



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 2020

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 2020

	30 September 2020	31 December 2019
<i>Note</i>	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	6 8,019,776	7,558,956
Balances with other banks	7 3,896,817	118,681
Lendings to financial institutions	8 21,358,807	15,132,302
Investments	9 99,539	-
Advances	10 4,369,687	9,225,751
Fixed assets	11 261,983	345,355
Intangible assets	-	-
Deferred tax assets	12 28,051	25,344
Other assets	13 1,266,560	1,537,997
	39,301,220	33,944,386
LIABILITIES		
Bills payable	14 1,067,638	1,032,458
Borrowings	15 515,728	1,394,029
Deposits and other accounts	16 25,239,710	20,473,611
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	17 3,778,218	3,776,207
	30,601,294	26,676,305
NET ASSETS	8,699,926	7,268,081
REPRESENTED BY		
Head office capital account	6,228,780	5,563,663
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	-	-
Unremitted profit	2,469,857	1,704,418
	8,698,637	7,268,081

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 32 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 2020

Note	Three months period ended 30 September 2020	Nine months period ended 30 September 2020	Three months period ended 30 September 2019	Nine months period ended 30 September 2019	
----- Rupees in '000 -----					
Mark-up / return / interest earned	19	447,571	2,074,160	661,119	2,019,348
Mark-up / return / interest expensed	20	192,239	933,566	228,923	755,176
Net mark-up / interest income		255,332	1,140,594	432,196	1,264,172
NON MARK-UP / INTEREST INCOME					
Fee and commission income	21	101,834	375,574	111,524	327,451
Dividend income		-	-	-	-
Foreign exchange income		187,282	875,011	38,210	77,257
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	22	2,047	5,901	-	-
Other income	23	1,191	23,991	4,586	7,353
Total non-markup / interest income		292,354	1,280,477	154,320	412,061
Total Income		547,686	2,421,071	586,516	1,676,233
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	24	454,431	1,096,526	399,644	876,999
Workers Welfare Fund		1,865	26,491	3,824	16,070
Other charges	25	-	-	49	98
Total non-markup / interest expenses		456,296	1,123,017	403,517	893,167
Profit before provisions		91,390	1,298,054	182,999	783,066
Reversal and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		91,390	1,298,054	182,999	783,066
Taxation	26	(44,695)	(532,615)	(72,001)	(348,607)
PROFIT AFTER TAXATION		46,695	765,439	110,998	434,459

The annexed notes 1 to 32 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 nine months period ended 30 September 2020

	Three months period ended 30 September 2020	Nine months period ended 30 September 2020	Three months period ended 30 September 2019	Nine months period ended 30 September 2019
	----- (Rupees in '000) -----			
Profit after taxation for the period	46,695	765,439	110,998	434,459
Total comprehensive income for the period	<u>46,695</u>	<u>765,439</u>	<u>110,998</u>	<u>434,459</u>

The annexed notes 1 to 32 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 nine months period ended 30 September 2020

	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,298,054	783,066
Adjustments for:		
Depreciation	105,942	52,355
Gain on disposal of operating fixed assets	(9,392)	(7,234)
Finance costs against lease	1,432	-
Unrealised loss on securities classified as held-for-trading	1,289	-
	<u>99,271</u>	<u>97,370</u>
	1,397,325	880,436
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,226,505)	7,562,939
Net investments in held-for-trading securities	(99,539)	-
Advances	4,856,064	(60,869)
Others assets (excluding advance taxation)	314,825	824,523
	<u>(1,155,155)</u>	<u>8,326,593</u>
Decrease in operating liabilities		
Bills payable	35,180	(332,571)
Borrowings from financial institutions	(878,301)	(2,844,502)
Deposits and other accounts	4,766,099	(5,192,259)
Other liabilities	30,633	440,822
	<u>3,953,611</u>	<u>(7,928,510)</u>
Income tax paid	(578,709)	(344,441)
Net cash (used in) / generated from operating activities	<u>3,617,072</u>	<u>934,078</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in operating fixed assets	(27,282)	(82,281)
Proceeds from sale of operating fixed assets	14,104	21,551
Net cash used in investing activities	<u>(13,178)</u>	<u>(60,730)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Remittance made to Head office	-	(1,015,571)
Net cash used in financing activities	<u>-</u>	<u>(1,015,571)</u>
Effects of exchange rate changes on cash and cash equivalents	665,117	386,870
Increase in cash and cash equivalents	<u>4,269,011</u>	<u>244,647</u>
Cash and cash equivalents at beginning of the period	7,647,582	7,181,868
Cash and cash equivalents at end of the period	<u>11,916,593</u>	<u>7,426,515</u>

The annexed notes 1 to 32 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 nine months period ended 30 September 2020

	Head office capital account	Unremitted profit	Total
	------(Rupees in '000)-----		
Balance as at 01 January 2019	5,091,000	2,505,820	7,596,820
Profit for the nine months period ended 30 September 2019	-	434,459	434,459
Other comprehensive income - net of tax	-	-	-
	-	434,459	434,459
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	386,870	-	386,870
Remittance made to Head office	-	(1,015,578)	(1,015,578)
	386,870	(1,015,578)	(628,708)
Balance as at 01 October 2019	5,477,870	1,924,701	7,402,571
Profit after taxation for the three months period ended 31 December 2019	-	217,755	217,755
Other comprehensive income - net of tax	-	(18,519)	(18,519)
	-	199,236	199,236
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	85,793	-	85,793
Remittance made to Head office	-	(419,519)	(419,519)
	85,793	(419,519)	(333,726)
Balance as at 01 January 2020	5,563,663	1,704,418	7,268,081
Profit after taxation for the nine months period ended 30 September 2020	-	765,439	765,439
Other comprehensive income - net of tax	-	-	-
	-	765,439	765,439
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	665,117	-	665,117
Remittance made to Head office	-	-	-
	665,117	-	665,117
Balance as at 30 September 2020	6,228,780	2,469,857	8,698,637

The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Notes to the Condensed Interim Financial Information (Un-audited)
For nine months period ended 30 September 2020

1. STATUS AND NATURE OF BUSINESS

Deutsche Bank AG is a foreign banking company incorporated in the Federal Republic of Germany with limited liability. Its operations in Pakistan are carried out through two branches located at Karachi and Lahore ('the Pakistan Operations'). The Pakistan Operations are engaged in banking business as described in the Banking Companies Ordinance, 1962.

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements of the Pakistan Operations for the year ended 31 December 2019.

5. FINANCIAL RISK MANAGEMENT

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

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

6	CASH AND BALANCES WITH TREASURY BANKS	Note	30 September 2020	31 December 2019
			----- (Rupees in '000) -----	
	In hand			
	Local currency		24,654	19,100
	Foreign currency		74,464	51,566
			<u>99,118</u>	<u>70,666</u>
	With State Bank of Pakistan in			
	Local currency current account	6.1	1,413,411	1,670,132
	Foreign currency current account	6.2	63,133	58,997
	Foreign currency deposit account			
	Special cash reserve account	6.3	190,055	177,210
	Local US Dollar collection account	6.4	25,264	18,273
	Foreign currency capital account		6,228,780	5,563,663
			<u>7,920,643</u>	<u>7,488,275</u>
	With National Bank of Pakistan in			
	Local currency current account		15	15
			<u>8,019,776</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% p.a to 0.76% p.a. (31 December 2019: 0.70% 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	BALANCES WITH OTHER BANKS	Note	30 September 2020	31 December 2019
			----- (Rupees in '000) -----	
	In Pakistan			
	Current account		1,000	2,347
	Outside Pakistan			
	Current account			
	Interbranch		3,893,463	29,333
	Others	7.1	2,354	87,001
			<u>3,895,817</u>	<u>116,334</u>
			<u>3,896,817</u>	<u>118,681</u>

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

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	30 September 2020	31 December 2019
			----- (Rupees in '000) -----	

Repurchase agreement lendings (Reverse Repo) 8.1 21,358,807 15,132,302

8.1 Reverse repo transactions have been made with various commercial banks at rates ranging from 6.98% to 7.06% 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 30 September 2020 amounted to Rs. 21,398 million (31 December 2019: Rs. 15,731 million).

9	INVESTMENTS	Note	30 September 2020			31 December 2019		
			Cost	Surplus / (Deficit)	Total	Cost	Surplus / (Deficit)	Total
----- (Rupees in '000) -----								
9.1	INVESTMENTS BY TYPES							
	Held-for-trading securities							
	Federal Government securities		99,539		99,539	-	-	-
9.2	INVESTMENTS BY SEGMENTS							
	Federal Government Securities							
	Pakistan Investment Bonds		99,539	(1,289)	98,250	-	-	-
10	ADVANCES		Performing		Non Performing		Total	
			30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.		4,377,685	9,009,872	30,885	65,626	4,408,570	9,075,498
	Bills discounted and purchased		-	223,877	65,626	30,885	65,626	254,762
	Advances - gross	10.1	4,377,685	9,233,749	96,511	96,511	4,474,196	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	10.3	4,369,687	9,225,751	-	-	4,369,687	9,225,751
10.1	Particulars of advances (Gross)						30 September 2020	31 December 2019
							---- Rupees in '000 ----	
	In local currency						4,408,570	9,264,634
	In foreign currencies						65,626	65,626
							4,474,196	9,330,260

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

Category of Classification	30 September 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

10.3 Particulars of provision against advances	30 September 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

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

11	FIXED ASSETS	<i>Note</i>	30 September 2020	31 December 2019
			----- Rupees in '000 -----	
	Capital work-in-progress	11.1	2,938	59,163
	Property and equipment		<u>259,045</u>	<u>286,192</u>
			<u>261,983</u>	<u>345,355</u>
11.1	Capital work-in-progress			
	Advances to suppliers		<u>2,938</u>	<u>59,163</u>
12	DEFERRED TAX ASSETS			
	Deductible Temporary Differences on - Post retirement employee benefits		<u>13,473</u>	13,474
			13,473	13,474
	Taxable Temporary Differences on - Accelerated tax depreciation		<u>14,578</u>	11,870
			14,578	11,870
			<u>28,051</u>	<u>25,344</u>
13	OTHER ASSETS			
	Income / Mark-up accrued in local currency		143,342	263,276
	Income / Mark-up accrued in foreign currency		51,097	49,649
	Advances, deposits, advance service charges / rent and other prepayments		47,607	115,250
	Advance taxation (payments less provisions)		917,278	873,890
	Marked to market gains on forward foreign exchange contracts		104,979	651
	Acceptances		2,195	237,738
	Others		4,736	2,217
			<u>1,271,234</u>	1,542,671
	Less: Provision held against other assets	13.1	<u>(4,674)</u>	(4,674)
	Other Assets (Net of Provision)		<u>1,266,560</u>	<u>1,537,997</u>
13.1	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments		<u>4,674</u>	<u>4,674</u>
14	BILLS PAYABLE			
	In Pakistan		<u>1,067,638</u>	<u>1,032,458</u>

15	BORROWINGS	Note	30 September 2020	31 December 2019
			----- Rupees in '000 -----	
	Unsecured			
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		28,211	618
	Repo borrowings		99,844	1,363,974
	Others	15.1	387,673	29,437
	Total unsecured		<u>515,728</u>	<u>1,394,029</u>

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

16 **DEPOSITS AND OTHER ACCOUNTS**

	30 September 2020			31 December 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Non-Remunerative						
Current deposits	8,543,773	692,908	9,236,681	9,794,474	1,005,331	10,799,805
Margin deposits	965,958	-	965,958	633,147	-	633,147
Remunerative						
Savings deposits	8,829,629	4,158	8,833,787	5,145,610	8,266	5,153,876
Term deposits	6,200,900	-	6,200,900	3,879,000	-	3,879,000
	<u>24,540,260</u>	<u>697,066</u>	<u>25,237,326</u>	19,452,231	1,013,597	20,465,828
Financial Institutions						
Non-remunerative deposits - inter branch	2,384	-	2,384	7,783	-	7,783
	<u>2,384</u>	<u>-</u>	<u>2,384</u>	7,783	-	7,783
	<u>24,542,644</u>	<u>697,066</u>	<u>25,239,710</u>	<u>19,460,014</u>	<u>1,013,597</u>	<u>20,473,611</u>

17 **OTHER LIABILITIES**

	30 September 2020	31 December 2019
	----- Rupees in '000 -----	
Mark-up/ Return/ Interest payable in local currency	100,634	68,431
Unearned commission and income on bills discounted	27,124	35,883
Accrued expenses	99,291	87,196
Acceptances	2,195	237,738
Dividends payable	272,954	577,392
Marked to market loss on forward foreign exchange contracts	69,399	450
Payable to DB Singapore	6,195	6,195
Unremitted head office expenses	2,784,156	2,358,872
Payable to defined benefit plan	65,327	65,327
Provision against off-balance sheet obligations	6,121	6,121
Workers Welfare Fund	272,250	245,759
Lease liability	5,738	9,408
Others	66,834	77,435
	<u>3,778,218</u>	<u>3,776,207</u>

18	CONTINGENCIES AND COMMITMENTS	Note	30 September 2020	31 December 2019
----- Rupees in '000 -----				
	-Guarantees	18.1	11,682,608	13,384,277
	-Commitments	18.2	44,533,668	14,513,404
			<u>56,216,276</u>	<u>27,897,681</u>
18.1	Guarantees			
	Financial guarantees		<u>11,682,608</u>	<u>13,384,277</u>
18.2	Commitments			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		689,729	1,855,657
	Commitments in respect of:			
	- forward foreign exchange contracts	18.2.1	22,848,186	435,798
	- forward lending	18.2.2	20,823,470	11,994,283
	Other commitments	18.2.3	172,283	227,666
			<u>44,533,668</u>	<u>14,513,404</u>
18.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		11,424,093	219,730
	Sale		11,424,093	216,068
			<u>22,848,186</u>	<u>435,798</u>
	The maturities of above contracts are spread over a period of one month.			
18.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend		<u>20,823,470</u>	<u>11,994,283</u>
18.2.3	Cheques in clearing		<u>172,283</u>	<u>227,666</u>
18.3	Other contingent liabilities			
	Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Courts. Out of these appeals, decisions against demands of Rs. 638 million (31 December 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.			
19	MARK-UP / RETURN / INTEREST EARNED		Nine months period ended 30 September 2020	Nine months period ended 30 September 2019
----- Rupees in '000 -----				
	On:			
	Loans and advances		543,007	664,266
	Investments		3,092	-
	Lendings to financial institutions		1,527,656	1,345,189
	Balances with banks		400	1,815
	Others		5	8,078
			<u>2,074,160</u>	<u>2,019,348</u>
20	MARK-UP / RETURN / INTEREST EXPENSED			
	On:			
	Deposits		924,339	752,592
	Borrowings		7,795	2,171
	Finance cost of lease liability		1,432	413
			<u>933,566</u>	<u>755,176</u>

	Note	Nine months period ended 30 September 2020	Nine months period ended 30 September 2019
----- Rupees in '000 -----			
21 FEE & COMMISSION INCOME			
Commission on trade		75,633	85,786
Commission on guarantees		57,469	57,792
Commission on cash management		4,216	7,028
Commission on remittances including home remittances		286	251
Commission on custodial services		237,720	176,117
Others		250	477
		<u>375,574</u>	<u>327,451</u>
22 GAIN / (LOSS) ON SECURITIES			
Realised gain on sale of Treasury Bills		7,190	-
Unrealised - held for trading		(1,289)	-
		<u>5,901</u>	<u>-</u>
23 OTHER INCOME			
Gain on sale of fixed assets - net		9,392	7,234
Prior years refunds on utilities costs		13,843	-
Others		756	119
		<u>23,991</u>	<u>7,353</u>
24 OPERATING EXPENSES			
Total compensation expense		328,773	303,036
Property expense			
Rent & taxes		67,833	26,345
Insurance		7,214	6,103
Utilities cost		13,104	7,377
Security (including guards)		6,426	9,452
Depreciation		13,483	13,741
Depreciation on right-of-use assets		49,885	52,249
		<u>157,945</u>	<u>115,267</u>
Information technology expenses			
Software maintenance		325	-
Hardware maintenance		12,710	12,820
Depreciation		11,880	13,355
Network charges		21,455	18,132
		<u>46,370</u>	<u>44,307</u>
Other operating expenses			
Legal & professional charges		7,329	9,329
Outsourced services costs		69,522	65,168
Travelling & conveyance		2,057	10,624
NIFT clearing charges		651	1,001
Depreciation		30,694	25,259
Training & development		117	555
Postage & courier charges		1,006	868
Communication		6,802	4,693
Head office / regional office expenses		431,375	276,734
Stationery & printing		7,199	12,203
Marketing, advertisement & publicity		-	555
Auditors Remuneration		2,850	2,666
Others		3,836	4,734
		<u>563,438</u>	<u>414,389</u>
		<u>1,096,526</u>	<u>876,999</u>
25 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		-	87
Others		-	11
		<u>-</u>	<u>98</u>
26 TAXATION			
Current		535,321	315,672
Prior periods		-	45,529
Deferred		(2,706)	(12,594)
		<u>532,615</u>	<u>348,607</u>

27 FAIR VALUE MEASUREMENTS

27.1 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 2020				30 September 2020				
	Carrying Value				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) -----				
On balance sheet financial instruments									
Financial assets measured at fair value									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	104,979	-	-	-	104,979	-	104,979	-	104,979
	<u>104,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,979</u>	<u>-</u>	<u>104,979</u>	<u>-</u>	<u>104,979</u>
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	8,019,776	-	8,019,776				
Balances with other banks	-	-	3,896,817	-	3,896,817				
Lendings to financial institutions	-	-	21,358,807	-	21,358,807				
Investments	99,539	-	-	-	99,539		99,539	-	99,539
Advances	-	-	4,369,687	-	4,369,687				
Other assets	-	-	204,790	-	204,790				
	<u>204,518</u>	<u>-</u>	<u>37,849,877</u>	<u>-</u>	<u>38,054,395</u>				
Financial Liabilities measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	69,399	-	-	-	69,399	-	69,399	-	69,399
	<u>69,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,399</u>	<u>-</u>	<u>69,399</u>	<u>-</u>	<u>69,399</u>
Financial liabilities not measured at fair value									
Bills payable	-	-	-	1,067,638	1,067,638				
Borrowings from financial institutions	-	-	-	515,728	515,728				
Deposits and other accounts	-	-	-	25,239,710	25,239,710				
Other liabilities	-	-	-	3,708,819	3,708,819				
	<u>69,399</u>	<u>-</u>	<u>-</u>	<u>30,531,895</u>	<u>30,601,294</u>				
Off-balance sheet financial instruments measured at fair value									
Forward purchase of foreign exchange				11,424,093	11,424,093	-	11,529,072	-	11,529,072
Forward sale of foreign exchange				11,424,093	11,424,093	-	11,493,492	-	11,493,492

	31 December 2019				31 December 2019				
	Carrying Value				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) -----				
On balance sheet financial instruments									
Financial assets measured at fair value									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	651	-	-	-	651	-	651	-	651
	<u>651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651</u>	<u>-</u>	<u>651</u>	<u>-</u>	<u>651</u>
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	7,558,956	-	7,558,956				
Balances with other banks	-	-	118,681	-	118,681				
Lendings to financial institutions	-	-	15,132,302	-	15,132,302				
Investments	-	-	-	-	-				
Advances	-	-	9,225,751	-	9,225,751				
Other assets	-	-	1,374,423	-	1,374,423				
	<u>651</u>	<u>-</u>	<u>33,410,113</u>	<u>-</u>	<u>33,410,764</u>				
Financial Liabilities measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	450	-	-	-	450	-	450	-	450
	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>450</u>
Financial liabilities not measured at fair value									
Bills payable	-	-	-	1,032,458	1,032,458				
Borrowings from financial institutions	-	-	-	1,394,029	1,394,029				
Deposits and other accounts	-	-	-	20,473,611	20,473,611				
Other liabilities	-	-	-	3,775,757	3,775,757				
	<u>450</u>	<u>-</u>	<u>-</u>	<u>26,675,855</u>	<u>26,676,305</u>				
Off-balance sheet financial instruments measured at fair value									
Forward purchase of foreign exchange				219,730	219,730	-	220,381	-	220,381
Forward sale of foreign exchange				216,068	216,068	-	216,518	-	216,518

28 SEGMENT INFORMATION

28.1 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, institutional flows and bond trading.

Infrastructure and Regional Management

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

	Nine months period ended 30 September 2020			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(287,161)	287,758	1,139,997	1,140,594
Inter segment revenue - net	1,319,159	(271,968)	(1,047,191)	-
Non mark-up / return / interest income	651,425	524,061	104,991	1,280,477
Total Income	1,683,423	539,851	197,797	2,421,071
Segment direct expenses	(292,913)	(31,534)	(798,570)	(1,123,017)
Inter segment expense allocation	(648,985)	(56,327)	705,312	-
Total expenses	(941,898)	(87,861)	(93,258)	(1,123,017)
Reversals / (Provisions)	-	-	-	-
Profit before tax	741,525	451,990	104,539	1,298,054
	30 September 2020			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	11,916,593	11,916,593
Net inter segment lending	17,827,772	-	(17,827,772)	-
Lendings to financial institutions	-	-	21,358,807	21,358,807
Investments	-	98,250	-	98,250
Advances - performing	4,377,685	-	-	4,377,685
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	291,035	104,979	1,160,580	1,556,594
Total Assets	22,488,494	203,229	16,608,208	39,299,931
Borrowings	-	-	515,728	515,728
Deposits & other accounts	25,237,326	-	2,384	25,239,710
Net inter segment borrowing	(17,827,772)	-	17,827,772	-
Others	1,819,020	69,399	2,957,437	4,845,856
Total liabilities	9,228,574	69,399	21,303,321	30,601,294
Head office account	-	-	8,698,637	8,698,637
Total Equity & liabilities	9,228,574	69,399	30,001,958	39,299,931
Contingencies & Commitments	33,368,090	18,157,567	4,690,619	38,058,709

	Nine months period ended 30 September 2019			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
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	1,423,205	-	253,028	1,676,233
Segment direct expenses	(189,649)	-	(703,518)	(893,167)
Inter segment expense allocation	(655,197)	-	655,197	-
Total expenses	(844,846)	-	(48,321)	(893,167)
Reversals / (Provisions)	-	-	-	-
Profit before tax	578,359	-	204,707	783,066
	31 December 2019			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	7,677,637	7,677,637
Net inter segment lending	6,942,660	-	(6,942,660)	-
Lendings to financial institutions	-	-	15,132,302	15,132,302
Advances - performing	9,233,749	-	-	9,233,749
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	525,022	651	1,383,023	1,908,696
Total Assets	16,693,433	651	17,250,302	33,944,386
Borrowings	-	-	1,394,029	1,394,029
Deposits & other accounts	20,465,828	-	7,783	20,473,611
Net inter segment borrowing	(6,942,660)	-	6,942,660	-
Others	1,961,586	450	2,846,629	4,808,665
Total liabilities	15,484,754	450	11,191,101	26,676,305
Head office account	-	-	7,268,081	7,268,081
Total Equity & liabilities	15,484,754	450	18,459,182	33,944,386
Contingencies & Commitments	27,470,059	363,662	63,960	27,897,681

29 RELATED PARTY TRANSACTIONS

Related parties comprise of Head office, other branches of the Bank and employees' retirement benefit funds. The transactions with related parties are conducted under normal course of business at arm's length prices. The Pakistan Operations also provide advances to employees at reduced rate in accordance with their terms of employment. The transactions and balances with related parties, other than those under the terms of employment and those disclosed elsewhere are summarized as follows

	30-Sep-20			31 December 2019		
	Head office and branches	Key management personnel	Other related parties	Head office and branches	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Balances with other banks						
In current accounts	3,893,463	-	-	29,333	-	85,239
Advances						
Opening balance	-	70,383	-	-	16,171	-
Addition during the year	-	7,217	-	-	78,281	-
Repaid during the year	-	(10,273)	-	-	(24,069)	-
Closing balance	-	67,327	-	-	70,383	-
Borrowings						
Opening balance	559	-	-	2,852,780	-	-
Borrowings during the year	40,473,649	-	-	10,228,999	-	-
Settled during the year	(40,445,998)	-	-	(13,081,220)	-	-
Closing balance	28,211	-	-	559	-	-
Deposits and other accounts						
Opening balance	7,783	8,764	32,621	6,786	13,164	8,978
Received during the year	136,561	53,343	493,819	218,557	160,675	4,321,422
Withdrawn during the year	(141,960)	(59,763)	(520,518)	(217,560)	(165,075)	(4,297,779)
Closing balance	2,384	2,344	5,922	7,783	8,764	32,621
Other Liabilities						
Interest / mark-up payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	65,327	-	-	65,327
Other liabilities	2,790,351	-	-	2,365,067	-	-
Contingencies and Commitments						
Other contingencies	5,237,447	-	-	10,981,896	-	-

	Nine months period ended			
	30 September 2020	Key management personnel	30 September 2019	Key management personnel
----- (Rupees in '000) -----				
Income				
Mark-up / return / interest earned	3	1,506	6,373	1,678
Expense				
Mark-up / return / interest paid	-	-	9	188
Foreign exchange loss	-	-	(41,160)	-
Operating expenses	431,375	72,638	276,734	67,516

30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS 30 September 31 December

2020 2019
----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 8,698,637 7,268,081

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	8,698,637	7,268,081
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,698,637	7,268,081
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	8,712,756	7,282,200

Risk Weighted Assets (RWAs):

Credit Risk	25,078,111	19,648,025
Market Risk	340,950	377,900
Operational Risk	4,022,594	4,022,594
Total	29,441,655	24,048,519

Common Equity Tier 1 Capital Adequacy Ratio	29.55%	30.22%
Tier 1 Capital Adequacy Ratio	29.55%	30.22%
Total Capital Adequacy Ratio	29.59%	30.28%

Leverage Ratio (LR):

Eligible Tier-1 Capital	8,698,637	7,268,081
Total Exposure	91,752,462	74,537,845
Leverage Ratio	9.48%	9.75%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	22,727,845	15,628,845
Total Net Cash Outflow	6,878,035	6,012,405
Liquidity Coverage Ratio	330%	260%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	22,891,259	19,991,845
Total Required Stable Funding	10,935,461	12,656,020
Net Stable Funding Ratio	209%	158%

31 GENERAL

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

32 DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on 28 Oct 2020.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan