



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

Financial statements
for the period ended
30 September 2023

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Financial Position
As at 30 September 2023

| | 30 September 2023 | 31 December 2022 |
|---|-----------------------------------|-----------------------------|
| <i>Note</i> | (Un-audited) | (Audited) |
| | ----- Rupees in '000 ----- | |
| ASSETS | | |
| Cash and balances with treasury banks | 6 12,363,776 | 13,413,245 |
| Balances with other banks | 7 1,031,931 | 1,006,967 |
| Lendings to financial institutions | 8 32,548,450 | 9,141,986 |
| Investments | 9 - | 32,008,766 |
| Advances | 10 5,950,035 | 5,406,378 |
| Fixed assets | 11 1,024,050 | 912,374 |
| Intangible assets | 12 - | - |
| Deferred tax assets | 12 235,135 | 141,580 |
| Other assets | 13 2,194,641 | 1,495,568 |
| | 55,348,018 | 63,526,864 |
| LIABILITIES | | |
| Bills payable | 14 684,156 | 1,214,740 |
| Borrowings | 15 - | - |
| Deposits and other accounts | 15 32,925,011 | 46,016,619 |
| Liabilities against assets subject to finance lease | 16 - | - |
| Subordinated debt | 16 - | - |
| Deferred tax liabilities | 16 - | - |
| Other liabilities | 16 6,639,161 | 5,171,744 |
| | 40,248,328 | 52,403,103 |
| NET ASSETS | 15,099,690 | 11,123,761 |
| REPRESENTED BY | | |
| Head office capital account | 9,693,769 | 7,734,312 |
| Reserves | - | - |
| Deficit on revaluation of assets | 17 - | (4,367) |
| Unremitted profit | 5,405,921 | 3,393,816 |
| | 15,099,690 | 11,123,761 |
| CONTINGENCIES AND COMMITMENTS | 18 | |

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

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Profit and Loss Account (Un-audited)
For nine months period ended 30 September 2023

| | Note | Three months period ended 30 September 2023 | Nine months period ended 30 September 2023 | Three months period ended 30 September 2022 | Nine months period ended 30 September 2022 |
|--|------|--|---|--|---|
| ----- Rupees in '000 ----- | | | | | |
| Mark-up / return / interest earned | 19 | 2,110,206 | 6,532,897 | 1,492,212 | 3,248,440 |
| Mark-up / return / interest expensed | 20 | 426,908 | 2,107,867 | 832,198 | 1,649,519 |
| Net mark-up / interest income | | 1,683,298 | 4,425,030 | 660,014 | 1,598,921 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 21 | 93,002 | 254,787 | 61,244 | 238,735 |
| Dividend income | | - | - | - | - |
| Foreign exchange income | | 268,335 | 701,722 | 453,789 | 860,845 |
| Loss on sale of securities | 22 | - | - | - | (4,412) |
| Other income | 23 | 34 | 7,344 | - | 127 |
| Total non-markup / interest Income | | 361,371 | 963,853 | 515,033 | 1,095,295 |
| Total Income | | 2,044,669 | 5,388,883 | 1,175,047 | 2,694,216 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 24 | 621,823 | 1,452,544 | 306,555 | 1,037,078 |
| Workers Welfare Fund | | 28,580 | 79,258 | 17,370 | 33,122 |
| Other charges | 25 | - | 2 | - | 1,030 |
| Total non-markup / interest expenses | | 650,403 | 1,531,804 | 323,925 | 1,071,230 |
| Profit before provisions | | 1,394,266 | 3,857,079 | 851,122 | 1,622,986 |
| Reversal and write offs - net | | - | - | - | - |
| Extra ordinary / unusual items | | - | - | - | - |
| PROFIT BEFORE TAXATION | | 1,394,266 | 3,857,079 | 851,122 | 1,622,986 |
| Taxation | 26 | (669,172) | (1,841,766) | (486,872) | (909,710) |
| PROFIT AFTER TAXATION | | 725,094 | 2,015,313 | 364,250 | 713,276 |

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

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Comprehensive Income (Un-audited)
For nine months period ended 30 September 2023

| | Three months period ended 30 September 2023 | Nine months period ended 30 September 2023 | Three months period ended 30 September 2022 | Nine months period ended 30 September 2022 |
|--|--|---|--|---|
| | ------(Rupees in '000)----- | | | |
| Profit after taxation for the period | 725,094 | 2,015,313 | 364,250 | 713,276 |
| Other comprehensive income | | | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | | | |
| Movement in deficit on revaluation of investments - net of tax | - | 4,367 | - | (1,691) |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | | | |
| Remeasurement gain on defined benefit obligations - net of tax | - | (3,208) | - | (1,680) |
| Total comprehensive income for the period | <u>725,094</u> | <u>2,016,472</u> | <u>364,250</u> | <u>709,905</u> |

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

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Cash Flow Statement (Un-audited)
For nine months period ended 30 September 2023

| | 30 September 2023 | 30 September 2022 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 3,857,079 | 1,622,986 |
| Adjustments for: | | |
| Depreciation | 79,993 | 80,318 |
| Gain on disposal of operating fixed assets - net | (1,481) | (127) |
| Finance costs of lease liability | 46,797 | 27,147 |
| | 125,309 | 107,338 |
| | 3,982,388 | 1,730,324 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | (23,406,464) | 4,431,289 |
| Net investments in held-for-trading securities | - | 441,458 |
| Advances | (543,657) | 1,220,005 |
| Others assets (excluding advance taxation) | (660,775) | 23,893 |
| | (24,610,896) | 6,116,645 |
| (Decrease) / increase in operating liabilities | | |
| Bills payable | (530,584) | 857,443 |
| Borrowings from financial institutions | - | (9,334) |
| Deposits and other accounts | (13,091,608) | 11,946,707 |
| Other liabilities | 1,475,772 | 687,318 |
| | (12,146,420) | 13,482,134 |
| Income tax paid | (1,980,121) | (805,914) |
| Net cash (used in) / generated from operating activities | (34,755,049) | 20,523,189 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investment in securities - net | 32,016,427 | (22,828,281) |
| Investments in operating fixed assets | (195,173) | (103,198) |
| Proceeds from sale of operating fixed assets | 4,985 | 300 |
| Net cash generated from / (used in) investing activities | 31,826,239 | (22,931,179) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payment of lease liabilities | (55,152) | (28,402) |
| Net cash used in financing activities | (55,152) | (28,402) |
| Effects of exchange rate changes on cash and cash equivalents | 1,959,457 | 797,997 |
| Increase in cash and cash equivalents during the period | (1,024,505) | (1,638,395) |
| Cash and cash equivalents at beginning of the period | 14,420,212 | 14,876,272 |
| Cash and cash equivalents at end of the period | 13,395,707 | 13,237,877 |

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

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Changes in Equity (Un-audited)
For nine months period ended 30 September 2023

| | Head office capital account | Deficit on revaluation of investments | Unremitted profit | Total |
|--|--------------------------------|---|-------------------|-------------------|
| | ------(Rupees in '000) ----- | | | |
| Balance as at 01 January 2022 | 6,398,696 | (2,730) | 2,469,393 | 8,865,359 |
| Profit for the nine months period ended 30 September 2022 | - | - | 713,276 | 713,276 |
| Other comprehensive income - net of tax | - | (1,691) | (1,680) | (3,371) |
| | - | (1,691) | 711,596 | 709,905 |
| Transactions with owners, recorded directly in equity | | | | |
| Exchange adjustments on revaluation of capital | 797,997 | - | - | 797,997 |
| Remittance made to Head office | - | - | - | - |
| | 797,997 | - | - | 797,997 |
| Opening balance as at 01 October 2022 | 7,196,693 | (4,421) | 3,180,989 | 10,373,261 |
| Profit after taxation for the three months period ended 31 December 2022 | - | - | 206,279 | 206,279 |
| Other comprehensive income - net of tax | - | 54 | 6,548 | 6,602 |
| | - | 54 | 212,827 | 212,881 |
| Transactions with owners, recorded directly in equity | | | | |
| Exchange adjustments on revaluation of capital | 537,619 | - | - | 537,619 |
| Remittance made to Head office | - | - | - | - |
| | 537,619 | - | - | 537,619 |
| Balance as at 01 January 2023 | 7,734,312 | (4,367) | 3,393,816 | 11,123,761 |
| Profit after taxation for the nine months period ended 30 September 2023 | - | - | 2,015,313 | 2,015,313 |
| Other comprehensive income - net of tax | - | 4,367 | (3,208) | 1,159 |
| | - | 4,367 | 2,012,105 | 2,016,472 |
| Transactions with owners, recorded directly in equity | | | | |
| Exchange adjustments on revaluation of capital | 1,959,457 | - | - | 1,959,457 |
| Remittance made to Head office | - | - | - | - |
| | 1,959,457 | - | - | 1,959,457 |
| Balance as at 30 September 2023 | 9,693,769 | - | 5,405,921 | 15,099,690 |

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

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 located at Karachi and Lahore ('the Pakistan Operations'). The Pakistan Operations are engaged in banking business as described in the Banking Companies Ordinance, 1962.

During the period, the Karachi branch has shifted to a new premises with the registered address now as Sky Tower - West Wing, Floor 15, Dolmen City, Marine Drive, Clifton Block 4, Karachi, Pakistan.

The credit rating provided by Standard & Poor's on 31 May 2023 is A- for long-term and A-2 for short-term, rating by Fitch on 03 July 2023 is A- for long-term and F2 for short-term; and rating by Moody's on 11 May 2023 is A1 for long-term.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the Pakistan Operations for the year ended 31 December 2022.

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

The Pakistan Operations has adopted the accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year, however they do not have an impact on the Bank's financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2024:

| Standard or Interpretation | Effective date (annual periods beginning on or after) |
|--|---|
| Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 | 01 January 2024 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28 | Not yet finalized |
| Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 | 01 January 2024 |
| Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 | 01 January 2024 |

The above standards and amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

IFRS 9 'Financial Instruments' - SBP directed the banks to implement IFRS 9 with effect from 01 January 2024 vide BPRD circular no. 07 of 2023 dated April 13, 2023. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The bank complies with the requirement of submitting IFRS 9 Pro-forma financial statements of the said circular.

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

| Standard | IASB Effective date (annual periods beginning on or after) |
|---|--|
| IFRS 1 - First-time Adoption of International Financial Reporting Standards | July 01, 2009 |
| IFRS 17 – Insurance Contracts | 01 January 2023 |

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Pakistan Operations for the year ended 31 December 2022.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements of the Pakistan Operations for the year ended 31 December 2022.

5. FINANCIAL RISK MANAGEMENT

The Pakistan Operations continue to follow its current policies for managing credit, liquidity and market risks as disclosed in the annual financial statement for the period ended 31 December 2022.

| 6 CASH AND BALANCES WITH TREASURY BANKS | <i>Note</i> | 30 September 2023 | 31 December 2022 |
|--|-------------|------------------------------|---------------------|
| | | ----- (Rupees in '000) ----- | |
| In hand | | | |
| Local currency | | 44,995 | 22,438 |
| Foreign currency | | 22,826 | 26,452 |
| | | 67,821 | 48,890 |
| With State Bank of Pakistan in | | | |
| Local currency current account | 6.1 | 1,980,209 | 5,221,034 |
| Foreign currency current account | 6.2 | 216,896 | 120,234 |
| Foreign currency deposit account | | | |
| Special cash reserve account | 6.3 | 363,460 | 261,642 |
| Local US Dollar collection account | 6.4 | 41,621 | 27,133 |
| Foreign currency capital account | | 9,693,769 | 7,734,312 |
| | | 12,295,955 | 13,364,355 |
| | | 12,363,776 | 13,413,245 |

6.1 This represents current account maintained with SBP that includes requirements of section 22 (Cash Reserve Requirement) of the Banking Companies Ordinance, 1962 at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by SBP.

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

6.3 This represents statutory cash reserve maintained against foreign currency deposits mobilized under FE 25 Circular issued by the SBP. Profit rates on these deposits are fixed by SBP on a monthly basis and were 3.39% to 4.39% p.a during the period (31 December 2022: 0.00% to 3.14% p.a during 2022).

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

| 7 BALANCES WITH OTHER BANKS | <i>Note</i> | 30 September 2023 | 31 December 2022 |
|------------------------------------|-------------|------------------------------|---------------------|
| | | ----- (Rupees in '000) ----- | |
| In Pakistan | | | |
| Current account | | 1,500 | 1,500 |
| Outside Pakistan | | | |
| Current account | | | |
| Interbranch | 7.1 | 1,024,206 | 1,001,919 |
| Others | | 6,225 | 3,548 |
| | | 1,030,431 | 1,005,467 |
| | | 1,031,931 | 1,006,967 |

7.1 This includes Rs. 976 million with DB New York, Rs. 41 million with DB Mumbai and various others (31 December 2022: Rs. 960 million with DB New York, Rs. 30 million with DB Mumbai and various others).

| 8 LENDINGS TO FINANCIAL INSTITUTIONS | <i>Note</i> | 30 September 2023 | 31 December 2022 |
|--|-------------|------------------------------|---------------------|
| | | ----- (Rupees in '000) ----- | |
| Repurchase agreement lendings (Reverse Repo) | 8.1 | 32,548,450 | 9,141,986 |

8.1 Reverse repo transactions have been made with a commercial bank at a rate of 23.30% p.a and with State Bank of Pakistan at a rate of 21.90% p.a maturing within a week. The market value of these securities at 30 September 2023 amounted to Rs. 32,491 million (2022: Rs. 9,389 million).

| 9 | INVESTMENTS | Note | 30 September 2023 | | | 31 December 2022 | | |
|------------------------------|-------------------------------|------|-------------------|---------|-------|------------------|---------|------------|
| | | | Cost | Deficit | Total | Cost | Deficit | Total |
| ----- (Rupees in '000) ----- | | | | | | | | |
| 9.1 | Investments by type: | | | | | | | |
| | Available-for-Sale Securities | | | | | | | |
| | - Treasury bills | | - | - | - | 32,016,427 | (7,661) | 32,008,766 |

| 10 | ADVANCES | | Performing | | Non Performing | | Total | |
|----|---|------|------------------------------|------------------|-------------------|------------------|-------------------|------------------|
| | | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| | | | ----- (Rupees in '000) ----- | | | | | |
| | Loans, cash credits, running finances, etc. | | 5,958,033 | 5,414,376 | 30,885 | 30,885 | 5,988,918 | 5,445,261 |
| | Bills discounted and purchased | | - | - | 65,626 | 65,626 | 65,626 | 65,626 |
| | Advances - gross | 10.1 | 5,958,033 | 5,414,376 | 96,511 | 96,511 | 6,054,544 | 5,510,887 |
| | Provision against advances | | | | | | | |
| | - Specific | | - | - | (96,511) | (96,511) | (96,511) | (96,511) |
| | - General | | (7,998) | (7,998) | - | - | (7,998) | (7,998) |
| | | 10.3 | (7,998) | (7,998) | (96,511) | (96,511) | (104,509) | (104,509) |
| | Advances - net of provision | | 5,950,035 | 5,406,378 | - | - | 5,950,035 | 5,406,378 |

| 10.1 | Particulars of advances (Gross) | 30 September 2023 | 31 December 2022 |
|--------------------------|---------------------------------|-------------------|------------------|
| ---- Rupees in '000 ---- | | | |
| | In local currency | 5,988,918 | 5,445,261 |
| | In foreign currencies | 65,626 | 65,626 |
| | | 6,054,544 | 5,510,887 |

10.2 Advances include Rs.96.511 million (31 December 2022: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

| Category of Classification | 30 September 2023 | | 31 December 2022 | |
|----------------------------|----------------------|-----------|----------------------|-----------|
| | Non Performing Loans | Provision | Non Performing Loans | Provision |
| ----- Rupees in '000 ----- | | | | |
| Domestic Loss | 96,511 | 96,511 | 96,511 | 96,511 |

| 10.3 | Particulars of provision against advances | 30 September 2023 | | | 31 December 2022 | | |
|----------------------------|---|-------------------|---------|---------|------------------|---------|---------|
| | | Specific | General | Total | Specific | General | Total |
| ----- Rupees in '000 ----- | | | | | | | |
| | Opening balance | 96,511 | 7,998 | 104,509 | 96,511 | 7,998 | 104,509 |
| | Charge/ (reversal) for the period | - | - | - | - | - | - |
| | Closing balance | 96,511 | 7,998 | 104,509 | 96,511 | 7,998 | 104,509 |

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

| 10.3.2 | Particulars of provision against advances | 30 September 2023 | | | 31 December 2022 | | |
|------------------------------|---|-------------------|---------|---------|------------------|---------|---------|
| | | Specific | General | Total | Specific | General | Total |
| ----- (Rupees in '000) ----- | | | | | | | |
| | In local currency | 96,511 | 7,998 | 104,509 | 96,511 | 7,998 | 104,509 |

| 11 | FIXED ASSETS | Note | 30 September 2023 | 31 December 2022 |
|-------------|--|------|------------------------------|-----------------------|
| | | | ----- Rupees in '000 ----- | |
| | Capital work-in-progress | 11.1 | 440,034 | 272,681 |
| | Property and equipment | | <u>584,016</u> | <u>639,693</u> |
| | | | <u>1,024,050</u> | <u>912,374</u> |
| 11.1 | Capital work-in-progress | | | |
| | Advances to suppliers | | <u>440,034</u> | <u>272,681</u> |
| 12 | DEFERRED TAX ASSETS | | | |
| | Deductible Temporary Differences on | | | |
| | - Deficit on revaluation of investments | | - | 3,294 |
| | - Accelerated tax depreciation | | 56,407 | 15,524 |
| | - Workers' Welfare Fund | | 204,929 | 145,755 |
| | | | 261,336 | 164,573 |
| | Taxable Temporary Differences on | | | |
| | - Post retirement employee benefits | | (26,201) | (22,993) |
| | | | <u>235,135</u> | <u>141,580</u> |
| 13 | OTHER ASSETS | | | |
| | Income / Mark-up accrued in local currency | | 439,138 | 203,263 |
| | Income / Mark-up accrued in foreign currency | | 7,721 | 4,559 |
| | Advances, deposits, advance service charges / rent and other prepayments | | 292,917 | 80,771 |
| | Advance taxation (payments less provisions) | | 1,109,913 | 1,071,615 |
| | Receivable from defined benefit plan | | 23,993 | 23,993 |
| | Acceptances | | 316,451 | 106,099 |
| | Others | | 9,028 | 9,942 |
| | | | <u>2,199,315</u> | <u>1,500,242</u> |
| | Less: Provision held against other assets | 13.1 | (4,674) | (4,674) |
| | Other Assets (Net of Provision) | | <u>2,194,641</u> | <u>1,495,568</u> |
| 13.1 | Provision held against other assets | | | |
| | Advances, deposits, advance rent & other prepayments | | <u>4,674</u> | <u>4,674</u> |
| 14 | BILLS PAYABLE | | | |
| | In Pakistan | | <u>684,156</u> | <u>1,214,740</u> |

15 DEPOSITS AND OTHER ACCOUNTS

| | 30 September 2023 | | | 31 December 2022 | | |
|--|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| | In Local Currency | In Foreign currencies | Total | In Local Currency | In Foreign currencies | Total |
| ----- Rupees in '000 ----- | | | | | | |
| Customers | | | | | | |
| Current deposits | 20,672,151 | 2,186,230 | 22,858,381 | 7,427,614 | 1,390,286 | 8,817,900 |
| Savings deposits | 7,325,229 | 7,819 | 7,333,048 | 28,757,335 | 1,165 | 28,758,500 |
| Term deposits | 440,000 | - | 440,000 | 3,178,500 | - | 3,178,500 |
| Others | 2,293,086 | - | 2,293,086 | 5,261,296 | - | 5,261,296 |
| | 30,730,466 | 2,194,049 | 32,924,515 | 44,624,745 | 1,391,451 | 46,016,196 |
| Financial Institutions | | | | | | |
| Non-remunerative deposits - inter branch | 496 | - | 496 | 423 | - | 423 |
| | 30,730,962 | 2,194,049 | 32,925,011 | 44,625,168 | 1,391,451 | 46,016,619 |

16 OTHER LIABILITIES

| | 30 September 2023 | 31 December 2022 |
|---|-------------------|------------------|
| ----- Rupees in '000 ----- | | |
| Mark-up/ Return/ Interest payable in local currency | 371,570 | 18,596 |
| Unearned commission and income on bills discounted | 53,844 | 34,854 |
| Accrued expenses | 145,242 | 127,767 |
| Acceptances | 316,451 | 106,099 |
| Dividends payable | 29,912 | 343 |
| Marked to market loss on forward foreign exchange contracts | - | 7 |
| Payable to Deutsche Bank Singapore | 6,195 | 6,195 |
| Unremitted head office expenses | 4,775,240 | 3,767,465 |
| Provision against off-balance sheet obligations | 6,121 | 6,121 |
| Workers Welfare Fund | 418,222 | 338,964 |
| Lease liability | 471,244 | 479,598 |
| Others | 45,120 | 285,735 |
| | 6,639,161 | 5,171,744 |

17 DEFICIT ON REVALUATION OF ASSETS

| | | |
|--|----------|----------------|
| Deficit on revaluation of: | | |
| - Available for sale securities | - | (7,661) |
| Deferred tax on deficit on revaluation of: | | |
| - Available for sale securities | - | 3,294 |
| | - | (4,367) |

18 CONTINGENCIES AND COMMITMENTS

| | | 30 September 2023 | 31 December 2022 |
|---|--------|-------------------|-------------------|
| ----- Rupees in '000 ----- | | | |
| -Guarantees | 18.1 | 13,499,814 | 13,155,230 |
| -Commitments | 18.2 | 22,669,881 | 20,420,573 |
| | | 36,169,695 | 33,575,803 |
| 18.1 Guarantees | | | |
| Financial guarantees | | 13,499,814 | 13,155,230 |
| 18.2 Commitments | | | |
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 2,489,744 | 1,968,960 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 18.2.1 | - | 3,178 |
| - forward lending | 18.2.2 | 19,754,453 | 17,537,069 |
| Commitments for acquisition of: | | | |
| - operating fixed assets | | 195,855 | 484,253 |
| Other commitments | 18.2.3 | 229,829 | 427,113 |
| | | 22,669,881 | 20,420,573 |

| | | |
|--|---|---|
| 18.2.1 Commitments in respect of forward foreign exchange contracts | 30 September 2023 (Un-audited) | 31 December 2022 (Audited) |
| | ----- Rupees in '000 ----- | |
| Purchase | - | 3,178 |
| Sale | - | - |
| | <u>-</u> | <u>3,178</u> |

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

18.2.2 Commitments in respect of forward lending

These represent commitments that are revocable because these can be withdrawn at the discretion of the bank.

| | | |
|-----------------------------------|----------------|----------------|
| 18.2.3 Cheques in clearing | 229,829 | 427,113 |
| | <u>229,829</u> | <u>427,113</u> |

18.3 Other contingent liabilities

The Pakistan Operations has Rs. 557 million as contingent tax liabilities (December 31, 2022: Rs. 562 million). During the year, the Commissioner Appeals (CIRA) passed appellate order dated April 12, 2023 filed against the ammended assessment order for tax year 2017 dated February 28, 2023 passed under section 177 of the Income Tax Ordinance, 2001. The CIRA remanded back disallowances of head office expenses and depreciation, which had created a contingency of Rs. 357 million, to the officer for examination. Further, the CIRA decided various other issues in the same appellate order in favor of the bank reversing contingencies of Rs. 5 million. Other contingencies majorly include those for tax year 2012, 2013 and 2016. Primarily, these are disallowances made for unrealized exchange losses, mark up interest accrued and interest on loans to employees. The Pakistan Operations is vigorously contesting at different fora and confident that no additional liabilities would arise.

19 MARK-UP / RETURN / INTEREST EARNED

| | | |
|------------------------------------|---|---|
| | Nine months period ended 30 September 2023 | Nine months period ended 30 September 2022 |
| | ----- Rupees in '000 ----- | |
| On: | | |
| Loans and advances | 809,597 | 374,183 |
| Investments | 1,084,477 | 1,928,573 |
| Lendings to financial institutions | 4,543,696 | 945,178 |
| Balances with banks | 95,109 | 498 |
| Others | 18 | 8 |
| | <u>6,532,897</u> | <u>3,248,440</u> |

20 MARK-UP / RETURN / INTEREST EXPENSED

| | | |
|---------------------------------|-------------------------|------------------|
| On: | | |
| Deposits | 2,061,069 | 1,616,506 |
| Borrowings | 1 | 5,866 |
| Finance cost of lease liability | 46,797 | 27,147 |
| | <u>2,107,867</u> | <u>1,649,519</u> |

21 FEE & COMMISSION INCOME

| | | |
|--|-----------------------|----------------|
| Commission on trade | 157,736 | 76,041 |
| Commission on guarantees | 58,122 | 50,269 |
| Commission on cash management | 3,164 | 396 |
| Commission on remittances including home remittances | 3,092 | 57,921 |
| Commission on custodial services | 32,673 | 54,108 |
| | <u>254,787</u> | <u>238,735</u> |

| | Nine months period ended 30 September 2023 | Nine months period ended 30 September 2022 |
|--|---|---|
| | ----- Rupees in '000 ----- | |
| 22 LOSS ON SALE OF SECURITIES | | |
| Realised loss on sale of government securities - net | - | (4,412) |
| 23 OTHER INCOME | | |
| Gain on sale of fixed assets - net | 1,481 | 127 |
| Prior years refunds on utilities costs | 5,829 | - |
| Others | 34 | - |
| | 7,344 | 127 |
| 24 OPERATING EXPENSES | | |
| Total compensation expense | 479,190 | 468,520 |
| Property expense | | |
| Rent & taxes | 38,818 | 93,060 |
| Insurance | 7,678 | 6,045 |
| Utilities cost | 15,018 | 19,184 |
| Security (including guards) | 7,792 | 6,344 |
| Repair & maintenance (including janitorial charges) | 24,805 | 18,490 |
| Depreciation | 8,839 | 19,035 |
| Depreciation on right-of-use assets | 41,538 | 29,861 |
| | 144,488 | 192,019 |
| Information technology expenses | | |
| Software maintenance | 1,507 | 4,055 |
| Hardware maintenance | 14,436 | 20,378 |
| Depreciation | 15,775 | 16,873 |
| Network charges | 29,979 | 25,209 |
| | 61,697 | 66,515 |
| Other operating expenses | | |
| Legal & professional charges | 14,153 | 19,901 |
| Outsourced services costs | 57,391 | 46,257 |
| Travelling & conveyance | 5,640 | 4,536 |
| NIFT clearing charges | 1,136 | 907 |
| Depreciation | 13,841 | 14,549 |
| Training & development | 615 | 331 |
| Postage & courier charges | 1,904 | 2,844 |
| Communication | 4,812 | 6,163 |
| Head office / regional office expenses | 637,334 | 197,025 |
| Stationery & printing | 19,455 | 6,697 |
| Marketing, advertisement & publicity | 273 | 1,852 |
| Auditors Remuneration | 2,348 | 2,997 |
| Others | 8,267 | 5,965 |
| | 767,169 | 310,024 |
| | 1,452,544 | 1,037,078 |
| 25 OTHER CHARGES | | |
| Penalties imposed by State Bank of Pakistan | - | 1,030 |
| Others | 2 | - |
| | 2 | 1,030 |
| 26 TAXATION | | |
| Current | 1,941,823 | 903,558 |
| Prior period | - | 3,182 |
| Deferred | (100,057) | 2,970 |
| | 1,841,766 | 909,710 |

27 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. The fair value of other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

27.1 Fair value of financial assets

The Pakistan Operations measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

| | 30 September 2023 | | | |
|---|-------------------|------------|---------|------------|
| | Fair Value | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000) ----- | | | | |
| On balance sheet financial instruments | | | | |
| Financial assets measured at fair value | | | | |
| Investments | | | | |
| - Federal Government Securities | - | - | - | - |
| Financial Liabilities measured at fair value | | | | |
| Other Liabilities | | | | |
| - Unrealized loss on forward foreign exchange contracts | - | - | - | - |
| Off-balance sheet financial instruments measured at fair value | | | | |
| Forward purchase of foreign exchange | - | 154 | - | 154 |
| ----- (Rupees in '000) ----- | | | | |
| On balance sheet financial instruments | | | | |
| Financial assets measured at fair value | | | | |
| Investments | | | | |
| - Federal Government Securities | - | 32,008,766 | - | 32,008,766 |
| Financial Liabilities measured at fair value | | | | |
| Other Liabilities | | | | |
| - Unrealized loss on forward foreign exchange contracts | - | 7 | - | 7 |
| Off-balance sheet financial instruments measured at fair value | | | | |
| Forward purchase of foreign exchange | - | 3,178 | - | 3,178 |

27.2 Valuation techniques used in determination of fair values:

Financial instruments included in level 2 comprise of Market Treasury Bills and forward foreign exchange contracts.

| Item | Valuation approach and input used |
|------------------------------------|--|
| Forward foreign exchange contracts | The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan. |
| Market Treasury Bills (MTB) | The fair value of MTBs are derived using PKRV rates. |

28 SEGMENT INFORMATION

28.1 Segment Details with respect to Business Activities

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

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

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

Corporate Bank

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

Global Emerging Markets provides Foreign Exchange services to clients in Pakistan on the back of cross-border payments, international trade, institutional flows and also engages in bond trading.

Infrastructure and Regional Management

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

| | Nine months period ended 30 September 2023 | | | |
|--|---|--------------------|--|--------------------|
| | Corporate Bank | Investment Bank | Infrastructure & Regional Management | Total |
| | ----- (Rupees in '000) ----- | | | |
| Profit & Loss | | | | |
| Net mark-up / return | (1,234,948) | (1,390) | 5,661,368 | 4,425,030 |
| Inter segment revenue - net | 4,913,884 | (386) | (4,913,498) | - |
| Non mark-up / return / interest income | 415,048 | 639,597 | (90,792) | 963,853 |
| Total Income | <u>4,093,984</u> | <u>637,821</u> | <u>657,078</u> | <u>5,388,883</u> |
| Segment direct expenses | (686,056) | (66,437) | (779,311) | (1,531,804) |
| Inter segment expense allocation | (410,835) | (55,230) | 466,065 | - |
| Total expenses | <u>(1,096,891)</u> | <u>(121,667)</u> | <u>(313,246)</u> | <u>(1,531,804)</u> |
| Reversals / (Provisions) | - | - | - | - |
| Profit before tax | <u>2,997,093</u> | <u>516,154</u> | <u>343,832</u> | <u>3,857,079</u> |
| | 30 September 2023 | | | |
| | Corporate Bank | Investment Bank | Infrastructure & Regional Management | Total |
| | ----- (Rupees in '000) ----- | | | |
| Balance Sheet | | | | |
| Cash & Bank balances | - | - | 13,395,707 | 13,395,707 |
| Net inter segment lending | 27,816,364 | - | - | 27,816,364 |
| Lendings to financial institutions | - | - | 32,548,450 | 32,548,450 |
| Investments | - | - | - | - |
| Advances - performing | 5,958,033 | - | - | 5,958,033 |
| - non-performing | 96,511 | - | - | 96,511 |
| - provision against advances | (104,509) | - | - | (104,509) |
| Others | 650,083 | 154 | 2,803,589 | 3,453,826 |
| Total Assets | <u>34,416,482</u> | <u>154</u> | <u>48,747,746</u> | <u>83,164,382</u> |
| Borrowings | - | - | - | - |
| Deposits & other accounts | 32,924,515 | - | 496 | 32,925,011 |
| Net inter segment borrowing | - | 154 | 27,816,210 | 27,816,364 |
| Others | 1,491,967 | - | 5,831,350 | 7,323,317 |
| Total liabilities | <u>34,416,482</u> | <u>154</u> | <u>33,648,056</u> | <u>68,064,692</u> |
| Equity | - | - | 15,099,690 | 15,099,690 |
| Total Equity & liabilities | <u>34,416,482</u> | <u>154</u> | <u>48,747,746</u> | <u>83,164,382</u> |
| Contingencies & Commitments | <u>35,973,840</u> | <u>-</u> | <u>195,855</u> | <u>36,169,695</u> |

| | Nine months period ended 30 September 2022 | | | |
|--|---|--------------------|--|--------------------|
| | Corporate Bank | Investment Bank | Infrastructure & Regional Management | Total |
| | ----- (Rupees in '000) ----- | | | |
| Profit & Loss | | | | |
| Net mark-up / return | (1,250,424) | 46,785 | 2,802,560 | 1,598,921 |
| Inter segment revenue - net | 2,336,942 | (87,888) | (2,249,054) | - |
| Non mark-up / return / interest income | 327,534 | 776,384 | (8,623) | 1,095,295 |
| Total Income | 1,414,052 | 735,281 | 544,883 | 2,694,216 |
| Segment direct expenses | (64,965) | (39,546) | (966,719) | (1,071,230) |
| Inter segment expense allocation | (726,342) | (106,940) | 833,282 | - |
| Total expenses | (791,307) | (146,486) | (133,437) | (1,071,230) |
| Reversals / (Provisions) | - | - | - | - |
| Profit before tax | 622,745 | 588,795 | 411,446 | 1,622,986 |
| | | | | |
| | 31 December 2022 | | | |
| | Corporate Bank | Investment Bank | Infrastructure & Regional Management | Total |
| | ----- (Rupees in '000) ----- | | | |
| Balance Sheet | | | | |
| Cash & Bank balances | - | - | 14,420,212 | 14,420,212 |
| Net inter segment lending | 41,684,447 | - | - | 41,684,447 |
| Lendings to financial institutions | - | - | 9,141,986 | 9,141,986 |
| Investments | - | - | 32,008,766 | 32,008,766 |
| Advances - performing | 5,414,376 | - | - | 5,414,376 |
| - non-performing | 96,511 | - | - | 96,511 |
| - provision against advances | (104,509) | - | - | (104,509) |
| Others | 306,596 | - | 2,242,926 | 2,549,522 |
| Total Assets | 47,397,421 | - | 57,813,890 | 105,211,311 |
| Borrowings | - | - | - | - |
| Deposits & other accounts | 46,016,195 | - | 424 | 46,016,619 |
| Net inter segment borrowing | - | - | 41,684,447 | 41,684,447 |
| Others | 1,381,226 | 7 | 5,005,251 | 6,386,484 |
| Total liabilities | 47,397,421 | 7 | 46,690,122 | 94,087,550 |
| Head office account (Equity) | - | - | 11,123,761 | 11,123,761 |
| Total Equity & liabilities | 47,397,421 | 7 | 57,813,883 | 105,211,311 |
| Contingencies & Commitments | 32,661,259 | 3,178 | 911,366 | 33,575,803 |

29 RELATED PARTY TRANSACTIONS

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

| | 30 September 2023 | | | 31 December 2022 | | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| | 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 | 1,024,207 | - | - | 1,001,919 | - | - |
| Advances | | | | | | |
| Opening balance | - | 34,775 | - | - | 27,123 | - |
| Addition during the period | - | 5,070 | - | - | 14,268 | - |
| Repaid during the period | - | (5,388) | - | - | (6,616) | - |
| Closing balance | - | 36,527 | - | - | 34,775 | - |
| Other Assets | | | | | | |
| Receivable from staff retirement fund | - | - | 23,993 | - | - | 9,450 |
| Borrowings | | | | | | |
| Opening balance | - | - | - | 9,334 | - | - |
| Borrowings during the period | - | - | - | 162,977 | - | - |
| Settled during the period | - | - | - | (172,311) | - | - |
| Closing balance | - | - | - | - | - | - |
| Deposits and other accounts | | | | | | |
| Opening balance | 423 | 2,085 | 31,485 | - | 7,163 | 20,184 |
| Received during the period | 5,012 | 77,296 | 1,044,638 | 198,659 | 150,399 | 1,511,406 |
| Withdrawn during the period | (4,938) | (65,790) | (1,042,917) | (198,236) | (155,477) | (1,500,105) |
| Closing balance | 496 | 14,155 | 33,206 | 423 | 2,085 | 31,485 |
| Other Liabilities | | | | | | |
| Other liabilities | 4,781,435 | - | 195 | 3,773,660 | - | - |
| Contingencies and Commitments | | | | | | |
| Other contingencies | 4,647,047 | - | - | 5,508,803 | - | - |
| Nine months period ended | | | | | | |
| | 30 September 2023 | | 30 September 2022 | | | |
| | Head office and branches | Key management personnel | Head office and branches | Key management personnel | | |
| ----- (Rupees in '000) ----- | | | | | | |
| Income | | | | | | |
| Mark-up / return / interest earned | | 79,816 | 660 | - | 473 | |
| Expense | | | | | | |
| Mark-up / return / interest paid | | - | 703 | - | - | |
| Operating expenses | | 637,334 | 91,024 | 197,025 | 100,978 | |

2023 2022
(Un-audited) (Audited)
----- (Rupees in '000) -----

30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 15,085,054 11,109,125

Capital Adequacy Ratio (CAR):

| | | |
|---|------------|------------|
| Eligible Common Equity Tier 1 (CET 1) Capital | 15,084,980 | 11,109,125 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 15,084,980 | 11,109,125 |
| Eligible Tier 2 Capital | 14,119 | 14,119 |
| Total Eligible Capital (Tier 1 + Tier 2) | 15,099,099 | 11,123,244 |

Risk Weighted Assets (RWAs):

| | | |
|------------------|------------|------------|
| Credit Risk | 15,060,706 | 11,540,655 |
| Market Risk | 454,681 | 198,488 |
| Operational Risk | 5,701,773 | 5,701,773 |
| Total | 21,217,160 | 17,440,916 |

| | | |
|---|--------|--------|
| Common Equity Tier 1 Capital Adequacy Ratio | 71.10% | 63.70% |
| Tier 1 Capital Adequacy Ratio | 71.10% | 63.70% |
| Total Capital Adequacy Ratio | 71.16% | 63.78% |

Leverage Ratio (LR):

| | | |
|-------------------------|------------|------------|
| Eligible Tier-1 Capital | 15,084,980 | 11,109,125 |
| Total Exposure | 74,245,647 | 78,634,415 |
| Leverage Ratio | 20.32% | 14.13% |

Liquidity Coverage Ratio (LCR):

| | | |
|----------------------------------|------------|------------|
| Total High Quality Liquid Assets | 39,667,482 | 34,514,986 |
| Total Net Cash Outflow | 11,963,434 | 12,336,781 |
| Liquidity Coverage Ratio | 332% | 280% |

Net Stable Funding Ratio (NSFR):

| | | |
|--------------------------------|------------|------------|
| Total Available Stable Funding | 36,958,036 | 31,342,973 |
| Total Required Stable Funding | 13,662,361 | 8,057,490 |
| Net Stable Funding Ratio | 271% | 389% |

31 GENERAL

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

32 DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on September 27, 2023.

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan