



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

**Financial Statements**  
**for the nine months period ended**  
**30 September 2019**

**Deutsche Bank AG, Pakistan Operations**  
*(Incorporated in the Federal Republic of Germany with limited liability)*  
**Condensed Interim Statement of Financial Position**  
*As at 30 September 2019*

	<b>30 September 2019</b>	31 December 2018
<i>Note</i>	<b>(Un-audited)</b>	(Audited)
	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 <b>6,837,690</b>	6,961,709
Balances with other banks	7 <b>588,825</b>	220,159
Lendings to financial institutions	8 <b>11,587,917</b>	19,150,856
Investments	-	-
Advances	9 <b>6,310,630</b>	6,249,761
Fixed assets	10 <b>363,286</b>	214,924
Intangible assets	-	-
Deferred tax assets	11 <b>12,738</b>	144
Other assets	12 <b>1,596,104</b>	2,593,673
	<b>27,297,190</b>	35,391,226
<b>LIABILITIES</b>		
Bills payable	13 <b>981,660</b>	1,314,231
Borrowings	14 <b>27,051</b>	2,871,553
Deposits and other accounts	15 <b>14,908,117</b>	20,100,376
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	16 <b>3,977,784</b>	3,508,246
	<b>19,894,612</b>	27,794,406
<b>NET ASSETS</b>	<b>7,402,578</b>	<b>7,596,820</b>
<b>REPRESENTED BY</b>		
Head office capital account	<b>5,477,870</b>	5,091,000
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	-	-
Unremitted profit	<b>1,924,708</b>	2,505,820
	<b>7,402,578</b>	<b>7,596,820</b>

**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 nine months period ended 30 September 2019*

	Note	Three months period ended 30 September 2019	Nine months period ended 30 September 2019	Three months period ended 30 September 2018	Nine months period ended 30 September 2018
----- Rupees in '000 -----					
Mark-up / return / interest earned	18	661,119	2,019,348	399,343	1,100,889
Mark-up / return / interest expensed	19	228,923	755,176	142,435	466,083
<b>Net mark-up / interest income</b>		<b>432,196</b>	<b>1,264,172</b>	<b>256,908</b>	<b>634,806</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	20	111,524	327,451	134,270	439,104
Dividend income		-	-	-	-
Foreign exchange income		38,210	77,257	77,094	274,366
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	21	4,586	7,353	108	2,352
Total non-markup / interest Income		154,320	412,061	211,472	715,822
Total Income		586,516	1,676,233	468,380	1,350,628
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	22	399,644	876,999	286,397	868,505
Workers Welfare Fund		3,824	16,070	2,625	9,719
Other charges	23	49	98	1,390	1,390
Total non-markup / interest expenses		403,517	893,167	290,412	879,614
<b>Profit before provisions</b>		<b>182,999</b>	<b>783,066</b>	<b>177,968</b>	<b>471,014</b>
Reversal and write offs - net	24	-	-	20	(5,205)
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>182,999</b>	<b>783,066</b>	<b>177,948</b>	<b>476,219</b>
Taxation	25	(72,001)	(348,607)	(70,080)	(186,993)
<b>PROFIT AFTER TAXATION</b>		<b>110,998</b>	<b>434,459</b>	<b>107,868</b>	<b>289,226</b>

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

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**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 nine months period ended 30 September 2019*

	<b>Three months period ended 30 September 2019</b>	<b>Nine months period ended 30 September 2019</b>	Three months period ended 30 September 2018	Nine months period ended 30 September 2018
	----- <b>(Rupees in '000)</b> -----			
Profit after taxation for the year	<b>110,998</b>	<b>434,459</b>	107,868	289,226
<b>Total comprehensive income</b>	<b>110,998</b>	<b>434,459</b>	107,868	289,226

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

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Chief Country Officer  
Pakistan**

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Pakistan**

Deutsche Bank AG, Pakistan Operations  
(Incorporated in the Federal Republic of Germany with limited liability)  
Condensed Interim Cash Flow Statement (Un-audited)  
For nine months period ended 30 Sept 2019

	30 September 2019	30 September 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	783,066	476,219
<b>Adjustments for:</b>		
Depreciation	52,355	56,275
Depreciation on right-of-use assets	52,249	-
Reversal / (provisions) - net	-	(209)
Provision against off balance sheet obligation	-	(5,016)
Gain on disposal of operating fixed assets	(7,234)	(2,050)
	<u>97,370</u>	<u>49,000</u>
	880,436	525,219
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	7,562,939	4,700,486
Advances	(60,869)	70,697
Others assets (excluding advance taxation)	824,523	(313,221)
	<u>8,326,593</u>	<u>4,457,962</u>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(332,571)	30,174
Borrowings from financial institutions	(2,844,502)	74,212
Deposits and other accounts	(5,192,259)	(5,463,295)
Other liabilities	440,822	544,981
	<u>(7,928,510)</u>	<u>(4,813,928)</u>
Income tax paid	(344,441)	(239,021)
<b>Net cash generated from / (used in) operating activities</b>	<u>934,078</u>	<u>(69,768)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in operating fixed assets	(82,281)	(35,718)
Proceeds from sale of operating fixed assets	21,551	7,223
<b>Net cash used in investing activities</b>	<u>(60,730)</u>	<u>(28,495)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made to Head office	(1,015,571)	(588,625)
<b>Net cash used in financing activities</b>	<u>(1,015,571)</u>	<u>(588,625)</u>
Effects of exchange rate changes on cash and cash equivalents	386,870	382,669
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>244,647</u>	<u>(304,219)</u>
Cash and cash equivalents at beginning of the period	7,181,868	6,392,801
Cash and cash equivalents at end of the period	<u>7,426,515</u>	<u>6,088,582</u>

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

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# 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 nine months period ended 30 September 2019

	Head office capital account	Unremitted profit	Total
	------(Rupees in '000)-----		
Opening balance as at 01 January 2018	4,238,906	2,713,958	6,952,864
Profit for the nine months period ended 30 September 2018	-	289,226	289,226
Other comprehensive income - net of tax	-	-	-
	-	289,226	289,226
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	382,669	-	382,669
Remittance made to Head office	-	(588,619)	(588,619)
<b>Opening balance as at 30 September 2018</b>	<b>4,621,575</b>	<b>2,414,565</b>	<b>7,036,140</b>
Profit after taxation for the three months period ended 31 December 2018	-	76,395	76,395
Other comprehensive income - net of tax	-	14,860	14,860
	-	91,255	91,255
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	469,425	-	469,425
<b>Balance as at 01 January 2019</b>	<b>5,091,000</b>	<b>2,505,820</b>	<b>7,596,820</b>
Profit after taxation for the nine months period ended 30 September 2019	-	434,459	434,459
Other comprehensive income - net of tax	-	-	-
	-	434,459	434,459
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	386,870	-	386,870
Remittance made to Head office	-	(1,015,571)	(1,015,571)
	386,870	(1,015,571)	(628,701)
<b>Closing balance as at 30 September 2019</b>	<b>5,477,870</b>	<b>1,924,708</b>	<b>7,402,578</b>

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

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## 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 the nine months period ended 30 September 2019

#### 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 15 July 2019 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 condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements of the Pakistan Operations for the financial year ended 31 December 2018.

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

On 1 January 2019, the Pakistan Operations adopted IFRS 16 Leases. A number of other new standards, amendments and interpretations are effective from 1 January 2019 but they do not have a material effect on the Pakistan Operations' financial statements.

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The impact of IFRS 16 on the Pakistan Operations is primarily where the Pakistan Operations is a lessee in property lease contracts. The Pakistan Operations has elected to adopt modified retrospective approach on transition and has not restated comparative information.

On 1 January 2019, the Pakistan Operations recognised right-of-use asset of Rs. 185,001 million with a corresponding lease liability where the amount of the current leases has been partially prepaid. Right-of-use assets are presented under 'Fixed Assets'. Also, in relation to leases under IFRS 16, the Pakistan Operations have recognized depreciation expense of Rs. 52,249 million on right-of-use assets instead of rent expense.

The significant judgment in the implementation related to determining if a contract contains a lease, and the determination whether Pakistan operations are reasonably certain that they will exercise extension options present in lease contracts.

##### 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 reversal in impairment of around Rs. 12.665 million would be required under expected credit loss model as at 30 September 2019.

### **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 2018 except for adoption of IFRS 16 - Leases as described below.

#### **Leases**

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Pakistan operations mainly lease properties for its operations. The Bank recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Pakistan operations' incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Pakistan operations have elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

Upto 31 December 2018, assets held under property leases, were classified as operating leases and were not recognised as assets in the statement of financial position. Payments under operating leases were recognised in profit and loss on straight line basis over the term of the lease.

### **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 2018.

### **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 2018.

<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>	<i>Note</i>	<b>30 September 2019</b>	31 December 2018
		----- (Rupees in '000) -----	
In hand			
Local currency		<b>22,473</b>	15,371
Foreign currency		<b>47,934</b>	69,078
		<b>70,407</b>	84,449
With State Bank of Pakistan in			
Local currency current account	6.1	<b>1,032,874</b>	1,561,277
Foreign currency current account	6.2	<b>59,575</b>	52,906
Foreign currency deposit account			
Special cash reserve account	6.3	<b>178,512</b>	156,815
Local US Dollar collection account	6.4	<b>18,452</b>	15,262
Foreign currency capital account		<b>5,477,870</b>	5,091,000
		<b>6,767,283</b>	6,877,260
		<b>6,837,690</b>	<b>6,961,709</b>

**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 1.09% p.a to 1.51% p.a. (31 December 2018: 0.56% p.a to 1.35% p.a).

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

<b>7 BALANCES WITH OTHER BANKS</b>	<i>Note</i>	<b>30 September 2019</b>	31 December 2018
		----- (Rupees in '000) -----	
In Pakistan			
In current account		<b>1,000</b>	1,000
Outside Pakistan			
In current account			
Interbranch		<b>380,240</b>	146,152
Others	7.1	<b>207,585</b>	73,007
		<b>587,825</b>	219,159
		<b>588,825</b>	<b>220,159</b>

**7.1** This includes balance with a subsidiary of Deutsche Bank, AG. Rs. 205.521 million (31 December 2018: Rs. 71.784 million).

<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>	<i>Note</i>	<b>30 September 2019</b>	31 December 2018
		----- (Rupees in '000) -----	

Repurchase agreement lendings (Reverse Repo)	8.1	<b>11,587,917</b>	19,150,856
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**8.1** Reverse repo transactions have been made with various commercial banks at rates ranging from 13.25% to 13.74% p.a (31 December 2018: 9.99% p.a to 10.30% p.a) and mature within a month. The market value of these securities at 30 September 2019 amounted to Rs. 11,696 million (31 December 2018: Rs. 19,335 million).

9	ADVANCES	Note	Performing		Non Performing		Total	
			30 September	31 December	30 September	31 December	30 September	31 December
			2019	2018	2019	2018	2019	2018
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		6,194,465	5,430,653	30,885	30,885	6,225,350	5,461,538
	Bills discounted and purchased		124,163	827,106	65,626	65,626	189,789	892,732
	Advances - gross	9.1	6,318,628	6,257,759	96,511	96,511	6,415,139	6,354,270
	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	6,310,630	6,249,761	-	-	6,310,630	6,249,761

9.1	Particulars of advances (Gross)	30 September	31 December
		2019	2018
---- Rupees in '000 ----			
	In local currency	6,349,513	6,288,644
	In foreign currencies	65,626	65,626
		6,415,139	6,354,270

9.2 Advances include Rs.96.511 million (31 December 2018: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2019		31 December 2018	
	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 September 2019			31 December 2018		
		Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----							
	Opening balance	96,511	7,998	104,509	96,511	8,207	104,718
	Charge for the period / year	-	-	-	-	-	-
	Reversals	-	-	-	-	(209)	(209)
		-	-	-	-	(209)	(209)
	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>30 September 2019</b>	31 December 2018
		----- Rupees in '000 -----	
Capital work-in-progress	10.1	<b>32,394</b>	6,394
Property and equipment		<b>198,139</b>	208,530
Right-of-use assets		<b>132,753</b>	-
		<b>363,286</b>	214,924
<b>10.1 Capital work-in-progress</b>			
Advances to suppliers		<b>32,394</b>	6,394
<b>11 DEFERRED TAX ASSETS</b>			
Deductible Temporary Differences on - Post retirement employee benefits		<b>3,502</b>	3,502
		<b>3,502</b>	3,502
Taxable Temporary Differences on - Accelerated tax depreciation		<b>9,236</b>	(3,358)
		<b>9,236</b>	(3,358)
		<b>12,738</b>	144
<b>12 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		<b>257,912</b>	149,022
Income / Mark-up accrued in foreign currency		<b>52,867</b>	51,129
Advances, deposits, advance service charges / rent and other prepayments		<b>141,109</b>	323,219
Advance taxation (payments less provisions)		<b>969,936</b>	986,696
Marked to market gains on forward foreign exchange contracts		<b>272</b>	128,505
Acceptances		<b>174,846</b>	952,346
Others		<b>3,836</b>	7,430
		<b>1,600,778</b>	2,598,347
Less: Provision held against other assets	12.1	<b>(4,674)</b>	(4,674)
Other Assets (Net of Provision)		<b>1,596,104</b>	2,593,673
<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>981,660</b>	1,314,231

14	BORROWINGS	Note	30 September 2019	31 December 2018
			----- Rupees in '000 -----	
	<b>Unsecured</b>			
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		563	57,245
	Borrowing from Deutsche Bank, AG London Branch	14.1	-	2,795,535
	Others	14.2	26,488	18,773
	<b>Total unsecured</b>		<b>27,051</b>	<b>2,871,553</b>

14.1 Short term borrowings are NIL (31 December 2018: carried an interest rate of -0.22% p.a).

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

#### 15 DEPOSITS AND OTHER ACCOUNTS

	30 September 2019			31 December 2018		
	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	5,186,013	912,803	6,098,816	4,212,053	837,898	5,049,951
Margin deposits	744,184	-	744,184	2,417,116	-	2,417,116
<b>Remunerative</b>						
Savings deposits	2,838,900	12,558	2,851,458	6,785,216	13,815	6,799,031
Term deposits	5,206,176	-	5,206,176	5,827,492	-	5,827,492
	<b>13,975,273</b>	<b>925,361</b>	<b>14,900,634</b>	<b>19,241,877</b>	<b>851,713</b>	<b>20,093,590</b>
<b>Financial Institutions</b>						
Non-remunerative deposits - inter branch	7,483	-	7,483	6,786	-	6,786
	<b>7,483</b>	<b>-</b>	<b>7,483</b>	<b>6,786</b>	<b>-</b>	<b>6,786</b>
	<b>13,982,756</b>	<b>925,361</b>	<b>14,908,117</b>	<b>19,248,663</b>	<b>851,713</b>	<b>20,100,376</b>

16	OTHER LIABILITIES	Note	30 September 2019	31 December 2018
			----- Rupees in '000 -----	
	Mark-up/ Return/ Interest payable in local currency		130,103	31,483
	Unearned commission and income on bills discounted		27,588	31,282
	Accrued expenses		72,095	168,059
	Acceptances		174,846	952,346
	Marked to market loss on forward foreign exchange contracts		15,086	3,963
	Payable to DB Singapore		6,195	6,195
	Unremitted head office expenses		2,229,877	1,953,443
	Payable to defined benefit plan		32,327	32,327
	Provision against off-balance sheet obligations	16.1	6,121	6,121
	Workers Welfare Fund	16.2	238,623	222,553
	Lease liability		25,485	-
	Others		1,019,438	100,474
			<b>3,977,784</b>	<b>3,508,246</b>
16.1	<b>Provision against off-balance sheet obligations</b>			
	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 30 September, 2019. 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	30 September 2019	31 December 2018
			----- Rupees in '000 -----	
	-Guarantees	17.1	14,243,232	14,866,130
	-Commitments	17.2	19,682,093	28,073,734
			<u>33,925,325</u>	<u>42,939,864</u>
<b>17.1</b>	<b>Guarantees</b>			
	Financial guarantees		<u>14,243,232</u>	<u>14,866,130</u>
<b>17.2</b>	<b>Commitments</b>			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		1,885,029	2,013,236
	Commitments in respect of:			
	- forward foreign exchange contracts	17.2.1	611,626	9,469,893
	- forward lending	17.2.2	16,951,018	15,359,266
	Other commitments	17.2.3	234,420	1,231,339
			<u>19,682,093</u>	<u>28,073,734</u>
<b>17.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		300,820	6,247,789
	Sale		310,806	3,222,104
			<u>611,626</u>	<u>9,469,893</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>16,951,018</u>	<u>15,359,266</u>
<b>17.2.3</b>	<b>Cheques in clearing</b>		<u>234,420</u>	<u>1,231,339</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 2018: 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 2018: 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>		Nine months period ended 30 September 2019	Nine months period ended 30 September 2018
			----- Rupees in '000 -----	
	On:			
	Loans and advances		664,266	297,511
	Lendings to financial institutions		1,345,189	802,756
	Balances with banks		1,815	622
	Others		8,078	-
			<u>2,019,348</u>	<u>1,100,889</u>
<b>19</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>			
	On:			
	Deposits		752,592	441,825
	Borrowings		2,171	24,258
	Finance cost of lease liability		413	-
			<u>755,176</u>	<u>466,083</u>

20 FEE & COMMISSION INCOME	Note	Nine months period ended 30 September 2019	Nine months period ended 30 September 2018
----- Rupees in '000 -----			
Commission on trade		85,786	69,446
Commission on guarantees		57,792	63,865
Commission on cash management		7,028	7,452
Commission on remittances including home remittances		251	406
Commission on custodial services		176,117	297,398
Others		477	537
		<u>327,451</u>	<u>439,104</u>
<b>21 OTHER INCOME</b>			
Gain on sale of fixed assets - net		7,234	2,050
Others		119	302
		<u>7,353</u>	<u>2,352</u>
<b>22 OPERATING EXPENSES</b>			
Total compensation expense		303,036	306,843
<b>Property expense</b>			
Rent & taxes		26,345	85,611
Insurance		6,103	8,139
Utilities cost		7,377	14,330
Security (including guards)		9,452	8,225
Repair & maintenance (including janitorial charges)		2,322	2,208
Depreciation		13,741	17,257
Depreciation on right-of-use assets		52,249	-
		<u>117,589</u>	<u>135,771</u>
<b>Information technology expenses</b>			
Hardware maintenance		12,820	6,540
Depreciation		13,355	14,266
Network charges		18,132	15,795
		<u>44,307</u>	<u>36,601</u>
<b>Other operating expenses</b>			
Legal & professional charges		9,329	6,979
Outsourced services costs		65,168	49,338
Travelling & conveyance		10,624	14,492
NIFT clearing charges		1,001	1,211
Depreciation		25,259	24,751
Training & development		555	10
Postage & courier charges		868	614
Communication		4,693	7,061
Head office / regional office expenses		276,734	243,700
Stationery & printing		12,203	9,325
Marketing, advertisement & publicity		555	857
Auditors Remuneration		2,666	2,692
Others		2,412	28,261
		<u>412,067</u>	<u>389,291</u>
		<u>876,999</u>	<u>868,505</u>
<b>23 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		87	1,390
Others		11	-
		<u>98</u>	<u>1,390</u>
<b>24 PROVISIONS - NET</b>			
Provisions against loans & advances	9.3	-	(189)
Provisions against off balance sheet obligation	16.1	-	(5,016)
		<u>-</u>	<u>(5,205)</u>
<b>25 TAXATION</b>			
Current		315,672	198,092
Prior periods	25.1	45,529	-
Deferred		(12,594)	(11,099)
		<u>348,607</u>	<u>186,993</u>

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

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 September 2019					30 September 2019			
	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)			
<b>On balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	272	-	-	-	272	-	272	-	272
	272	-	-	-	272				
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	6,837,690	-	6,837,690				
Balances with other banks	-	-	588,825	-	588,825				
Lendings to financial institutions	-	-	11,587,917	-	11,587,917				
Advances	-	-	6,310,630	-	6,310,630				
Other assets	-	-	355,943	-	355,943				
	272	-	25,681,005	-	25,681,277				
<b>Financial Liabilities measured at fair value</b>									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	15,086	-	-	-	15,086	-	15,086	-	15,086
	15,086	-	-	-	15,086				
<b>Financial liabilities not measured at fair value</b>									
Bills payable	-	-	-	981,660	981,660				
Borrowings from financial institutions	-	-	-	27,051	27,051				
Deposits and other accounts	-	-	-	14,908,117	14,908,117				
Other liabilities	-	-	-	3,962,698	3,962,698				
	15,086	-	-	19,879,526	19,894,612				
<b>Off-balance sheet financial instruments measured at fair value</b>									
Forward purchase of foreign exchange				300,820	300,820	-	301,092	-	301,092
Forward sale of foreign exchange				310,806	310,806	-	325,892	-	325,892

  

	31 December 2018					31 December 2018			
	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)			
<b>On balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	128,505	-	-	-	128,505	-	128,505	-	128,505
	128,505	-	-	-	128,505				
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	6,961,709	-	6,961,709				
Balances with other banks	-	-	220,159	-	220,159				
Lendings to financial institutions	-	-	19,150,856	-	19,150,856				
Advances	-	-	6,249,761	-	6,249,761				
Other assets	-	-	1,164,940	-	1,164,940				
	128,505	-	33,747,425	-	33,875,930				
<b>Financial Liabilities measured at fair value</b>									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	3,963	-	-	-	3,963	-	3,963	-	3,963
	3,963	-	-	-	3,963				
<b>Financial liabilities not measured at fair value</b>									
Bills payable	-	-	-	1,314,231	1,314,231				
Borrowings from financial institutions	-	-	-	2,871,553	2,871,553				
Deposits and other accounts	-	-	-	20,100,376	20,100,376				
Other liabilities	-	-	-	3,504,283	3,504,283				
	3,963	-	-	27,790,443	27,794,406				
<b>Off-balance sheet financial instruments measured at fair value</b>									
Forward purchase of foreign exchange				6,247,789	6,247,789	-	6,376,294	-	6,376,294
Forward sale of foreign exchange				3,222,104	3,222,104	-	3,226,067	-	3,226,067

## 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**

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. The Foreign Exchange business GTB Fx is also a part of Corporate Bank.

#### **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.

	Nine months period ended 30 September 2019		
	Corporate Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----		
<b>Profit &amp; Loss</b>			
Net mark-up / return	88,735	1,175,437	1,264,172
Inter segment revenue - net	712,987	(712,987)	-
Non mark-up / return / interest income	621,483	(209,422)	412,061
Total Income	<u>1,423,205</u>	<u>253,028</u>	<u>1,676,233</u>
Segment direct expenses	(189,649)	(703,518)	(893,167)
Inter segment expense allocation	(655,197)	655,197	-
Total expenses	<u>(844,846)</u>	<u>(48,321)</u>	<u>(893,167)</u>
Reversals / (Provisions)	-	-	-
Profit before tax	<u>578,359</u>	<u>204,707</u>	<u>783,066</u>
	30 September 2019		
	Corporate Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----		
<b>Balance Sheet</b>			
Cash & Bank balances	-	7,426,515	7,426,515
Net inter segment lending	8,273,184	(8,273,184)	-
Lendings to financial institutions	-	11,587,917	11,587,917
Advances - performing	6,214,119	-	6,214,119
- non-performing	96,511	-	96,511
Others	475,989	1,496,139	1,972,128
<b>Total Assets</b>	<u>15,059,803</u>	<u>12,237,387</u>	<u>27,297,190</u>
Borrowings	-	27,051	27,051
Deposits & other accounts	14,900,634	7,483	14,908,117
Net inter segment borrowing	(8,273,184)	8,273,184	-
Others	2,290,519	2,668,925	4,959,444
<b>Total liabilities</b>	<u>8,917,969</u>	<u>10,976,643</u>	<u>19,894,612</u>
Head office account	-	7,402,578	7,402,578
<b>Total Equity &amp; liabilities</b>	<u>8,917,969</u>	<u>18,379,221</u>	<u>27,297,190</u>
<b>Contingencies &amp; Commitments</b>	<u>33,925,325</u>	<u>-</u>	<u>33,925,325</u>

Nine months period ended  
30 September 2018

	Corporate Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----		
<b>Profit &amp; Loss</b>			
Net mark-up / return	(138,978)	773,784	634,806
Inter segment revenue - net	543,814	(543,814)	-
Non mark-up / return / interest income	720,639	(4,817)	715,822
<b>Total Income</b>	<u>1,125,475</u>	<u>225,153</u>	<u>1,350,628</u>
Segment direct expenses	(315,545)	(564,069)	(879,614)
Inter segment expense allocation	(488,918)	488,918	-
<b>Total expenses</b>	<u>(804,463)</u>	<u>(75,151)</u>	<u>(879,614)</u>
Reversals / (Provisions)	5,205	-	5,205
<b>Profit before tax</b>	<u>326,217</u>	<u>150,002</u>	<u>476,219</u>

31 December 2018

	Corporate Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----		
<b>Balance Sheet</b>			
Cash & Bank balances	-	7,181,868	7,181,868
Net inter segment lending	8,273,184	(8,273,184)	(0)
Lendings to financial institutions	-	19,150,856	19,150,856
Advances - performing	6,153,250	-	6,153,250
- non-performing	96,511	-	96,511
Others	1,253,095	1,555,646	2,808,741
<b>Total Assets</b>	<u>15,776,040</u>	<u>19,615,186</u>	<u>35,391,226</u>
Borrowings	-	2,871,553	2,871,553
Deposits & other accounts	20,093,590	6,786	20,100,376
Net inter segment borrowing	(8,273,184)	8,273,184	-
Others	2,343,740	2,478,737	4,822,477
<b>Total liabilities</b>	<u>14,164,146</u>	<u>13,630,260</u>	<u>27,794,406</u>
Head office account	-	7,596,820	7,596,820
<b>Total Equity &amp; liabilities</b>	<u>14,164,146</u>	<u>21,227,080</u>	<u>35,391,226</u>
<b>Contingencies &amp; Commitments</b>	<u>42,939,864</u>	<u>-</u>	<u>42,939,864</u>



29 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	30 September 2019	31 December 2018
	----- (Rupees in '000) -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	7,402,578	7,596,820
 <b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	7,402,578	7,596,820
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,402,578	7,596,820
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	7,416,697	7,610,939
 Risk Weighted Assets (RWAs):		
Credit Risk	21,003,670	20,965,212
Market Risk	94,350	2,997,488
Operational Risk	3,635,301	3,635,301
Total	24,733,321	27,598,001
 Common Equity Tier 1 Capital Adequacy Ratio	29.93%	27.53%
Tier 1 Capital Adequacy Ratio	29.93%	27.53%
Total Capital Adequacy Ratio	29.99%	27.58%
 <b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	7,402,578	7,596,820
Total Exposure	70,203,829	92,213,880
Leverage Ratio	10.54%	8.24%
 <b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	14,213,075	18,642,722
Total Net Cash Outflow	6,964,248	6,361,939
Liquidity Coverage Ratio	204%	293%
 <b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	13,643,394	17,951,845
Total Required Stable Funding	12,451,298	11,167,704
Net Stable Funding Ratio	110%	161%

### 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 October 2019

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

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