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DEUTSCHE BANK AG, PAKISTAN OPERATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

EY Ford Rhodes
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INDEPENDENT AUDITORS' REPORT

To the Directors of Deutsche Bank AG, Pakistan Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Deutsche Bank AG, Pakistan Operations (the Pakistan Operations), which comprise the statement of financial position as at 31 December 2020, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, along with notes to the financial statements including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Pakistan Operation's affairs as at 31 December 2020 and of the income, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank (The Pakistan operations) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Pakistan Operation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Pakistan operations or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Pakistan Operation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pakistan Operation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pakistan Operation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pakistan Operation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

   a) proper books of account have been kept by the Pakistan Operation as required by the Companies Act, 2017 (XIX of 2017);

   b) the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flow (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Pakistan Operation and the transactions of the Pakistan Operation which have come to our notice have been within the powers of the Pakistan Operation; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Pakistan Operations and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Pakistan Operations.

Other matters

The financial statements of the Pakistan Operations for the year ended 31 December 2019 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 27 March 2020.

The engagement partner on the audit resulting in this independent auditors' report is Arslan Khalid.

Chartered Accountants

Place: Karachi

Date: 29 March 2021

Deutsche Bank AG, Pakistan Operations

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

Statement of Financial Position

As at 31 December 2020

	Note	2020	2019
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	*5*	**8,645,015**	7,558,956
Balances with other banks	*6*	**5,268,843**	118,681
Lendings to financial institutions	*7*	**26,209,833**	15,132,302
Investments		**-**	-
Advances	*8*	**2,505,899**	9,225,751
Fixed assets	*9*	**242,064**	345,355
Intangible assets		**-**	-
Deferred tax assets	*10*	**29,127**	25,344
Other assets	*11*	**1,419,828**	1,537,997
		44,320,609	33,944,386
LIABILITIES			
Bills payable	*12*	**972,657**	1,032,458
Borrowings	*13*	**241,047**	1,394,029
Deposits and other accounts	*14*	**30,965,106**	20,473,611
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	*15*	**3,920,451**	3,776,207
		36,099,261	26,676,305
NET ASSETS		**8,221,348**	7,268,081
REPRESENTED BY			
Head office capital account	*16*	**6,302,781**	5,563,663
Reserves		**-**	-
Surplus / (Deficit) on revaluation of assets		**-**	-
Unremitted profit		**1,918,567**	1,704,418
		8,221,348	7,268,081
CONTINGENCIES AND COMMITMENTS	*17*		

The annexed notes 1 to 38 form an integral part of these annual 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)

Profit and Loss Account

For the year ended 31 December 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	18	**2,647,085**	2,801,020
Mark-up / return / interest expensed	19	**(1,237,236)**	(1,063,657)
Net mark-up / interest income		**1,409,849**	1,737,363
NON MARK-UP / INTEREST INCOME			
Fee and commission income	20	**465,989**	413,119
Dividend income		**-**	-
Foreign exchange income		**1,062,169**	183,032
Income / (loss) from derivatives		**-**	-
Loss on sale of securities	21	**(1,804)**	-
Other income	22	**24,591**	18,588
Total non-markup / interest income		**1,550,945**	614,739
Total Income		**2,960,794**	2,352,102
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	23	**(1,407,591)**	(1,189,950)
Workers Welfare Fund		**(31,064)**	(23,206)
Other charges	24	**-**	(1,849)
Total non-markup / interest expenses		**(1,438,655)**	(1,215,005)
Profit before provisions		**1,522,139**	1,137,097
(Provisions) / reversal - net		**-**	-
Extra ordinary / unusual items		**-**	-
PROFIT BEFORE TAXATION		**1,522,139**	1,137,097
Taxation	25	**(616,602)**	(484,883)
PROFIT AFTER TAXATION		**905,537**	652,214

The annexed notes 1 to 38 form an integral part of these annual 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)

Statement of Comprehensive Income

For the year ended 31 December 2020

	2020	2019
	----- (Rupees in '000) -----	
Profit after taxation for the year	**905,537**	652,214
Other comprehensive income		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	**20,835**	(18,519)
Total comprehensive income	**926,372**	633,695

The annexed notes 1 to 38 form an integral part of these annual 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)

Cash Flow Statement

For the year ended 31 December 2020

	Note	2020	2019
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**1,522,139**	1,137,097
Adjustments for:			
Depreciation	*9.2*	**143,225**	137,760
Gain on sale of fixed assets	*21*	**(10,001)**	(6,114)
Finance costs of lease liability		**1,550**	302
		134,774	131,948
		1,656,913	1,269,045
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(11,077,531)**	4,018,554
Advances		**6,719,852**	(2,975,990)
Others assets (excluding advance taxation)		**217,620**	800,524
		(4,140,059)	1,843,088
Increase / (decrease) in operating liabilities			
Bills payable		**(59,801)**	(281,773)
Borrowings from financial institutions		**(1,186,385)**	(1,431,561)
Deposits and other accounts		**10,491,495**	373,235
Other liabilities		**181,447**	216,121
		9,426,756	(1,123,978)
Income tax paid		**(731,055)**	(387,305)
Net cash generated from operating activities		**6,212,555**	1,600,850
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		**(43,272)**	(113,106)
Proceeds from sale of operating fixed assets		**13,339**	22,033
Net cash used in investing activities		**(29,933)**	(91,073)
CASH FLOW FROM FINANCING ACTIVITIES			
Remittances made to Head office		**(712,223)**	(1,435,097)
Payment of lease liabilities		**(6,699)**	(5,611)
Net cash used in financing activities		**(718,922)**	(1,440,708)
Effects of exchange rate changes on cash and cash equivalents		**739,118**	472,663
Increase in cash and cash equivalents		**6,202,818**	541,732
Cash and cash equivalents at beginning of the year		**7,647,582**	7,105,850
Cash and cash equivalents at end of the year	*26*	**13,850,400**	7,647,582

The annexed notes 1 to 38 form an integral part of these annual 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)

Statement of Changes in Equity

For the year ended 31 December 2020

	Head office capital account	Unremitted profit	Total
	------- (Rupees in '000) -------		
Opening balance as at 01 January 2019	5,091,000	2,505,820	7,596,820
Profit after taxation for the year ended 31 December 2019	-	652,214	652,214
Other comprehensive loss - net of tax	-	(18,519)	(18,519)
Total comprehensive income for the year	-	633,695	633,695
Transactions with owners and exchange adjustments, recorded directly in equity			
Foreign exchange adjustments on revaluation of capital	472,663	-	472,663
Remittance made to Head office	-	(1,435,097)	(1,435,097)
	472,663	(1,435,097)	(962,434)
Opening balance as at 01 January 2020	**5,563,663**	**1,704,418**	**7,268,081**
Profit after taxation for the year ended 31 December 2020	-	905,537	905,537
Other comprehensive income - net of tax	-	20,835	20,835
Total comprehensive income for the year	-	926,372	926,372
Transactions with owners and exchange adjustments, recorded directly in equity			
Foreign exchange adjustments on revaluation of capital	739,118	-	739,118
Remittance made to Head office		(712,223)	(712,223)
	739,118	(712,223)	26,895
Closing balance as at 31 December 2020	**6,302,781**	**1,918,567**	**8,221,348**

The annexed notes 1 to 38 form an integral part of these annual financial statements.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

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 (2019: 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 registered office of Pakistan Operations is located at Avari Plaza 242 & 243, Fatima Jinnah Road, Karachi, Pakistan.

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

These 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.

SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 'Financial Instruments' with effect from 01 January 2021. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

2.2 Credit Rating

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 25 January 2021 is BBB for long-term and F2 for short-term; and rating by Moody's on 03 November 2020 is A3 for long-term.

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

The Pakistan Operations has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

- Amendments to IAS 1, ‘Presentation of Financial Statements’ and IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’. The amendments were intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

The Pakistan Operations has adopted the following accounting standards, interpretations and amendments of IFRSs:

- Amendment to IFRS 3, 'Business Combinations' – Definition of a Business. IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

- IFRS 14, 'Regulatory Deferral Accounts' permits an entity to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of standard and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required.

- IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which became effective during the year for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.4 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective

The following IFRS as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

- IFRS 9, 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaced 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 Bank has been complying with the requirement of BPRD Circular Letter No. 15 of 2020 to have parallel run of IFRS 9 from July 01, 2020.

- COVID-19 -Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Further, following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2023

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- Defined benefit plan (Note 4.7)
- Taxation (Note 4.10)
- Advances (Note 4.4)
- Operating fixed assets and depreciation (Note 4.5)
- Leases (Note 4.5)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been marked to market and are carried at fair value. Staff retirement benefits (pension), right of use assets and related lease liabilty are measured at present value.

3.2 These financial statements are presented in Pak rupees (PKR) which is the Pakistan Operations' functional currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to these financial statements

4.1 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks and overdrawn nostros.

4.2 Lendings / borrowings (reverse repo / repo)

Purchase under resale agreements
The Pakistan Operations enter into purchase of investments under agreements to resell investments at a certain date in the future at a fixed price. Investments purchased subject to commitment to resell them at the future dates are not recognized. The amounts paid are recognized in lendings to financial institutions. The receivables are shown as collateralized by the underlying security.

Sale under repurchase agreement
Investments sold under repurchase agreements continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy for investments. The proceeds from the sale of the investments are reported in borrowings from financial institutions.

The difference between the purchase / sale and resale / repurchase consideration is recognized on a time proportion basis over the period of the transaction and is included in mark-up / return / interest earned or expensed.

4.3 Investments

In accordance with the requirements of BSD Circular No. 10 dated 13 July 2004 the investments are classified as follows:

Held to maturity
These securities are with fixed and determinable payments and fixed maturity which are acquired with the intention and ability to hold them up to maturity. These are carried at amortized cost.

Held for trading
These are securities, which are either acquired for generating profit from short-term fluctuation in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit making existed.

Available-for-sale
The securities which are not held for trading and held-to-maturity are classified as available-for-sale (AFS).

The Pakistan Operations designate the classification of securities at the time of acquisition.

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date the Pakistan Operations commit to purchase or sell the investments.

Trading securities are initially recognized at fair value and are subsequently carried at their market values and related realized and unrealized gains and losses are included in trading revenues.

AFS securities are initially recognized at cost which also includes the transaction cost associated with the investment and are subsequently valued at market rates and the resulting surplus / deficit is taken to "Surplus / Deficit on Revaluation of Securities" account and is shown in equity in the statement of financial position.

The market values of securities are determined with reference to ready quotes as available on Reuters Page (PKRV) or Stock Exchange.

4.4 Advances

Advances are stated net of specific and general provision against loan losses. Specific provision is made for non-performing advances, including off-balance sheet obligations, in compliance with the Prudential Regulations of SBP. Advances are written-off when there are no realistic prospects of recovery.

4.5 Operating fixed assets and depreciation

Owned

Operating fixed assets other than capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses (if any). Capital work-in-progress is stated at cost less impairment losses (if any).

Subsequent costs are included in the assets carrying amounts or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Pakistan Operations and the cost of

Depreciation on fixed assets is charged to income applying the straight-line method from the date the assets are available for use. Gain or loss on disposal is taken to income currently.

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 and 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 may elect 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.

4.6 Borrowings / deposits

(a) Borrowings / deposits are recorded at the time when the proceeds are received.
(b) Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

4.7 Staff retirement benefits

Defined benefit plan
The Pakistan Operations operate a funded pension scheme for all of their permanent employees. The costs are determined based on actuarial valuation carried out using the Projected Unit Credit Method. All actuarial gains and losses are recognized outside the profit and loss account in the statement of comprehensive income.

Defined contribution plan
The Pakistan Operations also operate approved provident fund and gratuity fund scheme for all of their permanent employees in respect of which contributions are made to the respective trusts.

4.8 Foreign currencies

Foreign currency transactions are translated into rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the statement of financial position date. Outstanding forward foreign exchange contracts are valued at the forward rates applicable to their

Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Rupee terms at the exchange rates prevailing at the statement of financial position date.

Exchange gains and losses are included in income, except for exchange gain / loss on foreign currency capital account, which is recognized directly as the appreciation / diminution of the Head office capital account.

4.9 Revenue recognition

(a) Mark - up / return / interest on advances and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark - up is recognised on receipt basis. Mark - up / return / interest on reschedule

(b) Gain or loss on sale of investments are recognised in profit and loss account in the year in which they arise.

(c) The Pakistan Operations earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Pakistan Operations expects to be entitled in exchange for providing the services.

(d) The Pakistan Operations recognises fees earned on transaction-based arrangements at a point in time when the service has been provided to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

4.10 Taxation

Current

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is provided using the balance sheet method on all material temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits, or taxable temporary differences will be available and the credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.11 Impairment

The carrying amount of assets other than deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

4.12 Other provisions

Provisions are recognized when the Pakistan Operations have a legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle obligation and a reliable estimate of amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.13 Off setting

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to off-set the recognized amount and the Pakistan Operations intend either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.14 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value is taken to the profit and loss account.

4.15 Segment reporting

A segment is a component of the Pakistan Operations that engages in business activities for which it may earn revenues and incur expenses (including revenue and expense relating to transactions with other component), whose results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available.

Business Segment

A brief description of the products and services offered by different segments of the Pakistan Operations is given in note 32 to these financial statements.

Geographical segments

The Pakistan Operations operates only in Pakistan.

4.16 Acceptances

Acceptances comprise of undertakings by the Pakistan Operations to pay bills of exchange drawn on customers. Acceptances are recognized as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset; therefore, commitments in respect of acceptances have been accounted for as financial assets and liabilities.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2020	2019
		------- (Rupees in '000) -------	
In hand			
Local currency		**15,847**	19,100
Foreign currency		**84,419**	51,566
		100,266	70,666
With State Bank of Pakistan in			
Local currency current account	*5.1*	**1,970,392**	1,670,132
Foreign currency current account	*5.2*	**60,897**	58,997
Foreign currency deposit account			
Special cash reserve account	*5.3*	**183,325**	177,210
Local US Dollar collection account	*5.4*	**27,339**	18,273
Foreign currency capital account		**6,302,781**	5,563,663
		8,544,734	7,488,275
With National Bank of Pakistan in			
Local currency current account		**15**	15
		8,645,015	7,558,956

5.1 This represents current account maintained with SBP under the requirements of section 22 (Cash Reserve Requirement) of the Banking Companies Ordinance, 1962.

5.2 This represents statutory cash reserve in the current account maintained with SBP under the requirements of SBP.

5.3 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% to 0.76% during 2020 (2019: 0.70% to 1.51%).

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

6 BALANCES WITH OTHER BANKS

	Note	2020	2019
		------- (Rupees in '000) -------	
In Pakistan			
In current account		**1,291**	2,347
Outside Pakistan			
In current account			
Interbranch		**5,265,153**	29,333
Others	*6.1*	**2,399**	87,001
		5,267,552	116,334
		5,268,843	118,681

6.1 Balance with a subsidiary of Deutsche Bank, AG. is NIL (2019: Rs.85.217 million).

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2020	2019
		------- (Rupees in '000) -------	
Repurchase agreement lendings (Reverse Repo)	*7.1*	**26,209,833**	15,132,302

7.1 Reverse repo transactions have been made with various commercial banks at rates ranging from 6.20% to 7.00% per annum (2019: 13.04% to 13.27% per annum) and mature within a month. The market value of these securities at 31 December 2020 amounted to Rs. 26,478 million (2019: Rs. 15,731 million).

7.2 Particulars of lending

	2020	2019
	------- (Rupees in '000) -------	
In local currency	**26,209,833**	15,132,302

7.3 Securities held as collateral against Lending to financial institutions

	Note	2020			2019		
		Held by Pakistan Operations	Further given as collateral	Total	Held by Pakistan Operations	Further given as collateral	Total
		(Rupees in '000)					
	7.3.1						
Market Treasury Bills		**26,209,833**	**-**	**26,209,833**	15,132,302	-	15,132,302

7.3.1 None of the lending to financial institutions were classified at year end.

8 ADVANCES

	Note	Performing		Non Performing		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		**2,513,897**	9,009,872	**30,885**	30,885	**2,544,782**	9,040,757
Bills discounted and purchased		**-**	223,877	**65,626**	65,626	**65,626**	289,503
Advances - gross	8.1	**2,513,897**	9,233,749	**96,511**	96,511	**2,610,408**	9,330,260
Provision against advances							
- Specific		**-**	-	**(96,511)**	(96,511)	**(96,511)**	(96,511)
- General		**(7,998)**	(7,998)	**-**	-	**(7,998)**	(7,998)
	8.3	**(7,998)**	(7,998)	**(96,511)**	(96,511)	**(104,509)**	(104,509)
Advances - net of provision		**2,505,899**	9,225,751	**-**	-	**2,505,899**	9,225,751

	2020	2019
8.1 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	**2,544,782**	9,264,634
In foreign currencies	**65,626**	65,626
	2,610,408	9,330,260

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

Category of Classification	2020		2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Loss	**96,511**	**96,511**	96,511	96,511
Total	**96,511**	**96,511**	96,511	96,511

8.3 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	**96,511**	**7,998**	**104,509**	96,511	7,998	104,509
Reversals	**-**	**-**	**-**	-	-	-
Closing balance	**96,511**	**7,998**	**104,509**	96,511	7,998	104,509

8.3.1 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	**96,511**	**7,998**	**104,509**	96,511	7,998	104,509

9 FIXED ASSETS

	Note	2020	2019
		(Rupees in '000)	
Capital work-in-progress	9.1	**953**	59,163
Property and equipment	9.2	**241,111**	286,192
		242,064	345,355

9.1 Capital work-in-progress

Advances to suppliers	**953**	59,163

9.2 Property and Equipment

	2020					
	Improvements on lease hold buildings	Right-of-Use assets	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)					
At 01 January 2020						
Cost	**203,572**	**171,003**	**12,349**	**184,483**	**150,532**	**721,939**
Accumulated depreciation	**(149,788)**	**(67,771)**	**(11,128)**	**(146,576)**	**(60,484)**	**(435,747)**
Net book value	**53,784**	**103,232**	**1,221**	**37,907**	**90,048**	**286,192**
Year ended December 2020						
Opening net book value	**53,784**	**103,232**	**1,221**	**37,907**	**90,048**	**286,192**
Additions	**-**	**-**	**5,191**	**22,258**	**74,033**	**101,482**
Disposals - cost	**-**	**-**	**-**	**(1,802)**	**(33,270)**	**(35,072)**
Disposals - accumulated depreciation	**-**	**-**	**-**	**1,774**	**29,960**	**31,734**
Depreciation charge	**(17,977)**	**(68,186)**	**(472)**	**(21,172)**	**(35,418)**	**(143,225)**
Closing net book value	**35,807**	**35,046**	**5,940**	**38,965**	**125,353**	**241,111**
At 31 December 2020						
Cost	**203,572**	**171,003**	**17,540**	**204,939**	**191,295**	**788,349**
Accumulated depreciation	**(167,765)**	**(135,957)**	**(11,600)**	**(165,974)**	**(65,942)**	**(547,238)**
Net book value	**35,807**	**35,046**	**5,940**	**38,965**	**125,353**	**241,111**
Rate of depreciation (percentage)	**10-20**	**19-48**	**10-33**	**20-50**	**20**	

	2019					
	Building on Lease hold land	Right-of-Use assets	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)					
At 01 January 2019						
Cost	207,011	-	13,317	194,806	144,427	559,561
Accumulated depreciation	(133,875)	-	(11,670)	(143,677)	(61,809)	(351,031)
Net book value	73,136	-	1,647	51,129	82,618	208,530
Year ended December 2019						
Opening net book value	73,136	-	1,647	51,129	82,618	208,530
Adjustment on adoption of IFRS 16	-	171,003	-	-	-	171,003
Opening net book value - Adjusted	73,136	171,003	1,647	51,129	82,618	379,533
Additions	-	-	173	10,456	49,709	60,338
Disposals - cost	(3,439)	-	(1,141)	(20,779)	(43,604)	(68,963)
Disposals - accumulated depreciation	2,379	-	1,141	20,238	29,286	53,044
Depreciation charge	(18,292)	(67,771)	(599)	(23,137)	(27,961)	(137,760)
Closing net book value	53,784	103,232	1,221	37,907	90,048	286,192
At 31 December 2019						
Cost	203,572	171,003	12,349	184,483	150,532	721,939
Accumulated depreciation	(149,788)	(67,771)	(11,128)	(146,576)	(60,484)	(435,747)
Net book value	53,784	103,232	1,221	37,907	90,048	286,192
Rate of depreciation (percentage)	**10-20**	**19-48**	**10-33**	**20-50**	**20**	

9.2.1 Cost of property and equipment are fully depreciated items, still in use

Improvements on lease hold buildings	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
(Rupees in '000)				
21,707	**7,261**	**115,290**	**2,442**	**146,700**

9.2.2 Sale of fixed assets (otherwise than through a regular auction) including any related party, irrespective of the value:

Description	Cost	Book value	Sale proceeds	Mode of disposal	Purchaser	Particulars
	(Rupees in '000)					
Mercedes-Benz S400 Hybrid	21,126	1,408	8,450	Bank Policy	Ahmer Hasan	Employee
Honda City	1,814	333	726	Bank Policy	Omar Tyabji	Employee
Toyota Corolla	1,828	335	731	Bank Policy	Salman Naeem	Employee
Honda Civic VTi Pros.Oriel	2,406	441	962	Bank Policy	Khurram Amanull	Employee
Honda Civic VTi Pros.Oriel	2,406	361	962	Bank Policy	Shoaib Shaikh	Employee
Toyota Corolla Altis	1,863	310	745	Bank Policy	Uzair Hafeez	Employee
Honda City PT ASP 1.5	1,828	122	731	Bank Policy	Atif Khalique	Employee

10 DEFERRED TAX ASSETS

	2020			
	At 01 January 2020	**Recognised in profit and loss account**	**Recgonised in OCI**	**At 31 December 2020**
	------------------------ **Rupees in 000** --------------------------			
Deductible Temporary Differences on				
- Post retirement employee benefits	**13,474**		**(11,219)**	**2,255**
- Accelerated tax depreciation	**11,870**	**15,002**	**-**	**26,872**
	25,344	**15,002**	**(11,219)**	**29,127**

	2019			
	At 01 January 2019	**Recognised in profit and loss account**	**Recgonised in OCI**	**At 31 December 2019**
	------------------------ **Rupees in 000** --------------------------			
Deductible Temporary Differences on				
- Post retirement employee benefits	3,502	-	9,972	13,474
- Accelerated tax depreciation	(3,358)	15,228	-	11,870
	144	15,228	9,972	25,344

11 OTHER ASSETS

	Note	2020	2019
		---------- **Rupees in 000** -------	
Income/ Mark-up accrued in local currency		**67,271**	263,276
Income/ Mark-up accrued in foreign currency		**45,028**	49,649
Advances, deposits, advance rent and other prepayments		**80,784**	115,250
Advance taxation (payments less provisions)		**973,339**	873,890
Mark to market gain on forward foreign exchange contracts		**241,065**	651
Acceptances		**9,272**	237,738
Others		**7,743**	2,217
		1,424,502	1,542,671
Less: Provision held against other assets	*11.1*	**(4,674)**	(4,674)
Other Assets (Net of Provision)		**1,419,828**	1,537,997

11.1 Provision held against other assets

Advances, deposits, advance rent and other prepayments	**4,674**	4,674

12 BILLS PAYABLE

In Pakistan	**972,657**	1,032,458

13 BORROWINGS

Unsecured			
Overdrawn nostro accounts - Interbranch		**20,819**	618
Repo borrowings	*13.1*	**177,589**	1,363,974
Others	*13.2*	**42,639**	29,437
Total unsecured		**241,047**	1,394,029

13.1 These are short term borrowings and carry interest at 6.5% (2019:13.21%) and mature on 4 January 2021 (2019: 02 January 2020).

13.2 These are overdrawn nostro balances with commercial banks inside Pakistan.

13.3 Particulars of borrowings with respect to currencies

	2020	2019
	-------- Rupees in 000 -------	
In local currency	**220,228**	1,393,411
In foreign currencies	**20,819**	618
	241,047	1,394,029

14 DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	-------------------------- Rupees in '000 ----------------------------					
Customers						
Current deposits	**10,147,857**	**802,589**	**10,950,446**	9,794,474	1,005,331	10,799,805
Savings deposits	**11,046,505**	**9,306**	**11,055,811**	5,145,610	8,266	5,153,876
Term deposits	**8,261,000**	**-**	**8,261,000**	3,879,000	-	3,879,000
Others	**697,761**	**-**	**697,761**	633,147	-	633,147
	30,153,123	**811,895**	**30,965,018**	19,452,231	1,013,597	20,465,828
Financial Institutions						
Current deposit – inter branch	**88**	**-**	**88**	7,783	-	7,783
	30,153,211	**811,895**	**30,965,106**	19,460,014	1,013,597	20,473,611

	Note	2020	2019
		--------- Rupees in '000--------	
14.1 Composition of deposits			
- Individuals		**24,252**	36,249
- Public Sector Entities		**-**	1
- Non-Banking Financial Institutions		**45,020**	43,048
- Private Sector		**30,895,834**	20,394,313
	14.2	**30,965,106**	20,473,611

14.2 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 1,418.939 million (2019: Rs. 1,750.690 million).

15 OTHER LIABILITIES

	Note	2020	2019
		--- Rupees in '000 ---	
Mark-up / Return / Interest payable in local currency		**1,676**	68,431
Unearned commission and income on bills discounted		**24,735**	35,883
Accrued expenses		**99,790**	87,196
Acceptances		**9,272**	237,738
Dividends payable		**189,682**	577,392
Mark to market loss on forward foreign exchange contracts		**230,620**	450
Payable to DB Singapore		**6,195**	6,195
Payable to head office and branches of Deutsche Bank		**2,887,317**	2,358,872
Payable to defined benefit plan		**39,516**	65,327
Provision against off-balance sheet obligations	*15.1*	**6,121**	6,121
Workers welfare fund	*15.2*	**277,019**	245,759
Lease liability		**4,259**	9,408
Others		**144,249**	77,435
		3,920,451	3,776,207

15.1 Provision against off-balance sheet obligations

	Note	2020	2019
Opening balance		**6,121**	6,121
Reversals / (charge)		**-**	
Closing balance	*15.1.1*	**6,121**	6,121

15.1.1 These primarily represents provision against off balance sheet product portfolio which includes letter of credit and guarantees etc.

15.2 Workers' Welfare Fund payable (WWF)

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 not lawful 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 was 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. The Pakistan Operations have also obtained a stay order against SWWF from Honourable Sindh High Court dated 9 March 2018. Accordingly, the Pakistan Operations have continued the provision for WWF from the date of its levy till December 31, 2020. No allocation between the Federal Government Levy and Sindh WWF has been made.

16 HEAD OFFICE CAPITAL ACCOUNT	**2020**	2019
	------ Rupees in '000 ----	
Balance at the beginning of the year	**5,563,663**	5,091,000
Revaluation surplus allowed by the State Bank of Pakistan during the year	**739,118**	472,663
	6,302,781	5,563,663

16.1 Capital held in interest free deposit in approved foreign exchange represents Euro 32,048,165 (2019: Euro 32,048,165).

17 CONTINGENCIES AND COMMITMENTS	***Note***	**2020**	2019
		------ Rupees in '000 ------	
- Guarantees	*17.1*	**11,754,910**	13,384,277
- Commitments	*17.2*	**36,513,133**	14,513,404
		48,268,043	27,897,681

17.1 Guarantees:

Financial guarantees	**11,754,910**	13,384,277

17.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		**519,812**	1,855,657
Commitments in respect of:			
- forward foreign exchange contracts	*17.2.1*	**15,019,020**	435,798
- forward lending	*17.2.2*	**20,720,534**	11,994,283
Commitments for acquisition of:			
- operating fixed assets		**134,847**	-
Other commitments	*17.2.3*	**118,920**	227,666
		36,513,133	14,513,404

17.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	**5,157,668**	219,730
Sale	**9,861,352**	216,068
	15,019,020	435,798

The maturities of above contracts are spread over a period of six months.

17.2.2 Commitments in respect of forward lending

These represent commitments that are revocable because they can be withdrawn at the discretion of the Pakistan Operations.

17.2.3 Other commitments

	2020	2019
	------ Rupees in '000 ------	
Cheques in clearing	**118,920**	227,666

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 2019: Rs. 638 million) have been made by the CIRA in favor of Pakistan Operations in respect of tax years 2011 to 2014. 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 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. Hence, no tax provision in respect of the above matter is considered necessary in these financial statements.

18 MARK-UP / RETURN / INTEREST EARNED

	Note	2020	2019
		------ Rupees in '000 ------	
On:			
Loans and advances		**604,122**	940,255
Investments		**20,831**	-
Lendings to financial institutions		**2,021,727**	1,850,298
Balances with banks		**2**	1,717
Others		**403**	8,750
		2,647,085	2,801,020

19 MARK-UP / RETURN / INTEREST EXPENSED

	2020	2019
Deposits	**1,227,547**	1,060,566
Borrowings	**8,139**	2,789
Finance costs against lease liabilities	**1,550**	302
	1,237,236	1,063,657

20 FEE & COMMISSION INCOME

	2020	2019
Commission on trade	**99,731**	108,465
Commission on guarantees	**75,913**	78,098
Commission on cash management	**3,646**	8,607
Commission on remittances including home remittances	**408**	333
Commission on custodial services	**286,291**	217,616
	465,989	413,119

21 LOSS ON SALE OF SECURITIES

	Note	2020	2019
Realised loss	*21.1*	1,804	-

21.1 Realised loss on:

	2020	2019
Federal Government Securities	1,804	-

22 OTHER INCOME

	2020	2019
Gain on sale of fixed assets - net	**10,001**	6,114
Others	**14,590**	12,474
	24,591	18,588

23 OPERATING EXPENSES

	Note	2020	2019
		------ Rupees in '000 ------	
Total compensation expense	*23.1*	**457,296**	392,322
Property expense			
Rent & taxes		**52,255**	48,627
Insurance		**6,834**	7,906
Utilities cost		**17,288**	17,951
Security (including guards)		**8,951**	12,244
Repair & maintenance (including janitorial charges)		**2,910**	6,855
Depreciation		**17,977**	18,292
Depreciation on right-of-use assets		**68,186**	67,771
		174,401	179,646
Information technology expenses			
Software maintenance		**325**	-
Hardware maintenance		**11,916**	20,186
Depreciation		**15,314**	17,450
Network charges		**34,281**	23,118
		61,836	60,754
Other operating expenses			
Legal & professional charges		**10,943**	14,755
Outsourced services costs	*23.2*	**97,497**	77,042
Travelling & conveyance		**2,891**	13,504
NIFT clearing charges		**1,030**	1,312
Depreciation		**41,748**	34,247
Training & development		**205**	957
Postage & courier charges		**1,520**	999
Communication		**3,796**	6,198
Head office / regional office expenses	*23.3*	**528,393**	380,716
Stationery & printing		**10,183**	13,919
Marketing, advertisement & publicity		**295**	558
Auditors remuneration	*23.4*	**3,618**	3,383
Others		**11,938**	9,638
		714,057	557,228
		1,407,590	1,189,950

23.1 Total compensation expense

	Note	2020	2019
Managerial Remuneration			
i) Fixed		**174,739**	157,280
ii) Variable of which;			
a) Cash Bonus / Awards etc.		**49,721**	34,177
b) Bonus & Awards in Shares etc.		**8,422**	4,561
Charge for defined benefit plan		**31,318**	27,315
Contribution to defined contribution plan		**33,207**	28,804
Rent & house maintenance		**77,820**	70,627
Utilities		**17,293**	15,697
Medical		**7,133**	7,234
Conveyance		**3,897**	3,571
Others	*23.1.1*	**46,818**	43,236
Sub-total		**450,368**	392,502
Severance Allowance	*23.1.2*	**6,928**	(180)
Grand Total		**457,296**	392,322

23.1.1 Others

	2020	2019
Maintenance Cars - General Repair Expenses	**914**	(1,305)
COLA - Cost of Living Adjustment	**17,293**	15,697
Employee Referral	**4,725**	4,902
Maintenance Cars - Petrol Expenses	**7,338**	10,383
Health Insurance	**6,098**	9,164
Consumption Allowance	**1,866**	1,840
Canteen Expenses	**1,354**	2,221
Leave Entitlement	**-**	(5,022)
Others	**7,230**	5,356
	46,818	43,236

23.1.2 Number of person to whom severance cost paid is 1 (2019: NIL).

23.2 The total cost for the year included in other operating expenese relating to outsourced activities is Rs. 97.5 million (2019: Rs 77.04 million). These costs include Rs. 56.16 million for facility management (2019: Rs. 38.28 million) and Rs. 31.8 million for Outsourced staff (2019: Rs. 29.86 million) incurred in Pakistan.

23.3 Head office expenses / regional expenses

	2020	2019
	------ (Rupees in '000) ------	
SAP expenses	**657**	507
Management leadership charges	**223,273**	113,446
Ben / Acorn charges	**246,125**	273,939
Risk participation fee	**-**	61
Global HR product	**23,375**	-
TP Coverage	**27,202**	(12,604)
Shareholder expense	**7,761**	
	528,393	375,349
Less: Other income	**-**	5,367
	528,393	380,716

23.4 Auditors' remuneration

	2020	2019
Audit fee	**2,763**	2,500
Other reporting	**855**	883
	3,618	3,383

24 OTHER CHARGES

	2020	2019
Penalties imposed by State Bank of Pakistan	**-**	107
Others	**-**	1,742
	-	1,849

25 TAXATION

	2020	2019
Current	**631,606**	454,582
Prior years	**-**	45,529
Deferred	**(15,004)**	(15,228)
	616,602	484,883

25.1 Relationship between tax expense and accounting profit

	2020	2019
Profit before tax	**1,522,139**	1,137,097
Tax calculated at the rate of 35% (2019: 35%)	**532,748**	397,983
Effect of :		
- prior year charge	**-**	45,529
- super tax charge	**64,780**	46,623
- others	**19,074**	(5,252)
Tax charge for the year	**616,602**	484,883

26 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		------ (Rupees in '000) ------	
Cash and balance with treasury banks	5	**8,645,015**	7,558,956
Balance with other banks	6	**5,268,843**	118,681
Overdrawn nostros	13	**(63,458)**	(30,055)
		13,850,400	7,647,582

26.1 Reconciliation of movement of liabilities to cash flows from financing activities

	2020			
	Liabilities	Equity		
	Lease liabilities	Head office capital account	Un-remitted profit	Total
	------ (Rupees in '000) ------			
Balance as at 1 January 2020	**9,408**	**5,563,663**	**1,704,418**	**7,277,489**
Change from financing cash flows				
Remittance made to Head office	**-**	**-**	**(712,223)**	**(712,223)**
Payment of lease liabilities	**(6,699)**	**-**	**-**	**(6,699)**
	(6,699)	**-**	**(712,223)**	**(718,922)**
The effect of changes due to foreign exchange translation	**-**	**739,118**	**-**	**739,118**
Other changes				
Borrowing cost on lease liabilities	**1,550**	**-**	**-**	**1,550**
Transfer of profit to reserve	**-**	**-**	**926,372**	**926,372**
	1,550	**-**	**926,372**	**927,922**
Balance as at 31 December 2020	**4,259**	**6,302,781**	**1,918,567**	**8,225,607**

	2019			
	Liabilities	Equity		
	Lease liabilities	Head office capital account	Un-remitted profit	Total
	------ (Rupees in '000) ------			
Balance as at 1 January 2019	-	5,091,000	2,505,820	7,596,820
Impact of adoption of IFRS-16	14,717	-	-	14,717
Change from financing cash flows				
Remittance made to Head office	-	-	(1,435,097)	(1,435,097)
Payment of lease liabilities	(5,611)	-	-	(5,611)
	(5,611)	-	(1,435,097)	(1,440,708)
The effect of changes due to foreign exchange translation	-	472,663	-	472,663
Other changes				
Borrowing cost on lease liabilities	302	-	-	302
Transfer of profit to reserve	-	-	633,695	633,695
	302	-	633,695	633,997
Balance as at 31 December 2019	9,408	5,563,663	1,704,418	7,277,489

27 STAFF STRENGTH

	2020	2019
	------------ (Number) ------------	
Permanent	**66**	66
Others (Outsourced)	**20**	17
Bank's own staff strength at the end of the year	**86**	83

28 DEFINED BENEFIT PLAN

28.1 General description

All permanent employees of the Pakistan Operations are eligible for pension under the pension fund scheme on completing 10 years of service with the Pakistan Operations. The benefit under the scheme, which is inflation adjusted on an annual basis, comprises of 1.5 percent of monthly basic salary (during the last completed year of service) for each year of service, subject to a maximum of 30 years of service. The number of staff under the scheme are 67 (2019: 66).

28.2 Principal actuarial assumptions

The actuarial valuation of the defined benefit plan was carried out at 31 December 2020. Projected Unit Credit Method is used for the calculation and the key assumptions used for actuarial valuation were as follows:

	Note	2020	2019
		---------- (Per annum) ----------	
Discount rate		**10.25%**	12.50%
Expected rate of return on plan assets		**12.73%**	12.50%
Expected rate of salary increase		**10.00%**	12.50%
Expected rate of increase in pension		**4.90%**	6.50%

28.3 Reconciliation of payable to defined benefit plans

	Note	2020	2019
Present value of obligations	*28.4*	**835,613**	750,678
Fair value of plan assets	*28.5*	**(796,097)**	(685,351)
	28.6	**39,516**	65,327

28.4 Movement in defined benefit obligations

		2020	2019
Obligations at the beginning of the year		**750,678**	656,937
Current service cost		**23,399**	23,453
Interest cost		**93,328**	81,929
Benefits paid		**(27,420)**	(26,285)
Re-measurement loss / (gain)		**(4,372)**	14,644
Obligations at end of the year		**835,613**	750,678

28.5 Movement in fair value of plan assets

		2020	2019
Fair value at the beginning of the year		**685,351**	624,610
Interest income on plan assets		**85,409**	78,067
Contributions		**25,075**	22,806
Benefits paid		**(27,420)**	(26,285)
Return on plan assets		**27,682**	(13,847)
Fair value at end of the year	*28.8*	**796,097**	685,351

28.6 Movement in payable under defined benefit schemes

		2020	2019
Opening balance		**65,327**	32,327
Charge for the year	*28.7.1*	**31,318**	27,315
Contribution		**(25,075)**	(22,806)
Re-measurement loss / (gain) recognised in OCI during the year	*28.7.2*	**(32,054)**	28,491
Closing balance		**39,516**	65,327

28.7 Charge for defined benefit plans

28.7.1 Cost recognised in profit and loss

		2020	2019
Current service cost		**23,399**	23,453
Net interest on defined benefit asset / liability		**7,919**	3,862
		31,318	27,315

28.7.2 Re-measurements recognised in OCI during the year

		2020	2019
Loss / (gain) on obligation			
- Financial assumptions		46,921	8,729
- Experience adjustment		(51,293)	5,915
Return on plan assets over interest income		(27,682)	13,847
Total re-measurements recognised in OCI		(32,054)	28,491

28.8 Components of plan assets

		2020	2019
Cash and cash equivalents - net		**2,862**	4,806
Government Securities		**793,235**	680,545
		796,097	685,351

28.9 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised as illustrated below:

	2020 Rupees in '000
1% increase in discount rate	**(85,374)**
1% decrease in discount rate	**100,451**
1 % increase in expected rate of salary increase	**27,755**
1 % decrease in expected rate of salary increase	**(25,687)**
1% increase in expected rate of pension increase	**67,582**
1% decrease in expected rate of pension increase	**(59,789)**

28.10 Five year data on surplus / (deficit) of the plans and experience adjustments

	2020	2019	2018	2017	2016
	(Rupees in '000)				
Present value of obligations	**835,613**	750,678	656,937	686,977	640,902
Fair value of plan assets	**796,097**	685,351	624,610	635,786	583,930
Deficit	**39,516**	65,327	32,327	51,191	56,972
Experience adjustment on plan liabilities - loss / (gain)	**5,915**	5,915	(12,031)	(16,889)	(23,707)

	2020 Rupees in '000
28.11 Expected contributions to be paid to the fund in the next financial year	**25,165**
28.12 Expected charge / (reversal) for the next financial year	**31,597**

28.13 Maturity profile

The weighted average duration of the obligation (in years) **13.3**

28.14 Funding Policy

The administration of defined benefit pension scheme is governed under provision of trust deeds. The trustees agreed to act in accordance with the terms and conditions of these deeds including investment. Funding levels are monitored on annual basis based on actuarial recommendations.

28.15 Following are the significant risks associated with the defined benefit scheme / plan assets;

Asset volatility	The risk of the investment underperforming and being not sufficient to meet the liabilities.
Changes in bond yields	The risk of change in investment environment.
Inflation risk	The Inflation risk is linked to future salary increases (which will closely reflect inflation and other macroeconomic factors). The risk is that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases as salary increases.
Life expectancy / Withdrawal rate	Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability.

29 DEFINED CONTRIBUTION PLAN

All confirmed permanent employees of the Pakistan Operations are eligible for provident fund and gratuity fund schemes. In case of provident fund, contributions are made both by the employee and the employer on monthly basis, whereas; in gratuity funds only by the employer for confirmed staff at each year end.

30 COMPENSATION OF CHIEF COUNTRY OFFICER AND EXECUTIVES

	Chief Country Officer		Executives	
	2020	2019	2020	2019
	---------------------(Rupees in '000)-------------------------			
Managerial remuneration	**59,953**	54,460	**285,392**	326,668
Contribution for defined benefit plan	**4,285**	3,988	**20,791**	18,818
Contribution to defined contribution plan	**5,726**	5,271	**27,429**	23,533
Medical	**97**	129	**7,036**	7,105
	70,061	63,848	**340,648**	376,124
	---------------------------(Number)-----------------------------			
Number of persons	**1**	1	**66**	66

31 FAIR VALUE MEASUREMENTS

31.1 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:

		2020								
		Carrying Value					Fair Value			
	Note	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		**241,065**	**-**	**-**	**-**	**241,065**	**-**	**241,065**	**-**	**241,065**
		241,065	**-**	**-**	**-**	**241,065**				
Financial assets - not measured at fair value										
Cash and balances with treasury banks		**-**	**-**	**8,645,015**	**-**	**8,645,015**				
Balances with other banks		**-**	**-**	**5,268,843**	**-**	**5,268,843**				
Lendings to financial institutions		**-**	**-**	**26,209,833**	**-**	**26,209,833**				
Advances		**-**	**-**	**2,505,899**	**-**	**2,505,899**				
Other assets		**-**	**-**	**1,109,249**	**-**	**1,109,249**				
		241,065	**-**	**43,738,839**	**-**	**43,979,904**				
Financial Liabilities - measured at fair value										
Other Liabilities										
- Unrealized loss on forward foreign exchange contracts		**230,620**	**-**	**-**	**-**	**230,620**	**-**	**230,620**	**-**	**230,620**
		230,620	**-**	**-**	**-**	**230,620**				
Financial liabilities not measured at fair value										
Bills payable		**-**	**-**	**-**	**972,657**	**972,657**				
Borrowings from financial institutions		**-**	**-**	**-**	**241,047**	**241,047**				
Deposits and other accounts		**-**	**-**	**-**	**30,965,106**	**30,965,106**				
Other liabilities		**-**	**-**	**-**	**3,689,831**	**3,689,831**				
		230,620	**-**	**-**	**35,868,641**	**36,099,261**				
Off-balance sheet financial instruments - measured at fair value										
Forward purchase of foreign exchange					**12,523,914**	**12,523,914**	**-**	**12,764,979**	**-**	**12,764,979**
Forward sale of foreign exchange					**12,523,914**	**12,523,914**	**-**	**12,754,534**	**-**	**12,754,534**

	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									
Financial assets - measured at fair value									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	651	-	-	-	651	-	651	-	651
	651	-	-	-	651				
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				
Advances	-	-	9,225,751	-	9,225,751				
Other assets	-	-	1,374,423	-	1,374,423				
	651	-	33,410,113	-	33,410,764				
Financial Liabilities - measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange	450	-	-	-	450	-	450	-	450
	450	-	-	-	450				
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				
	450	-	-	26,675,855	26,676,305				
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

32 SEGMENT INFORMATION

32.1 Segment Details with respect to Business Activities

Pakistan Operations operate under a transfer pricing framework that applies to all businesses and promotes pricing of :

(i) assets in accordance with their underlying liquidity risk;
(ii) liabilities in accordance with their funding maturity; and
(iii) contingent liquidity exposures in accordance with the cost of providing for commensurate liquidity reserves to fund unexpected cash requirements.

Within this transfer pricing framework we allocate funding and liquidity risk costs and benefits to the business units and set financial incentives in line with the liquidity risk guidelines. Transfer prices are subject to liquidity (term) premiums depending on market conditions. Liquidity premiums are set by Treasury and picked up by a segregated liquidity account. The Treasury liquidity account is the aggregator of long- term liquidity costs. The management and cost allocation of the liquidity account is the key variable for transfer pricing funding costs within Deutsche Bank.

Corporate Bank (Previously Global Transaction Banking (GTB))

Corporate Bank provides commercial banking products and services for both corporates and financial institutions worldwide, including domestic and cross-border payments, cash management, international trade finance, depository, custody and related services.

Investment Bank

With effect from November 2019, GTB FX business has moved out from the Corporate Bank into the Global Emerging Markets business in the Investment Bank. This transition is envisioned to capitalize the existing Emerging Markets business.Global Emerging Markets provides Foreign Exchange services to clients in Pakistan on the back of cross-border payments, international trade and institutional flows.

Infrastructure and Regional Management

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

	2020			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	-------------------------------(Rupees in '000)-------------------------------			
Profit and loss account				
Net mark-up/return/profit	(447,205)	425,719	1,431,336	1,409,850
Inter segment revenue - net	1,770,695	(390,912)	(1,379,783)	-
Non mark-up / return / interest income	805,340	604,657	140,947	1,550,944
Total income	2,128,830	639,464	192,500	2,960,794
Segment direct expenses	(379,564)	(61,902)	(997,189)	(1,438,655)
Inter segment expense allocation	(837,343)	(50,643)	887,986	-
Total expenses	(1,216,907)	(112,545)	(109,203)	(1,438,655)
Provisions	-	-	-	-
Profit before tax	911,923	526,919	83,297	1,522,139
Statement of financial position				
Cash and bank balances	-	-	13,913,858	13,913,858
Net inter segment lending	29,549,605	-	-	29,549,605
Lendings to financial institutions	-	-	26,209,833	26,209,833
Advances - performing	2,513,897	-	-	2,513,897
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	113,657	241,065	1,336,297	1,691,019
Total assets	32,169,161	241,065	41,459,988	73,870,214
Borrowings	-	-	241,047	241,047
Deposits & other accounts	30,965,018	-	88	30,965,106
Net inter segment borrowing	-	10,445	29,539,150	29,549,595
Others	1,204,143	230,620	3,458,345	4,893,108
Total liabilities	32,169,161	241,065	33,238,630	65,648,856
Equity	-	-	8,221,358	8,221,358
Total equity and liabilities	-	-	41,459,988	73,870,214
Contingencies and commitments	28,075,578	20,057,618	134,847	48,268,043

	2019			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	-------------------------------(Rupees in '000)------------------------------			
Profit and loss account				
Net mark-up/return/profit	99,876	-	1,637,487	1,737,363
Inter segment revenue - net	1,226,856	9,644	(1,236,500)	-
Non mark-up / return / interest income	847,832	42,592	(275,685)	614,739
Total income	2,174,564	52,236	125,302	2,352,102
Segment direct expenses	(476,092)	(5,909)	(733,004)	(1,215,005)
Inter segment expense allocation	(682,868)	(4,268)	687,136	-
Total expenses	(1,158,960)	(10,177)	(45,868)	(1,215,005)
Provisions	-	-	-	-
Profit before tax	1,015,604	42,059	79,434	1,137,097
Statement of financial position				
Cash and bank balances	-	-	7,677,637	7,677,637
Investments	-		-	-
Net inter segment lending	12,676,641	-	-	12,676,641
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	22,427,414	651	24,192,962	46,621,027
Borrowings	-	-	1,394,029	1,394,029
Subordinated debt	-		-	-
Deposits & other accounts	20,465,828	-	7,783	20,473,611
Net inter segment borrowing	-	201	12,676,440	12,676,641
Others	1,961,586	450	2,846,629	4,808,665
Total liabilities	22,427,414	651	16,924,881	39,352,946
Equity	-	-	7,268,081	7,268,081
Total equity and liabilities	-	-	24,192,962	46,621,027
Contingencies and commitments	27,470,059	363,662	63,960	27,897,681

33 TRUST ACTIVITIES

Pakistan Operations are engaged in providing custodial and clearing services to its clients. This results in the bank holding and placing assets of its clients on their behalf. These are not assets of the Pakistan Operations and, therefore, are not included in the statement of financial position. The following is summary of assets held on behalf of Pakistan clients:

	2020	2019
	------- (Rupees in '000) -------	
Type of security		
Government Securities	**18,991,550**	172,115,215
TFCs and Sukuks	**-**	-
Shares	**112,778,742**	172,090,726
	131,770,292	344,205,941

34 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:

	2020			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	**5,265,153**	**-**	-	29,333	-	85,239
Advances						
Opening balance	**-**	**70,383**	-	-	16,171	-
Addition during the year	**-**	**16,655**	-	-	78,281	-
Repaid during the year	**-**	**(13,933)**	-	-	(24,069)	-
Closing balance	**-**	**73,105**	-	-	70,383	-
Other Assets						
Interest / mark-up accrued	-	-		-	-	-
Borrowings						
Opening balance	**559**	-	-	2,852,780	-	-
Borrowings during the year	**53,213,546**	-	-	10,228,999	-	-
Settled during the year	**(53,193,285)**	-	-	(13,081,220)	-	-
Closing balance	**20,820**	-	-	559	-	-
Deposits and other accounts						
Opening balance	**7,783**	**8,764**	**32,621**	6,786	13,164	8,978
Received during the year	**144,673**	**85,640**	**530,802**	218,557	160,675	4,321,422
Withdrawn during the year	**(152,367)**	**(82,059)**	**(537,203)**	(217,560)	(165,075)	(4,297,779)
Closing balance	**89**	**12,345**	**26,220**	7,783	8,764	32,621
Other Liabilities						
Payable to staff retirement fund	**-**	-	**39,516**	-	-	**65,327**
Other liabilities	**2,893,512**	-	-	2,365,067	-	-
Contingencies and Commitments						
Other contingencies	**7,952,350**	-	-	10,981,896	-	-

	2020		2019	
	Head office and branches	Key management	Head office and branches	Key management
	---------- (Rupees in '000) ----------			
Income				
Mark-up / return / interest earned	**403**	**2,824**	6,377	2,239
Expense				
Mark-up / return / interest paid	**-**	**-**	9	274
Head office / regional office expenses	**528,393**	-	380,716	-
Compensation expense	**-**	**107,331**	-	104,392

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	--------- (Rupees in '000) ---------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**8,221,348**	7,268,081
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**8,221,348**	7,268,081
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**8,221,348**	7,268,081
Eligible Tier 2 Capital	**14,119**	14,119
Total Eligible Capital (Tier 1 + Tier 2)	**8,235,467**	7,282,200
Risk Weighted Assets (RWAs):		
Credit Risk	**10,382,202**	11,324,826
Market Risk	**372,713**	377,900
Operational Risk	**4,531,025**	4,022,594
Total	**15,285,940**	15,725,320
Common Equity Tier 1 Capital Adequacy ratio	**53.78%**	46.22%
Tier 1 Capital Adequacy Ratio	**53.78%**	46.22%
Total Capital Adequacy Ratio	**53.88%**	46.31%

In line with BASEL III Capital Adequacy guidelines, the following capital requirements are applicable to the Pakistan Operations:

	2020	2019
Common Equity Tier 1 Capital Adequacy ratio	**6.00%**	6.00%
Tier 1 Capital Adequacy Ratio	**7.50%**	7.50%
Total Capital Adequacy Ratio	**11.50%**	12.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**8,221,348**	7,268,081
Total Exposures	**60,831,235**	48,724,339
Leverage Ratio	**13.52%**	14.92%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**24,676,669**	15,628,845
Total Net Cash Outflow	**7,456,446**	6,012,405
Liquidity Coverage Ratio	**331%**	260%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**23,751,216**	19,991,845
Total Required Stable Funding	**10,355,490**	12,656,020
Net Stable Funding Ratio	**229%**	158%

35.1 The full disclsoures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time are available at https://www.db.com/mea/en/content/deutsche-bank-pakistan-financial-statements.htm

36 RISK MANAGEMENT

36.1 Risk Management Framework

The Pakistan Operations are subject to the Group's risk management framework. The diversity of our global business model requires us to identify, measure, aggregate and manage our risks, and to allocate our capital among our businesses. We operate as an integrated group through our divisions, business units and infrastructure functions. Risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the activities of the divisions and business units:

- Core risk management responsibilities are embedded in the Management Board and delegated to senior risk management committees responsible for execution and oversight. The Supervisory Board regularly monitors the risk and capital profile.

- We operate a three-line of risk management model whereby front office functions, risk management oversight and assurance roles are played by functions independent of one another.

- Risk strategy is approved by the Management Board on an annual basis and is defined based on the Group Strategic and Capital Plan and Risk Appetite in order to align risk, capital and performance targets.

- Cross-risk analysis reviews are conducted across the Group to validate that sound risk management practices and a holistic awareness of risk exist.

- All major risk classes are managed via risk management processes, including: credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk. Modeling and measurement approaches for quantifying risk and capital demand are implemented across the major risk classes.

- Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.

- Systems, processes and policies are critical components of our risk management capability.

- Recovery planning provides for the escalation path for crisis management governance and supplies Senior Management with a list of actions designed to improve the capital and liquidity positions in a stress event.

- Resolution planning is closely supervised by the BaFin. It provides for a strategy to manage Deutsche Bank in case of default. It is designed to prevent the need for tax payer bailout and strengthen financial stability by the continuation of critical services delivered to the wider economy.

36.2 Risk Governance

Group Management Board provides overall risk and capital management supervision for the Group and is exclusively responsible for day-to-day management. The Management Board has established the Group Risk Committee ("GRC") as the central forum for review and decision on material risk topics. The GRC is supported by following functional v

- The Group Reputational Risk Committee ("GRRC") ensures the oversight, governance and coordination of the reputational risk management

- The Non-Financial Risk Committee ("NFRC") ensures oversight, governance and coordination of non-financial risk management and establishes a cross-risk and holistic perspective of key non-financial risks

- The Enterprise Risk Committee ("ERC") ensures oversight and decision- making on financial risks and cross risks, including definition & review of stress tests, and management of group wide risk patterns.

- The Liquidity Management Committee ("LMC") decides upon mitigating actions to be taken during periods of anticipated or actual liquidity stress, or any relevant liquidity event

Our Chief Risk Officer ("CRO"), who is a member of the Management Board, is responsible for the identification, assessment and reporting of risks arising within operations across all business and all risk types, and has direct management responsibility for the following risk management functions: Credit Risk Management, Market Risk Management, Operational Risk Management and Liquidity Risk Control.

These are established with the mandate to:

- Support that the business within each division is consistent with the risk appetite that the CAR has set within a framework established by the Management Board;

- Formulate and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses within each division;

- Approve credit, market and liquidity risk limits;

- Conduct periodic portfolio reviews to keep the portfolio of risks within acceptable parameters; and

- Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

DB EMEA hub and Germany provide centralised Risk coverage to DB Pakistan. DB's Hubs include staff from relevant Risk-types ensuring effective risk management and capitalise on the intellectual and strategic synergies when housing risk-type subject-matter-expertise together.

Our Finance and Group Audit operate independently of both our business divisions and of our Risk function. The role of the Finance department is to help quantify and verify the risk that we assume and maintain the quality and integrity of our risk-related data. Group Audit examines, evaluates and reports on the adequacy of both the design and effectiveness of the systems of internal control including the risk management systems.

36.3 Risk Culture

We seek to promote a strong risk culture throughout our organization. A strong risk culture is designed to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin risk culture within our group:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately compensated; and
- Risk should be continuously monitored and managed.

Employees at all levels are responsible for the management and escalation of risks. We expect employees to exhibit behaviors that support a strong risk culture. To promote this our policies require that behavior assessment is incorporated into our performance assessment and compensation processes. We have communicated the following risk culture behaviors through various communication vehicles:

- Being fully responsible for our risks;
- Being rigorous, forward looking and comprehensive in the assessment of risk;
- Inviting, providing and respecting challenges;
- Trouble shooting collectively; and
- Placing Deutsche Bank and its reputation at the heart of all decisions.

To reinforce these expected behaviors and strengthen our risk culture, we conduct a number of group-wide activities. Our Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

As part of our ongoing efforts to strengthen our risk culture, we review our training suite regularly to develop further modules or enhance existing components.

In addition, along with other measures to strengthen our performance management processes, we have designed and implemented a process to tie formal measurement of risk culture behaviors to our employee performance assessment, promotion and compensation processes. This process has been in place in our CB&S and GTB divisions since 2010 and has subsequently other divisions also.

This process is designed to further strengthen employee accountability.

The risk governance framework at the Pakistan Operations is designed according to a Three Lines of Defence (3LoD) operating model in order to ensure clear accountabilities for and a comprehensive, but non-duplicative, coverage of all risk management activities across Group.

- The 1st Line of Defense (“1st LoD”) are all the business divisions and service providing infrastructure areas (Group Technology Operations and Corporate Services) who are the "owners" of the risks.
- The 2nd Line of Defense (“2nd LoD”) are all the independent risk and control infrastructure functions.
- The 3rd Line of Defense (“3rd LoD”) is Group Audit, which assures the effectiveness of our controls.

Pakistan requires strict independence between its 3 LoD in order to avoid conflicts of interest by an appropriate separation of functions and responsibilities. DB Pakistan requires all lines of defence to establish an effective and efficient internal governance structure with well-defined roles and responsibilities.

36.4 Risk Appetite and Capacity

We use a broad range of quantitative and qualitative methodologies for assessing and managing risks. As a matter of policy, we continually assess the appropriateness and the reliability of our quantitative tools and metrics in light of our changing risk environment. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories. The advanced internal tools and metrics we currently use to measure, manage and report our risks are:

- RWA equivalent.
- Expected loss.
- Return on risk-weighted assets ("RoRWA").
- Value-at-risk.
- Economic capital.

36.5 Stress testing

We have a strong commitment to stress testing performed on a regular basis in order to assess the impact of a severe economic downturn on our risk profile and financial position. These exercises complement traditional risk measures and represent an integral part of our strategic and capital planning process. Our stress testing framework comprises regular Group-wide stress tests based on internally defined benchmark and more severe macroeconomic global downturn scenarios. Locally, we perform testing on quarterly basis as per the BSD Circular # 1 dated May 11, 2012 of State Bank of Pakistan.

36.6 Risk Inventory

We face a variety of risks as a result of our business activities, the most significant of which are described below. Credit risk, market risk and operational risk attract regulatory capital. As part of our internal capital adequacy assessment process, we calculate the amount of economic capital from credit, market, operational and business risk to cover risks generated from our business activities taking into account diversification effects across those risk types. Furthermore, our economic capital framework implicitly covers additional risks, e.g. reputational risk and refinancing risk, for which no dedicated EC models exist. Liquidity risk is excluded from the economic capital calculation since it is covered separately.

36.6.1 Credit Risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which we refer to collectively as “counterparties”) exist, including those claims that we plan to distribute.

Based on the annual risk identification and materiality assessment, Credit Risk contains four material categories, namely default risk, industry risk, country risk, and product risk.

- Default risk, the most significant element of credit risk, is the risk that counterparties fail to meet contractual obligations in relation to the claims described above;

- Industry risk is the risk of adverse developments in the operating environment for a specific industry segment leading to deterioration in the financial profile of counterparties operating in that segment and resulting in increased credit risk across this portfolio of counterparties;

- Country risk is the risk that we may experience unexpected default or settlement risk and subsequent losses, in a given country, due to a range of macro-economic or social events primarily affecting counterparties in that jurisdiction including: a material deterioration of economic conditions, political and social upheaval, nationalization and expropriation of assets, government repudiation of indebtedness, or disruptive currency depreciation or devaluation. Country risk also includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to non-residents due to direct sovereign intervention; and

- Product Risk captures product-specific credit risk of transactions that could arise with respect to specific borrowers or group of borrowers. It takes into account whether obligations have a similar risk characteristics and market place behaviors.

DB’s credit risk appetite is set globally and is broken down to divisions and business units via the Strategic, Risk & Capital Plan approved by the Management Board of Deutsche Bank Group. As a result, each credit exposure is authorised only if the relevant business division at Deutsche Bank global level is satisfied that the exposure meets the pre-set criteria and limits.

CRM is organised globally and carries out risk identification, assessment, management, monitoring and reporting of credit risks. The CRM department is independent from business. Accordingly, Pakistan Operations adopts the credit policies of DB Group and is responsible for establishing local policies and procedures to ensure compliance with DB Group principles.

Credit Risk is managed for DB Group globally on the basis of a “one obligor principle”; new credit exposures as well as annual / bi-annual reviews of credit exposures require approval by the appropriate authority holder covering the entire DB Group exposure. All credit risk decisions relevant to DB Pakistan are subject to the approval of Pakistan Operation's management and/or DB Group’s Credit Risk Management (CRM).

We measure and manage our credit risk using the following philosophy and principles:

- Our credit risk management function is independent from our business divisions and in each of our divisions credit decision standards, processes and principles are consistently applied.

- A key principle of credit risk management is client credit due diligence. Our client selection is achieved in collaboration with our business division counterparts who stand as a first line of defence.

- We aim to prevent undue concentration and tail-risks (large unexpected losses) by maintaining a diversified credit portfolio. Client-, industry-, country- and product-specific concentrations are assessed and managed against our risk appetite.

- Every new credit facility and every extension or material change of an existing credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. We assign credit approval authorities to individuals according to their qualifications, experience and training, and we review these periodically.

- We have established within Credit Risk Management – where appropriate – specialized teams for deriving internal client ratings, analyzing and approving transactions, monitoring the portfolio or covering workout clients.
- Our credit related activities are governed by our Principles for Managing Credit Risk. These principles define our general risk philosophy for credit risk and our methods to manage this risk. The principles define key organizational requirements, roles and responsibilities as well as process principles for credit risk management and are applicable to all credit related activities undertaken by us.

Credit Risk Ratings

A basic and key element of the credit approval process is a detailed risk assessment of each credit-relevant counterparty. When rating a counterparty we apply in-house assessment methodologies, scorecards and our 26-grade rating scale for evaluating the credit-worthiness of our counterparties. The majority of our rating methodologies are authorized for use within the advanced internal rating based approach under applicable Basel rules. Our rating scale enables us to compare our internal ratings with common market practice and promotes comparability between different sub-portfolios of our institution. Several default ratings therein enable us to incorporate the potential recovery rate of unsecured defaulted counterparty exposures. We generally rate our counterparties individually, though certain portfolios of purchased or securitized receivables are rated on a pool basis. Ratings are required to be kept up-to-date and documented.

The algorithms of the rating procedures for all counterparties are recalibrated frequently on the basis of the default history as well as other external and internal factors and expert judgments.

Credit Approval and Authority

Credit limits are established by the Credit Risk Management function via the execution of assigned credit authorities. Credit approvals are documented by signing of the credit report by the respective credit authority holders and retained for future reference. Credit authority is generally assigned to individuals as personal credit authority according to the individual's professional qualification and experience. All assigned credit authorities are reviewed on a periodic basis to help ensure that they are adequate to the individual performance of the authority holder. The results of the review are presented to the Group Credit Policy Committee.

Where an individual's personal authority is insufficient to establish required credit limits, the transaction is referred to a higher credit authority holder or where necessary to an appropriate credit committee such as the Underwriting Committee. Where personal and committee authorities are insufficient to establish appropriate limits, the case is referred to the Management Board for approval.

Monitoring Credit Risk

Ongoing active monitoring and management of Deutsche Bank's credit risk positions is an integral part of our credit risk management framework. The key monitoring focus is on quality trends and on concentrations along the dimensions of counterparty, industry, country and product-specific risks to avoid undue concentrations of credit risk. On a portfolio level, significant concentrations of credit risk could result from having material exposures to a number of counterparties with similar economic characteristics, or who are engaged in comparable activities, where these similarities may cause their ability to meet contractual obligations to be affected in the same manner by changes in economic or industry conditions.

Our portfolio management framework supports a comprehensive assessment of concentrations within our credit risk portfolio in order to keep concentrations within acceptable levels.

Credit Exposures

We define our credit exposure by taking into account all transactions where losses might occur due to the fact that counterparties may not fulfil their contractual payment obligations.

Particulars of Pakistan Operations' significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

36.6.1.1 ***Lendings to financial institutions***

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---- (Rupees in '000) ----					
Public/ Government	**-**	499,581	**-**	-	**-**	-
Private	**26,209,833**	14,632,721	**-**	-	**-**	-
	26,209,833	15,132,302	**-**	-	**-**	-

36.6.1.2 ***Advances***

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---- (Rupees in '000) ----					
Electronics and electrical appliances	**-**	2	**-**	-	**-**	-
Chemical and pharmaceuticals	**1,036,024**	2,113,669	**-**	-	**-**	-
Automobile and transportation equipment	**-**	997,209	**-**	-	**-**	-
Combustibles, fuel, gas station	**-**	99	**-**	-	**-**	-
Textile composite	**96,511**	96,511	**96,511**	96,511	**96,511**	96,511
Manufacture of tobacco products	**-**	406,160	**-**	-	**-**	-
Other - cosmetics	**297,543**	497,633	**-**	-	**-**	-
Manufacture of electro tech art	**27,043**	36,111	**-**	-	**-**	-
Electricity, gas and water & sanitary services	**-**	198,825	**-**	-	**-**	-
Manufacture of paper board	**-**	189,136	**-**	-	**-**	-
Manufacture of dairy products	**36,202**	564,931	**-**	-	**-**	-
Wholesale and retail trade	**867,743**	3,990,718	**-**	-	**-**	-
Individuals	**249,342**	239,256	**-**	-	**-**	-
	2,610,408	9,330,260	**96,511**	96,511	**96,511**	96,511

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---- (Rupees in '000) ----					
Private	**2,610,408**	9,330,260	**96,511**	96,511	**96,511**	96,511
	2,610,408	9,330,260	**96,511**	96,511	**96,511**	96,511

36.6.1.3 ***Contingencies and Commitments***

Credit risk by industry sector

	2020	**2019**
	----- Rupees in '000 -----	
Electronics and electrical appliances	**1,150,126**	1,278,729
Chemical and pharmaceuticals	**422,154**	578,795
Automobile and transportation equipment	**22,706**	22,706
Manufacture of soap, detergents, cleaning polish	**1,075,969**	1,131,345
Combustibles, fuel, gas station	**485,637**	473,637
Canned foods, deep frozen food	**79,517**	119,639
Manufacture of tobacco products	**11,328**	-
Manufacture of basic chemicals (organic/inorganic)	**-**	1,546
Manufacture of paper stationery	**18,238**	34,474
Manufactuer of sweets including chocolate and cocoa	**52,036**	53,167
Other - cosmetics	**2,367**	2,367
Manufacture of electro tech art	**20,863**	20,863
Manufacture of paper board	**-**	68,566
Textile others	**268**	268
Manufacture of chemicals and chemical products	**427,069**	383,462
Manufacture of basic pharmaceutical products	**40,592**	26,688
Wholesale and Retail Trade	**12,865**	-
Electricity, gas and water & sanitary services	**58,202**	133,106
Financial	**8,394,788**	10,910,576
	12,274,722	15,239,934
Credit risk by public / private sector		
Private	**12,274,722**	15,239,934

36.6.1.4 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded expsoures) are as following:

Funded	**1,844,522**	8,769,142
Non Funded	**3,009,939**	4,213,781
Total Exposure	**4,854,461**	12,982,923

The sanctioned limits against these top 10 expsoures aggregated to Rs 14.904 billion (2019: 14.061 billion)

36.6.1.5 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2020 Disbursements	Utilization Punjab	Utilization Sindh
	------------------- (Rupees in '000) ----------------------		
Punjab	**100,426,301**	**100,426,301**	**-**
Sindh	**84,964,022**	**-**	**84,964,022**
Total	**185,390,323**	**100,426,301**	**84,964,022**

Province / Region	2019 Disbursements	Utilization Punjab	Utilization Sindh
	------------------- (Rupees in '000) ----------------------		
Punjab	97,362,988	97,362,988	-
Sindh	74,992,056	-	74,992,056
Total	172,355,044	97,362,988	74,992,056

36.6.2 Market Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates and foreign exchange rates), the correlations among them and their levels of volatility.

MR Managers identify market risks through active portfolio analysis and engagement with the business areas. As a key control function, MRM ensures that DB Pakistan remains within the overall risk appetite set by the Group by establishing limits and monitoring the levels of Market Risk (MR). Pakistan Operations are integrated into Deutsche Bank Group's global limit system, which is defined, monitored and controlled by MRM.

Pakistan Operations uses following key metrics to monitor and limit market risk:

- Economic Capital is a stress testing based measurement of an expected worst case loss.
- VaR is a quantitative measure of the potential loss (in value) of Fair Value positions due to market movements that will not be exceeded in a defined period of time and with a defined confidence level.
- Stressed Value-at-Risk calculates a stressed value-at-risk measure based on a one year period of significant market stress.

Pakistan Operations has adopted standardized approach for market risk which is approved regulatory approach.

36.6.2.1 Balance sheet split by trading and banking books

	2020 Banking book	2020 Trading book	2020 Total	2019 Banking book	2019 Trading book	2019 Total
	--- (Rupees in '000)	---				
Cash and balances with treasury banks	**8,645,015**	**-**	**8,645,015**	7,558,956	-	7,558,956
Balances with other banks	**5,268,843**	**-**	**5,268,843**	118,681	-	118,681
Lendings to financial institutions	**26,209,833**	**-**	**26,209,833**	15,132,302	-	15,132,302
Advances	**2,505,899**	**-**	**2,505,899**	9,225,751	-	9,225,751
Fixed assets	**242,064**	**-**	**242,064**	345,355	-	345,355
Deferred tax assets	**29,127**	**-**	**29,127**	25,344	-	25,344
Other assets	**1,178,763**	**241,065**	**1,419,828**	1,537,346	651	1,537,997
	44,079,544	**241,065**	**44,320,609**	33,943,735	651	33,944,386

36.6.2.2 Foreign Exchange Risk

At a local level, we ensure the overall foreign exchange exposure of Pakistan Operations remains within the limits set by SBP. We do not take any currency exposure except to the extent of the Statutory Net Open Position Limit prescribed by SBP.

Internal limits are in place to monitor Foreign Exchange open and mismatched positions on a daily basis and are marked-to-market daily to contain forward 'exposures to meet regulatory compliance issued periodically.

	2020 Assets	2020 Liabilities and Head office capital	2020 Off-balance sheet items	2020 Net foreign currency exposure	2019 Assets	2019 Liabilities and Head office capital account	2019 Off-balance sheet items	2019 Net foreign currency exposure
	--	------------ (Rupees in '000)	--					
United States Dollar	**5,726,981**	**814,532**	**(4,550,455)**	**361,994**	580,578	998,208	39,730	(377,900)
Great Britain Pound Sterling	**8,494**	**5,128**	**-**	**3,366**	12,745	12,468	-	277
Euro	**6,328,914**	**6,325,112**	**(153,229)**	**(149,427)**	5,600,010	5,567,155	(31,980)	875
Japanese Yen	**3,717**	**-**	**-**	**3,717**	3,018	-	(2,906)	112
Other currencies	**3,636**	**-**	**-**	**3,636**	2,397	-	(1,183)	1,214
	12,071,742	**7,144,772**	**(4,703,684)**	**223,286**	6,198,748	6,577,831	3,661	(375,422)

	2020 Banking book	2020 Trading book	2019 Banking book	2019 Trading book
	---------------------- (Rupees in '000)	----------------------		
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**2,233**	**-**	(3,754)	-

36.6.2.3 ***Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific***

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk.

	2020		2019	
	Banking	**Trading book**	**Banking**	**Trading book**
	---- (Rupees in '000) ----			
Impact of 1% increase in interest rates on				
- Profit and loss account	**93,843**	**-**	141,384	-

36.6.2.4 ***Mismatch of Interest Rate Sensitive Assets and Liabilities***

	2020											
	Effective yield/ Interest rate	**Total**	**Exposed to Yield/ Interest risk**									**Non-interest bearing financial instruments**
			Upto 1 Month	**Over 1 to 3 Months**	**Over 3 to 6 Months**	**Over 6 Months to 1 Year**	**Over 1 to 2 Years**	**Over 2 to 3 Years**	**Over 3 to 5 Years**	**Over 5 to 10 Years**	**Above 10 Years**	
		---- (Rupees in '000) ----										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.0%	8,645,015	183,325	-	-	-	-	-	-	-	-	8,461,690
Balances with other banks	0.0%	5,268,843	-	-	-	-	-	-	-	-	-	5,268,843
Lending to financial institutions	8.9%	26,209,833	26,209,833	-	-	-	-	-	-	-	-	-
Advances	9.7%	2,505,899	-	444	1,179,363	1,079,103	9,043	2,992	19,688	83,530	131,736	-
Other assets	0.0%	1,350,314										1,350,314
		43,979,904	26,393,158	444	1,179,363	1,079,103	9,043	2,992	19,688	83,530	131,736	15,080,847
Liabilities												
Bills payable	0.0%	972,657	-	-	-	-	-	-	-	-	-	972,657
Borrowings	8.8%	241,047	197,977	-	-	-	-	-	-	-	-	43,070
Deposits and other accounts	8.1%	30,965,106	10,547,509	6,542,263	1,336,223	890,816	-	-	-	-	-	11,648,295
Other liabilities	0.0%	3,920,451	-	-	-	-	-	-	-	-	-	3,920,451
		36,099,261	10,745,486	6,542,263	1,336,223	890,816	-	-	-	-	-	16,584,473
On-balance sheet gap		7,880,643	15,647,672	(6,541,819)	(156,860)	188,287	9,043	2,992	19,688	83,530	131,736	(1,503,626)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
- letters of credit		519,812	-	-	-	-	-	-	-	-	-	519,812
Commitments in respect of:												
- Forward Purchase Contracts		12,523,914	-	-	-	-	-	-	-	-	-	12,523,914
- Forward Sales Contracts		(12,523,914)	-	-	-	-	-	-	-	-	-	(12,523,914)
- Forward agreement lending*		20,720,534	-	-	-	-	-	-	-	-	-	20,720,534
- Other commitments		118,920	-	-	-	-	-	-	-	-	-	118,920
Off-balance sheet gap		21,359,266	-	-	-	-	-	-	-	-	-	21,359,266
Total Yield/Interest Risk Sensitivity Gap			15,647,672	(6,541,819)	(156,860)	188,287	9,043	2,992	19,688	83,530	131,736	19,855,639
Cumulative Yield/Interest Risk Sensitivity Gap			15,647,672	9,105,853	8,948,993	9,137,280	9,146,323	9,149,315	9,169,003	9,252,533	9,384,269	29,239,908

*These represent commitments that are revocable because they can be withdrawn at the discretion of the Pakistan Operations.

			2019									
	Effective yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.0%	7,558,956	177,210	-	-	-	-	-	-	-	-	7,381,746
Balances with other banks	0.0%	118,681	-	-	-	-	-	-	-	-	-	118,681
Lending to financial institutions	7.0%	15,132,302	15,132,302	-	-	-	-	-	-	-	-	-
Investments	0.0%	-	-	-	-	-	-	-	-	-	-	-
Advances	7.5%	9,225,751	2,784,381	4,089,980	1,276,673	836,550	12,930	1,199	19,570	79,058	125,410	-
Other assets	0.0%	1,375,074										1,375,074
		33,410,764	18,093,893	4,089,980	1,276,673	836,550	12,930	1,199	19,570	79,058	125,410	8,875,501
Liabilities												
Bills payable	0.0%	1,032,458	-	-	-	-	-	-	-	-	-	1,032,458
Borrowings	-0.2%	1,394,029	1,363,974	-	-	-	-	-	-	-	-	30,055
Deposits and other accounts	6.2%	20,473,611	1,626,889	5,990,309	860,975	554,703	-	-	-	-	-	11,440,735
Liabilities against assets subject to finance	0.0%	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	0.0%	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	0.0%	3,776,207	-	-	-	-	-	-	-	-	-	3,776,207
		26,676,305	2,990,863	5,990,309	860,975	554,703	-	-	-	-	-	16,279,455
On-balance sheet gap		6,734,459	15,103,030	(1,900,329)	415,698	281,847	12,930	1,199	19,570	79,058	125,410	(7,403,954)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
- letters of credit		1,855,657	-	-	-	-	-	-	-	-	-	1,855,657
Commitments in respect of:												
- Forward Purchase Contracts		219,730	-	-	-	-	-	-	-	-	-	219,730
- Forward Sales Contracts		(216,068)	-	-	-	-	-	-	-	-	-	(216,068)
- Forward agreement lending*		11,994,283	-	-	-	-	-	-	-	-	-	11,994,283
- Other commitments		227,666	-	-	-	-	-	-	-	-	-	227,666
Off-balance sheet gap		14,081,268	-	-	-	-	-	-	-	-	-	14,081,268
Total Yield/Interest Risk Sensitivity Gap			15,103,030	(1,900,329)	415,698	281,847	12,930	1,199	19,570	79,058	125,410	6,677,314
Cumulative Yield/Interest Risk Sensitivity Gap			15,103,030	13,202,701	13,618,399	13,900,246	13,913,176	13,914,375	13,933,945	14,013,003	14,138,413	20,815,727

*These represent commitments that are revocable because they can be withdrawn at the discretion of the Pakistan Operations.

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Bank is exposed to various risks associated with the effects of fluctuation in the prevailing levels of market interest rates on its financial position and cash flows. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments.

36.6.3 ***Operational Risk***

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk excludes business and reputational risk. Particular prominent examples of operational risks are Fraud Risk, Business Continuity Risk, Regulatory Compliance Risk, Information Technology Risk and Vendor Risk.

Legal Risk may materialize in any of the above risk categories. This may be due to the fact that in each category we may be the subject of a claim or proceedings alleging non-compliance with contractual or other legal or statutory responsibilities; or we may otherwise be subject to losses allegedly deriving from other law or legal circumstances applicable to any of the above categories.

Organizational Structure

The Head of Operational Risk & Business Continuity Management chairs the Operational Risk Management Committee, which is a permanent sub-committee of the Risk Executive Committee and is composed of the operational risk officers from our business divisions and our infrastructure functions. It is the main decision-making committee for all operational risk management matters.

While the day-to-day operational risk management lies with our business divisions and infrastructure functions, the Operational Risk & Business Continuity Management function manages the cross divisional and cross regional operational risk as well as risk concentrations and ensures a consistent application of our operational risk management strategy across the bank. Based on this Business Partnership Model we ensure close monitoring and high awareness of operational risk.

Managing Our Operational Risk

We manage operational risk based on a Group-wide consistent framework that enables us to determine our operational risk profile in comparison to our risk appetite and systematically identify operational risk themes and concentrations to define risk mitigating measures and priorities.

Based on the organizational set-up, the governance and systems in place to identify and manage the operational risk and the support of control functions responsible for specific operational risk types (e.g. Compliance, Corporate Security & Business Continuity Management) we seek to optimize the management of operational risk. Future operational risks (identified through forward-looking analysis) are managed via mitigation strategies such as the development of back-up systems and emergency plans. We buy insurance in order to protect ourselves against unexpected and substantial unforeseeable losses.

36.6.3.1 Operational Risk-Disclosures Basel II Specific

For purpose of complying with local Basel III regulatory requirements in Pakistan, we follow the implementation guidelines ('Implementation of Basel III') issued by State Bank of Pakistan.

As required by State Bank of Pakistan regulations, DB in Pakistan employs the Basic Indicator Approach (BIA) for 2020.

36.6.3.2 Covid - 19

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

36.6.4 Liquidity Risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of the DB Pakistan's liquidity risk management framework is to ensure that it can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on balance sheet or off-balance sheet.

The Management Board defines our liquidity risk strategy, and in particular our tolerance for liquidity risk based on recommendations made by Treasury and the Capital and Risk Committee. The Management Board reviews and approves the limits which are applied to the Group to measure and control liquidity risk as well as the Pakistan Operations' long-term funding and issuance plan.

Our Treasury function is responsible for the management of liquidity and funding risk of Deutsche Bank globally as defined in the liquidity risk strategy. Our liquidity risk management framework is designed to identify, measure and manage the liquidity risk position of the Group. Treasury reports the Pakistan Operations' overall liquidity and funding to the Management Board at least weekly via a Liquidity Scorecard. Our liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue, forecasting cash flows and factoring in our access to Central Banks. It then covers tactical liquidity risk management dealing with access to secured and unsecured funding sources. Finally, the strategic perspective comprises the maturity profile of all assets and liabilities (Funding Matrix) and our issuance strategy.

Our cash-flow based reporting system provides daily liquidity risk information to global and regional management.

Stress testing and scenario analysis plays a central role in our liquidity risk management framework. This also incorporates an assessment of asset liquidity, i.e. the characteristics of our asset inventory, under various stress scenarios as well as contingent funding requirements from off-balance-sheet commitments. The monthly stress testing results are used in setting our short-term wholesale funding limits (both unsecured and secured) and thereby ensuring we remain within the Board's overall liquidity risk tolerance.

Being DB's EMEA hub, Treasury & Capital Management (TCM) team in EMEA oversees the liquidity risk and capital management for the whole of EMEA. Currently, there is one Treasurer and one Treasury analyst who manage day to day liquidity risk and capital management for Pakistan. Liquidity and capital managers of TCM'risk management is supported by a web- based system, dbCube, which helps liquidity to monitor the liquidity situation of any DB entity at any location any time. All liquidity risk and capital related issues for DB branches in Pakistan are discussed by the local Asset and Liability Committee (ALCO), chaired by the treasurer, and comprising all businesses and supporting functions, i.e. Finance and Compliance. The local ALCO provides a forum for managing the liquidity, capital and funding positions of the local entity to meet regulatory compliance. Meetings of the local ALCO are held on a regular basis with ad-hoc meetings called when required.

36.6.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Pakistan Operations

	Total	2020												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	----------(Rupees in '000)----------													
Assets														
Cash and balances with treasury banks	8,645,015	2,342,234	-	-	-	-	-	-	-	-	-	-	-	6,302,781
Balances with other banks	5,268,843	5,268,843	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	26,209,833	-	26,209,833	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	2,505,899	2,256,558	-	-	-	231	213	252	281	1,380	9,043	2,992	19,688	215,261
Fixed assets	242,064	-	-	-	-	-	-	-	-	-	-	-	242,064	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	29,127	-	-	-	-	-	-	-	-	-	29,127	-	-	-
Other assets	1,419,828	495	3,470	3,470	344,453	10,692	10,692	27,798	21,267	11,801	978,865	1,517	-	5,308
	44,320,609	9,868,130	26,213,303	3,470	344,453	10,923	10,905	28,050	21,548	13,181	1,017,035	4,509	261,752	6,523,350
Liabilities														
Bills payable	972,657	972,657	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	241,047	-	241,047	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	30,965,106	22,704,106	2,900,000	1,500,000	2,150,000	555,000	1,156,000	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,920,451	755,879	9,206	5,963	12,825	40,029	77,922	91,794	-	2,887,317	39,516	-	-	-
	36,099,261	24,432,642	3,150,253	1,505,963	2,162,825	595,029	1,233,922	91,794	-	2,887,317	39,516	-	-	-
Net assets	8,221,348	(14,564,512)	23,063,050	(1,502,493)	(1,818,372)	(584,106)	(1,223,017)	(63,744)	21,548	(2,874,136)	977,519	4,509	261,752	6,523,350
Head office capital account	6,302,781													
Unremitted profit	1,918,567													
	8,221,348													

	Total	2019												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	----------(Rupees in '000)----------													
Assets														
Cash and balances with treasury banks	7,558,956	1,995,293	-	-	-	-	-	-	-	-	-	-	-	5,563,663
Balances with other banks	118,681	118,681	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	15,132,302	-	15,132,302	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	9,225,751	8,894,306	840	5,875	2,380	17,049	43,425	22,965	312	433	12,930	1,199	19,570	204,467
Fixed assets	345,355	-	-	-	-	-	-	-	-	-	-	-	345,355	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	25,344	-	-	-	-	-	-	-	-	-	25,344	-	-	-
Other assets	1,537,997	243	10,899	7,656	327,569	47,218	85,111	109,976	18,182	18,162	908,136	2,300	1,517	1,028
	33,944,386	11,008,524	15,144,041	13,531	329,949	64,267	128,536	132,941	18,494	18,595	946,410	3,499	366,442	5,769,158
Liabilities														
Bills payable	1,032,458	1,032,458	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,394,029	-	1,394,029	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	20,473,611	16,594,611	50,000	150,000	2,650,000	1,000,000	29,000	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,776,207	1,114,269	9,206	5,963	12,825	40,029	77,922	91,794	-	2,358,872	65,327	-	-	-
	26,676,305	18,741,338	1,453,235	155,963	2,662,825	1,040,029	106,922	91,794	-	2,358,872	65,327	-	-	-
Net assets	7,268,081	(7,732,814)	13,690,806	(142,432)	(2,332,876)	(975,762)	21,614	41,147	18,494	(2,340,277)	881,083	3,499	366,442	5,769,158
Head office capital account	5,563,663													
Unremitted profit	1,704,418													
	7,268,081													

36.6.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	2020									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	**8,645,015**	**553,707**	**830,537**	**574,794**	**383,196**	**-**	**-**	**-**	**-**	**6,302,781**
Balances with other banks	**5,268,843**	**2,088,246**	**3,132,370**	**28,936**	**19,291**	**-**	**-**	**-**	**-**	**-**
Lending to financial institutions	**26,209,833**	**26,209,833**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Advances	**2,505,899**	**-**	**444**	**1,179,363**	**1,079,103**	**9,043**	**2,992**	**19,688**	**83,530**	**131,736**
Fixed assets	**242,064**	**-**	**-**	**-**	**-**	**-**	**-**	**242,064**	**-**	**-**
Intangible assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax assets	**29,127**	**-**	**-**	**-**	**-**	**29,127**	**-**	**-**	**-**	**-**
Other assets	**1,419,828**	**351,888**	**21,384**	**27,798**	**33,068**	**978,865**	**1,517**	**-**	**5,308**	**-**
	44,320,609	**29,203,674**	**3,984,735**	**1,810,891**	**1,514,658**	**1,017,035**	**4,509**	**261,752**	**88,838**	**6,434,517**
Liabilities										
Bills payable	**972,657**	**76,661**	**114,993**	**468,602**	**312,401**	**-**	**-**	**-**	**-**	**-**
Borrowings	**241,047**	**197,977**	**30,583**	**7,491**	**4,996**	**-**	**-**	**-**	**-**	**-**
Deposits and other accounts	**30,965,106**	**12,542,921**	**9,535,248**	**5,332,162**	**3,554,775**	**-**	**-**	**-**	**-**	**-**
Liabilities against assets subject to finance lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	**3,920,451**	**190,769**	**276,972**	**309,963**	**3,100,006**	**42,741**	**-**	**-**	**-**	**-**
	36,099,261	**13,008,328**	**9,957,796**	**6,118,218**	**6,972,178**	**42,741**	**-**	**-**	**-**	**-**
Net assets	**8,221,348**	**16,195,346**	**(5,973,061)**	**(4,307,327)**	**(5,457,520)**	**974,294**	**4,509**	**261,752**	**88,838**	**6,434,517**
Head office capital account	**6,302,781**									
Unremitted profit	**1,918,567**									
	8,221,348									

	2019									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	7,558,956	598,559	897,818	299,348	199,566	-	-	-	-	5,563,665
Balances with other banks	118,681	37,611	56,442	14,777	9,851	-	-	-	-	-
Lending to financial institutions	15,132,302	15,132,302	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Advances	9,225,751	2,784,381	4,089,980	1,276,673	836,550	12,930	1,199	19,570	79,058	125,410
Fixed assets	345,355	-	-	-	-	-	-	345,355	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	25,344	-	-	-	-	25,344	-	-	-	-
Other assets	1,537,997	346,367	132,329	109,976	36,344	908,136	2,300	1,517	1,028	0
	33,944,386	18,899,220	5,176,569	1,700,774	1,082,311	946,410	3,499	366,442	80,086	5,689,075
Liabilities										
Bills payable	1,032,458	224,128	337,582	282,449	188,299	-	-	-	-	-
Borrowings	1,394,029	1,373,968	14,991	3,042	2,028	-	-	-	-	-
Deposits and other accounts	20,473,611	7,701,950	8,306,924	2,678,842	1,785,895	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,776,207	1,142,263	117,951	91,794	2,358,872	65,327	-	-	-	-
	26,676,305	10,442,309	8,777,448	3,056,127	4,335,094	65,327	-	-	-	-
Net assets	7,268,081	8,456,911	(3,600,879)	(1,355,353)	(3,252,783)	881,083	3,499	366,442	80,086	5,689,075
Head office capital account	5,563,663									
Unremitted profit	1,704,418									
	7,268,081									

37 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 26 Mar 2021.

38 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

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)
For the year ended 31 December 2020

STATEMENT ON INTERNAL CONTROLS

The management of Deutsche Bank AG, Pakistan Operations is responsible for establishing and maintaining adequate internal control procedures to fulfill strategic objectives of ensuring the effectiveness and efficiency of internal controls in operations, credibility of financial reporting, safeguarding of assets, and compliance with applicable legal and regulatory requirements. Pakistan Operations essentially follows the internal control system, policies and procedures as advised by the Head office. These are supplemented by changes in line with local regulations and statutory requirements.

The management of Pakistan Operations carefully reviews the findings and recommendations of internal and external auditors relating to internal controls, and takes corrective action to address control deficiencies for improvement of overall control environment.

The internal control system is designed to mitigate, rather than eliminate, the risk of failure to achieve the system's objectives. Accordingly, an effective Internal Control System provides reasonable but not conclusive assurance to achieve system's objectives.

Pakistan Operations have completed all stages of the roadmap for Internal Controls over Financial Reporting (ICFR) in compliance with the SBP guidelines. In order to ensure the effectiveness of financial reporting controls on an ongoing basis, Pakistan Operations conducts an annual exercise to test the operational effectiveness of ICFR throughout the year. It has engaged the external auditors for review of ICFR documentation and issuance of Long Form Report as required by the OSED Circular No.1 of 2014 dated 07 February 2014.

During the year ended 31 December 2020 we endeavored to follow the Guidelines on internal controls issued by State Bank of Pakistan.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

RISK MANAGEMENT FRAMEWORK

In order to effectively assess, monitor and control credit, market, operational, cross border and liquidity risk, risk policies and procedures are in place. These policies and procedures are designed globally by the bank. These are further supplemented to accommodate the local regulations and statutory requirements. The review of these policies and procedures is an on going process in the Head office. The risks are managed globally and/or regionally by independent risk management departments. Certain authorities, within agreed limits, are delegated to local management.

Know Your Customer (KYC) and Anti money Laundering policies as issued by Head office and under local regulations and statutory requirements have been implemented.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan