



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

**Financial Statements**  
**for the quarter ended 31 March 2019**

**Deutsche Bank AG, Pakistan Operations**  
*(Incorporated in the Federal Republic of Germany with limited liability)*  
**Statement of Financial Position**  
As at 31 March 2019

	31 March 2019	31 December 2018
Note	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 <b>6,353,209</b>	6,961,709
Balances with other banks	7 <b>646,874</b>	220,159
Lendings to financial institutions	8 <b>13,775,343</b>	19,150,856
Investments	-	-
Advances	9 <b>8,427,025</b>	6,249,761
Fixed assets	10 <b>202,357</b>	214,924
Intangible assets	-	-
Deferred tax assets	11 <b>3,548</b>	144
Other assets	12 <b>2,024,487</b>	2,593,673
	<b>31,432,843</b>	35,391,226
<b>LIABILITIES</b>		
Bills payable	13 <b>848,673</b>	1,314,231
Borrowings	14 <b>5,478,932</b>	2,871,553
Deposits and other accounts	15 <b>15,213,779</b>	20,100,376
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	16 <b>3,247,513</b>	3,508,246
	<b>24,788,897</b>	27,794,406
<b>NET ASSETS</b>	<b>6,643,946</b>	<b>7,596,820</b>
<b>REPRESENTED BY</b>		
Head office capital account	<b>5,065,682</b>	5,091,000
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	-	-
Unremitted profit	<b>1,578,264</b>	2,505,820
	<b>6,643,946</b>	<b>7,596,820</b>

**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 2019*

	Note	Three months period ended 31 March 2019	Three months period ended 31 March 2019	Three months period ended 31 March 2018	Three months period ended 31 March 2018
----- Rupees in '000 -----					
Mark-up / return / interest earned	18	618,564	618,564	342,580	342,580
Mark-up / return / interest expensed	19	243,405	243,405	153,517	153,517
<b>Net mark-up / interest income</b>		<b>375,159</b>	<b>375,159</b>	<b>189,063</b>	<b>189,063</b>
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and commission income	20	107,234	107,234	153,834	153,834
Dividend income		-	-	-	-
Foreign exchange income		18,520	18,520	71,822	71,822
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	21	1,183	1,183	56	56
Total non-markup/interest Income		126,937	126,937	225,712	225,712
Total Income		502,096	502,096	414,775	414,775
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	22	277,974	277,974	241,662	241,662
Workers Welfare Fund		4,481	4,481	3,462	3,462
Other charges	23	49	49	-	-
Total non-markup/interest expenses		282,504	282,504	245,124	245,124
<b>Profit before provisions</b>		<b>219,592</b>	<b>219,592</b>	<b>169,651</b>	<b>169,651</b>
Provisions and write offs - net		-	-	-	-
Extra ordinary / unusual items (to be specified)		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>219,592</b>	<b>219,592</b>	<b>169,651</b>	<b>169,651</b>
Taxation	24	(131,577)	(131,577)	(59,377)	(59,377)
<b>PROFIT AFTER TAXATION</b>		<b>88,015</b>	<b>88,015</b>	<b>110,274</b>	<b>110,274</b>

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

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**Chief Country Officer**  
**Pakistan**

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**Chief Financial Officer**  
**Pakistan**

# Deutsche Bank AG, Pakistan Operations

*(Incorporated in the Federal Republic of Germany with limited liability)*

## Statement of Comprehensive Income (Un-audited)

*For three months period ended 31 March 2019*

	Three months period ended 31 March 2019	Three months period ended 31 March 2019	Three months period ended 31 March 2018	Three months period ended 31 March 2018
	------(Rupees in '000)-----			
Profit after taxation for the year	88,015	88,015	110,274	110,274
<b>Total comprehensive income</b>	<b>88,015</b>	<b>88,015</b>	<b>110,274</b>	<b>110,274</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

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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 2019

	31 March 2019	31 March 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	219,592	169,651
<b>Adjustments for:</b>		
Depreciation	17,600	18,658
Gain on government securities	-	-
Reversal / (provisions) - net	-	-
Provision against off balance sheet obligation	-	-
Gain on disposal of operating fixed assets	(1,109)	-
	16,491	18,658
	<b>236,083</b>	188,309
<b>Decrease in operating assets</b>		
Lendings to financial institutions	5,375,513	3,074,186
Advances	(2,177,264)	(31,944)
Others assets (excluding advance taxation)	522,460	(118,979)
	3,720,709	2,923,263
<b>Increase in operating liabilities</b>		
Bills payable	(96,996)	(211,171)
Borrowings from financial institutions	2,607,379	855,090
Deposits and other accounts	(4,886,597)	(4,548,882)
Other liabilities	(629,296)	312,766
	(3,005,510)	(3,592,197)
Income tax paid	(88,254)	(61,781)
<b>Net cash generated from / (used) in operating activities</b>	<b>863,028</b>	(542,406)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net proceeds from sale of investments	-	-
Investments in operating fixed assets	(6,826)	(11,969)
Proceeds from sale of operating fixed assets	2,902	-
<b>Net cash used in investing activities</b>	<b>(3,924)</b>	(11,969)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Remittance made to Head office	(1,015,571)	-
<b>Net cash used in financing activities</b>	<b>(1,015,571)</b>	-
Effects of exchange rate changes on cash and cash equivalents	(25,318)	324,321
<b>Decrease in cash and cash equivalents</b>	<b>(181,785)</b>	(230,054)
Cash and cash equivalents at beginning of the period	7,181,868	6,392,801
Cash and cash equivalents at end of the period	<b>7,000,083</b>	<b>6,162,747</b>

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**Deutsche Bank AG, Pakistan Operations**  
*(Incorporated in the Federal Republic of Germany with limited liability)*  
**Statement of Changes in Equity (Un-audited)**  
*For three months period ended 31 March 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 three months period ended 31 March 2018	-	110,274	110,274
Other comprehensive income - net of tax	-	-	-
	-	110,274	110,274
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	324,321	-	324,321
<b>Opening Balance as at 01 April 2018</b>	<b>4,563,227</b>	<b>2,824,232</b>	<b>7,387,459</b>
Profit after taxation for the nine months period ended 31 December 2018	-	255,347	255,347
Other comprehensive income - net of tax	-	14,860	14,860
	-	270,207	270,207
<b>Transactions with owners, recorded directly in equity</b>			
Exchange adjustments on revaluation of capital	527,773	-	527,773
Remittance made to Head office	-	(588,619)	(588,619)
	527,773	(588,619)	(60,846)
<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 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)
	(25,318)	(1,015,571)	(1,040,889)
<b>Closing Balance as at 31 March 2019</b>	<b>5,065,682</b>	<b>1,578,264</b>	<b>6,643,946</b>

The annexed notes 1 to 30 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 three months period ended 31 March 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 01 June 2018 is BBB+ for long-term and on 09 June 2015 is A-2 for short-term, rating by Fitch on 21 June 2018 is BBB+ for long-term and on 07 May 2019 is F2 for short-term; and rating by Moody's on 03 August 2018 is A3 for long-term and is P-2 for short term.

**2. BASIS OF PRESENTATION**

In accordance with the directives of the Federal Government regarding shifting of the banking system to the Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by the Pakistan Operations from its customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

**2.1 STATEMENT OF COMPLIANCE**

The 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 IFRS, 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 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 for the financial year ended 31 December 2018.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation followed for the preparation of the condensed interim financial information 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.

**3.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year**

There are certain new and amended standards, interpretations and amendments that are mandatory for the Pakistan Operations' for accounting periods beginning on or after January 1, 2019 but are considered not to be relevant and have not resulted in any change in the accounting policies. SBP through BPRD Circular Letter No. 08 dated April, 2019 has extended the implementation date of IFRS 16 for banks in Pakistan from 01 January 2019 to 30 June 2019.

SBP through BPRD Circular Letter No. 5 dated March 22, 2019 prescribed a new format for condensed interim financial statements of banks effective from the quarter ended 31 March 2019. Accordingly, these financial statements are prepared in accordance with the new format. The changes impacting (other than certain presentation changes) these financial statements include:

- Recording of acceptances on the balance sheet (previously disclosed as off-balance sheet).
- Other provisions / write offs have now been combined under provisions and write offs - net.

**3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective**

There are certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Bank's financial statements in the period of their initial application.

**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.

6	<b>CASH AND BALANCES WITH TREASURY BANKS</b>	<i>Note</i>	<b>31 March 2019 (Un-audited)</b>	31 December 2018 (Audited)
			----- (Rupees in '000) -----	
	In hand			
	Local currency		27,001	15,371
	Foreign currency		<u>87,758</u>	<u>69,078</u>
			<b>114,759</b>	<b>84,449</b>
	With State Bank of Pakistan in			
	Local currency current account	6.1	<b>944,099</b>	1,561,277
	Foreign currency current account	6.2	<b>53,637</b>	52,906
	Foreign currency deposit account			
	Special cash reserve account	6.3	<b>159,560</b>	156,815
	Local US Dollar collection account	6.4	<b>15,472</b>	15,262
	Foreign currency capital account		<b>5,065,682</b>	5,091,000
			<b>6,238,450</b>	6,877,260
			<u><b>6,353,209</b></u>	<u><b>6,961,709</b></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 1.49% 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.

7	<b>BALANCES WITH OTHER BANKS</b>	<i>Note</i>	<b>31 March 2019 (Un-audited)</b>	31 December 2018 (Audited)
			----- (Rupees in '000) -----	
	In Pakistan			
	In current account		1,000	1,000
	Outside Pakistan			
	In current account			
	Interbranch		<b>230,569</b>	146,152
	Others	7.1	<b>415,305</b>	73,007
			<b>645,874</b>	219,159
			<u><b>646,874</b></u>	<u>220,159</u>

**7.1** This includes balance with a subsidiary of Deutsche Bank, AG. Rs. 414.519 million (31 December 2018: Rs. 71.784 million).

8	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>	<i>Note</i>	<b>31 March 2019 (Un-audited)</b>	31 December 2018 (Audited)
			----- (Rupees in '000) -----	
	Repurchase agreement lendings (Reverse Repo)	8.1	<u><b>13,775,343</b></u>	<u>19,150,856</u>

**8.1** Reverse repo transactions have been made with various commercial banks at rates ranging from 10.00% to 10.25% 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 31 March 2019 amounted to Rs. 13,983 million (31 December 2018: Rs. 19,335 million).

9	ADVANCES	Note	Performing		Non Performing		Total			
			31 March	31 December	31 March	31 December	31 March	31 December		
			2019	2018	2019	2018	2019	2018		
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)			
----- (Rupees in '000) -----										
	Loans, cash credits, running finances, etc.		8,151,465	5,430,653	65,626	65,626	8,217,091	5,496,279		
	Bills discounted and purchased		283,558	827,106	30,885	30,885	314,443	857,991		
	Advances - gross	9.1	8,435,023	6,257,759	96,511	96,511	8,531,534	6,354,270		
	Provision against advances									
	- Specific		-	-	(96,511)	(96,511)	(96,511)	(96,511)		
	- General		(7,998)	(7,998)	-	-	(7,998)	(7,998)		
		9.3	(7,998)	(7,998)	(96,511)	(96,511)	(104,509)	(104,509)		
	Advances - net of provision		8,427,025	6,249,761	-	-	8,427,025	6,249,761		

9.1	Particulars of advances (Gross)	31 March 2019 (Un-audited)	31 December 2018 (Audited)
---- Rupees in '000 ----			
	In local currency	8,465,908	6,288,644
	In foreign currencies	65,626	65,626
		8,531,534	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

	31 March 2019 (Un-audited)		31 December 2018 (Audited)	
	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 2019 (Un-audited)			31 December 2018 (Audited)		
		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>31 March 2019 (Un-audited) ----- Rupees in '000 -----</b>	31 December 2018 (Audited)
Capital work-in-progress	10.1	9,908	6,394
Property and equipment		<u>192,449</u>	<u>208,530</u>
		<u><b>202,357</b></u>	<u><b>214,924</b></u>
<b>10.1 Capital work-in-progress</b>			
Advances to suppliers		<u>9,908</u>	<u>6,394</u>
<b>11 DEFERRED TAX ASSETS</b>			
Deductible Temporary Differences on - Post retirement employee benefits		<u>3,502</u>	<u>3,502</u>
		<b>3,502</b>	<b>3,502</b>
Taxable Temporary Differences on - Accelerated tax depreciation		<u>46</u>	<u>(3,358)</u>
		<b>46</b>	<b>(3,358)</b>
		<u><b>3,548</b></u>	<u><b>144</b></u>
<b>12 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		<b>214,505</b>	149,022
Income / Mark-up accrued in foreign currency		<b>59,840</b>	51,129
Advances, deposits, advance rent and other prepayments		<b>338,068</b>	323,219
Advance taxation (payments less provisions)		<b>939,970</b>	986,696
Marked to market gains on forward foreign exchange contracts		<b>102,869</b>	128,505
Acceptances		<b>368,562</b>	952,346
Others		<u>5,347</u>	<u>7,430</u>
		<b>2,029,161</b>	2,598,347
Less: Provision held against other assets	12.1	<u>(4,674)</u>	<u>(4,674)</u>
Other Assets (Net of Provision)		<u><b>2,024,487</b></u>	<u><b>2,593,673</b></u>
<b>12.1 Provision held against other assets</b>			
Advances, deposits, advance rent & other prepayments		<u><b>4,674</b></u>	<u><b>4,674</b></u>
<b>13 BILLS PAYABLE</b>			
In Pakistan		<u><b>848,673</b></u>	<u><b>1,314,231</b></u>

14	BORROWINGS	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
			----- Rupees in '000 -----	
	<b>Unsecured</b>			
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		92,883	57,245
	Borrowing from Deutsche Bank, AG London Branch	14.1	4,741,419	2,795,535
	Repo borrowings	14.2	592,815	-
	Others	14.3	51,815	18,773
	<b>Total unsecured</b>		<b>5,478,932</b>	<b>2,871,553</b>

14.1 These are short term borrowings carrying an interest rate of -0.23% p.a (31 December 2018: -0.22% p.a) maturing on 09 May 2019.

14.2 This is a short term repo borrowing carrying an interest rate of 10.49% maturing on 01 April 2019.

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

#### 15 DEPOSITS AND OTHER ACCOUNTS

	31 March 2019 (Un-audited)			31 December 2018 (Audited)		
	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	4,672,299	805,547	5,477,846	4,212,053	837,898	5,049,951
Others	1,781,218	-	1,781,218	2,417,116	-	2,417,116
<b>Remunerative</b>						
Savings deposits	2,752,020	7,004	2,759,024	6,785,216	13,815	6,799,031
Term deposits	5,180,916	-	5,180,916	5,827,492	-	5,827,492
	14,386,453	812,551	15,199,004	19,241,877	851,713	20,093,590
<b>Financial Institutions</b>						
Non-remunerative deposits - inter branch	14,775	-	14,775	6,786	-	6,786
	14,775	-	14,775	6,786	-	6,786
	<b>14,401,228</b>	<b>812,551</b>	<b>15,213,779</b>	<b>19,248,663</b>	<b>851,713</b>	<b>20,100,376</b>

16	OTHER LIABILITIES	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
			----- Rupees in '000 -----	
	Mark-up/ Return/ Interest payable in local currency		115,834	31,483
	Mark-up/ Return/ Interest payable in foreign currency		-	-
	Unearned commission and income on bills discounted		28,625	31,282
	Accrued expenses		120,925	168,059
	Acceptances		368,562	952,346
	Marked to market loss on forward foreign exchange contracts		106,546	3,963
	Payable to DB Singapore		6,195	6,195
	Unremitted head office expenses		1,981,070	1,953,443
	Payable to defined benefit plan		32,327	32,327
	Provision against off-balance sheet obligations		6,121	6,121
	Workers Welfare Fund		222,553	222,553
	Others (to be specified, if material)		258,755	100,474
			<b>3,247,513</b>	<b>3,508,246</b>

#### 17 CONTINGENCIES AND COMMITMENTS

-Guarantees	17.1	13,169,427	14,866,130
-Commitments	17.2	32,239,947	28,073,734
		<b>45,409,374</b>	<b>42,939,864</b>

#### 17.1 Guarantees

Financial guarantees		<b>13,169,427</b>	<b>14,866,130</b>
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17.2 Commitments	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
----- Rupees in '000 -----			
Documentary credits and short-term trade-related transactions			
- letters of credit		2,372,154	2,013,236
Commitments in respect of:			
- forward foreign exchange contracts	17.2.1	15,182,943	9,469,893
- forward lending	17.2.2	13,607,956	15,359,266
Other commitments	17.2.3	1,076,894	1,231,339
		<u>32,239,947</u>	<u>28,073,734</u>

#### 17.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	9,917,155	6,247,789
Sale	5,265,788	3,222,104
	<u>15,182,943</u>	<u>9,469,893</u>

The maturities of above contracts are spread over a period of one year.

#### 17.2.2 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	<u>13,607,956</u>	<u>15,359,266</u>
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17.2.3 Cheques in clearing	<u>1,076,894</u>	<u>1,231,339</u>
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#### 17.3 Other contingent liabilities

Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Courts. Out of these appeals, decisions against demands of Rs. 638 million (31 December 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.

18 MARK-UP/RETURN/INTEREST EARNED	Three months period ended 31 March 2019	Three months period ended 31 March 2018
----- Rupees in '000 -----		
On:		
Loans and advances	192,968	96,832
Lendings to financial institutions	422,899	245,623
Balances with banks	569	124
Others	2,128	-
	<u>618,564</u>	<u>342,580</u>

#### 19 MARK-UP/RETURN/INTEREST EXPENSED

On:		
Deposits	243,235	141,107
Borrowings	170	12,408
Others	-	2
	<u>243,405</u>	<u>153,517</u>

20 FEE & COMMISSION INCOME	Three months period ended 31 March 2019	Three months period ended 31 March 2018
	----- Rupees in '000 -----	
Commission on trade	14,250	7,324
Commission on guarantees	15,501	17,267
Commission on cash management	5,569	5,197
Commission on remittances including home remittances	1,231	947
Commission on custodial services	66,956	121,026
Others	3,727	2,073
	<u>107,234</u>	<u>153,834</u>
<b>21 OTHER INCOME</b>		
Gain on sale of fixed assets - net	1,109	-
Others	74	56
	<u>1,183</u>	<u>56</u>
<b>22 OPERATING EXPENSES</b>		
Total compensation expense	109,127	101,829
<b>Property expense</b>		
Rent & taxes	23,313	27,907
Insurance	2,295	3,084
Utilities cost	1,592	3,816
Security (including guards)	2,296	3,160
Repair & maintenance (including janitorial charges)	747	529
Depreciation	4,580	5,752
	<u>34,824</u>	<u>44,248</u>
<b>Information technology expenses</b>		
Software maintenance	-	-
Hardware maintenance	1,870	1,311
Depreciation	4,403	4,763
Network charges	7,027	5,169
	<u>13,300</u>	<u>11,243</u>
<b>Other operating expenses</b>		
Legal & professional charges	3,320	1,010
Outsourced services costs	20,209	14,979
Travelling & conveyance	2,077	5,606
NIFT clearing charges	316	746
Depreciation	8,617	8,142
Training & development	254	-
Postage & courier charges	525	294
Communication	(465)	2,332
Head office / regional office expenses	75,416	42,243
Stationery & printing	4,710	2,658
Auditors Remuneration	720	808
Others	5,024	5,523
	<u>120,723</u>	<u>84,341</u>
	<u>277,974</u>	<u>241,662</u>
<b>23 OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	49	-
<b>24 TAXATION</b>		
Current	89,452	61,603
Prior periods	45,529	-
Deferred	(3,404)	(2,226)
	<u>131,577</u>	<u>59,377</u>

## 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 (Un-audited)					Fair Value			
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(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	102,869	-	-	-	102,869	-	102,869	-	102,869
	102,869	-	-	-	102,869				
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	6,353,209	-	6,353,209				
Balances with other banks	-	-	646,874	-	646,874				
Lendings to financial institutions	-	-	13,775,343	-	13,775,343				
Advances	-	-	8,427,025	-	8,427,025				
Other assets	-	-	746,449	-	746,449				
	102,869	-	29,948,900	-	30,051,769				
<b>Financial Liabilities measured at fair value</b>									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	106,546	-	-	-	106,546	-	106,546	-	106,546
	106,546	-	-	-	106,546				
<b>Financial liabilities not measured at fair value</b>									
Bills payable	-	-	-	848,673	848,673				
Borrowings from financial institutions	-	-	-	5,478,932	5,478,932				
Deposits and other accounts	-	-	-	15,213,779	15,213,779				
Other liabilities	-	-	-	3,247,513	3,247,513				
	-	-	-	24,788,897	24,788,897				
<b>Off-balance sheet financial instruments measured at fair value</b>									
Forward purchase of foreign exchange				9,917,155	9,917,155	-	10,020,024	-	10,020,024
Forward sale of foreign exchange				5,265,788	5,265,788	-	5,372,334	-	5,372,334

	31 December 2018 (Audited)					Fair Value			
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(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

## 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.

#### **Global Transaction Banking**

Global Transaction Banking provides commercial banking products and services for both corporates and financial institutions worldwide, including domestic and cross-border payments, cash management, risk mitigation and international trade finance, depository, custody and related services. The Foreign Exchange business is also a part of GTB (GTB FX).

#### **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 2019 (Un-audited)		
	Global Transaction Banking	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>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>(38,159)</b>	<b>(282,504)</b>
Provisions	-	-	-
<b>Profit before tax</b>	<b>167,256</b>	<b>52,336</b>	<b>219,592</b>
<b>Balance Sheet</b>			
Cash & Bank balances	-	7,000,083	7,000,083
Net inter segment lending	1,836,257	(1,836,257)	-
Lendings to financial institutions	-	13,775,343	13,775,343
Advances - performing	8,330,514	-	8,330,514
- non-performing	96,511	-	96,511
Others	372,540	1,857,852	2,230,392
<b>Total Assets</b>	<b>10,635,822</b>	<b>20,797,021</b>	<b>31,432,843</b>
Borrowings	-	5,478,932	5,478,932
Deposits & other accounts	15,199,004	14,775	15,213,779
Net inter segment borrowing	(1,836,257)	1,836,257	-
Others	251,005	3,845,181	4,096,186
<b>Total liabilities</b>	<b>13,613,752</b>	<b>11,175,145</b>	<b>24,788,897</b>
Equity	-	6,643,946	6,643,946
<b>Total Equity &amp; liabilities</b>	<b>13,613,752</b>	<b>17,819,091</b>	<b>31,432,843</b>
<b>Contingencies &amp; Commitments</b>	<b>45,409,374</b>	<b>-</b>	<b>45,409,374</b>

Three months period ended

31 March 2018 (Un-audited)

	Global Transaction Banking	Infrastructure & Regional Management	Total
----- (Rupees in '000) -----			
<b>Profit &amp; Loss</b>			
Net mark-up / return	(35,129)	224,192	189,063
Inter segment revenue - net	139,260	(139,260)	-
Non mark-up / return / interest income	219,062	6,650	225,712
<b>Total Income</b>	<b>323,193</b>	<b>91,582</b>	<b>414,775</b>
Segment direct expenses	(44,401)	(200,723)	(245,124)
Inter segment expense allocation	(143,789)	143,789	-
<b>Total expenses</b>	<b>(188,190)</b>	<b>(56,934)</b>	<b>(245,124)</b>
Provisions	-	-	-
<b>Profit before tax</b>	<b>135,003</b>	<b>34,648</b>	<b>169,651</b>

31 December 2018 (Audited)

<b>Balance Sheet</b>			
Cash & Bank balances	-	7,181,868	7,181,868
Net inter segment lending	8,273,184	(8,273,184)	-
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	1,124,590	1,684,151	2,808,741
<b>Total Assets</b>	<b>15,647,535</b>	<b>19,743,691</b>	<b>35,391,226</b>
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>	<b>14,164,147</b>	<b>13,630,259</b>	<b>27,794,405</b>
Equity	-	7,596,820	7,596,820
<b>Total Equity &amp; liabilities</b>	<b>14,164,147</b>	<b>21,227,079</b>	<b>35,391,226</b>
<b>Contingencies &amp; Commitments</b>	<b>42,939,864</b>	<b>-</b>	<b>42,939,864</b>



**28** The Pakistan Operations calculate the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per the SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. As of 31 March 2019, the Pakistan Operations' LCR stood at 270% (31 December 2018: 293%) and NSFR stood at 110% (31 December 2018: 161%) against SBP requirement of 90% and 100% respectively.

**29 GENERAL**

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

**30 DATE OF AUTHORISATION**

These condensed interim financial information were authorised for issue on 28 May 2019

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**Managing Director  
Chief Country Officer  
Pakistan**

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**Chief Financial Officer  
Pakistan**