— At beginning of the year	537,508,053	591,524,965	591,524,965
— Net movement during the period/year	81,691,693	(32,358,350)	(54,016,912)
— At end of the period/year	619,199,746	559,166,615	537,508,053
Interest income earned	6,023,288	2,345,166	3,365,840
Deposits:			
— At beginning of the year	89,637,020	27,081,498	27,081,498
— Net movement during the period/year	(83,527,627)	2,095,090	62,555,522
— At end of the period/year	6,109,393	29,176,588	89,637,020
Interest expense	4,111	13,087	17,298
Other revenues – operating income	8,824,895	7,889,196	10,479,555
Other expenses – fee and commission expense	132,337	134,461	175,916
Other expenses - overhead recharges	(3,287)	303,807	287,454
Guarantees received from DB AG	-	53,607,895	62,727,846
Amount receivable/payable from/to related companies	1,956,133	3,210,624	2,152,876

All related party balances and placements are arm's length transactions and there is no specific provisions recognised in respect of these assets.

Total remuneration of the directors for the period September 2017 amounted to USD 261,961(period ended September 2016 – USD 156,030).