



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

Financial statements
for the quarter ended
31 March 2023

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Financial Position
As at 31 March 2023

		31 March 2023	31 December 2022
	<i>Note</i>	(Un-audited)	(Audited)
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	14,137,489	13,413,245
Balances with other banks	7	3,647,874	1,006,967
Lendings to financial institutions	8	33,761,195	9,141,986
Investments	9	3,955,602	32,008,766
Advances	10	5,691,427	5,406,378
Fixed assets	11	934,440	912,374
Intangible assets		-	-
Deferred tax assets	12	128,472	141,580
Other assets	13	1,718,995	1,495,568
		63,975,494	63,526,864
LIABILITIES			
Bills payable	14	855,945	1,214,740
Borrowings	15	-	-
Deposits and other accounts	15	43,281,816	46,016,619
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	6,076,740	5,171,744
		50,214,501	52,403,103
NET ASSETS		13,760,993	11,123,761
REPRESENTED BY			
Head office capital account		9,916,468	7,734,312
Reserves		-	-
Deficit on revaluation of assets		(4,982)	(4,367)
Unremitted profit		3,849,507	3,393,816
		13,760,993	11,123,761

CONTINGENCIES AND COMMITMENTS

17

The annexed notes 1 to 31 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 three months period ended 31 March 2023

	Note	Three months period ended 31 March 2023	Three months period ended 31 March 2023	Three months period ended 31 March 2022	Three months period ended 31 March 2022
----- Rupees in '000 -----					
Mark-up / return / interest earned	18	2,185,158	2,185,158	776,488	776,488
Mark-up / return / interest expensed	19	1,262,065	1,262,065	345,710	345,710
Net mark-up / interest income		923,093	923,093	430,778	430,778
NON MARK-UP / INTEREST INCOME					
Fee and commission income	20	53,031	53,031	86,079	86,079
Dividend income		-	-	-	-
Foreign exchange income		274,139	274,139	191,199	191,199
Loss on sale of securities	21	-	-	(28,734)	(28,734)
Other income	22	6,796	6,796	730	730
Total non-markup / interest Income		333,966	333,966	249,274	249,274
Total Income		1,257,059	1,257,059	680,052	680,052
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	24	395,325	395,325	293,257	293,257
Workers Welfare Fund		17,443	17,443	7,736	7,736
Other charges	25	2	2	-	-
Total non-markup / interest expenses		412,770	412,770	300,993	300,993
Profit before provisions		844,289	844,289	379,059	379,059
Reversal and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		844,289	844,289	379,059	379,059
Taxation	25	(388,598)	(388,598)	(166,293)	(166,293)
PROFIT AFTER TAXATION		455,691	455,691	212,766	212,766

The annexed notes 1 to 31 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 three months period ended 31 March 2023

	Three months period ended 31 March 2023	Nine months period ended 31 March 2023	Three months period ended 31 March 2022	Nine months period ended 31 March 2022
	------(Rupees in '000)-----			
Profit after taxation for the period	455,691	455,691	212,766	212,766
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	-	(615)	(16,673)	(16,673)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-
Total comprehensive income for the period	<u>455,691</u>	<u>455,076</u>	<u>196,093</u>	<u>196,093</u>

The annexed notes 1 to 31 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 three months period ended 31 March 2023

	31 March 2023	31 March 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	844,289	379,059
Adjustments for:		
Depreciation	26,515	16,528
Gain on disposal of operating fixed assets	(967)	(31)
Unrealized loss on securities classified as held-for-trading	-	(524)
Finance costs against lease	15,666	723
	<u>41,214</u>	<u>16,696</u>
	885,503	395,755
(Increase) / decrease in operating assets		
Lendings to financial institutions	(24,619,209)	4,431,289
Net investments in held-for-trading securities	-	(1,546,961)
Advances	(285,049)	(1,527,201)
Others assets (excluding advance taxation)	(153,691)	45,173
	<u>(25,057,949)</u>	<u>1,402,300</u>
(Decrease) / increase in operating liabilities		
Bills payable	(358,795)	52,671
Borrowings from financial institutions	-	(9,302)
Deposits and other accounts	(2,734,803)	(887,049)
Other liabilities	904,953	497,293
	<u>(2,188,645)</u>	<u>(346,387)</u>
Income tax paid	(444,764)	(120,309)
Net cash generated used in operating activities	<u>(26,805,855)</u>	<u>1,331,359</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in securities - net	28,052,085	(2,274,842)
Investments in operating fixed assets	(52,264)	(17,799)
Proceeds from sale of operating fixed assets	4,650	173
Net cash generated from investing activities	<u>28,004,471</u>	<u>(2,292,468)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(15,621)	(2,512)
Net cash used in financing activities	<u>(15,621)</u>	<u>(2,512)</u>
Effects of exchange rate changes on cash and cash equivalents	<u>2,182,156</u>	<u>163,672</u>
Increase in cash and cash equivalents	<u>3,365,151</u>	<u>(799,950)</u>
Cash and cash equivalents at beginning of the period	<u>14,420,212</u>	<u>14,876,272</u>
Cash and cash equivalents at end of the period	<u><u>17,785,363</u></u>	<u><u>14,076,322</u></u>

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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 three months period ended 31 March 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 three months period ended 31 March 2022	-	-	212,766	212,766
Other comprehensive income - net of tax	-	(16,673)	-	(16,673)
	-	(16,673)	212,766	196,093
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	163,672	-	-	163,672
Remittance made to Head office	-	-	-	-
	163,672	-	-	163,672
Opening balance as at 01 April 2022	6,562,368	(19,403)	2,682,159	9,225,124
Profit after taxation for the nine months period ended 31 December 2022	-	-	706,789	706,789
Other comprehensive income - net of tax	-	15,036	4,868	19,904
	-	15,036	711,657	726,693
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	1,171,944	-	-	1,171,944
Remittance made to Head office	-	-	-	-
	1,171,944	-	-	1,171,944
Balance as at 01 January 2023	7,734,312	(4,367)	3,393,816	11,123,761
Profit after taxation for the three months period ended 31 March 2023	-	-	455,691	455,691
Other comprehensive income - net of tax	-	(615)	-	(615)
	-	(615)	455,691	455,076
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	2,182,156	-	-	2,182,156
Remittance made to Head office	-	-	-	-
	2,182,156	-	-	2,182,156
Balance as at 31 March 2023	9,916,468	(4,982)	3,849,507	13,760,993

The annexed notes 1 to 31 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)
Notes to the Condensed Interim Financial Information (Un-audited)
For three months period ended 31 March 2023

1. STATUS AND NATURE OF BUSINESS

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

The credit rating provided by Standard & Poor's on 02 Feb 2023 is A- for long-term and A-2 for short-term, rating by Fitch on 25 November 2022 is BBB+ for long-term and F2 for short-term; and rating by Moody's on 02 February 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.

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. 03 of 2022 dated 05 July 2022 directed the banks in Pakistan having asset size of less than Rs. 500 billion to implement IFRS 9 'Financial Instruments' with effect from 01 January 2024. 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.

These financial statements have been prepared in accordance with forms for the preparation of the annual financial statements of the banks issued by SBP, vide its BPRD Circular No. 02 dated January 25, 2018.

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

As per the SBP's BPRD Circular no. 3 dated July 05, 2022, IFRS 9 - Financial Instruments has been made applicable to Banks in Pakistan for accounting periods beginning on or after January 01, 2024 for banks having asset size below Rs. 500 billion. The bank complies with the requirement of submitting IFRS 9 Pro-forma financial statements of the said circular.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these condensed interim financial statements.

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 as disclosed in the annual financial statement for the period ended 31 December 2022.

6 CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	31 March 2023	31 December 2022
		----- (Rupees in '000) -----	
In hand			
Local currency		31,705	22,438
Foreign currency		28,295	26,452
		60,000	48,890
With State Bank of Pakistan in			
Local currency current account	6.1	3,177,296	5,221,034
Foreign currency current account	6.2	335,158	120,234
Foreign currency deposit account			
Special cash reserve account	6.3	614,476	261,642
Local US Dollar collection account	6.4	34,092	27,133
Foreign currency capital account		9,916,467	7,734,312
		14,077,489	13,364,355
With National Bank of Pakistan in			
Local currency current account		-	-
		14,137,489	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.

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 3.86% 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>	31 March 2023	31 December 2022
		----- (Rupees in '000) -----	
In Pakistan			
Current account		1,866	1,500
Outside Pakistan			
Current account			
Interbranch	7.1	3,641,690	1,001,919
Others		4,318	3,548
		3,646,008	1,005,467
		3,647,874	1,006,967

7.1 This includes Rs. 3,606 million for DB New York, Rs. 24 million for DB Mumbai and various others (31 December 2022: Rs. 960 million for DB New York, Rs. 30 million for DB Mumbai and various others).

8 LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	31 March 2023	31 December 2022
		----- (Rupees in '000) -----	
Repurchase agreement lendings (Reverse Repo)	8.1	33,761,195	9,141,986

8.1 Reverse repo transactions have been made with a commercial bank at a rate of 19.80% p.a and with State Bank of Pakistan at rates of 19.00% to 19.80% p.a maturing within a week. The market value of these securities at 31 December 2022 amounted to Rs. 33,760 million (2022: Rs. 9,389 million).

9	INVESTMENTS	Note	31 March 2023			31 December 2022		
			Cost	Deficit	Total	Cost	Deficit	Total
----- (Rupees in '000) -----								
9.1	Investments by type:							
	Available-for-Sale Securities							
	-Treasury bills		<u>3,964,342</u>	<u>(8,740)</u>	<u>3,955,602</u>	<u>32,016,427</u>	<u>(7,661)</u>	<u>32,008,766</u>

9.2	Investments by segments:	31 March 2023			31 December 2022			
		Cost	Deficit	Total	Cost	Deficit	Total	
----- (Rupees in '000) -----								
	Federal Government Securities							
	Treasury Bills		<u>3,964,342</u>	<u>(8,740)</u>	<u>3,955,602</u>	<u>32,016,427</u>	<u>(7,661)</u>	<u>32,008,766</u>

9.3 Quality of Available-for-Sale Securities

Details regarding quality of Available-for-Sale (AFS) securities are as follows:

Federal Government Securities - Government guaranteed:		Cost ----- (Rupees in '000) -----	
-Market Treasury Bills		<u>3,964,342</u>	<u>32,016,427</u>

10	ADVANCES	Performing		Non Performing		Total	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
----- (Rupees in '000) -----							
	Loans, cash credits, running finances, etc.	<u>5,699,425</u>	5,414,376	<u>30,885</u>	30,885	<u>5,730,310</u>	5,445,261
	Bills discounted and purchased	-	-	<u>65,626</u>	65,626	<u>65,626</u>	65,626
	Advances - gross	<u>5,699,425</u>	5,414,376	<u>96,511</u>	96,511	<u>5,795,936</u>	5,510,887
	Provision against advances						
	- Specific	-	-	<u>(96,511)</u>	(96,511)	<u>(96,511)</u>	(96,511)
	- General	<u>(7,998)</u>	(7,998)	-	-	<u>(7,998)</u>	(7,998)
	Advances - net of provision	<u>5,691,427</u>	5,406,378	-	-	<u>5,691,427</u>	5,406,378

10.1	Particulars of advances (Gross)	31 March 2023	31 December 2022
----- Rupees in '000 -----			
	In local currency	5,730,310	5,445,261
	In foreign currencies	65,626	65,626
		<u>5,795,936</u>	<u>5,510,887</u>

10.2 Advances include Rs.96.511 million (31 December 2021: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2023		31 December 2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<u>96,511</u>	<u>96,511</u>	96,511	96,511
	<u>96,511</u>	<u>96,511</u>	96,511	96,511

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

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	31 March 2023			31 December 2022		
		Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----							
	In local currency	<u>96,511</u>	<u>7,998</u>	<u>104,509</u>	96,511	7,998	104,509

11	FIXED ASSETS	Note	31 March 2023	31 December 2022
----- Rupees in '000 -----				
	Capital work-in-progress	11.1	315,867	272,681
	Property and equipment		618,573	639,693
			934,440	912,374
11.1	Capital work-in-progress			
	Advances to suppliers		315,867	272,681
12	DEFERRED TAX ASSETS			
	Deductible Temporary Differences on			
	- Deficit on revaluation of investments		3,758	3,294
	- Accelerated tax depreciation		(5,549)	15,524
	- Workers' Welfare Fund		153,256	145,755
			151,465	164,573
	Taxable Temporary Differences on			
	- Post retirement employee benefits		(22,993)	(22,993)
			128,472	141,580
13	OTHER ASSETS			
	Income / Mark-up accrued in local currency		277,152	203,263
	Income / Mark-up accrued in foreign currency		2,530	4,559
	Advances, deposits, advance service charges / rent and other prepayments		60,527	80,771
	Advance taxation (payments less provisions)		1,141,351	1,071,615
	Receivable from defined benefit plan		23,993	23,993
	Acceptances		210,794	106,099
	Others		7,322	9,942
			1,723,669	1,500,242
	Less: Provision held against other assets	13.1	(4,674)	(4,674)
	Other Assets (Net of Provision)		1,718,995	1,495,568
13.1	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments		4,674	4,674
14	BILLS PAYABLE			
	In Pakistan		855,945	1,214,740

15 DEPOSITS AND OTHER ACCOUNTS

	31 March 2023			31 December 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	21,669,880	4,625,939	26,295,819	7,427,614	1,390,286	8,817,900
Savings deposits	11,513,236	1,469	11,514,705	28,757,335	1,165	28,758,500
Term deposits	695,000	-	695,000	3,178,500	-	3,178,500
Others	4,775,796	-	4,775,796	5,261,296	-	5,261,296
	38,653,912	4,627,408	43,281,320	44,624,745	1,391,451	46,016,196
Financial Institutions						
Non-remunerative deposits - inter branch	496	-	496	423	-	423
	38,654,408	4,627,408	43,281,816	44,625,168	1,391,451	46,016,619

16 OTHER LIABILITIES

	31 March 2023	31 December 2022
----- Rupees in '000 -----		
Mark-up/ Return/ Interest payable in local currency	638,846	18,596
Unearned commission and income on bills discounted	32,196	34,854
Accrued expenses	77,546	127,767
Acceptances	210,794	106,099
Dividends payable	216,858	343
Marked to market loss on forward foreign exchange contracts	4	7
Payable to DB Singapore	6,195	6,195
Unremitted head office expenses	3,924,374	3,767,465
Provision against off-balance sheet obligations	6,121	6,121
Workers Welfare Fund	356,407	338,964
Lease liability	476,881	479,598
Others	130,518	285,735
	6,076,740	5,171,744

17 CONTINGENCIES AND COMMITMENTS

	31 March 2023	31 December 2022
----- Rupees in '000 -----		
-Guarantees	17.1	14,011,184
-Commitments	17.2	20,351,439
		34,362,623
17.1 Guarantees		
Financial guarantees		14,011,184
17.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit		1,727,345
Commitments in respect of:		
- forward foreign exchange contracts	17.2.1	3,444
- forward lending	17.2.2	17,905,872
- forward sale of investments		-
Commitments for acquisition of:		
- operating fixed assets		487,201
Other commitments	17.2.3	227,577
		20,351,439

17.2.1	Commitments in respect of forward foreign exchange contracts	31 March 2023 (Un-audited)	31 December 2022 (Audited)
		----- Rupees in '000 -----	
	Purchase	3,444	3,178
	Sale	-	-
		<u>3,444</u>	<u>3,178</u>

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 these can be withdrawn at the discretion of the bank.

17.2.3	Cheques in clearing	<u>227,577</u>	<u>427,113</u>
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17.3 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 Order-in-Original (ONO) 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 deleted various other items 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.

18 MARK-UP / RETURN / INTEREST EARNED

**Three months
period ended
31 March
2023**

**Three months
period ended
31 March
2022**

----- Rupees in '000 -----

On:			
Loans and advances	220,908	114,548	
Investments	875,597	395,228	
Lendings to financial institutions	1,073,938	266,711	
Balances with banks	12,190	-	
Others	2,525	1	
	<u>2,185,158</u>	<u>776,488</u>	

19 MARK-UP / RETURN / INTEREST EXPENSED

On:			
Deposits	1,246,398	344,554	
Borrowings	1	433	
Finance cost of lease liability	15,666	723	
	<u>1,262,065</u>	<u>345,710</u>	

20 FEE & COMMISSION INCOME

Commission on trade	30,953	20,079
Commission on guarantees	16,833	15,444
Commission on cash management	(3,059)	4,380
Commission on remittances including home remittances	34	25,185
Commission on custodial services	8,270	20,991
	<u>53,031</u>	<u>86,079</u>

	Three months period ended 31 March 2023	Three months period ended 31 March 2022
	----- Rupees in '000 -----	
21 LOSS ON SALE OF SECURITIES		
Realised loss on sale of government securities - net	-	(28,559)
Unrealised - held for trading	-	(175)
Realised loss on sale of government securities - net	<u>-</u>	<u>(28,734)</u>
22 OTHER INCOME		
Gain on sale of fixed assets - net	967	31
Prior years refunds on utilities costs	5,829	-
Others	-	699
	<u>6,796</u>	<u>730</u>
23 DEFICIT ON REVALUATION OF ASSETS		
Deficit on revaluation of:		
- Available for sale securities	(8,740)	(7,661)
Deferred tax on deficit on revaluation of:		
- Available for sale securities	3,758	3,294
	<u>(4,982)</u>	<u>(4,367)</u>
24 OPERATING EXPENSES		
Total compensation expense	148,178	136,817
Property expense		
Rent & taxes	31,418	31,134
Insurance	3,054	2,111
Utilities cost	2,938	3,287
Security (including guards)	2,521	1,888
Repair & maintenance (including janitorial charges)	8,253	2,441
Depreciation	2,947	4,494
Depreciation on right-of-use assets	13,846	2,170
	<u>64,977</u>	<u>47,525</u>
Information technology expenses		
Software maintenance	502	166
Hardware maintenance	3,837	4,838
Depreciation	5,311	5,034
Network charges	6,404	8,042
	<u>16,054</u>	<u>18,080</u>
Other operating expenses		
Legal & professional charges	4,662	1,032
Outsourced services costs	18,198	19,864
Travelling & conveyance	1,396	474
NIFT clearing charges	425	307
Depreciation	4,411	4,830
Training & development	155	52
Postage & courier charges	406	897
Communication	2,253	1,963
Head office / regional office expenses	135,099	56,339
Stationery & printing	2,558	1,654
Marketing, advertisement & publicity	266	1,283
Auditors Remuneration	768	-
Others	(4,481)	2,140
	<u>166,116</u>	<u>90,835</u>
	<u>395,325</u>	<u>293,257</u>
25 TAXATION		
Current	371,846	153,462
Prior period	3,182	-
Deferred	13,570	12,831
	<u>388,598</u>	<u>166,293</u>

26 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.

26.1 Fair value of financial assets

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

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

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

	31 March 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	-	3,955,602	-	3,955,602
Other Assets				
- Unrealized gain on forward foreign exchange contracts	-	-	-	-
Financial Liabilities measured at fair value				
Other Liabilities				
- Unrealized loss on forward foreign exchange contracts	-	4	-	4
Off-balance sheet financial instruments measured at fair value				
Forward purchase of foreign exchange	-	3,444	-	3,444
Forward sale of foreign exchange	-	-	-	-
----- (Rupees in '000) -----				
----- (Rupees in '000) -----				
	31 December 2022			
	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	-	32,008,766	-	32,008,766
Other Assets				
- Unrealized gain on forward foreign exchange contracts	-	-	-	-
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
Forward sale of foreign exchange	-	-	-	-

26.2 Valuation techniques used in determination of fair values:

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, and forward foreign exchange

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.

27 SEGMENT INFORMATION

27.1 Segment Details with respect to Business Activities

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

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

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

Corporate Bank

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

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

	Three months period ended			Total
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	
	31 March 2023			
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(1,026,684)	11,724	1,938,053	923,093
Inter segment revenue - net	1,665,787	387	(1,666,174)	-
Non mark-up / return / interest income	66,353	263,368	(1,584)	328,137
Total Income	705,456	275,479	270,295	1,251,230
Segment direct expenses	(129,238)	(10,303)	(267,400)	(406,941)
Inter segment expense allocation	(161,787)	(14,477)	176,264	-
Total expenses	(291,025)	(24,780)	(91,136)	(406,941)
Reversals / (Provisions)	-	-	-	-
Profit before tax	414,431	250,699	179,159	844,289
	31 March 2023			
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	17,785,363	17,785,363
Net inter segment lending	43,749,151	-	4,420,030	48,169,181
Investments	-	-	3,955,602	3,955,602
Advances - performing	5,699,425	-	-	5,699,425
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	438,395	-	2,343,512	2,781,907
Total Assets	49,878,973	-	62,265,702	112,144,675
Borrowings	-	-	-	-
Deposits & other accounts	43,281,320	-	496	43,281,816
Net inter segment borrowing	4,420,030	-	43,749,151	48,169,181
Others	2,177,623	4	4,755,058	6,932,685
Total liabilities	49,878,973	4	48,504,705	98,383,682
Equity	-	-	13,760,993	13,760,993
Total Equity & liabilities	49,878,973	4	62,265,698	112,144,675
Contingencies & Commitments	33,871,978	3,444	487,201	34,362,623

	Three months period ended 31 March 2022			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(229,908)	5,200	655,486	430,778
Inter segment revenue - net	554,981	(41,401)	(513,580)	-
Non mark-up / return / interest income	120,788	158,036	(29,550)	249,274
Total Income	445,861	121,835	112,356	680,052
Segment direct expenses	(62,929)	(8,948)	(229,116)	(300,993)
Inter segment expense allocation	(175,906)	(29,114)	205,020	-
Total expenses	(238,835)	(38,062)	(24,096)	(300,993)
Reversals / (Provisions)	-	-	-	-
Profit before tax	207,026	83,773	88,260	379,059

	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

28 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:

	31 March 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	3,641,690	-	-	1,001,919	-	-
Advances						
Opening balance	-	34,775	-	-	27,123	-
Addition during the period	-	2,500	-	-	14,268	-
Repaid during the period	-	(1,697)	-	-	(6,616)	-
Closing balance	-	35,578	-	-	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	4,927	33,441	318,501	198,659	150,399	1,511,406
Withdrawn during the period	(4,853)	(28,629)	(337,673)	(198,236)	(155,477)	(1,500,105)
Closing balance	496	6,897	12,313	423	2,085	31,485
Other Liabilities						
Other liabilities	3,930,569	-	-	3,773,660	-	-
Contingencies and Commitments						
Other contingencies	5,146,314	-	-	5,508,803	-	-
Three months period ended						
	31 March 2023		31 March 2022			
	Head office and branches	Key management personnel	Head office and branches	Key management personnel		
----- (Rupees in '000) -----						
Income						
Mark-up / return / interest earned		12,168	206	-		129
Expense						
Operating expenses		135,099	49,937	56,339		35,124

29 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	31 March 2023	31 December 2022
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	13,746,357	11,109,125
 Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	13,746,357	11,109,125
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	13,746,357	11,109,125
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	13,760,476	11,123,244
 Risk Weighted Assets (RWAs):		
Credit Risk	13,786,147	11,540,655
Market Risk	106,113	198,488
Operational Risk	5,077,857	5,701,773
Total	18,970,116	17,440,916
 Common Equity Tier 1 Capital Adequacy Ratio	72.46%	63.70%
Tier 1 Capital Adequacy Ratio	72.46%	63.70%
Total Capital Adequacy Ratio	72.54%	63.78%
 Leverage Ratio (LR):		
Eligible Tier-1 Capital	13,746,357	11,109,125
Total Exposure	83,130,701	78,634,415
Leverage Ratio	16.54%	14.13%
 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	45,700,929	34,514,986
Total Net Cash Outflow	14,937,156	12,336,781
Liquidity Coverage Ratio	306%	280%
 Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	39,873,601	31,342,973
Total Required Stable Funding	13,280,034	8,057,490
Net Stable Funding Ratio	300%	389%

30 GENERAL

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

31 DATE OF AUTHORISATION

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

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan