



Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of
Germany with limited liability)

Financial statements
for the half year ended
30 June 2020

INDEPENDENT AUDITORS' REVIEW REPORT

To the directors of Deutsche Bank AG, Pakistan Operations

Report on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Deutsche Bank AG, Pakistan Operations** (Incorporated in the Federal Republic of Germany with limited liability) ("the Pakistan Operations") as at **30 June 2020**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2020 and 30 June 2019 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2020.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



Other Matter

The financial statements for the Pakistan Operations for the six-month period ended 30 June 2019 and for the year ended 31 December 2019 were reviewed and audited by another firm of chartered accountants who have expressed unmodified conclusion and unmodified opinion vide their review report and audit report issued on 28 August 2019 and 27 March 2020 respectively.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.

A handwritten signature in blue ink that reads 'EY Arslan Khalid'.

Chartered Accountants

Date: 28 August 2020

Karachi

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Financial Position
As at 30 June 2020

	30 June 2020	31 December 2019
<i>Note</i>	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	6 7,521,172	7,558,956
Balances with other banks	7 242,137	118,681
Lendings to financial institutions	8 16,628,211	15,132,302
Investments	-	-
Advances	9 8,054,676	9,225,751
Fixed assets	10 295,062	345,355
Intangible assets	-	-
Deferred tax assets	11 26,197	25,344
Other assets	12 1,425,546	1,537,997
	34,193,001	33,944,386
LIABILITIES		
Bills payable	13 937,293	1,032,458
Borrowings	14 259,124	1,394,029
Deposits and other accounts	15 20,233,545	20,473,611
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	16 4,294,558	3,776,207
	25,724,520	26,676,305
NET ASSETS	8,468,481	7,268,081
REPRESENTED BY		
Head office capital account	6,045,319	5,563,663
Reserves	-	-
Surplus/ (deficit) on revaluation of assets	-	-
Unremitted profit	2,423,162	1,704,418
	8,468,481	7,268,081

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

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 six months period ended 30 June 2020

	<i>Note</i>	Three months period ended 30 June 2020	Six months period ended 30 June 2020	Three months period ended 30 June 2019	Six months period ended 30 June 2019
----- Rupees in '000 -----					
Mark-up / return / interest earned	18	666,268	1,626,589	739,665	1,358,229
Mark-up / return / interest expensed	19	283,453	741,327	282,848	526,253
Net mark-up / interest income		382,815	885,262	456,817	831,976
NON MARK-UP / INTEREST INCOME					
Fee and commission income	20	110,950	273,740	108,693	215,927
Dividend income		-	-	-	-
Foreign exchange income		445,297	687,729	20,527	39,047
Income / (loss) from derivatives		-	-	-	-
Gain on securities	21	3,854	3,854	-	-
Other income	22	572	22,800	1,584	2,767
Total non-markup / interest Income		560,673	988,123	130,804	257,741
Total Income		943,488	1,873,385	587,621	1,089,717
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	23	384,250	642,095	199,381	477,355
Workers Welfare Fund		11,185	24,626	7,765	12,246
Other charges	24	-	-	-	49
Total non-markup / interest expenses		395,435	666,721	207,146	489,650
Profit before provisions		548,053	1,206,664	380,475	600,067
Reversal and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		548,053	1,206,664	380,475	600,067
Taxation	25	(223,113)	(487,920)	(145,029)	(276,606)
PROFIT AFTER TAXATION		324,940	718,744	235,446	323,461

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

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 Statement of Comprehensive Income (Un-audited)
For six months period ended 30 June 2020

	Three months period ended 30 June 2020	Six months period ended 30 June 2020	Three months period ended 30 June 2019	Six months period ended 30 June 2019
	------(Rupees in '000)-----			
Profit after taxation for the period	324,940	718,744	235,446	323,461
Total comprehensive income for the period	<u>324,940</u>	<u>718,744</u>	<u>235,446</u>	<u>323,461</u>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

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 Cash Flow Statement (Un-audited)
For six months period ended 30 June 2020

	30 June 2020	30 June 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,206,664	600,067
Adjustments for:		
Depreciation	70,024	66,217
Gain on sale of securities	(3,854)	-
Gain on disposal of operating fixed assets	(8,957)	(2,679)
Finance costs against lease	1,278	-
	<u>58,491</u>	<u>63,538</u>
	1,265,155	663,605
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,495,909)	6,353,193
Advances	1,171,075	(1,651,667)
Others assets (excluding advance taxation)	151,141	(92,909)
	<u>(173,693)</u>	<u>4,608,617</u>
Decrease in operating liabilities		
Bills payable	(95,165)	(484,034)
Borrowings from financial institutions	(1,134,905)	2,625,902
Deposits and other accounts	(240,066)	(6,205,648)
Other liabilities	547,137	(244,219)
	<u>(922,999)</u>	<u>(4,307,999)</u>
Income tax paid	(527,472)	(212,391)
Net cash (used in) / generated from operating activities	<u>(359,009)</u>	<u>751,832</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Investment) / redemption in securities - net	3,854	-
Investments in operating fixed assets	(22,637)	(16,454)
Proceeds from sale of operating fixed assets	11,863	13,744
Net cash used in investing activities	<u>(6,920)</u>	<u>(2,710)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made to Head office	-	(1,015,578)
Net cash used in financing activities	<u>-</u>	<u>(1,015,578)</u>
Effects of exchange rate changes on cash and cash equivalents	481,656	752,774
Increase in cash and cash equivalents	<u>115,727</u>	<u>486,318</u>
Cash and cash equivalents at beginning of the period	7,647,582	7,181,868
Cash and cash equivalents at end of the period	<u><u>7,763,309</u></u>	<u><u>7,668,186</u></u>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

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 Statement of Changes in Equity (Un-audited)
For six months period ended 30 June 2020

	Head office capital account	Unremitted profit	Total
	----- (Rupees in '000) -----		
Balance as at 01 January 2019	5,091,000	2,505,820	7,596,820
Profit for the six months period ended 30 June 2019	-	323,461	323,461
Other comprehensive income - net of tax	-	-	-
	-	323,461	323,461
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	752,774	-	752,774
Remittance made to Head office	-	(1,015,578)	(1,015,578)
	752,774	(1,015,578)	(262,804)
Balance as at 01 July 2019	5,843,774	1,813,703	7,657,477
Profit after taxation for the six months period ended 31 December 2019	-	328,753	328,753
Other comprehensive income - net of tax	-	(18,519)	(18,519)
	-	310,234	310,234
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	(280,111)	-	(280,111)
Remittance made to Head office	-	(419,519)	(419,519)
	(280,111)	(419,519)	(699,630)
Balance as at 01 January 2020	5,563,663	1,704,418	7,268,081
Profit after taxation for the six months period ended 30 June 2020	-	718,744	718,744
Other comprehensive income - net of tax	-	-	-
	-	718,744	718,744
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	481,656	-	481,656
Remittance made to Head office	-	-	-
	481,656	-	481,656
Balance as at 30 June 2020	6,045,319	2,423,162	8,468,481

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

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)
Notes to the Condensed Interim Financial Information (Un-audited)
For six months period ended 30 June 2020

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 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 credit rating provided by Standard & Poor's on 23 April 2020 is BBB+ for long-term and A-2 for short-term, rating by Fitch on 28 May 2020 is BBB for long-term and F2 for short-term; and rating by Moody's on 03 August 2018 is A3 for long-term.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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 Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and SECP differ with the requirements of the IAS 34, the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40). Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) dated 28 April 2008, International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) has not been made applicable for banks. Accordingly, the requirements of these standards and their relevant interpretations (issued by the Standards Interpretation Committee - SICs and the International Financial Reporting Interpretations Committee - IFRICs) have not been considered in the preparation of these condensed interim financial statements.

2.2 The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the Pakistan Operations for the year ended 31 December 2019.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain new and amended standards, amendments and interpretations that are effective from 1 January 2020; however, these do not have any effect on interim financial statements of the Pakistan Operations.

2.4 Standards, interpretations of and amendments to approved accounting standards that are not yet effective in the current period

There are certain standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year. However, such standards / amendments are not expected to have any material impact on the Pakistan Operations' financial statements in the period of their initial application except for the following:

In terms of SBP directives, IFRS 9 is expected to become effective in Pakistan on 1 January 2021. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The overall governance of the IFRS 9 implementation has been through the Group IFRS 9 Steering Committee. The SBP has directed the Pakistan Operations to submit an impact assessment as at 31 December 2019 and the Pakistan Operations will comply with the said requirement within the prescribed deadline.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Pakistan Operations for the year ended 31 December 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5 FINANCIAL RISK MANAGEMENT

- 5.1** The outbreak of COVID-19 has significantly impacted the daily life, economic conditions, business and consumers' activities across the globe. The Pakistan Operation's management is fully cognisant of the business challenges posed by the COVID-19 outbreak due to rapidly changing economic conditions and operating environment. The State Bank of Pakistan has also responded to the crisis by cutting the policy rate by 225 bps to 11% in March '20, by 200 bps to 9% on April '20, by 100 bps to 8% in May '20 and again by 100 bps to 7% in June '20, so that relief can be provided to borrowers in the times of distress. The Pakistan Operations continues to serve customers through its branches and the digital channels by observing the Government instructions and adopting all possible precautionary measures for safety of its employees.

The Pakistan Operations continue to follow its current policies for managing credit, liquidity and market as disclosed in the annual financial statement for the period ended 31 December 2019.

6	CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	30 June 2020	31 December 2019
			----- (Rupees in '000) -----	
	In hand			
	Local currency		26,281	19,100
	Foreign currency		<u>65,762</u>	<u>51,566</u>
			92,043	70,666
	With State Bank of Pakistan in			
	Local currency current account	6.1	1,104,084	1,670,132
	Foreign currency current account	6.2	64,027	58,997
	Foreign currency deposit account			
	Special cash reserve account	6.3	192,749	177,210
	Local US Dollar collection account	6.4	22,935	18,273
	Foreign currency capital account		6,045,319	5,563,663
			7,429,114	7,488,275
	With National Bank of Pakistan in			
	Local currency current account		15	15
			<u>7,521,172</u>	<u>7,558,956</u>

6.1 This represents current account maintained with SBP under the requirements of section 22 (Cash Reserve Requirement) of the Banking Companies Ordinance, 1962.

6.2 This represents statutory cash reserve in the current account maintained with SBP under the requirements of SBP.

6.3 This represents statutory cash reserve maintained against foreign currency deposits mobilized under FE 25 Circular issued by the SBP. Profit rates on these deposits are fixed by SBP on a monthly basis and were ranging between 0% to 0.76% per annum. (31 December 2019: 0.70% to 1.51% per annum).

6.4 This represents US Dollar settlement account opened with the SBP in accordance with FE Circular No. 2.

7	BALANCES WITH OTHER BANKS	<i>Note</i>	30 June 2020	31 December 2019
			----- (Rupees in '000) -----	
	In Pakistan			
	Current account		1,291	2,347
	Outside Pakistan			
	Current account			
	Interbranch		6,898	29,333
	Others	7.1	233,948	87,001
			240,846	116,334
			<u>242,137</u>	<u>118,681</u>

7.1 This includes balance with a subsidiary of Deutsche Bank, AG. Rs. 232.871 million (31 December 2019: Rs. 85.217 million).

8	LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	30 June 2020	31 December 2019
			----- (Rupees in '000) -----	

Repurchase agreement lendings (Reverse Repo) 8.1 **16,628,211** **15,132,302**

8.1 Reverse repo transactions have been made with various commercial banks at rates ranging from 7.00% to 7.11% per annum (31 December 2019: 13.04% to 13.27% per annum) and mature within a month. The market value of these securities at 30 June 2020 amounted to Rs. 16,895 million (31 December 2019: Rs. 15,731 million).

9	ADVANCES	Note	Performing		Non Performing		Total	
			30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
----- Rupees in '000 -----								
	Loans, cash credits, running finances, etc.		7,930,759	9,009,872	30,885	30,885	7,961,644	9,040,757
	Bills discounted and purchased		131,915	223,877	65,626	65,626	197,541	289,503
	Advances - gross	9.1	8,062,674	9,233,749	96,511	96,511	8,159,185	9,330,260
	Provision against advances							
	- Specific		-	-	(96,511)	(96,511)	(96,511)	(96,511)
	- General		(7,998)	(7,998)	-	-	(7,998)	(7,998)
	Advances - net of provision	9.3	8,054,676	9,225,751	-	-	8,054,676	9,225,751

9.1	Particulars of advances (Gross)	30 June 2020	31 December 2019
---- Rupees in '000 ----			
	In local currency	8,093,559	9,264,634
	In foreign currencies	65,626	65,626
		8,159,185	9,330,260

9.2 Advances include Rs.96.511 million (31 December 2019: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

Category of Classification

	30 June 2020		31 December 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	96,511	96,511	96,511	96,511
	96,511	96,511	96,511	96,511

9.3	Particulars of provision against advances	30 June 2020			31 December 2019		
		Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----							
	Opening balance	96,511	7,998	104,509	96,511	7,998	104,509
	Charge for the period / year	-	-	-	-	-	-
	Reversals	-	-	-	-	-	-
	Closing balance	96,511	7,998	104,509	96,511	7,998	104,509

9.3.1 General provision represents amount recognized in line with the instructions received from the Head office.

	<i>Note</i>	30 June 2020 ----- Rupees in '000 -----	31 December 2019
10 FIXED ASSETS			
Capital work-in-progress	10.1	11,004	59,163
Property and equipment (including right-of-use asset)		<u>284,058</u>	<u>286,192</u>
		<u><u>295,062</u></u>	<u><u>345,355</u></u>
10.1 Capital work-in-progress			
Advances to suppliers		<u>11,004</u>	<u>59,163</u>
11 DEFERRED TAX ASSETS			
Deductible Temporary Differences on			
- Post retirement employee benefits		<u>13,473</u>	13,474
		<u>13,473</u>	13,474
Taxable Temporary Differences on			
- Accelerated tax depreciation		<u>12,724</u>	11,870
		<u>12,724</u>	11,870
		<u><u>26,197</u></u>	<u><u>25,344</u></u>
12 OTHER ASSETS			
Income / Mark-up accrued in local currency		174,488	263,276
Income / Mark-up accrued in foreign currency		49,061	49,649
Advances, deposits, advance service charges / rent and other prepayments		99,103	115,250
Advance taxation (payments less provisions)		912,588	873,890
Marked to market gains on forward foreign exchange contracts		227	651
Acceptances		187,644	237,738
Others		<u>7,109</u>	<u>2,217</u>
		<u>1,430,220</u>	1,542,671
Less: Provision held against other assets	12.1	<u>(4,674)</u>	(4,674)
Other Assets (Net of Provision)		<u><u>1,425,546</u></u>	<u><u>1,537,997</u></u>
12.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		<u>4,674</u>	<u>4,674</u>
13 BILLS PAYABLE			
In Pakistan		<u>937,293</u>	<u>1,032,458</u>

14	BORROWINGS	<i>Note</i>	30 June 2020	31 December 2019	
			----- Rupees in '000 -----		
	Unsecured				
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		24,868	618	
	Repo borrowings		-	1,363,974	
	Others	14.1	234,256	29,437	
	Total unsecured		<u>259,124</u>	<u>1,394,029</u>	
14.1	These are balances payable to commercial banks inside Pakistan under partner banking arrangements.				
15	DEPOSITS AND OTHER ACCOUNTS				
			30 June 2020	31 December 2019	
			In Local Currency	In Foreign currencies	
			Total	Total	
			----- Rupees in '000 -----		
	Customers				
	Non-Remunerative				
	Current deposits		9,876,731	710,137	
	Margin deposits		1,202,955	-	
			10,586,868	9,794,474	
			633,147	1,005,331	
			10,799,805	10,799,805	
			633,147	-	
			633,147	633,147	
	Remunerative				
	Savings deposits		7,077,715	4,001	
	Term deposits		1,353,000	-	
			7,081,716	5,145,610	
			3,879,000	8,266	
			3,879,000	5,153,876	
			19,510,401	714,138	
			20,224,539	19,452,231	
			19,452,231	1,013,597	
			20,465,828	20,465,828	
	Financial Institutions				
	Non-remunerative deposits - inter branch		9,006	-	
			9,006	7,783	
			7,783	-	
			7,783	7,783	
			9,006	-	
			9,006	7,783	
			7,783	-	
			7,783	7,783	
			<u>19,519,407</u>	<u>714,138</u>	
			<u>20,233,545</u>	<u>19,460,014</u>	
			<u>19,460,014</u>	<u>1,013,597</u>	
			<u>20,473,611</u>	<u>20,473,611</u>	
16	OTHER LIABILITIES				
			30 June 2020	31 December 2019	
			----- Rupees in '000 -----		
	Mark-up/ Return/ Interest payable in local currency		32,702	68,431	
	Unearned commission and income on bills discounted		30,241	35,883	
	Accrued expenses		91,517	87,196	
	Acceptances		187,644	237,738	
	Dividends payable		930,353	577,392	
	Marked to market loss on forward foreign exchange contracts		132	450	
	Payable to DB Singapore		6,195	6,195	
	Unremitted head office expenses		2,574,317	2,358,872	
	Payable to defined benefit plan		65,327	65,327	
	Provision against off-balance sheet obligations		6,121	6,121	
	Workers Welfare Fund		270,385	245,759	
	Lease liability		6,602	9,408	
	Others		93,022	77,435	
			<u>4,294,558</u>	<u>3,776,207</u>	
17	CONTINGENCIES AND COMMITMENTS				
			30 June 2020	31 December 2019	
			----- Rupees in '000 -----		
	-Guarantees	17.1	14,405,625	13,384,277	
	-Commitments	17.2	20,594,554	14,513,404	
			<u>35,000,179</u>	<u>27,897,681</u>	

	<i>Note</i>	30 June 2020	31 December 2019
		----- Rupees in '000 -----	
17.1 Guarantees			
Financial guarantees		<u>14,405,625</u>	<u>13,384,277</u>
17.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,613,794	1,855,657
Commitments in respect of:			
- forward foreign exchange contracts	17.2.1	757,746	435,798
- forward lending	17.2.2	17,435,575	11,994,283
Other commitments	17.2.3	787,439	227,666
		<u>20,594,554</u>	<u>14,513,404</u>
17.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		378,873	219,730
Sale		378,873	216,068
		<u>757,746</u>	<u>435,798</u>
The maturities of above contracts are spread over a period of one month.			
17.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend		<u>17,435,575</u>	<u>11,994,283</u>
17.2.3 Cheques in clearing		<u>787,439</u>	<u>227,666</u>
17.3 Other contingent liabilities			
Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Courts. Out of these appeals, decisions against demands of Rs. 638 million (31 December 2019: Rs. 638 million) have been made by the CIRA in favor of Pakistan Operations in respect of tax years 2011 to 2014. However, the tax department has filed appeals against the decisions of CIRA for tax years 2013 and 2014 involving demand of Rs. 513 million while no appeal effect orders have been passed by taxation officer for the remaining years. Further, Pakistan Operations are vigorously contesting the appeals for additional demands of Rs. 45 million against various issues (31 December 2019: Rs. 45 million) and the Pakistan Operations are confident that no additional liability would arise.			
18 MARK-UP / RETURN / INTEREST EARNED		Six months period ended 30 June 2020	Six months period ended 30 June 2019
		----- Rupees in '000 -----	
On:			
Loans and advances		412,073	406,202
Investments		4,822	-
Lendings to financial institutions		1,209,289	946,033
Balances with banks		400	1,197
Others		5	4,797
		<u>1,626,589</u>	<u>1,358,229</u>
19 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		735,429	525,500
Borrowings		4,620	753
Finance cost of lease liability		1,278	-
		<u>741,327</u>	<u>526,253</u>

	Six months period ended 30 June 2020	Six months period ended 30 June 2019
	----- Rupees in '000 -----	
20 FEE & COMMISSION INCOME		
Commission on trade	43,459	55,982
Commission on guarantees	38,142	35,923
Commission on cash management	289	965
Commission on remittances including home remittances	194	165
Commission on custodial services	191,404	122,519
Others	252	373
	<u>273,740</u>	<u>215,927</u>
21 GAIN ON SECURITIES		
Realised gain on sale of Treasury Bills	3,854	-
	<u>3,854</u>	<u>-</u>
22 OTHER INCOME		
Gain on sale of fixed assets - net	8,957	2,679
Prior years refunds on utilities costs	13,843	-
Others	-	88
	<u>22,800</u>	<u>2,767</u>
23 OPERATING EXPENSES		
Total compensation expense	220,497	200,777
Property expense		
Rent & taxes	29,956	15,688
Insurance	5,353	4,141
Utilities cost	7,261	4,151
Security (including guards)	3,691	6,886
Depreciation	8,989	9,161
Depreciation on right-of-use assets	33,077	31,221
	<u>88,327</u>	<u>71,248</u>
Information technology expenses		
Software maintenance	150	-
Hardware maintenance	7,314	4,258
Depreciation	8,137	8,939
Network charges	15,141	11,987
	<u>30,742</u>	<u>25,184</u>
Other operating expenses		
Legal & professional charges	4,141	4,173
Outsourced services costs	45,158	37,978
Travelling & conveyance	1,748	7,123
NIFT clearing charges	396	680
Depreciation	19,821	16,896
Training & development	114	555
Postage & courier charges	559	685
Communication	3,517	(451)
Head office / regional office expenses	220,033	92,854
Stationery & printing	4,655	8,154
Marketing, advertisement & publicity	-	250
Auditors Remuneration	2,057	1,742
Others	330	9,507
	<u>302,529</u>	<u>180,146</u>
	<u>642,095</u>	<u>477,355</u>
24 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	-	49
	<u>-</u>	<u>49</u>
25 TAXATION		
Current	488,774	240,326
Prior periods	-	45,529
Deferred	(854)	(9,249)
	<u>487,920</u>	<u>276,606</u>

26 FAIR VALUE MEASUREMENTS

26.1 Fair value of financial assets

The Pakistan Operations measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2020				Fair Value			
	Carrying Value				Level 1	Level 2	Level 3	Total
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities				
	(Rupees in '000)				(Rupees in '000)			
On balance sheet financial instruments								
Financial assets measured at fair value								
Other Assets								
- Unrealized gain on forward foreign exchange contracts	227	-	-	-	-	227	-	227
	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>				
Financial assets not measured at fair value								
Cash and balances with treasury banks	-	-	7,521,172	-				7,521,172
Balances with other banks	-	-	242,137	-				242,137
Lendings to financial institutions	-	-	16,628,211	-				16,628,211
Advances	-	-	8,054,676	-				8,054,676
Other assets	-	-	416,431	-				416,431
	<u>227</u>	<u>-</u>	<u>32,862,627</u>	<u>-</u>				<u>32,862,854</u>
Financial Liabilities measured at fair value								
Other Liabilities								
- Unrealized loss on forward foreign exchange contracts	132	-	-	-	-	132	-	132
	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>132</u>
Financial liabilities not measured at fair value								
Bills payable	-	-	-	937,293				937,293
Borrowings from financial institutions	-	-	-	259,124				259,124
Deposits and other accounts	-	-	-	20,233,545				20,233,545
Other liabilities	-	-	-	4,294,426				4,294,426
	<u>132</u>	<u>-</u>	<u>-</u>	<u>25,724,388</u>				<u>25,724,520</u>
Off-balance sheet financial instruments measured at fair value								
Forward purchase of foreign exchange				378,873	-	379,100	-	379,100
Forward sale of foreign exchange				378,873	-	379,005	-	379,005
31 December 2019								
	Carrying Value				Fair Value			
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				(Rupees in '000)			
On balance sheet financial instruments								
Financial assets measured at fair value								
Other Assets								
- Unrealized gain on forward foreign exchange contracts	651	-	-	-	-	651	-	651
	<u>651</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>651</u>
Financial assets not measured at fair value								
Cash and balances with treasury banks	-	-	7,558,956	-				7,558,956
Balances with other banks	-	-	118,681	-				118,681
Lendings to financial institutions	-	-	15,132,302	-				15,132,302
Advances	-	-	9,225,751	-				9,225,751
Other assets	-	-	1,374,423	-				1,374,423
	<u>651</u>	<u>-</u>	<u>33,410,113</u>	<u>-</u>				<u>33,410,764</u>
Financial Liabilities measured at fair value								
Other Liabilities								
- Unrealized loss on forward foreign exchange contracts	450	-	-	-	-	450	-	450
	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>450</u>
Financial liabilities not measured at fair value								
Bills payable	-	-	-	1,032,458				1,032,458
Borrowings from financial institutions	-	-	-	1,394,029				1,394,029
Deposits and other accounts	-	-	-	20,473,611				20,473,611
Other liabilities	-	-	-	3,775,757				3,775,757
	<u>450</u>	<u>-</u>	<u>-</u>	<u>26,675,855</u>				<u>26,676,305</u>
Off-balance sheet financial instruments measured at fair value								
Forward purchase of foreign exchange				219,730	-	220,381	-	220,381
Forward sale of foreign exchange				216,068	-	216,518	-	216,518

27 SEGMENT INFORMATION

27.1 Segment Details with respect to Business Activities

DB Pakistan Operations operate under a transfer pricing framework that applies to all businesses and promotes pricing of :

- (i) assets in accordance with their underlying liquidity risk;
- (ii) liabilities in accordance with their funding maturity; and
- (iii) contingent liquidity exposures in accordance with the cost of providing for commensurate liquidity reserves to fund unexpected cash requirements.

Within this transfer pricing framework we allocate funding and liquidity risk costs and benefits to the business units and set financial incentives in line with the liquidity risk guidelines. Transfer prices are subject to liquidity (term) premiums depending on market conditions. Liquidity premiums are set by Treasury and picked up by a segregated liquidity account. The Treasury liquidity account is the aggregator of long- term liquidity costs. The management and cost allocation of the liquidity account is the key variable for transfer pricing funding costs within Deutsche Bank.

Corporate Bank (Previously Global Transaction Banking (GTB))

Corporate Bank provides commercial banking products and services for both corporates and financial institutions worldwide, including domestic and cross-border payments, cash management, international trade finance, depository, custody and related services.

Investment Bank

With effect from November 2019, FX sales and trading business has moved out from the Corporate Bank into the Global Emerging Markets business in the Investment Bank. This transition is envisioned to capitalize the existing Emerging Markets business. Global Emerging Markets provides Foreign Exchange services to clients in Pakistan on the back of cross-border payments, international trade, institutional flows and bond trading.

Infrastructure and Regional Management

It includes all the back offices which are responsible to provide support services to the businesses. The Treasury business is also a part of Infrastructure and Regional Management.

	Six months period ended 30 June 2020			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(240,540)	4,787	1,121,015	885,262
Inter segment revenue - net	1,047,940	7,715	(1,055,655)	-
Non mark-up / return / interest income	502,072	438,954	47,097	988,123
Total Income	1,309,472	451,456	112,457	1,873,385
Segment direct expenses	(146,418)	(34,654)	(485,649)	(666,721)
Inter segment expense allocation	(397,563)	(21,560)	419,123	-
Total expenses	(543,981)	(56,214)	(66,526)	(666,721)
Profit before tax	765,491	395,242	45,931	1,206,664
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	7,763,309	7,763,309
Net inter segment lending	14,617,573	-	(14,617,573)	-
Lendings to financial institutions	-	-	16,628,211	16,628,211
Advances - performing	8,062,674	-	-	8,062,674
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	402,715	227	1,343,863	1,746,805
Total Assets	23,074,964	227	11,117,810	34,193,001
Borrowings	-	-	259,124	259,124
Deposits & other accounts	20,224,539	-	9,006	20,233,545
Net inter segment borrowing	(14,617,573)	-	14,617,573	-
Others	3,054,840	132	2,176,879	5,231,851
Total liabilities	8,661,806	132	17,062,582	25,724,520
Head office account	-	-	8,468,481	8,468,481
Total Equity & liabilities	8,661,806	132	25,531,063	34,193,001
Contingencies & Commitments	34,996,824	3,355	-	35,000,179

	Six months period ended 30 June 2019			Total
	Corporate Banking	Investment Bank	Infrastructure & Regional Management	
	----- (Rupees in '000) -----			
Reverse repo transactions have been made with various com				
Profit & Loss				
Net mark-up / return	(33,565)	-	865,541	831,976
Inter segment revenue - net	522,011	-	(522,011)	-
Non mark-up / return / interest income	898,643	-	(640,902)	257,741
Total Income	1,387,089	-	(297,372)	1,089,717
Segment direct expenses	(91,818)	-	(397,832)	(489,650)
Inter segment expense allocation	(341,971)	-	341,971	-
Total expenses	(433,789)	-	(55,861)	(489,650)
Reversals / (Provisions)	-	-	-	-
Profit before tax	953,300	-	(353,233)	600,067
31 December 2019				
	Corporate Banking	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	7,677,637	7,677,637
Net inter segment lending	6,942,660	-	(6,942,660)	-
Lendings to financial institutions	-	-	15,132,302	15,132,302
Advances - performing	9,233,749	-	-	9,233,749
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	525,022	651	1,383,023	1,908,696
Total Assets	16,693,433	651	17,250,302	33,944,386
Borrowings	-	-	1,394,029	1,394,029
Deposits & other accounts	20,465,828	-	7,783	20,473,611
Net inter segment borrowing	(6,942,660)	-	6,942,660	-
Others	1,961,586	450	2,846,629	4,808,665
Total liabilities	15,484,754	450	11,191,101	26,676,305
Head office account	-	-	7,268,081	7,268,081
Total Equity & liabilities	15,484,754	450	18,459,182	33,944,386
Contingencies & Commitments	27,470,059	363,662	63,960	27,897,681

28 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 and those disclosed elsewhere are summarized as follows:

	30 June 2020			31 December 2019		
	Head office and branches	Key management personnel	Other related parties	Head office and branches	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Balances with other banks						
In current accounts	6,898	-	232,871	29,333	-	85,239
Advances						
Opening balance	-	70,383	-	-	16,171	-
Addition during the period	-	-	-	-	78,281	-
Repaid during the period	-	(7,926)	-	-	(24,069)	-
Closing balance	-	62,457	-	-	70,383	-
Borrowings						
Opening balance	559	-	-	2,852,780	-	-
Borrowings during the period	22,444,086	-	-	10,228,999	-	-
Settled during the period	(22,419,777)	-	-	(13,081,220)	-	-
Closing balance	24,868	-	-	559	-	-
Deposits and other accounts						
Opening balance	7,783	8,764	32,621	6,786	13,164	8,978
Received during the period	108,506	39,194	444,061	218,557	160,675	4,321,422
Withdrawn during the period	(107,283)	(42,668)	(466,786)	(217,560)	(165,075)	(4,297,779)
Closing balance	9,006	5,290	9,896	7,783	8,764	32,621
Other Liabilities						
Interest / mark-up payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	65,327	-	-	65,327
Other liabilities	2,580,512	-	-	2,365,067	-	-
Contingencies and Commitments						
Other contingencies	9,635,408	-	-	10,981,896	-	-

	Six months period ended			
	30 June 2020		30 June 2019	
	Head office and branches	Key management personnel	Head office and branches	Key management personnel
----- (Rupees in '000) -----				
Income				
Mark-up / return / interest earned	3	1,024	4,797	1,090
Expense				
Mark-up / return / interest paid	-	-	2	116
Operating expenses	220,033	-	92,854	47,964
Compensation Expense			47,480	

29 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

30 June **31 December**
2020 **2019**
----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

8,468,483 7,268,081

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

8,468,483	7,268,081
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Eligible Additional Tier 1 (ADT 1) Capital

-	-
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Total Eligible Tier 1 Capital

8,468,483	7,268,081
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Eligible Tier 2 Capital

14,119	14,119
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Total Eligible Capital (Tier 1 + Tier 2)

8,482,602	7,282,200
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Risk Weighted Assets (RWAs):

Credit Risk

25,296,918	19,648,025
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Market Risk

16,338	377,900
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Operational Risk

4,022,594	4,022,594
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Total

29,335,850	24,048,519
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Common Equity Tier 1 Capital Adequacy Ratio

28.87%	30.22%
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Tier 1 Capital Adequacy Ratio

28.87%	30.22%
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Total Capital Adequacy Ratio

28.92%	30.28%
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Leverage Ratio (LR):

Eligible Tier-1 Capital

8,468,483	7,268,081
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Total Exposure

88,509,305	74,537,845
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Leverage Ratio

9.57%	9.75%
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Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

23,410,207	15,628,845
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Total Net Cash Outflow

7,795,093	6,012,405
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Liquidity Coverage Ratio

300%	260%
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Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

22,372,771	19,991,845
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Total Required Stable Funding

11,600,514	12,656,020
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Net Stable Funding Ratio

193%	158%
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30 GENERAL**30.1** Figures have been rounded off to the nearest thousand rupees.**31 DATE OF AUTHORISATION**

These condensed interim financial information were authorised for issue on 26-08-2020.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan