



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

Financial statements
for the period ended
30 September 2022

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 2022

	30 September 2022	31 December 2021
<i>Note</i>	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	6 11,487,135	9,550,738
Balances with other banks	7 1,750,742	5,334,868
Lendings to financial institutions	8 -	4,431,289
Investments	9 36,736,334	14,352,092
Advances	10 3,119,514	4,339,519
Fixed assets	11 756,081	277,998
Intangible assets	-	-
Deferred tax assets	12 2,335	5,395
Other assets	13 1,448,476	1,573,195
	55,300,617	39,865,094
LIABILITIES		
Bills payable	14 1,633,190	775,747
Borrowings	15 -	9,334
Deposits and other accounts	16 37,825,923	25,879,216
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	17 5,468,243	4,335,438
	44,927,356	30,999,735
NET ASSETS	10,373,261	8,865,359
REPRESENTED BY		
Head office capital account	7,196,693	6,398,696
Reserves	-	-
Deficit on revaluation of assets	(4,421)	(2,730)
Unremitted profit	3,180,989	2,469,393
	10,373,261	8,865,359

CONTINGENCIES AND COMMITMENTS

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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 2022

Note	Three months period ended 30 September 2022	Nine months period ended 30 September 2022	Three months period ended 30 September 2021	Nine months period ended 30 September 2021	
----- Rupees in '000 -----					
Mark-up / return / interest earned	19	1,492,212	3,248,440	1,351,404	1,967,805
Mark-up / return / interest expensed	20	832,198	1,649,519	726,233	1,099,943
Net mark-up / interest income		660,014	1,598,921	625,171	867,862
NON MARK-UP / INTEREST INCOME					
Fee and commission income	21	61,244	238,735	200,574	284,819
Dividend income		-	-	-	-
Foreign exchange income		453,789	860,845	285,351	502,578
(Loss) / gain on sale of securities	22	-	(4,412)	8,952	(1,151)
Other income	23	-	127	32	7,470
Total non-markup / interest Income		515,033	1,095,295	494,909	793,716
Total Income		1,175,047	2,694,216	1,120,080	1,661,578
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	24	306,555	1,037,078	679,063	950,270
Workers Welfare Fund		17,370	33,122	8,820	14,226
Other charges	25	-	1,030	-	-
Total non-markup / interest expenses		323,925	1,071,230	687,883	964,496
Profit before provisions		851,122	1,622,986	432,197	697,082
Reversal and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		851,122	1,622,986	432,197	697,082
Taxation	26	(486,872)	(909,710)	(156,783)	(284,880)
PROFIT AFTER TAXATION		364,250	713,276	275,414	412,202

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 2022

	Three months period ended 30 September 2022	Nine months period ended 30 September 2022	Three months period ended 30 September 2021	Nine months period ended 30 September 2021
	------(Rupees in '000)-----			
Profit after taxation for the period	364,250	713,276	275,414	412,202
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	-	(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	-	(1,680)	-	-
Total comprehensive income for the period	<u>364,250</u>	<u>711,596</u>	<u>275,414</u>	<u>412,202</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 2022

	30 September 2022	30 September 2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,622,986	697,082
Adjustments for:		
Depreciation	80,318	85,163
Gain on disposal of operating fixed assets	(127)	(7,438)
Finance costs against lease	27,147	111
	107,338	77,836
	1,730,324	774,918
Decrease / (Increase) in operating assets		
Lendings to financial institutions	4,431,289	(3,239,368)
Net investments in held-for-trading securities	441,458	-
Advances	1,220,005	234,766
Others assets (excluding advance taxation)	23,893	203,773
	6,116,645	(2,800,829)
Increase / (decrease) in operating liabilities		
Bills payable	857,443	(194,561)
Borrowings from financial institutions	(9,334)	(223,574)
Deposits and other accounts	11,946,707	8,206,479
Other liabilities	687,318	870,500
	13,482,134	8,658,844
Income tax paid	(805,914)	(360,985)
Net cash generated from operating activities	20,523,189	6,271,948
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in securities - net	(22,828,281)	-
Investments in operating fixed assets	(103,198)	(101,654)
Proceeds from sale of operating fixed assets	300	58,171
Net cash used in investing activities	(22,931,179)	(43,483)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(28,402)	(11,220)
Net cash used in financing activities	(28,402)	(11,220)
Effects of exchange rate changes on cash and cash equivalents	797,997	46,363
Increase in cash and cash equivalents	(1,638,395)	6,263,608
Cash and cash equivalents at beginning of the period	14,876,272	13,850,400
Cash and cash equivalents at end of the period	13,237,877	20,114,008

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 2022

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
	------(Rupees in '000) -----			
Balance as at 01 January 2021	6,302,781	-	1,918,567	8,221,348
Profit for the nine months period ended 30 September 2021	-	-	412,202	412,202
Other comprehensive income - net of tax	-	-	-	-
	-	-	412,202	412,202
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	46,363	-	-	46,363
Remittance made to Head office	-	-	-	-
	46,363	-	-	46,363
Opening balance as at 01 October 2021	6,349,144	-	2,330,769	8,679,913
Profit after taxation for the three months period ended 31 December 2021	-	-	104,027	104,027
Other comprehensive income - net of tax	-	(2,730)	34,597	31,867
	-	(2,730)	138,624	135,894
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	49,552	-	-	49,552
Remittance made to Head office	-	-	-	-
	49,552	-	-	49,552
Balance as at 01 January 2022	6,398,696	(2,730)	2,469,393	8,865,359
Profit after taxation 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
Balance as at 30 September 2022	7,196,693	(4,421)	3,180,989	10,373,261

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)
Notes to the Condensed Interim Financial Information (Un-audited)
For nine months period ended 30 September 2022

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 24 May 2022 is A- for long-term and A-2 for short-term, rating by Fitch on 29 September 2022 is BBB+ for long-term and F2 for short-term; and rating by Moody's on 12 October 2022 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 2021.

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. 3 dated July 05, 2022 directed the banks in Pakistan to implement IFRS 9 'Financial Instruments' with effect from 01 January 2023 (for banks having asset size of Rs. 500 billion or above) and January 01, 2024 for all other banks. 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.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are either considered not to be relevant or do not have any significant impact and accordingly, have not been detailed in these condensed interim 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, 2023 (for banks having asset size of Rs. 500 billion or above) and January 01, 2024 for all other banks. 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 2021.

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 2021.

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 2021.

6 CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	30 September 2022	31 December 2021
		----- (Rupees in '000) -----	
In hand			
Local currency		26,477	18,808
Foreign currency		65,824	80,163
		92,301	98,971
With State Bank of Pakistan in			
Local currency current account	6.1	3,789,307	2,706,971
Foreign currency current account	6.2	121,308	67,252
Foreign currency deposit account			
Special cash reserve account	6.3	262,539	202,455
Local US Dollar collection account	6.4	24,971	76,377
Foreign currency capital account		7,196,693	6,398,696
		11,394,818	9,451,751
With National Bank of Pakistan in			
Local currency current account		16	16
		11,487,135	9,550,738

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 1.55% p.a (31 December 2021: 0.00% p.a).

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

7 BALANCES WITH OTHER BANKS		30 September 2022	31 December 2021
		----- (Rupees in '000) -----	
In Pakistan			
Current account		2,000	1,500
Outside Pakistan			
Current account			
Interbranch		1,745,622	5,331,327
Others		3,120	2,041
		1,748,742	5,333,368
		1,750,742	5,334,868

8 LENDINGS TO FINANCIAL INSTITUTIONS		30 September 2022	31 December 2021
		----- (Rupees in '000) -----	
Repurchase agreement lendings (Reverse Repo)		-	4,431,289

9	INVESTMENTS	Note	30 September 2022			31 December 2021		
			Cost	Deficit	Total	Cost	Deficit	Total
----- (Rupees in '000) -----								
9.1	Investments by type:							
	Held-for-Trading Securities							
	- Treasury bills		-	-	-	-	-	-
	- Pakistan Investment Bonds		-	-	-	441,458	(699)	440,759
	Available-for-Sale Securities							
	- Treasury bills		36,744,090	(7,756)	36,736,334	13,915,809	(4,476)	13,911,333
	Total investments		<u>36,744,090</u>	<u>(7,756)</u>	<u>36,736,334</u>	<u>14,357,267</u>	<u>(5,175)</u>	<u>14,352,092</u>

9.2	Investments by segments:	30 September 2022			31 December 2021			
		Cost	Deficit	Total	Cost	Deficit	Total	
----- (Rupees in '000) -----								
	Federal Government Securities							
	Treasury Bills		36,744,090	(7,756)	36,736,334	13,915,809	(4,476)	13,911,333
	Pakistan Investment Bonds		-	-	-	441,458	(699)	440,759
	Total investments		<u>36,744,090</u>	<u>(7,756)</u>	<u>36,736,334</u>	<u>14,357,267</u>	<u>(5,175)</u>	<u>14,352,092</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	36,744,090	13,915,809
- Pakistan Investment Bonds	-	441,458
Total	<u>36,744,090</u>	<u>14,357,267</u>

10 ADVANCES

	Performing		Non Performing		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	3,127,512	4,347,517	30,885	30,885	3,158,397	4,378,402
Bills discounted and purchased	-	-	65,626	65,626	65,626	65,626
Advances - gross	3,127,512	4,347,517	96,511	96,511	3,224,023	4,444,028
Provision against advances						
- Specific	-	-	(96,511)	(96,511)	(96,511)	(96,511)
- General	(7,998)	(7,998)	-	-	(7,998)	(7,998)
Advances - net of provision	3,119,514	4,339,519	-	-	3,119,514	4,339,519

10.1 Particulars of advances (Gross)

	30 September 2022	31 December 2021
----- Rupees in '000 -----		
In local currency	3,158,397	4,378,402
In foreign currencies	65,626	65,626
Total	<u>3,224,023</u>	<u>4,444,028</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	30 September 2022		31 December 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	96,511	96,511	96,511	96,511
Total	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>

10.3 Particulars of provision against advances

	30 September 2022			31 December 2021		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	96,511	7,998	104,509	96,511	7,998	104,509
Charge for the period / year	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Closing balance	96,511	7,998	104,509	96,511	7,998	104,509

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

11	FIXED ASSETS	Note	30 September 2022	31 December 2021
			----- Rupees in '000 -----	
	Capital work-in-progress	11.1	86,016	143,230
	Property and equipment	11.2	670,065	134,768
			756,081	277,998
11.1	Capital work-in-progress			
	Advances to suppliers		86,016	143,230
11.2	During the period, the Pakistan Operations has entered into a lease agreement for new office premises and the related Right of Use Asset for such lease amounts to Rs. 250 million which has been recognised during the period.			
			2022	Audited 2021
12	DEFERRED TAX ASSETS			
	Deductible Temporary Differences on			
	- Deficit on revaluation of investments		3,335	1,746
	- Accelerated tax depreciation		17,057	20,023
			20,392	21,769
	Taxable Temporary Differences on			
	- Post retirement employee benefits		(18,057)	(16,374)
			2,335	5,395
13	OTHER ASSETS			
	Income / Mark-up accrued in local currency		129,502	101,636
	Income / Mark-up accrued in foreign currency		10,605	37,386
	Advances, deposits, advance service charges / rent and other prepayments		66,987	26,118
	Advance taxation (payments less provisions)		1,076,973	1,177,799
	Receivable from defined benefit plan		9,450	9,450
	Marked to market gains on forward foreign exchange contracts		389	36,121
	Acceptances		153,688	184,988
	Others		5,556	4,371
			1,453,150	1,577,869
	Less: Provision held against other assets	13.1	(4,674)	(4,674)
	Other Assets (Net of Provision)		1,448,476	1,573,195
13.1	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments		4,674	4,674
14	BILLS PAYABLE			
	In Pakistan		1,633,190	775,747

15	BORROWINGS	30 September 2022		31 December 2021		
		----- Rupees in '000 -----		----- Rupees in '000 -----		
	<i>Unsecured</i>					
	Overdrawn nostro accounts - Interbranch			-	9,334	
16	DEPOSITS AND OTHER ACCOUNTS	30 September 2022			31 December 2021	
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies
		----- Rupees in '000 -----				
	Customers					
	Current deposits	8,281,250	1,199,198	9,480,448	9,257,542	966,184
	Savings deposits	23,552,556	3,501	23,556,057	11,571,572	35,982
	Term deposits	1,106,500	-	1,106,500	3,019,500	-
	Others	3,680,931	-	3,680,931	1,028,436	-
		36,621,237	1,202,699	37,823,936	24,877,050	1,002,166
	Financial Institutions					
	Non-remunerative deposits - inter branch	1,987	-	1,987	-	-
		36,623,224	1,202,699	37,825,923	24,877,050	1,002,166
17	OTHER LIABILITIES			30 September 2022	31 December 2021	
				----- Rupees in '000 -----		
	Mark-up/ Return/ Interest payable in local currency			457,917	12,358	
	Unearned commission and income on bills discounted			37,084	26,060	
	Accrued expenses			105,502	129,037	
	Acceptances			153,688	184,988	
	Dividends payable			94,567	56,675	
	Marked to market loss on forward foreign exchange contracts			159,121	36,708	
	Payable to DB Singapore			6,195	6,195	
	Unremitted head office expenses			3,534,027	3,290,170	
	Provision against off-balance sheet obligations			6,121	6,121	
	Workers Welfare Fund			327,877	294,755	
	Lease liability			480,613	34,029	
	Others			105,531	258,342	
				5,468,243	4,335,438	
18	CONTINGENCIES AND COMMITMENTS			30 September 2022	31 December 2021	
				----- Rupees in '000 -----		
	-Guarantees		18.1	13,907,599	13,910,081	
	-Commitments		18.2	22,573,170	30,784,166	
				36,480,769	44,694,247	
18.1	Guarantees			13,907,599	13,910,081	
	Financial guarantees			13,907,599	13,910,081	
18.2	Commitments					
	Documentary credits and short-term trade-related transactions					
	- letters of credit			937,517	2,848,779	
	Commitments in respect of:					
	- forward foreign exchange contracts		18.2.1	1,065,268	12,296,671	
	- forward lending		18.2.2	19,983,003	15,072,227	
	- forward sale of investments			-	440,759	
	Commitments for acquisition of:					
	- operating fixed assets			469,230		
	Other commitments		18.2.3	118,152	125,730	
				22,573,170	30,784,166	

18.2.1 Commitments in respect of forward foreign exchange contracts	30 September 2022 (Un-audited)	31 December 2021 (Audited)
	----- Rupees in '000 -----	
Purchase	41,837	3,879,298
Sale	1,023,431	8,417,373
	<u>1,065,268</u>	<u>12,296,671</u>

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

18.2.2 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to lend	<u>19,983,003</u>	<u>20,720,534</u>
18.2.3 Cheques in clearing	<u>118,152</u>	<u>125,730</u>

18.3 Other contingent liabilities

Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Court. Out of these appeals, decisions against demands of Rs. 638 million (31 December 2021: Rs. 638 million) have been made by the Commissioner Inland Revenue Appeals (CIRA) in favor of Pakistan Operations in respect of tax years 2011 to 2014. However, the tax department has filed appeals against the decisions of CIRA for tax years 2013 and 2014 involving demand of Rs. 513 million while no appeal effect orders have been passed by taxation officer for the remaining years. Further, Pakistan Operations are vigorously contesting the appeals for additional demands of Rs. 45 million against various issues (31 December 2021: Rs. 45 million) and the Pakistan Operations are confident that no additional liability would arise. An income tax order was issued dated June 30, 2022 through which a demand of Rs. 12 million, including penalty and default surcharge, was raised in respect of monitoring of withholding taxes for tax year 2016. An appeal has been filed before the CIRA against the said order.

19 MARK-UP / RETURN / INTEREST EARNED	Nine months period ended 30 September 2022	Nine months period ended 30 September 2021
	----- Rupees in '000 -----	
On:		
Loans and advances	374,183	197,839
Investments	1,928,573	34,483
Lendings to financial institutions	945,178	1,735,483
Others	8	-
	<u>3,248,440</u>	<u>1,967,805</u>

20 MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	1,616,506	1,097,777
Borrowings	5,866	2,055
Finance cost of lease liability	27,147	111
	<u>1,649,519</u>	<u>1,099,943</u>

21 FEE & COMMISSION INCOME

Commission on trade	76,041	72,945
Commission on guarantees	50,269	55,392
Commission on cash management	396	4,308
Commission on remittances including home remittances	57,921	37,626
Commission on bancassurance	-	-
Commission on custodial services	54,108	114,548
Others	-	-
	<u>238,735</u>	<u>284,819</u>

Nine months
period ended
30 September
2022
 ----- Rupees in '000 -----

Nine months
 period ended
 30 September
 2021

22 LOSS ON SALE OF SECURITIES

Realised loss on sale of government securities - net	(4,412)	(1,151)
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23 OTHER INCOME

Gain on sale of fixed assets - net	127	7,438
Others	-	32
	127	7,470

24 OPERATING EXPENSES

Total compensation expense	468,520	390,527
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Property expense

Rent & taxes	93,060	55,326
Insurance	6,045	6,152
Utilities cost	19,184	25,868
Security (including guards)	6,344	6,454
Repair & maintenance (including janitorial charges)	18,490	3,737
Depreciation	19,035	13,483
Depreciation on right-of-use assets	29,861	40,827
	192,019	151,847

Information technology expenses

Software maintenance	4,055	426
Hardware maintenance	20,378	19,723
Depreciation	16,873	8,903
Network charges	25,209	15,071
	66,515	44,123

Other operating expenses

Legal & professional charges	19,901	14,052
Outsourced services costs	46,257	62,945
Travelling & conveyance	4,536	1,617
NIFT clearing charges	907	445
Depreciation	14,549	21,951
Training & development	331	34
Postage & courier charges	2,844	1,602
Communication	6,163	5,633
Head office / regional office expenses	197,025	227,152
Stationery & printing	6,697	9,470
Marketing, advertisement & publicity	1,852	18
Auditors Remuneration	2,997	3,013
Others	5,965	15,841
	310,024	363,773
	1,037,078	950,270

25 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	1,030	-
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26 TAXATION

Current	903,558	279,930
Prior period	3,182	-
Deferred	2,970	4,950
	909,710	284,880

26.1 During the period, the tax rate has been revised from 35% to 39%. Further, a Super Tax of 10% has been levied for the tax year 2023. Accordingly, the impact of these changes in tax rates has been incorporated in these condensed interim financial statements.

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 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	-	36,736,334	-	36,736,334
Other Assets				
- Unrealized gain on forward foreign exchange contracts	-	389	-	389
Financial Liabilities measured at fair value				
Other Liabilities				
- Unrealized loss on forward foreign exchange contracts	-	159,121	-	159,121
Off-balance sheet financial instruments measured at fair value				
Forward purchase of foreign exchange	-	42,226	-	42,226
Forward sale of foreign exchange	-	1,182,552	-	1,182,552
	31 December 2021			
	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	-	14,352,092	-	14,352,092
Other Assets				
- Unrealized gain on forward foreign exchange contracts	-	36,121	-	36,121
Financial Liabilities measured at fair value				
Other Liabilities				
- Unrealized loss on forward foreign exchange contracts	-	36,708	-	36,708
Off-balance sheet financial instruments measured at fair value				
Forward purchase of foreign exchange	-	3,915,419	-	3,915,419
Forward sale of foreign exchange	-	8,454,081	-	8,454,081

	Nine months period ended 30 September 2021			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(895,816)	31,577	1,732,101	867,862
Inter segment revenue - net	1,612,572	(72,089)	(1,540,483)	-
Non mark-up / return / interest income	398,536	335,191	59,989	793,716
Total Income	1,115,292	294,679	251,607	1,661,578
Segment direct expenses	(297,554)	(32,399)	(634,543)	(964,496)
Inter segment expense allocation	(714,592)	(40,078)	754,670	-
Total expenses	(1,012,146)	(72,477)	120,127	(964,496)
Reversals / (Provisions)	-	-	-	-
Profit before tax	103,146	222,202	371,734	697,082
	31 December 2021			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	14,885,606	14,885,606
Net inter segment lending	22,333,256	-	-	22,333,256
Lendings to financial institutions	-	-	4,431,289	4,431,289
Investments	-	440,759	13,911,333	14,352,092
Advances - performing	4,347,517	-	-	4,347,517
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	324,874	36,121	1,495,593	1,856,588
Total Assets	26,997,649	476,880	34,723,821	62,198,350
Borrowings	-	-	9,334	9,334
Deposits & other accounts	25,879,216	-	-	25,879,216
Net inter segment borrowing	-	440,172	21,893,084	22,333,256
Others	1,118,433	36,708	3,956,044	5,111,185
Total liabilities	26,997,649	476,880	25,858,462	53,332,991
Head office account	-	-	8,865,359	8,865,359
Total Equity & liabilities	26,997,649	476,880	34,723,821	62,198,350
Contingencies & Commitments	32,271,846	12,422,401	-	44,694,247

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 2022			31 December 2021		
	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	1,745,622	-	-	5,331,327	-	-
Advances						
Opening balance	-	27,123	-	-	73,105	-
Addition during the period	-	14,268	-	-	38,950	-
Repaid during the period	-	(4,933)	-	-	(84,932)	-
Closing balance	-	36,458	-	-	27,123	-
Other Assets						
Receivable from staff retirement fund	-	-	9,450	-	-	9,450
Borrowings						
Opening balance	9,334	-	-	20,819	-	-
Borrowings during the period	162,977	-	-	29,141,085	-	-
Settled during the period	(172,311)	-	-	(29,152,570)	-	-
Closing balance	-	-	-	9,334	-	-
Deposits and other accounts						
Opening balance	-	7,163	20,184	89	12,345	26,220
Received during the period	197,487	133,700	1,223,317	1,208,401	349,497	3,798,474
Withdrawn during the period	(195,500)	(125,018)	(1,227,159)	(1,208,490)	(354,679)	(3,804,510)
Closing balance	1,987	15,845	16,342	-	7,163	20,184
Other Liabilities						
Other liabilities	3,540,222	-	-	3,296,365	-	-
Contingencies and Commitments						
Other contingencies	7,232,730	-	-	6,733,125	-	-
Nine months period ended						
	30 September 2022		30 September 2021			
	Head office and branches	Key management personnel	Head office and branches	Key management personnel		
----- (Rupees in '000) -----						
Income						
Mark-up / return / interest earned			-	473	-	1,676
Expense						
Operating expenses			197,025	-	227,152	-
Compensation Expenses			-	100,978	-	92,587

30	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	30 September 2022	31 December 2021
		----- (Rupees in '000) -----	
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	10,373,261	8,868,089
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	10,373,266	8,855,909
	Eligible Additional Tier 1 (ADT 1) Capital	-	-
	Total Eligible Tier 1 Capital	10,373,266	8,855,909
	Eligible Tier 2 Capital	14,119	14,119
	Total Eligible Capital (Tier 1 + Tier 2)	10,387,385	8,870,028
	Risk Weighted Assets (RWAs):		
	Credit Risk	10,798,797	11,227,480
	Market Risk	388,750	280,222
	Operational Risk	4,837,150	4,837,150
	Total	16,024,697	16,344,852
	Common Equity Tier 1 Capital Adequacy Ratio	64.73%	54.18%
	Tier 1 Capital Adequacy Ratio	64.73%	54.18%
	Total Capital Adequacy Ratio	64.82%	54.27%
	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	10,373,266	8,855,909
	Total Exposure	71,003,607	71,027,492
	Leverage Ratio	14.61%	12.47%
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	21,578,064	27,565,828
	Total Net Cash Outflow	7,520,776	8,763,782
	Liquidity Coverage Ratio	287%	315%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	28,675,238	27,057,001
	Total Required Stable Funding	7,434,814	9,422,550
	Net Stable Funding Ratio	386%	287%

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 28 Oct 2022.

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan