



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

Financial statements
for the three months period ended
31 March 2021

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Financial Position
As at 31 March 2021

	31 March 2021	31-Dec-20 2020
Note	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	6 8,177,457	8,645,015
Balances with other banks	7 2,362,227	5,268,843
Lendings to financial institutions	8 28,867,360	26,209,833
Investments	9 348,884	-
Advances	10 4,110,244	2,505,899
Fixed assets	11 192,181	242,064
Intangible assets	-	-
Deferred tax assets	12 11,077	29,127
Other assets	13 1,283,395	1,419,828
	45,352,825	44,320,609
LIABILITIES		
Bills payable	14 1,032,777	972,657
Borrowings	15 37,930	241,047
Deposits and other accounts	16 31,865,174	30,965,106
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	17 4,611,283	3,920,451
	37,547,164	36,099,261
NET ASSETS	7,805,661	8,221,348
REPRESENTED BY		
Head office capital account	5,750,306	6,302,781
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	-	-
Unremitted profit	2,055,355	1,918,567
	7,805,661	8,221,348

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 three months period ended 31 March 2021

	Note	Three months period ended 31 March 2021	Three months period ended 31 March 2021	Three months period ended 31 March 2020	Three months period ended 31 March 2020
----- Rupees in '000 -----					
Mark-up / return / interest earned	19	616,401	616,401	960,321	960,321
Mark-up / return / interest expensed	20	373,710	373,710	457,874	457,874
Net mark-up / interest income		242,691	242,691	502,447	502,447
NON MARK-UP / INTEREST INCOME					
Fee and commission income	21	84,245	84,245	162,790	162,790
Dividend income		-	-	-	-
Foreign exchange income		217,227	217,227	242,432	242,432
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	22	(10,103)	(10,103)	-	-
Other income	23	7,438	7,438	22,228	22,228
Total non-markup / interest Income		298,807	298,807	427,450	427,450
Total Income		541,498	541,498	929,897	929,897
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	24	271,207	271,207	257,845	257,845
Workers Welfare Fund		5,406	5,406	13,441	13,441
Other charges	25	-	-	-	-
Total non-markup / interest expenses		276,613	276,613	271,286	271,286
Profit before provisions		264,885	264,885	658,611	658,611
Reversal and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		264,885	264,885	658,611	658,611
Taxation	25	(128,097)	(128,097)	(264,807)	(264,807)
PROFIT AFTER TAXATION		136,788	136,788	393,804	393,804

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 three months period ended 31 March 2021

	Three months period ended 31 March 2021	Three months period ended 31 March 2021	Three months period ended 31 March 2020	Three months period ended 31 March 2020
	------(Rupees in '000)-----			
Profit after taxation for the period	136,788	136,788	393,804	393,804
Total comprehensive income for the period	136,788	136,788	393,804	393,804

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 three months period ended 31 March 2021

	31 March 2021	31 March 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	264,885	658,611
Adjustments for:		
Depreciation	30,984	35,722
Gain on disposal of operating fixed assets	(7,438)	(8,356)
Finance costs against lease	74	128
Unrealised loss on securities classified as held-for-trading	10,631	-
	<u>34,251</u>	<u>27,494</u>
	299,136	686,105
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,657,527)	(8,083,645)
Net investments in held-for-trading securities	(359,515)	-
Advances	(1,604,345)	2,405,056
Others assets (excluding advance taxation)	138,714	(47,411)
	<u>(4,482,673)</u>	<u>(5,726,000)</u>
Increase / (decrease) in operating liabilities		
Bills payable	60,120	456,300
Borrowings from financial institutions	(139,659)	(1,342,695)
Deposits and other accounts	900,068	5,614,215
Other liabilities	692,453	237,837
	<u>1,512,982</u>	<u>4,965,657</u>
Income tax paid	(112,330)	(115,759)
Net cash (used in) / generated from operating activities	<u>(2,782,885)</u>	<u>(189,997)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in operating fixed assets	(31,835)	(15,919)
Proceeds from sale of operating fixed assets	58,172	10,900
Net cash used in investing activities	<u>26,337</u>	<u>(5,019)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(1,693)	8,911
Net cash used in financing activities	<u>(1,693)</u>	<u>8,911</u>
Effects of exchange rate changes on cash and cash equivalents	(552,475)	306,305
Increase in cash and cash equivalents	<u>(3,310,716)</u>	<u>120,200</u>
Cash and cash equivalents at beginning of the period	<u>13,850,400</u>	<u>7,647,582</u>
Cash and cash equivalents at end of the period	<u><u>10,539,684</u></u>	<u><u>7,767,782</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 three months period ended 31 March 2021

	Head office capital account	Unremitted profit	Total
	------(Rupees in '000)-----		
Balance as at 01 January 2020	5,563,663	1,704,418	7,268,081
Profit for the three months period ended 31 March 2020	-	393,804	393,804
Other comprehensive income - net of tax	-	-	-
	-	393,804	393,804
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	306,305	-	306,305
Remittance made to Head office	-	-	-
	306,305	-	306,305
Opening balance as at 01 April 2020	5,869,968	2,098,222	7,968,190
Profit after taxation for the nine months period ended 31 December 2020	-	511,733	511,733
Other comprehensive income - net of tax	-	20,835	20,835
	-	532,568	532,568
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	432,813	-	432,813
Remittance made to Head office	-	(712,223)	(712,223)
	432,813	(712,223)	(279,410)
Balance as at 01 January 2021	6,302,781	1,918,567	8,221,348
Profit after taxation for the three months period ended 31 March 2021	-	136,788	136,788
Other comprehensive income - net of tax	-	-	-
	-	136,788	136,788
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	(552,475)	-	(552,475)
Remittance made to Head office	-	-	-
	(552,475)	-	(552,475)
Balance as at 31 March 2021	5,750,306	2,055,355	7,805,661

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 three months period ended 31 March 2021

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 affirmed by Standard & Poor's on 26 February 2021 is BBB+ for long-term and A-2 for short-term, by Fitch on 25 January 2021 is BBB for long-term and F2 for short-term; and by Moody's on 03 November 2020 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 2020.

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 2021; however, these do not have any significant 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. These are not expected to have any material impact on the Pakistan Operations' financial statements in the period of their initial application except for following:

As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan was deferred to accounting periods beginning on or after January 1, 2021 and detailed guidelines are awaited regarding the same. Accordingly, the requirements of IFRS 9 have not been considered while preparing these condensed interim financial statements.

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 2020.

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 31 December 2020.

5. FINANCIAL RISK MANAGEMENT

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 2020.

6 CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	31 March 2021	31-Dec 2020
		----- (Rupees in '000) -----	
In hand			
Local currency		21,311	15,847
Foreign currency		<u>93,106</u>	<u>84,419</u>
		114,417	100,266
With State Bank of Pakistan in			
Local currency current account	6.1	2,054,227	1,970,392
Foreign currency current account	6.2	58,201	60,897
Foreign currency deposit account			
Special cash reserve account	6.3	175,209	183,325
Local US Dollar collection account	6.4	25,082	27,339
Foreign currency capital account		5,750,306	6,302,781
		8,063,025	8,544,734
With National Bank of Pakistan in			
Local currency current account		<u>15</u>	<u>15</u>
		8,177,457	8,645,015

6.1 This represents current account maintained with SBP under the requirements of section 22 (Cash Reserve Requirement) of the Banking Companies Ordinance, 1962 and an additional Cash Reserve Requirement for banks that meet / do not meet targets for Housing and Construction Finance as per DMMD Circular Letter 03 of 2020.

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 0% p.a (31 December 2020: 0.00% p.a to 0.76% p.a).

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>	31 March 2021	31-Dec 2020
		----- (Rupees in '000) -----	
In Pakistan			
Current account		1,000	1,291
Outside Pakistan			
Current account			
Interbranch		2,358,966	5,265,153
Others		2,261	2,399
		2,361,227	5,267,552
		2,362,227	5,268,843

8 LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	31 March 2021	31-Dec 2020
		----- (Rupees in '000) -----	
Repurchase agreement lendings (Reverse Repo)	8.1	28,867,360	26,209,833

8.1 Reverse repo transactions have been made with various commercial banks at rates ranging from 6.99% to 7.69% p.a (31 December 2020: 6.20% p.a to 7.00% p.a) and mature within a month. The market value of these securities at 31 March 2021 amounted to Rs. 26,079. million (31 December 2020: Rs. 26,478 million).

9 INVESTMENTS	Note	31 March 2021			31 December 2020		
		Cost	Surplus / (Deficit)	Total	Cost	Surplus / (Deficit)	Total
----- (Rupees in '000) -----							
9.1 INVESTMENTS BY TYPES							
Held-for-trading securities							
Federal Government securities		<u>359,515</u>	<u>(10,631)</u>	<u>348,884</u>	-	-	
9.2 INVESTMENTS BY SEGMENTS							
----- (Rupees in '000) -----							
Federal Government Securities							
Treasury Bills		56,335	(891)	55,444	-	-	
Pakistan Investment Bonds		<u>303,180</u>	<u>(9,740)</u>	<u>293,440</u>	-	-	
		<u>359,515</u>	<u>(10,631)</u>	<u>348,884</u>	-	-	
10 ADVANCES							
		Performing		Non Performing		Total	
		31 March 2021	31-Dec 2020	31 March 2021	31-Dec 2020	31 March 2021	31-Dec 2020
----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.		4,118,242	2,513,897	30,885	30,885	4,149,127	2,544,782
Bills discounted and purchased		-	-	65,626	65,626	65,626	65,626
Advances - gross	10.1	<u>4,118,242</u>	<u>2,513,897</u>	<u>96,511</u>	<u>96,511</u>	<u>4,214,753</u>	<u>2,610,408</u>
Provision against advances							
- Specific		-	-	(96,511)	(96,511)	(96,511)	(96,511)
- General		(7,998)	(7,998)	-	-	(7,998)	(7,998)
	10.3	<u>(7,998)</u>	<u>(7,998)</u>	<u>(96,511)</u>	<u>(96,511)</u>	<u>(104,509)</u>	<u>(104,509)</u>
Advances - net of provision		<u>4,110,244</u>	<u>2,505,899</u>	<u>-</u>	<u>-</u>	<u>4,110,244</u>	<u>2,505,899</u>

10.1 Particulars of advances (Gross)	31 March 2021	31-Dec 2020
	---- Rupees in '000 ----	
In local currency	4,149,127	2,544,782
In foreign currencies	65,626	65,626
	<u>4,214,753</u>	<u>2,610,408</u>

10.2 Advances include Rs.96.511 million (31 December 2020: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2021		31 December 2020	
	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
	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>

10.3 Particulars of provision against advances	31 March 2021			31 December 2020		
	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	<u>96,511</u>	<u>7,998</u>	<u>104,509</u>	<u>96,511</u>	<u>7,998</u>	<u>104,509</u>

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

11	FIXED ASSETS	Note	31 March 2021	31-Dec 2020
			----- Rupees in '000 -----	
	Capital work-in-progress	11.1	32,786	953
	Property and equipment		159,395	241,111
			<u>192,181</u>	<u>242,064</u>
11.1	Capital work-in-progress			
	Advances to suppliers		<u>32,786</u>	<u>953</u>
12	DEFERRED TAX ASSETS			
	Deductible Temporary Differences on - Post retirement employee benefits		<u>2,252</u>	2,255
			2,252	2,255
	Taxable Temporary Differences on - Accelerated tax depreciation		<u>8,825</u>	26,872
			8,825	26,872
			<u>11,077</u>	<u>29,127</u>
13	OTHER ASSETS			
	Income / Mark-up accrued in local currency		71,301	67,271
	Income / Mark-up accrued in foreign currency		21,718	45,028
	Advances, deposits, advance service charges / rent and other prepayments		80,595	80,784
	Advance taxation (payments less provisions)		975,622	973,339
	Marked to market gains on forward foreign exchange contracts		36,081	241,065
	Acceptances		60,721	9,272
	Others		42,031	7,743
			<u>1,288,069</u>	1,424,502
	Less: Provision held against other assets	13.1	<u>(4,674)</u>	(4,674)
	Other Assets (Net of Provision)		<u>1,283,395</u>	<u>1,419,828</u>
13.1	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments		<u>4,674</u>	<u>4,674</u>
14	BILLS PAYABLE			
	In Pakistan		<u>1,032,777</u>	<u>972,657</u>

15	BORROWINGS	Note	31 March 2021	31 December 2020
			----- Rupees in '000 -----	
	<i>Unsecured</i>			
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		1,091	20,819
	Repo borrowings		-	177,589
	Others	15.1	<u>36,839</u>	<u>42,639</u>
	Total unsecured		<u>37,930</u>	<u>241,047</u>

15.1 These are balances payable to commercial banks inside Pakistan under partner banking arrangements.

16 **DEPOSITS AND OTHER ACCOUNTS**

	31 March 2021			31 December 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Non-Remunerative						
Current deposits	8,931,757	825,891	9,757,648	10,147,857	802,589	10,950,446
Others	579,011	-	579,011	697,761	-	697,761
Remunerative						
Savings deposits	13,781,716	11,438	13,793,154	11,046,505	9,306	11,055,811
Term deposits	7,735,000	-	7,735,000	8,261,000	-	8,261,000
	<u>31,027,484</u>	<u>837,329</u>	<u>31,864,813</u>	<u>30,153,123</u>	<u>811,895</u>	<u>30,965,018</u>
Financial Institutions						
Non-remunerative deposits - inter branch	361	-	361	88	-	88
	<u>361</u>	<u>-</u>	<u>361</u>	<u>88</u>	<u>-</u>	<u>88</u>
	<u>31,027,845</u>	<u>837,329</u>	<u>31,865,174</u>	<u>30,153,211</u>	<u>811,895</u>	<u>30,965,106</u>

17 **OTHER LIABILITIES**

	31 March 2021	31 December 2020
	----- Rupees in '000 -----	
Mark-up/ Return/ Interest payable in local currency	110,902	1,676
Unearned commission and income on bills discounted	24,104	24,735
Accrued expenses	68,361	99,790
Acceptances	60,721	9,272
Dividends payable	930,565	189,682
Marked to market loss on forward foreign exchange contracts	432	230,620
Payable to DB Singapore	6,195	6,195
Unremitted head office expenses	2,942,393	2,887,317
Payable to defined benefit plan	39,516	39,516
Provision against off-balance sheet obligations	6,121	6,121
Workers Welfare Fund	282,425	277,019
Lease liability	2,640	4,259
Others	136,908	144,249
	<u>4,611,283</u>	<u>3,920,451</u>

18	CONTINGENCIES AND COMMITMENTS	Note	31 March 2021	31 December 2020
----- Rupees in '000 -----				
	-Guarantees	18.1	11,267,004	11,754,910
	-Commitments	18.2	27,238,194	36,513,132
			<u>38,505,198</u>	<u>48,268,042</u>
18.1	Guarantees			
	Financial guarantees		<u>11,267,004</u>	<u>11,754,910</u>
18.2	Commitments			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		401,751	519,812
	Commitments in respect of:			
	- forward foreign exchange contracts	18.2.1	5,727,840	15,019,020
	- forward lending	18.2.2	20,863,893	20,720,534
	Commitments for acquisition of:			
	- operating fixed assets		123,027	134,847
	Other commitments	18.2.3	121,683	118,920
			<u>27,238,194</u>	<u>36,513,132</u>
18.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		2,863,920	5,157,668
	Sale		2,863,920	9,861,352
			<u>5,727,840</u>	<u>15,019,020</u>
	The maturities of above contracts are spread over a period of one month.			
18.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend		<u>20,863,893</u>	<u>20,720,534</u>
18.2.3	Cheques in clearing		<u>121,683</u>	<u>118,920</u>
18.3	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 2020: 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 2020: Rs. 45 million) and the Pakistan Operations are confident that no additional liability would arise.			
19	MARK-UP / RETURN / INTEREST EARNED		Three months period ended 31 March 2021	Three months period ended 31 March 2020
----- Rupees in '000 -----				
	On:			
	Loans and advances		39,166	233,952
	Investments		7,574	-
	Lendings to financial institutions		569,661	726,047
	Balances with banks		-	316
	Others		-	6
			<u>616,401</u>	<u>960,321</u>
20	MARK-UP / RETURN / INTEREST EXPENSED			
	On:			
	Deposits		373,158	455,423
	Borrowings		478	2,323
	Finance cost of lease liability		74	128
			<u>373,710</u>	<u>457,874</u>

21	FEE & COMMISSION INCOME	Note	Three months	Three months
			period ended 31 March 2021	period ended 31 March 2020
----- Rupees in '000 -----				
	Commission on trade		23,176	24,248
	Commission on guarantees		19,072	18,538
	Commission on cash management		1,759	1,918
	Commission on remittances including home remittances		95	107
	Commission on custodial services		40,143	117,730
	Others		-	250
			84,245	162,791
22	GAIN / (LOSS) ON SECURITIES			
	Realised gain on sale of Treasury Bills		528	-
	Unrealised - held for trading		(10,631)	-
			(10,103)	-
23	OTHER INCOME			
	Gain on sale of fixed assets - net		7,438	8,356
	Prior years refunds on utilities costs		-	13,872
			7,438	22,228
24	OPERATING EXPENSES			
	Total compensation expense		115,615	102,654
	Property expense			
	Rent & taxes		18,278	12,934
	Insurance		3,184	3,643
	Utilities cost		3,232	2,315
	Security (including guards)		1,968	1,426
	Repair & maintenance (including janitorial charges)		714	(4,749)
	Depreciation		4,494	8,876
	Depreciation on right-of-use assets		13,892	13,487
			45,762	37,933
	Information technology expenses			
	Software maintenance		-	150
	Hardware maintenance		2,676	1,081
	Depreciation		3,149	4,116
	Network charges		2,243	5,517
			8,068	10,864
	Other operating expenses			
	Legal & professional charges		8,631	1,478
	Outsourced services costs		18,016	20,187
	Travelling & conveyance		482	1,666
	NIFT clearing charges		277	256
	Depreciation		9,449	9,244
	Training & development		26	114
	Postage & courier charges		588	270
	Communication		1,828	1,466
	Head office / regional office expenses		56,626	66,872
	Stationery & printing		3,182	2,021
	Marketing, advertisement & publicity		-	-
	Auditors Remuneration		768	880
	Others		1,889	1,940
			101,762	106,394
			271,207	257,845
25	TAXATION			
	Current		110,047	268,071
	Deferred		18,050	(3,264)
			128,097	264,807

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:

	31 March 2021					31 March 2021			
	Carrying Value				Total	Fair Value			Total
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities		Level 1	Level 2	Level 3	
	(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	36,081	-	-	-	36,081	-	36,081	-	36,081
	<u>36,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,081</u>				
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	8,177,457	-	8,177,457				
Balances with other banks	-	-	2,362,227	-	2,362,227				
Lendings to financial institutions	-	-	28,867,360	-	28,867,360				
Investments	348,884	-	-	-	348,884		348,884	-	348,884
Advances	-	-	4,110,244	-	4,110,244				
Other assets	-	-	183,463	-	183,463				
	<u>384,965</u>	<u>-</u>	<u>43,700,751</u>	<u>-</u>	<u>44,085,716</u>				
Financial Liabilities measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	432	-	-	-	432	-	432	-	432
	<u>432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432</u>				
Financial liabilities not measured at fair value									
Bills payable	-	-	-	1,032,777	1,032,777				
Borrowings from financial institutions	-	-	-	37,930	37,930				
Deposits and other accounts	-	-	-	31,865,174	31,865,174				
Other liabilities	-	-	-	4,610,851	4,610,851				
	<u>432</u>	<u>-</u>	<u>-</u>	<u>37,546,732</u>	<u>37,547,164</u>				
Off-balance sheet financial instruments measured at fair value									
Forward purchase of foreign exchange				2,863,920	2,863,920	-	2,900,001	-	2,900,001
Forward sale of foreign exchange				2,863,920	2,863,920	-	2,864,352	-	2,864,352

	31 December 2020					31 December 2020			
	Carrying Value				Total	Fair Value			Total
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities		Level 1	Level 2	Level 3	
	(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	241,065	-	-	-	241,065	-	241,065	-	241,065
	<u>241,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,065</u>				
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	8,645,015	-	8,645,015				
Balances with other banks	-	-	5,268,843	-	5,268,843				
Lendings to financial institutions	-	-	26,209,833	-	26,209,833				
Investments	-	-	-	-	-				
Advances	-	-	2,505,899	-	2,505,899				
Other assets	-	-	1,109,249	-	1,109,249				
	<u>241,065</u>	<u>-</u>	<u>43,738,839</u>	<u>-</u>	<u>43,979,904</u>				
Financial Liabilities measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	230,620	-	-	-	230,620	-	230,620	-	230,620
	<u>230,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,620</u>				
Financial liabilities not measured at fair value									
Bills payable	-	-	-	972,657	972,657				
Borrowings from financial institutions	-	-	-	241,047	241,047				
Deposits and other accounts	-	-	-	30,965,106	30,965,106				
Other liabilities	-	-	-	3,689,831	3,689,831				
	<u>230,620</u>	<u>-</u>	<u>-</u>	<u>35,868,641</u>	<u>36,099,261</u>				
Off-balance sheet financial instruments measured at fair value									
Forward purchase of foreign exchange				5,157,668	5,157,668	-	5,398,733	-	5,398,733
Forward sale of foreign exchange				9,861,352	9,861,352	-	10,091,972	-	10,091,972

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

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.

	Three months period ended 31 March 2021			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(336,501)	7,470	571,722	242,691
Inter segment revenue - net	590,204	(26,404)	(563,800)	-
Non mark-up / return / interest income	121,444	114,617	62,746	298,807
Total Income	375,147	95,683	70,668	541,498
Segment direct expenses	(85,635)	(6,807)	(184,171)	(276,613)
Inter segment expense allocation	(195,164)	(13,264)	208,428	-
Total expenses	(280,799)	(20,071)	24,257	(276,613)
Reversals / (Provisions)	-	-	-	-
Profit before tax	94,348	75,612	94,925	264,885
	31 March 2021			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	10,539,684	10,539,684
Net inter segment lending	30,693,728	-	-	30,693,728
Lendings to financial institutions	-	-	28,867,360	28,867,360
Investments	-	348,884	-	348,884
Advances - performing	4,118,242	-	-	4,118,242
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	157,028	36,081	1,293,544	1,486,653
Total Assets	34,961,000	384,965	40,700,588	76,046,553
Borrowings	-	-	37,930	37,930
Deposits & other accounts	31,864,813	-	361	31,865,174
Net inter segment borrowing	-	384,533	30,309,195	30,693,728
Others	3,096,187	432	2,547,441	5,644,060
Total liabilities	34,961,000	384,965	32,894,927	68,240,892
Head office account	-	-	7,805,661	7,805,661
Total Equity & liabilities	34,961,000	384,965	40,700,588	76,046,553
Contingencies & Commitments	32,624,955	5,727,840	152,403	38,505,198

Three months period ended
31 March 2020

	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(183,000)	-	685,447	502,447
Inter segment revenue - net	646,909	8,236	(655,145)	-
Non mark-up / return / interest income	238,867	139,095	49,488	427,450
Total Income	702,776	147,331	79,790	929,897
Segment direct expenses	(67,597)	(6,659)	-197,030	(271,286)
Inter segment expense allocation	(170,137)	(10,432)	180,569	-
Total expenses	(237,734)	(17,091)	(16,461)	(271,286)
Reversals / (Provisions)	-	-	-	-
Profit before tax	465,042	130,240	63,329	658,611

31 December 2020

	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	13,913,858	13,913,858
Net inter segment lending	29,549,606	-	-	29,549,606
Lendings to financial institutions	-	-	26,209,833	26,209,833
Advances - performing	2,513,897	-	-	2,513,897
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	113,657	241,065	1,336,297	1,691,019
Total Assets	32,169,161	241,065	41,459,988	73,870,214
Borrowings	-	-	241,047	241,047
Deposits & other accounts	30,965,018	-	88	30,965,106
Net inter segment borrowing	-	10,445	29,539,161	29,549,606
Others	1,204,143	230,620	3,458,345	4,893,108
Total liabilities	32,169,161	241,065	33,238,640	65,648,866
Head office account	-	-	8,221,348	8,221,348
Total Equity & liabilities	32,169,161	241,065	41,459,988	73,870,214
Contingencies & Commitments	28,075,577	20,057,618	134,847	48,268,042

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:

	31 March 2021			31 December 2020		
	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	2,358,966	-	-	5,265,153	-	-
Advances						
Opening balance	-	73,105	-	-	70,383	-
Addition during the year	-	19,259	-	-	16,655	-
Repaid during the year	-	(10,226)	-	-	(13,933)	-
Closing balance	-	82,138	-	-	73,105	-
Borrowings						
Opening balance	20,819	-	-	559	-	-
Borrowings during the year	13,601,995	-	-	53,213,546	-	-
Settled during the year	(13,621,723)	-	-	(53,193,285)	-	-
Closing balance	1,091	-	-	20,819	-	-
Deposits and other accounts						
Opening balance	89	12,345	26,220	7,783	8,764	32,621
Received during the year	144,404	71,625	537,002	144,673	85,640	530,802
Withdrawn during the year	(144,132)	(71,834)	(542,918)	(152,367)	(82,059)	(537,203)
Closing balance	361	12,136	20,304	89	12,345	26,220
Other Liabilities						
Interest / mark-up payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	39,516	-	-	39,516
Other liabilities	2,948,588	-	-	2,893,512	-	-
Contingencies and Commitments						
Other contingencies	5,408,490	-	-	7,952,350	-	-
Three months period ended						
	31 March 2021		31 March 2020			
	Head office and branches	Key management personnel	Head office and branches	Key management personnel		
----- (Rupees in '000) -----						
Income						
Mark-up / return / interest earned						
Expense						
Mark-up / return / interest paid						
Foreign exchange loss						
Operating expenses						

29 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	31 March 2021	31 December 2020
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	7,805,661	8,221,348
 Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	7,805,662	8,221,348
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,805,662	8,221,348
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	7,819,781	8,235,467
 Risk Weighted Assets (RWAs):		
Credit Risk	8,853,220	10,382,202
Market Risk	597,525	372,713
Operational Risk	4,531,025	4,533,038
Total	13,981,770	15,287,953
 Common Equity Tier 1 Capital Adequacy Ratio		
	55.83%	53.78%
Tier 1 Capital Adequacy Ratio	55.83%	53.78%
Total Capital Adequacy Ratio	55.93%	53.87%
 Leverage Ratio (LR):		
Eligible Tier-1 Capital	7,805,662	8,221,348
Total Exposure	82,111,907	60,831,235
Leverage Ratio	9.51%	13.52%
 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	34,348,377	24,676,669
Total Net Cash Outflow	10,187,706	7,456,446
Liquidity Coverage Ratio	337%	331%
 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	8,751,437	23,751,216
Total Required Stable Funding	3,279,929	10,350,825
Net Stable Funding Ratio	267%	229%

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 29 Apr 2021.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan