



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

Financial statements
for the half year ended
30 June 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 June 2022

	30 June 2022	31 December 2021
Note	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	6 10,326,941	9,550,738
Balances with other banks	7 1,860,709	5,334,868
Lendings to financial institutions	8 -	4,431,289
Investments	9 28,193,471	14,352,092
Advances	10 3,267,138	4,339,519
Fixed assets	11 512,816	277,998
Intangible assets	-	-
Deferred tax assets	16 -	5,395
Other assets	12 1,511,085	1,573,195
	45,672,160	39,865,094
LIABILITIES		
Bills payable	13 703,359	775,747
Borrowings	14 15,095	9,334
Deposits and other accounts	15 30,301,329	25,879,216
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	16 253	-
Other liabilities	17 4,986,815	4,335,438
	36,006,851	30,999,735
NET ASSETS		
	9,665,309	8,865,359
REPRESENTED BY		
Head office capital account	6,852,929	6,398,696
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	(4,359)	(2,730)
Unremitted profit	2,816,739	2,469,393
	9,665,309	8,865,359
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 six months period ended 30 June 2022

	Note	Three months period ended 30 June 2022	Six months period ended 30 June 2022	Three months period ended 30 June 2021	Six months period ended 30 June 2021
----- Rupees in '000 -----					
Mark-up / return / interest earned	19	979,740	1,756,228	640,783	1,257,184
Mark-up / return / interest expensed	20	471,611	817,321	346,262	719,972
Net mark-up / interest income		508,129	938,907	294,521	537,212
NON MARK-UP / INTEREST INCOME					
Fee and commission income	21	91,412	177,491	94,277	178,522
Dividend income		-	-	-	-
Foreign exchange income		215,857	407,056	174,153	391,380
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on sale of securities	22	24,322	(4,412)	6,859	(3,244)
Other (loss) / income	23	(603)	127	-	7,438
Total non-markup / interest Income		330,988	580,262	275,289	574,096
Total Income		839,117	1,519,169	569,810	1,111,308
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	24	437,266	730,523	370,527	641,734
Workers Welfare Fund		8,016	15,752	3,985	9,391
Other charges	25	1,030	1,030	-	-
Total non-markup / interest expenses		446,312	747,305	374,512	651,125
Profit before provisions		392,805	771,864	195,298	460,183
Reversal and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		392,805	771,864	195,298	460,183
Taxation	26	(256,545)	(422,838)	(64,400)	(192,497)
PROFIT AFTER TAXATION		136,260	349,026	130,898	267,686

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 six months period ended 30 June 2022

	Three months period ended 30 June 2022	Six months period ended 30 June 2022	Three months period ended 30 June 2021	Six months period ended 30 June 2021
	------(Rupees in '000)-----			
Profit after taxation for the period	136,260	349,026	130,898	267,686
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	-	(1,629)	-	-
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><u>136,260</u></u>	<u><u>345,717</u></u>	<u><u>130,898</u></u>	<u><u>267,686</u></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 six months period ended 30 June 2022

	30 June 2022	30 June 2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	771,864	460,183
Adjustments for:		
Depreciation	49,630	60,590
Loss on disposal of operating fixed assets	(127)	(7,438)
Finance costs against lease	8,695	111
	58,198	53,263
	830,062	513,446
Decrease / (Increase) in operating assets		
Lendings to financial institutions	4,431,289	2,438,052
Net investments in held-for-trading securities	(1,538,194)	-
Advances	1,072,381	(2,635,987)
Others assets (excluding advance taxation)	(33,260)	240,112
	3,932,216	42,177
Increase / (decrease) in operating liabilities		
Bills payable	(72,388)	(96,658)
Borrowings from financial institutions	5,761	(211,716)
Deposits and other accounts	4,422,113	(1,233,405)
Other liabilities	422,953	964,867
	4,778,439	(576,912)
Income tax paid	(321,957)	(242,466)
Net cash generated from operating activities	9,218,760	(263,755)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in securities - net	(12,329,804)	-
Investments in operating fixed assets	(34,843)	(83,682)
Proceeds from sale of operating fixed assets	300	58,171
Net cash used in investing activities	(12,364,347)	(25,511)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(12,363)	(3,031)
Net cash used in financing activities	(12,363)	(3,031)
Effects of exchange rate changes on cash and cash equivalents	454,233	(300,392)
Increase in cash and cash equivalents	(2,703,717)	(592,689)
Cash and cash equivalents at beginning of the period	14,876,272	13,850,400
Cash and cash equivalents at end of the period	12,172,555	13,257,711

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

Chief Country Officer
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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 six months period ended 30 June 2022

	Head office capital account	Deficit 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 six months period ended 30 June 2021	-	-	267,686	267,686
Other comprehensive income - net of tax	-	-	-	-
	-	-	267,686	267,686
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	(300,392)	-	-	(300,392)
Remittance made to Head office	-	-	-	-
	(300,392)	-	-	(300,392)
Opening balance as at 01 July 2021	6,002,389	-	2,186,253	8,188,642
Profit after taxation for the six months period ended 31 December 2021	-	-	248,543	248,543
Other comprehensive income - net of tax	-	(2,730)	34,597	31,867
	-	(2,730)	283,140	280,410
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	396,307	-	-	396,307
Remittance made to Head office	-	-	-	-
	396,307	-	-	396,307
Balance as at 01 January 2022	6,398,696	(2,730)	2,469,393	8,865,359
Profit after taxation for the six months period ended 30 June 2022	-	-	349,026	349,026
Other comprehensive income - net of tax	-	(1,629)	(1,680)	(3,309)
	-	(1,629)	347,346	345,717
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	454,233	-	-	454,233
Remittance made to Head office	-	-	-	-
	454,233	-	-	454,233
Balance as at 30 June 2022	6,852,929	(4,359)	2,816,739	9,665,309

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

Chief Country Officer
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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 six months period ended 30 June 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 09 November 2021 is A- for long-term and A-2 for short-term, rating by Fitch on 23 September 2021 is BBB+ for long-term and F2 for short-term; and rating by Moody's on 04 August 2021 is A2 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

- 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. 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). The impact of the application of IFRS 9 in Pakistan on the Pakistan Operations' financial statements is being assessed.

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	Note	(Un-audited) 30 June 2022 ----- (Rupees in '000) -----	(Audited) 31 December 2021
	In hand			
	Local currency		28,078	18,808
	Foreign currency		61,356	80,163
			<u>89,434</u>	<u>98,971</u>
	With State Bank of Pakistan in			
	Local currency current account	6.1	2,927,166	2,706,971
	Foreign currency current account	6.2	78,047	67,252
	Foreign currency deposit account			
	Special cash reserve account	6.3	234,953	202,455
	Local US Dollar collection account	6.4	144,396	76,377
	Foreign currency capital account		6,852,929	6,398,696
			<u>10,237,491</u>	<u>9,451,751</u>
	With National Bank of Pakistan in			
	Local currency current account		16	16
			<u>10,326,941</u>	<u>9,550,738</u>
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 0.79% 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		(Un-audited) 30 June 2022 ----- (Rupees in '000) -----	(Audited) 31 December 2021
	In Pakistan			
	Current account		1,500	1,500
	Outside Pakistan			
	Current account			
	Interbranch		1,857,669	5,331,327
	Others		1,540	2,041
			<u>1,859,209</u>	<u>5,333,368</u>
			<u>1,860,709</u>	<u>5,334,868</u>
8	LENDINGS TO FINANCIAL INSTITUTIONS		(Un-audited) 30 June 2022 ----- (Rupees in '000) -----	(Audited) 31 December 2021
	Repurchase agreement lendings (Reverse Repo)		-	4,431,289

9	INVESTMENTS	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
		Cost / Ammortised cost	Surplus / (Deficit)	Carrying Value	Cost / Ammortised cost	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----							
9.1	Investments by type:						
	Held-for-Trading Securities						
	-Pakistan Investment Bonds	-	-	-	441,458	(699)	440,759
	Available-for-Sale Securities						
	-Treasury bills	28,201,118	(7,647)	28,193,471	13,915,809	(4,476)	13,911,333
	Total investments	<u>28,201,118</u>	<u>(7,647)</u>	<u>28,193,471</u>	<u>14,357,267</u>	<u>(5,175)</u>	<u>14,352,092</u>
9.2	Investments by segments:						
	Federal Government Securities						
	Treasury Bills	28,201,118	(7,647)	28,193,471	13,915,809	(4,476)	13,911,333
	Pakistan Investment Bonds	-	-	-	441,458	(699)	440,759
	Total investments	<u>28,201,118</u>	<u>(7,647)</u>	<u>28,193,471</u>	<u>14,357,267</u>	<u>(5,175)</u>	<u>14,352,092</u>
9.3	Quality of Available-for-Sale Securities				30 June 2022 (Un-audited)	31 December 2021 (Audited)	
	Details regarding quality of Available-for-Sale (AFS) securities are as follows:				Cost		
	Federal Government Securities - Government guaranteed:				----- (Rupees in '000) -----		
	-Market Treasury Bills				28,201,118	13,915,809	
	-Pakistan Investment Bonds				-	441,458	
					<u>28,201,118</u>	<u>14,357,267</u>	
10	ADVANCES	Note					
			Performing	Non Performing	Total		
			30 June 2022 (Un-audited)	31 December 2021 (Audited)	30 June 2022 (Un-audited)	31 December 2021 (Audited)	
			----- (Rupees in '000) -----				
	Loans, cash credits, running finances, etc.		3,275,136	4,347,517	30,885	30,885	3,306,021
	Bills discounted and purchased		-	-	65,626	65,626	65,626
	Advances - gross	10.1	<u>3,275,136</u>	<u>4,347,517</u>	<u>96,511</u>	<u>96,511</u>	<u>3,371,647</u>
	Provision against advances						
	- Specific		-	-	(96,511)	(96,511)	(96,511)
	- General		(7,998)	(7,998)	-	-	(7,998)
		10.3	<u>(7,998)</u>	<u>(7,998)</u>	<u>(96,511)</u>	<u>(96,511)</u>	<u>(104,509)</u>
	Advances - net of provision		<u>3,267,138</u>	<u>4,339,519</u>	<u>-</u>	<u>-</u>	<u>3,267,138</u>
10.1	Particulars of advances (Gross)				30 June 2022 (Un-audited)	31 December 2021 (Audited)	
					---- Rupees in '000 ----		
	In local currency				3,306,021	4,378,402	
	In foreign currencies				65,626	65,626	
					<u>3,371,647</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				(Un-audited) 30 June 2022	(Audited) 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	
			<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	
10.3	Particulars of provision against advances				(Un-audited) 30 June 2022	(Audited) 31-Dec-21	
			Specific	General	Total	Specific	General
			----- Rupees in '000 -----				
	Opening balance		96,511	7,998	104,509	96,511	7,998
	Charge for the period / year		-	-	-	-	-
	Reversals		-	-	-	-	-
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Closing balance		<u>96,511</u>	<u>7,998</u>	<u>104,509</u>	<u>96,511</u>	<u>7,998</u>
10.3.1	General provision represents amount recognized in line with the instructions received from the Head office.						

11 FIXED ASSETS

	<i>Note</i>	30 June 2022 (Un-audited) ----- Rupees in '000 -----	31 December 2021 (Audited)
Capital work-in-progress	11.1	18,173	143,230
Property and equipment	11.2	<u>494,643</u>	<u>134,768</u>
		<u>512,816</u>	<u>277,998</u>
11.1 Capital work-in-progress			
Advances to suppliers		<u>18,173</u>	<u>143,230</u>
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.			
12 OTHER ASSETS			
Income / Mark-up accrued in local currency		126,961	101,636
Income / Mark-up accrued in foreign currency		7,890	37,386
Advances, deposits, advance service charges / rent and other prepayments		57,168	26,118
Advance taxation (payments less provisions)		1,082,429	1,177,799
Receivable from defined benefit plan		9,450	9,450
Marked to market gains on forward foreign exchange contracts		213,098	36,121
Acceptances		10,840	184,988
Others		<u>7,923</u>	<u>4,371</u>
		<u>1,515,759</u>	<u>1,577,869</u>
Less: Provision held against other assets	12.1	<u>(4,674)</u>	<u>(4,674)</u>
Other Assets (Net of Provision)		<u>1,511,085</u>	<u>1,573,195</u>
12.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		<u>4,674</u>	<u>4,674</u>
13 BILLS PAYABLE			
In Pakistan		<u>703,359</u>	<u>775,747</u>

14	BORROWINGS		30 June 2022 (Un-audited)	31 December 2021 (Audited)			
			----- Rupees in '000 -----				
	<i>Unsecured</i>						
	Overdrawn nostro accounts - Interbranch		<u>15,095</u>	<u>9,334</u>			
15	DEPOSITS AND OTHER ACCOUNTS	(Un-audited) 30 June 2022	(Audited) 31 December 2021				
		In Local Currency	In Foreign currencies	Total			
		In Local Currency	In Foreign currencies	Total			
		----- Rupees in '000 -----					
	Customers						
	Current deposits	7,640,920	1,334,411	8,975,331	9,257,542	966,184	10,223,726
	Savings deposits	15,424,011	3,940	15,427,951	11,571,572	35,982	11,607,554
	Term deposits	3,611,500	-	3,611,500	3,019,500	-	3,019,500
	Others	2,284,714	-	2,284,714	1,028,436	-	1,028,436
		<u>28,961,145</u>	<u>1,338,351</u>	<u>30,299,496</u>	24,877,050	1,002,166	25,879,216
	Financial Institutions						
	Non-remunerative deposits - inter branch	1,833	-	1,833	-	-	-
		<u>28,962,978</u>	<u>1,338,351</u>	<u>30,301,329</u>	<u>24,877,050</u>	<u>1,002,166</u>	<u>25,879,216</u>
					Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
						----- Rupees in '000 -----	
16	DEFERRED TAX LIABILITIES						
	Deductible Temporary Differences on						
	- Deficit on revaluation of investments					(3,288)	(1,746)
	- Accelerated tax depreciation					(14,516)	(20,023)
						<u>(17,804)</u>	<u>(21,769)</u>
	Taxable Temporary Differences on						
	- Post retirement employee benefits					18,057	16,374
						<u>253</u>	<u>(5,395)</u>
17	OTHER LIABILITIES						
	Mark-up/ Return/ Interest payable in local currency					110,706	12,358
	Unearned commission and income on bills discounted					23,497	26,060
	Accrued expenses					199,065	129,037
	Acceptances					10,840	184,988
	Dividends payable					9,801	56,675
	Marked to market loss on forward foreign exchange contracts					156,297	36,708
	Payable to DB Singapore					6,195	6,195
	Unremitted head office expenses					3,476,008	3,290,170
	Provision against off-balance sheet obligations					6,121	6,121
	Workers Welfare Fund					310,507	294,755
	Lease liability				11.2	287,475	34,029
	Others					390,303	258,342
						<u>4,986,815</u>	<u>4,335,438</u>
18	CONTINGENCIES AND COMMITMENTS						
	-Guarantees				18.1	14,478,219	13,910,081
	-Commitments				18.2	26,773,693	30,784,166
						<u>41,251,912</u>	<u>44,694,247</u>
18.1	Guarantees						
	Financial guarantees					<u>14,478,219</u>	<u>13,910,081</u>

	Note	30 June 2022 (Un-audited) ----- Rupees in '000 -----	31 December 2021 (Audited)
18.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,548,451	2,848,779
Commitments in respect of:			
- forward foreign exchange contracts	18.2.1	5,348,092	12,296,671
- forward lending	18.2.2	19,785,024	15,072,227
- forward sale of investments		-	440,759
Other commitments	18.2.3	92,126	125,730
		<u>26,773,693</u>	<u>30,784,166</u>

18.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	2,124,871	3,879,298
Sale	3,223,221	8,417,373
	<u>5,348,092</u>	<u>12,296,671</u>

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

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

18.2.3 Cheques in clearing	<u>92,126</u>	<u>125,730</u>
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18.3 Other contingent liabilities

Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Courts. Out of these appeals, decisions against demands of Rs. 638 million (31 December 2021: Rs. 638 million) have been made by the CIRA in favor of Pakistan Operations in respect of tax years 2011 to 2014. However, the tax department has filed appeals against the decisions of CIRA for tax years 2013 and 2014 involving demand of Rs. 513 million while no appeal effect orders have been passed by taxation officer for the remaining years. Further, Pakistan Operations are vigorously contesting the appeals for additional demands of Rs. 45 million against various issues (31 December 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 though 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 Commissioner Inland Revenue against the said order (Appeals).

19 MARK-UP / RETURN / INTEREST EARNED	Six months period ended 30 June 2022 ----- Rupees in '000 -----	Six months period ended 30 June 2021
On:		
Loans and advances	243,086	121,886
Investments	898,475	27,609
Lendings to financial institutions	614,663	1,107,689
Others	4	-
	<u>1,756,228</u>	<u>1,257,184</u>

20 MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	805,069	718,421
Borrowings	3,557	1,440
Finance cost of lease liability	8,695	111
	<u>817,321</u>	<u>719,972</u>

	Six months period ended 30 June 2022	Six months period ended 30 June 2021
	----- Rupees in '000 -----	
21 FEE & COMMISSION INCOME		
Commission on trade	48,769	48,317
Commission on guarantees	31,538	36,736
Commission on cash management	1,942	1,842
Commission on remittances including home remittances	57,843	22,369
Commission on custodial services	37,399	69,258
	<u>177,491</u>	<u>178,522</u>
22 LOSS ON SALE OF SECURITIES		
Realised loss on sale of government securities - net	(4,412)	(3,244)
23 OTHER INCOME		
Gain on sale of fixed assets - net	127	7,438
24 OPERATING EXPENSES		
Total compensation expense	315,077	262,027
Property expense		
Rent & taxes	81,158	34,982
Insurance	4,091	4,589
Utilities cost	9,548	19,244
Security (including guards)	4,154	3,978
Repair & maintenance (including janitorial charges)	9,234	2,803
Depreciation	11,765	8,989
Depreciation on right-of-use assets	17,259	29,939
	<u>137,209</u>	<u>104,524</u>
Information technology expenses		
Software maintenance	611	-
Hardware maintenance	8,623	12,358
Depreciation	10,935	5,985
Network charges	15,212	6,819
	<u>35,381</u>	<u>25,162</u>
Other operating expenses		
Legal & professional charges	9,839	11,123
Outsourced services costs	30,022	47,319
Travelling & conveyance	2,994	511
NIFT clearing charges	614	341
Depreciation	9,671	15,677
Training & development	86	34
Postage & courier charges	1,665	1,158
Communication	4,131	3,589
Head office / regional office expenses	162,835	145,239
Stationery & printing	3,676	6,362
Marketing, advertisement & publicity	1,493	18
Auditors Remuneration	1,784	1,767
Others	14,046	16,883
	<u>242,856</u>	<u>250,021</u>
	<u>730,523</u>	<u>641,734</u>
25 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	1,030	-
26 TAXATION		
Current	414,145	184,532
Prior period	3,182	-
Deferred	5,511	7,965
	<u>422,838</u>	<u>192,497</u>

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:

	(Un-audited) 30 June 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	-	28,193,471	-	28,193,471
Other Assets				
- Unrealized gain on forward foreign exchange contracts	-	213,098	-	213,098
Financial Liabilities measured at fair value				
Other Liabilities				
- Unrealized loss on forward foreign exchange contracts	-	156,297	-	156,297
Off-balance sheet financial instruments measured at fair value				
Forward purchase of foreign exchange	-	2,337,969	-	2,337,969
Forward sale of foreign exchange	-	3,379,518	-	3,379,518
(Audited) 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

27.2 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 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) / Pakistan Investment Bonds(PIB)	The fair value of MTBs and PIBs 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 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.

	Six months period ended 30 June 2022			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(564,815)	4,842	1,498,880	938,907
Inter segment revenue - net	1,209,376	(91,577)	(1,117,799)	-
Non mark-up / return / interest income	240,534	349,126	(9,398)	580,262
Total Income	885,095	262,391	371,683	1,519,169
Segment direct expenses	(204,311)	(81,311)	(461,683)	(747,305)
Inter segment expense allocation	(342,621)	(27,593)	370,214	-
Total expenses	(546,932)	(108,904)	(91,469)	(747,305)
Reversals / (Provisions)	-	-	-	-
Profit before tax	338,163	153,487	280,214	771,864
	(Un-audited) 30 June 2022			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	12,187,650	12,187,650
Net inter segment lending	27,702,780	-	-	27,702,780
Investments	-	1,988,419	26,205,052	28,193,471
Advances - performing	3,275,136	-	-	3,275,136
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	359,999	213,098	1,450,804	2,023,901
Total Assets	31,329,917	2,201,517	39,843,506	73,374,940
Borrowings	-	-	15,095	15,095
Deposits & other accounts	30,299,496	-	1,833	30,301,329
Net inter segment borrowing	-	2,045,220	25,657,559	27,702,779
Others	1,030,421	156,297	4,503,709	5,690,427
Total liabilities	31,329,917	2,201,517	30,178,196	63,709,630
Equity	-	-	9,665,309	9,665,309
Total Equity & liabilities	31,329,917	2,201,517	39,843,505	73,374,939
Contingencies & Commitments	35,903,820	5,348,092	-	41,251,912

	Six months period ended			
	31 June 2021			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(579,185)	6,660	1,109,737	537,212
Inter segment revenue - net	1,046,543	(50,148)	(996,395)	-
Non mark-up / return / interest income	267,430	244,983	61,683	574,096
Total Income	734,788	201,495	175,025	1,111,308
Segment direct expenses	(235,057)	(18,452)	(397,616)	(651,125)
Inter segment expense allocation	(371,372)	(28,080)	399,452	-
Total expenses	(606,429)	(46,532)	1,836	(651,125)
Reversals / (Provisions)	-	-	-	-
Profit before tax	128,359	154,963	176,861	460,183
	(Audited)			
	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:

	(Un-audited) 30 June 2022			(Audited) 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	1,857,669	-	-	5,331,327	-	-
Advances						
Opening balance	-	27,123	-	-	73,105	-
Addition during the year	-	7,568	-	-	38,950	-
Repaid during the year	-	(3,325)	-	-	(84,932)	-
Closing balance	-	31,366	-	-	27,123	-
Other Assets						
Receivable from staff retirement fund	-	-	9,450	-	-	9,450
Borrowings						
Opening balance	9,334	-	-	20,819	-	-
Borrowings during the year	162,977	-	-	29,141,085	-	-
Settled during the year	(157,216)	-	-	(29,152,570)	-	-
Closing balance	15,095	-	-	9,334	-	-
Deposits and other accounts						
Opening balance	-	7,163	20,184	89	12,345	26,220
Received during the year	190,858	105,246	834,780	1,208,401	349,497	3,798,474
Withdrawn during the year	(189,025)	(97,984)	(824,782)	(1,208,490)	(354,679)	(3,804,510)
Closing balance	1,833	14,425	30,183	-	7,163	20,184
Other Liabilities						
Other liabilities	3,482,203	-	-	3,296,365	-	-
Contingencies and Commitments						
Other contingencies	6,821,287	-	-	6,733,125	-	-
Six months period ended						
	30 June 2022		30 June 2021			
	Head office and branches	Key management personnel	Head office and branches	Key management personnel		
----- (Rupees in '000) -----						
Income						
Mark-up / return / interest earned	-	282	-	-	-	1,139
Expense						
Operating expenses	-	162,835	-	145,239	-	-
Compensation Expenses	-	-	-	71,949	-	60,675

30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 June 2022 (Un-audited) ----- (Rupees in '000) -----	31 December 2021 (Audited)
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	9,665,309	8,868,089
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	9,665,309	8,855,909
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,665,309	8,855,909
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	9,679,428	8,870,028
Risk Weighted Assets (RWAs):		
Credit Risk	9,893,771	11,227,480
Market Risk	145,059	280,222
Operational Risk	4,837,150	4,837,150
Total	14,875,980	16,344,852
Common Equity Tier 1 Capital Adequacy Ratio	64.97%	54.18%
Tier 1 Capital Adequacy Ratio	64.97%	54.18%
Total Capital Adequacy Ratio	65.07%	54.27%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	9,665,309	8,855,909
Total Exposure	59,496,562	71,027,492
Leverage Ratio	16.25%	12.47%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	27,351,889	27,565,828
Total Net Cash Outflow	9,728,527	8,763,782
Liquidity Coverage Ratio	281%	315%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	52,804,445	27,057,001
Total Required Stable Funding	15,350,714	9,422,550
Net Stable Funding Ratio	344%	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 26 August 2022.

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan