



**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 2020**

**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 2020*

	31 March 2020	31 December 2019
Note	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 <b>7,307,448</b>	7,558,956
Balances with other banks	7 <b>442,512</b>	118,681
Lendings to financial institutions	8 <b>23,215,947</b>	15,132,302
Investments	-	-
Advances	9 <b>6,820,695</b>	9,225,751
Fixed assets	10 <b>323,008</b>	345,355
Intangible assets	-	-
Deferred tax assets	11 <b>28,608</b>	25,344
Other assets	12 <b>1,433,096</b>	1,537,997
	<b>39,571,314</b>	33,944,386
<b>LIABILITIES</b>		
Bills payable	13 <b>1,488,758</b>	1,032,458
Borrowings	14 <b>51,334</b>	1,394,029
Deposits and other accounts	15 <b>26,087,826</b>	20,473,611
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	16 <b>3,975,206</b>	3,776,207
	<b>31,603,124</b>	26,676,305
<b>NET ASSETS</b>	<b>7,968,190</b>	7,268,081
<b>REPRESENTED BY</b>		
Head office capital account	<b>5,869,968</b>	5,563,663
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	-	-
Unremitted profit	<b>2,098,222</b>	1,704,418
	<b>7,968,190</b>	7,268,081

**CONTINGENCIES AND COMMITMENTS**

17

The annexed notes 1 to 30 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 2020*

	Note	Three months period ended 31 March 2020	Three months period ended 31 March 2020	Three months period ended 31 March 2019	Three months period ended 31 March 2019
----- Rupees in '000 -----					
Mark-up / return / interest earned	18	960,321	960,321	618,564	618,564
Mark-up / return / interest expensed	19	457,874	457,874	243,405	243,405
<b>Net mark-up / interest income</b>		<b>502,447</b>	<b>502,447</b>	<b>375,159</b>	<b>375,159</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	20	162,790	162,790	107,234	107,234
Dividend income		-	-	-	-
Foreign exchange income		242,432	242,432	18,520	18,520
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	21	22,228	22,228	1,183	1,183
Total non-markup / interest Income		427,450	427,450	126,937	126,937
Total Income		929,897	929,897	502,096	502,096
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	22	257,845	257,845	277,974	277,974
Workers Welfare Fund		13,441	13,441	4,481	4,481
Other charges	23	-	-	49	49
Total non-markup / interest expenses		271,286	271,286	282,504	282,504
<b>Profit before provisions</b>		<b>658,611</b>	<b>658,611</b>	<b>219,592</b>	<b>219,592</b>
Reversal and write offs - net	24	-	-	-	-
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>658,611</b>	<b>658,611</b>	<b>219,592</b>	<b>219,592</b>
Taxation	24	(264,807)	(264,807)	(131,577)	(131,577)
<b>PROFIT AFTER TAXATION</b>		<b>393,804</b>	<b>393,804</b>	<b>88,015</b>	<b>88,015</b>

The annexed notes 1 to 30 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 2020*

	Three months period ended 31 March 2020	Three months period ended 31 March 2020	Three months period ended 31 March 2019	Three months period ended 31 March 2019
	----- <b>(Rupees in '000)</b> -----			
Profit after taxation for the year	<b>393,804</b>	<b>393,804</b>	88,015	88,015
<b>Total comprehensive income</b>	<b>393,804</b>	<b>393,804</b>	88,015	88,015

The annexed notes 1 to 30 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 2020*

	<b>31 March 2020</b>	31 March 2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	658,611	219,592
<b>Adjustments for:</b>		
Depreciation	35,722	17,600
Gain on disposal of operating fixed assets	(8,356)	(1,109)
Finance costs against lease	128	-
	27,494	16,491
	686,105	236,083
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(8,083,645)	5,375,513
Advances	2,405,056	(2,177,264)
Others assets (excluding advance taxation)	(47,411)	522,460
	(5,726,000)	3,720,709
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	456,300	(96,996)
Borrowings from financial institutions	(1,342,695)	2,607,379
Deposits and other accounts	5,614,215	(4,886,597)
Other liabilities	228,926	(629,296)
	4,956,746	(3,005,510)
Income tax paid	(115,759)	(88,254)
<b>Net cash (used in) / generated from operating activities</b>	(198,908)	863,028
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in operating fixed assets	(15,919)	(6,826)
Proceeds from sale of operating fixed assets	10,900	2,902
<b>Net cash used in investing activities</b>	(5,019)	(3,924)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made to Head office	-	(1,015,571)
<b>Net cash used in financing activities</b>	-	(1,015,571)
Effects of exchange rate changes on cash and cash equivalents	306,305	(25,318)
<b>Increase / (decrease) in cash and cash equivalents</b>	102,378	(181,785)
Cash and cash equivalents at beginning of the period	7,647,582	7,181,868
Cash and cash equivalents at end of the period	7,749,960	7,000,083

The annexed notes 1 to 30 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 2020

	Head office capital account	Unremitted profit	Total
	------(Rupees in '000)-----		
Opening balance as at 01 January 2019	5,091,000	2,505,820	7,596,820
Profit for the three months period ended 31 March 2019	-	88,015	88,015
Other comprehensive income - net of tax	-	-	-
	-	88,015	88,015
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	(25,318)	-	(25,318)
Remittance made to Head office	-	(1,015,571)	(1,015,571)
<b>Opening balance as at 01 April 2019</b>	<b>5,065,682</b>	<b>1,578,264</b>	<b>6,643,946</b>
Profit after taxation for the nine months period ended 31 December 2019	-	564,199	564,199
Other comprehensive income - net of tax	-	(18,519)	(18,519)
	-	545,680	545,680
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	497,981	-	497,981
Remittance made to Head office	-	(419,526)	(419,526)
<b>Balance as at 01 January 2020</b>	<b>5,563,663</b>	<b>1,704,418</b>	<b>7,268,081</b>
Profit after taxation for the three months period ended 31 March 2020	-	393,804	393,804
Other comprehensive income - net of tax	-	-	-
	-	393,804	393,804
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	306,305	-	306,305
Remittance made to Head office	-	-	-
	306,305	-	306,305
<b>Closing balance as at 31 March 2020</b>	<b>5,869,968</b>	<b>2,098,222</b>	<b>7,968,190</b>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

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**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 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 07 June 2019 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. 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 Bank 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**

A number of new standards, amendments and interpretations are effective from 1 January 2020 but they do not have a material effect on the Pakistan Operations' financial statements.

##### **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 the following:

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2021). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. 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. Pakistan Operations have not conducted any assessments locally. It has been estimated that on the adoption of the standard an additional impairment of around Rs. 2.292 million would be required under expected credit loss model as at 31 March 2020.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation followed for the preparation of the condensed interim financial statements are the same as 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 31 December 2019.

#### **5. FINANCIAL RISK MANAGEMENT**

The Pakistan Operations' financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2019.

6	<b>CASH AND BALANCES WITH TREASURY BANKS</b>	<i>Note</i>	<b>31 March 2020</b>	31 December 2019
			----- (Rupees in '000) -----	
	In hand			
	Local currency		28,334	19,100
	Foreign currency		64,160	51,566
			<u>92,494</u>	<u>70,666</u>
	With State Bank of Pakistan in			
	Local currency current account	6.1	1,070,123	1,670,132
	Foreign currency current account	6.2	63,514	58,997
	Foreign currency deposit account			
	Special cash reserve account	6.3	191,120	177,210
	Local US Dollar collection account	6.4	20,214	18,273
	Foreign currency capital account		5,869,968	5,563,663
			<u>7,214,939</u>	<u>7,488,275</u>
	With National Bank of Pakistan in			
	Local currency current account		15	15
			<u>7,307,448</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 0.51% p.a to 0.76% p.a. (31 December 2019: 0.7% p.a to 1.51% p.a).

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

7	<b>BALANCES WITH OTHER BANKS</b>	<i>Note</i>	<b>31 March 2020</b>	31 December 2019
			----- (Rupees in '000) -----	
	In Pakistan			
	In current account		1,500	2,347
	Outside Pakistan			
	In current account			
	Interbranch		78,239	29,333
	Others	7.1	362,773	87,001
			441,012	116,334
			<u>442,512</u>	<u>118,681</u>

**7.1** This includes balance with a subsidiary of Deutsche Bank, AG. Rs. 361.350 million (31 December 2019: Rs. 85.217 million).

8	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>	<i>Note</i>	<b>31 March 2020</b>	31 December 2019
			----- (Rupees in '000) -----	
	Repurchase agreement lendings (Reverse Repo)	8.1	23,215,947	15,132,302

**8.1** Reverse repo transactions have been made with various commercial banks at rates ranging from 10.26% to 11.00% p.a (31 December 2019: 13.04% p.a to 13.27% p.a) and mature within a month. The market value of these securities at 31 March 2020 amounted to Rs. 23,991 million (31 December 2019: Rs. 15,731 million).



9	ADVANCES	Note	Performing		Non Performing		Total	
			31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		6,601,470	9,009,872	30,885	30,885	6,632,355	9,040,757
	Bills discounted and purchased		227,223	223,877	65,626	65,626	292,849	289,503
	Advances - gross	9.1	6,828,693	9,233,749	96,511	96,511	6,925,204	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	6,820,695	9,225,751	-	-	6,820,695	9,225,751

9.1	Particulars of advances (Gross)	31 March 2020	31 December 2019
---- Rupees in '000 ----			
	In local currency	6,859,578	9,264,634
	In foreign currencies	65,626	65,626
		6,925,204	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	31 March 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	31 March 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.

<b>10 FIXED ASSETS</b>	<i>Note</i>	<b>31 March 2020</b>	31 December 2019
		<b>----- Rupees in '000 -----</b>	
Capital work-in-progress	10.1	<b>10,718</b>	59,163
Property and equipment		<b>312,290</b>	286,192
		<b>323,008</b>	345,355
<b>10.1 Capital work-in-progress</b>			
Advances to suppliers		<b>10,718</b>	59,163
<b>11 DEFERRED TAX ASSETS</b>			
Deductible Temporary Differences on - Post retirement employee benefits		<b>13,474</b>	13,474
Taxable Temporary Differences on - Accelerated tax depreciation		<b>15,134</b>	11,870
		<b>28,608</b>	25,344
<b>12 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		<b>247,508</b>	263,276
Income / Mark-up accrued in foreign currency		<b>101,952</b>	49,649
Advances, deposits, advance service charges / rent and other prepayments		<b>123,071</b>	115,250
Advance taxation (payments less provisions)		<b>721,578</b>	873,890
Marked to market gains on forward foreign exchange contracts		<b>572</b>	651
Acceptances		<b>232,848</b>	237,738
Others		<b>10,241</b>	2,217
		<b>1,437,770</b>	1,542,671
Less: Provision held against other assets	12.1	<b>(4,674)</b>	(4,674)
Other Assets (Net of Provision)		<b>1,433,096</b>	1,537,997
<b>12.1 Provision held against other assets</b>			
Advances, deposits, advance rent & other prepayments		<b>4,674</b>	4,674
<b>13 BILLS PAYABLE</b>			
In Pakistan		<b>1,488,758</b>	1,032,458

<b>14</b>	<b>BORROWINGS</b>	<i>Note</i>	<b>31 March 2020</b>	31 December 2019
			----- Rupees in '000 -----	
	<b>Unsecured</b>			
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		1,523	618
	Repo borrowings		-	1,363,974
	Others	14.1	49,811	29,437
	<b>Total unsecured</b>		<b>51,334</b>	<b>1,394,029</b>

14.1 These are overdrawn bank balances with commercial banks inside Pakistan.

**15 DEPOSITS AND OTHER ACCOUNTS**

	31 March 2020			31 December 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
<b>Non-Remunerative</b>						
Current deposits	13,862,527	855,494	14,718,021	9,794,474	1,005,331	10,799,805
Margin deposits	873,836	-	873,836	633,147	-	633,147
<b>Remunerative</b>						
Savings deposits	7,494,311	4,629	7,498,940	5,145,610	8,266	5,153,876
Term deposits	2,983,000	-	2,983,000	3,879,000	-	3,879,000
	<b>25,213,674</b>	<b>860,123</b>	<b>26,073,797</b>	19,452,231	1,013,597	20,465,828
<b>Financial Institutions</b>						
Non-remunerative deposits - inter branch	14,029	-	14,029	7,783	-	7,783
	14,029	-	14,029	7,783	-	7,783
	<b>25,227,703</b>	<b>860,123</b>	<b>26,087,826</b>	19,460,014	1,013,597	20,473,611

<b>16</b>	<b>OTHER LIABILITIES</b>	<i>Note</i>	<b>31 March 2020</b>	31 December 2019
			----- Rupees in '000 -----	
	Mark-up/ Return/ Interest payable in local currency		127,130	68,431
	Unearned commission and income on bills discounted		28,557	35,883
	Accrued expenses		85,264	87,196
	Acceptances		232,848	237,738
	Dividends payable		-	577,392
	Marked to market loss on forward foreign exchange contracts		247	450
	Payable to DB Singapore		6,195	6,195
	Unremitted head office expenses		2,424,438	2,358,872
	Payable to defined benefit plan		65,327	65,327
	Provision against off-balance sheet obligations	16.1	6,121	6,121
	Workers Welfare Fund	16.2	259,200	245,759
	Lease liability		18,319	9,408
	Others		721,560	77,435
			<b>3,975,206</b>	<b>3,776,207</b>

**16.1 Provision against off-balance sheet obligations**

Opening balance	6,121	11,136
Reversals	-	(5,015)
Closing balance	<b>6,121</b>	<b>6,121</b>

**16.2 Worker's Welfare Fund**

Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court. Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (Sindh WWF) which was effective from 1 January 2014.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were unlawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment with the prayer that it may kindly be reviewed in the name of justice. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Pakistan Operations have continued to maintain the provision for WWF from the date of its levy till 31 March, 2020. No allocation between the Federal Government Levy and Sindh WWF has been made.

The Pakistan Operations have also obtained a stay order against SWWF from Honourable Sindh High Court dated 9 March 2018.

17	CONTINGENCIES AND COMMITMENTS	Note	31 March 2020	31 December 2019
		----- Rupees in '000 -----		
	-Guarantees	17.1	11,240,496	13,384,277
	-Commitments	17.2	16,832,468	14,513,404
			<u>28,072,964</u>	<u>27,897,681</u>
<b>17.1</b>	<b>Guarantees</b>			
	Financial guarantees		<u>11,240,496</u>	<u>13,384,277</u>
<b>17.2</b>	<b>Commitments</b>			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		1,707,094	1,855,657
	Commitments in respect of:			
	- forward foreign exchange contracts	17.2.1	217,227	435,798
	- forward lending	17.2.2	14,815,261	11,994,283
	Other commitments	17.2.3	92,886	227,666
			<u>16,832,468</u>	<u>14,513,404</u>
<b>17.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		204,965	219,730
	Sale		12,262	216,068
			<u>217,227</u>	<u>435,798</u>
	The maturities of above contracts are spread over a period of one year.			
<b>17.2.2</b>	<b>Commitments in respect of forward lending</b>			
	Undrawn formal standby facilities, credit lines and other commitments to lend		<u>14,815,261</u>	<u>11,994,283</u>
<b>17.2.3</b>	<b>Cheques in clearing</b>		<u>92,886</u>	<u>227,666</u>
<b>17.3</b>	<b>Other contingent liabilities</b>			
	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.			
<b>18</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		<b>Three months period ended 31 March 2020</b>	<b>Three months period ended 31 March 2019</b>
			----- Rupees in '000 -----	
	On:			
	Loans and advances		233,952	192,968
	Lendings to financial institutions		726,047	422,899
	Balances with banks		316	569
	Others		6	2,128
			<u>960,321</u>	<u>618,564</u>
<b>19</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>			
	On:			
	Deposits		455,423	243,235
	Borrowings		2,323	170
	Finance cost of lease liability		128	-
			<u>457,874</u>	<u>243,405</u>

20 FEE & COMMISSION INCOME	Note	Three months	Three months
		period ended 31 March 2020	period ended 31 March 2019
		----- Rupees in '000 -----	
Commission on trade		24,248	14,250
Commission on guarantees		18,538	15,501
Commission on cash management		1,918	5,569
Commission on remittances including home remittances		107	1,231
Commission on custodial services		117,730	66,956
Others		250	3,727
		<u>162,790</u>	<u>107,234</u>
<b>21 OTHER INCOME</b>			
Gain on sale of fixed assets - net		8,356	1,109
Prior years refunds on utilities costs		13,872	-
Others		-	74
		<u>22,228</u>	<u>1,183</u>
<b>22 OPERATING EXPENSES</b>			
Total compensation expense		102,654	109,127
<b>Property expense</b>			
Rent & taxes		13,781	23,313
Insurance		2,796	2,295
Utilities cost		2,315	1,592
Security (including guards)		1,426	2,296
Repair & maintenance (including janitorial charges)		(4,749)	747
Depreciation		22,363	4,580
		<u>37,932</u>	<u>34,824</u>
<b>Information technology expenses</b>			
Software maintenance		150	-
Hardware maintenance		1,081	1,870
Depreciation		4,116	4,403
Network charges		5,517	7,027
		<u>10,864</u>	<u>13,300</u>
<b>Other operating expenses</b>			
Legal & professional charges		1,478	3,320
Outsourced services costs		20,187	20,209
Travelling & conveyance		1,666	2,077
NIFT clearing charges		256	316
Depreciation		9,244	8,617
Training & development		114	254
Postage & courier charges		270	525
Communication		1,466	2,278
Head office / regional office expenses		66,872	75,416
Stationery & printing		2,021	4,710
Auditors Remuneration		880	720
Others		1,941	2,281
		<u>106,395</u>	<u>120,723</u>
		<u>257,845</u>	<u>277,974</u>
<b>23 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		-	49
		<u>-</u>	<u>49</u>
<b>24 TAXATION</b>			
Current		268,071	89,452
Prior periods	24.1	-	45,529
Deferred		(3,264)	(3,404)
		<u>264,807</u>	<u>131,577</u>

24.1 The Finance Supplementary (Second Amendment) Act, 2019 had levied super tax at 4% for tax year 2018 which was previously not chargeable.

## 25 FAIR VALUE MEASUREMENTS

### 25.1 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 2019					Fair Value			
	Carrying Value				Total	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)			
<b>On balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	572	-	-	-	572	-	572	-	572
	572	-	-	-	572				
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	7,307,448	-	7,307,448				
Balances with other banks	-	-	442,512	-	442,512				
Lendings to financial institutions	-	-	23,215,947	-	23,215,947				
Advances	-	-	6,820,695	-	6,820,695				
Other assets	-	-	594,067	-	594,067				
	572	-	38,380,669	-	38,381,241				
<b>Financial Liabilities measured at fair value</b>									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	247	-	-	-	247	-	247	-	247
	247	-	-	-	247				
<b>Financial liabilities not measured at fair value</b>									
Bills payable	-	-	-	1,488,758	1,488,758				
Borrowings from financial institutions	-	-	-	51,334	51,334				
Deposits and other accounts	-	-	-	26,087,826	26,087,826				
Other liabilities	-	-	-	3,974,959	3,974,959				
	247	-	-	31,602,877	31,603,124				
<b>Off-balance sheet financial instruments measured at fair value</b>									
Forward purchase of foreign exchange				204,965	204,965	-	205,537	-	205,537
Forward sale of foreign exchange				12,262	12,262	-	12,509	-	12,509

	31 December 2019					Fair Value			
	Carrying Value				Total	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)			
<b>On balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	651	-	-	-	651	-	651	-	651
	651	-	-	-	651				
<b>Financial assets not measured at fair value</b>									
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				
	651	-	33,410,113	-	33,410,764				
<b>Financial Liabilities measured at fair value</b>									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	450	-	-	-	450	-	450	-	450
	450	-	-	-	450				
<b>Financial liabilities not measured at fair value</b>									
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				
	450	-	-	26,675,855	26,676,305				
<b>Off-balance sheet financial instruments measured at fair value</b>									
Forward purchase of foreign exchange				219,730	219,730	-	220,381	-	220,381
Forward sale of foreign exchange				216,068	216,068	-	216,518	-	216,518

## 26 SEGMENT INFORMATION

### 26.1 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, GTB FX 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 and institutional flows.

#### 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 2020			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
<b>Profit &amp; Loss</b>				
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	<u>702,776</u>	<u>147,331</u>	<u>79,790</u>	<u>929,897</u>
Segment direct expenses	(67,597)	(6,659)	(197,030)	(271,286)
Inter segment expense allocation	(170,137)	(10,432)	180,569	-
Total expenses	<u>(237,734)</u>	<u>(10,432)</u>	<u>(16,461)</u>	<u>(271,286)</u>
Reversals / (Provisions)	-	-	-	-
Profit before tax	<u>465,042</u>	<u>136,899</u>	<u>63,329</u>	<u>658,611</u>
	31 March 2020			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
<b>Balance Sheet</b>				
Cash & Bank balances	-	-	7,749,960	7,749,960
Net inter segment lending	22,661,492	-	(22,661,492)	-
Lendings to financial institutions	-	-	23,215,947	23,215,947
Advances - performing	6,828,693	-	-	6,828,693
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	564,281	572	1,219,859	1,784,712
<b>Total Assets</b>	<u>30,046,468</u>	<u>572</u>	<u>9,524,274</u>	<u>39,571,314</u>
Borrowings	-	-	51,334	51,334
Deposits & other accounts	26,073,797	-	14,029	26,087,826
Net inter segment borrowing	(22,661,492)	-	22,661,492	-
Others	2,448,923	247	3,014,794	5,463,964
<b>Total liabilities</b>	<u>5,861,228</u>	<u>247</u>	<u>25,741,649</u>	<u>31,603,124</u>
Head office account	-	-	7,968,190	7,968,190
<b>Total Equity &amp; liabilities</b>	<u>5,861,228</u>	<u>247</u>	<u>33,709,839</u>	<u>39,571,314</u>
<b>Contingencies &amp; Commitments</b>	<u>27,855,737</u>	<u>214,660</u>	<u>2,567</u>	<u>27,858,304</u>

Three months period ended  
31 March 2019

	Global Transaction Banking	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
<b>Profit &amp; Loss</b>				
Net mark-up / return	(38,027)	-	413,186	375,159
Inter segment revenue - net	224,103	-	(224,103)	-
Non mark-up / return / interest income	225,525	-	(98,588)	126,937
<b>Total Income</b>	<b>411,601</b>	<b>-</b>	<b>90,495</b>	<b>502,096</b>
Segment direct expenses	(57,668)	-	(224,836)	(282,504)
Inter segment expense allocation	(186,677)	-	186,677	-
<b>Total expenses</b>	<b>(244,345)</b>	<b>-</b>	<b>(38,159)</b>	<b>(282,504)</b>
Reversals / (Provisions)	-	-	-	-
<b>Profit before tax</b>	<b>167,256</b>	<b>-</b>	<b>52,336</b>	<b>219,592</b>

31 December 2019

	Global Transaction Banking	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
<b>Balance Sheet</b>				
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
<b>Total Assets</b>	<b>16,693,433</b>	<b>651</b>	<b>17,250,302</b>	<b>33,944,386</b>
Borrowings	-	-	1,394,029	1,394,029
Deposits & other accounts	20,465,828	-	7,783	20,473,611
Net inter segment borrowing	(8,273,184)	-	8,273,184	-
Others	1,961,586	450	2,846,629	4,808,665
<b>Total liabilities</b>	<b>14,154,230</b>	<b>450</b>	<b>12,521,625</b>	<b>26,676,305</b>
Head office account	-	-	7,268,081	7,268,081
<b>Total Equity &amp; liabilities</b>	<b>14,154,230</b>	<b>450</b>	<b>19,789,706</b>	<b>33,944,386</b>
<b>Contingencies &amp; Commitments</b>	<b>27,470,059</b>	<b>363,662</b>	<b>63,960</b>	<b>27,897,681</b>



## 27 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 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) -----						
<b>Balances with other banks</b>						
In current accounts	78,239	-	361,350	29,333	-	85,239
<b>Advances</b>						
Opening balance	-	70,383	-	-	16,171	-
Addition during the year	-	-	-	-	78,281	-
Repaid during the year	-	(3,073)	-	-	(24,069)	-
Closing balance	-	67,310	-	-	70,383	-
<b>Borrowings</b>						
Opening balance	559	-	-	2,852,780	-	-
Borrowings during the year	717	-	-	10,228,999	-	-
Settled during the year	(637)	-	-	(13,081,220)	-	-
Closing balance	639	-	-	559	-	-
<b>Deposits and other accounts</b>						
Opening balance	7,783	8,764	32,621	6,786	13,164	8,978
Received during the year	77,447	32,252	409,625	218,557	160,675	4,321,422
Withdrawn during the year	(71,201)	(37,408)	(430,716)	(217,560)	(165,075)	(4,297,779)
Closing balance	14,029	3,608	11,530	7,783	8,764	32,621
<b>Other Liabilities</b>						
Interest / mark-up payable	-	141	-	-	-	-
Payable to staff retirement fund	-	-	65,327	-	-	65,327
Other liabilities	2,430,633	-	-	2,365,067	-	-
<b>Contingencies and Commitments</b>						
Other contingencies	5,654,702	-	-	10,981,896	-	-
				<b>Three months period ended</b>		
				<b>31 March 2020</b>		<b>31 March 2019</b>
				Head office and branches	Key management personnel	Head office and branches
						Key management personnel
				----- (Rupees in '000) -----		
<b>Income</b>						
Mark-up / return / interest earned			3	42		2,127
						586
<b>Expense</b>						
Mark-up / return / interest paid			-	141		3
						225
Operating expenses			66,872	22,749		75,416
						22,273

28 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	31 March 2020	31 December 2019
	----- (Rupees in '000) -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	7,968,190	7,268,081
 <b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	7,968,190	7,268,081
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,968,190	7,268,081
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	7,982,309	7,282,200
 Risk Weighted Assets (RWAs):		
Credit Risk	19,461,372	19,648,025
Market Risk	393,425	377,900
Operational Risk	4,022,594	4,022,594
Total	23,877,391	24,048,519
 Common Equity Tier 1 Capital Adequacy Ratio		
	33.37%	30.22%
Tier 1 Capital Adequacy Ratio	33.37%	30.22%
Total Capital Adequacy Ratio	33.43%	30.28%
 <b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	7,968,190	7,596,820
Total Exposure	94,523,489	92,213,880
Leverage Ratio	8.43%	8.24%
 <b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	25,973,584	15,628,845
Total Net Cash Outflow	8,475,611	6,012,405
Liquidity Coverage Ratio	306%	260%
 <b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	23,538,166	19,991,845
Total Required Stable Funding	13,193,464	12,656,020
Net Stable Funding Ratio	178%	158%

## 29 GENERAL

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

The outbreak of COVID-19 has significantly impact the daily life, economic conditions, business and consumers' activities across the globe. The State Bank of Pakistan (SBP) 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 and again by 100 bps to 8% in May '20, so that relief can be provided to borrowers in the times of distress.

The Pakistan Operations and Deutsche Bank AG are monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

## 30 DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on 20 May 2020.

\_\_\_\_\_  
**Managing Director**  
**Chief Country Officer**  
**Pakistan**

\_\_\_\_\_  
**Chief Financial Officer**  
**Pakistan**