



Deutsche Bank AG, Pakistan Operations

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

**Financial statements
for the half year ended
30 June 2021**

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 2021

	30 June 2021	31 December 2020
Note	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	6 10,171,875	8,645,015
Balances with other banks	7 3,115,168	5,268,843
Lendings to financial institutions	8 23,771,781	26,209,833
Investments	8 -	-
Advances	9 5,141,886	2,505,899
Fixed assets	10 253,477	242,064
Intangible assets	-	-
Deferred tax assets	11 21,163	29,127
Other assets	12 1,237,652	1,419,828
	43,713,002	44,320,609
LIABILITIES		
Bills payable	13 875,999	972,657
Borrowings	14 29,332	241,047
Deposits and other accounts	15 29,731,700	30,965,106
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	16 4,887,329	3,920,451
	35,524,360	36,099,261
NET ASSETS	8,188,642	8,221,348
REPRESENTED BY		
Head office capital account	6,002,389	6,302,781
Reserves	-	-
Surplus/ (Deficit) on revaluation of assets	-	-
Unremitted profit	2,186,253	1,918,567
	8,188,642	8,221,348

CONTINGENCIES AND COMMITMENTS

17

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Profit and Loss Account (Un-audited)
For six months period ended 30 June 2021

	Note	Three months period ended 30 June 2021	Six months period ended 30 June 2021	Three months period ended 30 June 2020	Six months period ended 30 June 2020
----- Rupees in '000 -----					
Mark-up / return / interest earned	18	640,783	1,257,184	666,268	1,626,589
Mark-up / return / interest expensed	19	346,262	719,972	283,453	741,327
Net mark-up / interest income		294,521	537,212	382,815	885,262
NON MARK-UP / INTEREST INCOME					
Fee and commission income	20	94,277	178,522	110,950	273,740
Dividend income		-	-	-	-
Foreign exchange income		174,153	391,380	445,297	687,729
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities	21	6,859	(3,244)	3,854	3,854
Other income	22	-	7,438	572	22,800
Total non-markup / interest Income		275,289	574,096	560,673	988,123
Total Income		569,810	1,111,308	943,488	1,873,385
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	23	370,527	641,734	384,250	642,095
Workers Welfare Fund		3,985	9,391	11,185	24,626
Other charges	24	-	-	-	-
Total non-markup / interest expenses		374,512	651,125	395,435	666,721
Profit before provisions		195,298	460,183	548,053	1,206,664
Provisions and write offs - net		-	-	-	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		195,298	460,183	548,053	1,206,664
Taxation	24	(64,400)	(192,497)	(223,113)	(487,920)
PROFIT AFTER TAXATION		130,898	267,686	324,940	718,744

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations

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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For six months period ended 30 June 2021

	Three months period ended 30 June 2021	Six months period ended 30 June 2021	Three months period ended 30 June 2020	Six months period ended 30 June 2020
	----- (Rupees in '000) -----			
Profit after taxation for the period	130,898	267,686	324,940	718,744
Total comprehensive income for the period	<u>130,898</u>	<u>267,686</u>	<u>324,940</u>	<u>718,744</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

**Managing Director
Chief Country Officer
Pakistan**

**Chief Financial Officer
Pakistan**

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Cash Flow Statement (Un-audited)
For six months period ended 30 June 2021

	30 June 2021	30 June 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	460,183	1,206,664
Adjustments for:		
Depreciation	60,590	70,024
Gain on sale of Securities	-	(3,854)
Gain on disposal of operating fixed assets	(7,438)	(8,957)
Finance costs against lease	111	1,278
	<u>53,263</u>	<u>58,491</u>
	513,446	1,265,155
Decrease / (increase) in operating assets		
Lendings to financial institutions	2,438,052	(1,495,909)
Net investments in held-for-trading securities	-	-
Advances	(2,635,987)	1,171,075
Others assets (excluding advance taxation)	240,112	151,141
	<u>42,177</u>	<u>(173,693)</u>
Decrease in operating liabilities		
Bills payable	(96,658)	(95,165)
Borrowings from financial institutions	(211,716)	(1,134,905)
Deposits and other accounts	(1,233,405)	(240,066)
Other liabilities	964,867	547,137
	<u>(576,912)</u>	<u>(922,999)</u>
Income tax paid	(242,466)	(527,472)
Net cash used in operating activities	<u>(263,755)</u>	<u>(359,009)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption in securities - net	-	3,854
Investments in operating fixed assets	(83,682)	(22,637)
Proceeds from sale of operating fixed assets	58,171	11,863
Net cash used in investing activities	<u>(25,511)</u>	<u>(6,920)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(3,031)	-
Net cash used in financing activities	<u>(3,031)</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents	(300,392)	481,656
(Decrease) / Increase in cash and cash equivalents	<u>(592,689)</u>	<u>115,727</u>
Cash and cash equivalents at beginning of the period	<u>13,850,400</u>	<u>7,647,582</u>
Cash and cash equivalents at end of the period	<u><u>13,257,711</u></u>	<u><u>7,763,309</u></u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Managing Director
Chief Country Officer
Pakistan

Chief Financial 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 2021

	Head office capital account	Unremitted profit	Total
	------(Rupees in '000)-----		
Balance as at 01 January 2020	5,563,663	1,704,418	7,268,081
Profit for the Six months period ended 30 June 2020	-	718,744	718,744
Other comprehensive income - net of tax	-	-	-
	-	718,744	718,744
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	481,656	-	481,656
Remittance made to Head office	-	-	-
	481,656	-	481,656
Opening balance as at 01 July 2020	6,045,319	2,423,162	8,468,481
Profit after taxation for the six months period ended 31 December 2020	-	186,793	186,793
Other comprehensive income - net of tax	-	20,835	20,835
	-	207,628	207,628
Transactions with owners, recorded directly in equity			
Exchange adjustments on revaluation of capital	257,462	-	257,462
Remittance made to Head office	-	(712,223)	(712,223)
	257,462	(712,223)	(454,761)
Balance as at 01 January 2021	6,302,781	1,918,567	8,221,348
Profit after taxation 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)
Balance as at 30 June 2021	6,002,389	2,186,253	8,188,642

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations

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

Notes to the Condensed Interim Financial Information (Un-audited)

For six months period ended 30 June 2021

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 affirmed by Standard & Poor's on 26 February 2021 is BBB+ for long-term and A-2 for short-term, by Fitch on 25 January 2021 is BBB for long-term and F2 for short-term; and 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 IAS 34, the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40). Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) dated 28 April 2008, International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) has not been made applicable for banks. Accordingly, the requirements of these standards and their relevant interpretations (issued by the Standards Interpretation Committee - SICs and the International Financial Reporting Interpretations Committee - IFRICs) have not been considered in the preparation of these condensed interim financial statements.

- 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 2020.

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 new and amended standards, amendments and interpretations that are effective from 1 January 2021; however, these do not have any significant effect on interim financial statements of the Pakistan Operations.

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

There are certain standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan that are not yet effective in the current year. These are not expected to have any material impact on the Pakistan Operations' financial statements in the period of their initial application except for following:

IFRS 9 'Financial instruments' - IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The State Bank of Pakistan, vide its BPRD Circular No. 24 dated July 5, 2021 has extended the application date and directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2022.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Pakistan Operations for the year ended 31 December 2020.

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 2020.

5. FINANCIAL RISK MANAGEMENT

The outbreak of COVID-19 has significantly impacted the daily life, economic conditions, business and consumers' activities across the globe. The Pakistan Operation's management is fully cognisant of the business challenges posed by the COVID-19 outbreak due to rapidly changing economic conditions and operating environment. The Pakistan Operations continues to serve customers through its branches and the digital channels by observing the Government instructions and adopting all possible precautionary measures for safety of its employees.

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 2020.

6 CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	30 June 2021	31 December 2020
		----- (Rupees in '000) -----	
In hand			
Local currency		21,723	15,847
Foreign currency		63,221	84,419
		<u>84,944</u>	<u>100,266</u>
With State Bank of Pakistan in			
Local currency current account	6.1	3,816,439	1,970,392
Foreign currency current account	6.2	60,024	60,897
Foreign currency deposit account			
Special cash reserve account	6.3	180,698	183,325
Local US Dollar collection account	6.4	27,365	27,339
Foreign currency capital account		6,002,389	6,302,781
		10,086,915	8,544,734
With National Bank of Pakistan in			
Local currency current account		16	15
		<u>10,171,875</u>	<u>8,645,015</u>

6.1 This represents current account maintained with SBP and includes requirements of section 22 (Cash Reserve Requirement) of the Banking Companies Ordinance, 1962 and an additional Cash Reserve Requirement for banks that meet / do not meet targets for Housing and Construction Finance as per DMMD Circular Letter 03 of 2020.

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% p.a (31 December 2020: 0.00% p.a to 0.76% 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	<i>Note</i>	30 June 2021	31 December 2020
		----- (Rupees in '000) -----	
In Pakistan			
Current account		2,000	1,291
Outside Pakistan			
Current account			
Interbranch		3,110,649	5,265,153
Others		2,519	2,399
		3,113,168	5,267,552
		<u>3,115,168</u>	<u>5,268,843</u>

8 LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	30 June 2021	31 December 2020
		----- (Rupees in '000) -----	
Repurchase agreement lendings (Reverse Repo)	8.1	23,771,781	26,209,833

8.1 Reverse repo transactions have been made with various commercial banks at rates ranging from 7.00% to 7.10% p.a (31 December 2020: 6.20% p.a to 7.00% p.a) and mature within a month. The market value of these securities at 30 June 2021 amounted to Rs. 23,576 million (31 December 2020: Rs. 26,478 million).

9	ADVANCES	Performing		Non Performing		Total	
		30 June	31 December	30 June	31 December	30 June	31 December
		2021	2020	2021	2020	2021	2020
----- (Rupees in '000) -----							
	Loans, cash credits, running finances, etc.	5,149,884	2,513,897	30,885	30,885	5,180,769	2,544,782
	Bills discounted and purchased	-	-	65,626	65,626	65,626	65,626
9.1	Advances - gross	5,149,884	2,513,897	96,511	96,511	5,246,395	2,610,408
	Provision against advances						
	- Specific	-	-	(96,511)	(96,511)	(96,511)	(96,511)
	- General	(7,998)	(7,998)	-	-	(7,998)	(7,998)
9.3		(7,998)	(7,998)	(96,511)	(96,511)	(104,509)	(104,509)
	Advances - net of provision	5,141,886	2,505,899	-	-	5,141,886	2,505,899

9.1 Particulars of advances (Gross)

	30 June	31 December
	2021	2020
	---- Rupees in '000 ----	
In local currency	5,180,769	2,544,782
In foreign currencies	65,626	65,626
	5,246,395	2,610,408

9.2 Advances include Rs.96.511 million (31 December 2020: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

Category of Classification

	30 June 2021		31 December 2020	
	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
	96,511	96,511	96,511	96,511

9.3 Particulars of provision against advances

	30 June 2021			31 December 2020		
	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

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

10	FIXED ASSETS	Note	30 June 2021 ---- Rupees in '000 ----	31 December 2020
	Capital work-in-progress	10.1	77,917	953
	Property and equipment		175,560	241,111
			<u>253,477</u>	<u>242,064</u>
10.1	Capital work-in-progress			
	Advances to suppliers		<u>77,917</u>	<u>953</u>
10.2	Additions to fixed assets			
	The following additions have been made to fixed assets during the period:			
	Capital work-in-progress		85,466	29,873
	Property and equipment			
	Right-of-use assets		39,053	-
	Electrical office and computer equipment		6,718	6,825
	Vehicles		-	65,466
			45,771	72,291
			<u>131,237</u>	<u>102,164</u>
10.3	Disposal of fixed assets			
	The net book value of fixed assets disposed off during the period is as follows:			
	Electrical office and computer equipment		-	3
	Vehicles		50,733	2,878
	Total		<u>50,733</u>	<u>2,881</u>
11	DEFERRED TAX ASSETS			
	Deductible Temporary Differences on			
	- Post retirement employee benefits		2,252	2,255
	- Accelerated tax depreciation		18,911	26,872
			<u>21,163</u>	<u>29,127</u>
12	OTHER ASSETS			
	Income / Mark-up accrued in local currency		106,083	67,271
	Income / Mark-up accrued in foreign currency		-	45,028
	Advances, deposits, advance service charges / rent and other prepayments		59,006	80,784
	Advance taxation (payments less provisions)		1,031,273	973,339
	Marked to market gains on forward foreign exchange contracts		254	241,065
	Acceptances		6,795	9,272
	Others		38,915	7,743
			<u>1,242,326</u>	<u>1,424,502</u>
	Less: Provision held against other assets	12.1	(4,674)	(4,674)
	Other Assets (Net of Provision)		<u>1,237,652</u>	<u>1,419,828</u>
12.1	Provision held against other assets			
	Advances, deposits, advance service charges / rent and other prepayments		<u>4,674</u>	<u>4,674</u>
13	BILLS PAYABLE			
	In Pakistan		<u>875,999</u>	<u>972,657</u>

14	BORROWINGS	Note	30 June 2021	31 December 2020
			----- Rupees in '000 -----	
	Secured			
	Repo borrowings		-	177,589
	Total secured		-	177,589
	Unsecured			
	Overdrawn nostro accounts - Interbranch and a subsidiary of Deutsche Bank, AG		603	20,819
	Others	14.1	28,729	42,639
	Total unsecured		29,332	63,458
			<u>29,332</u>	<u>241,047</u>

14.1 These are balances payable to commercial banks inside Pakistan under partner banking arrangements.

15 DEPOSITS AND OTHER ACCOUNTS

	30 June 2021			31 December 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	9,071,756	897,078	9,968,834	10,147,857	802,589	10,950,446
Savings deposits	16,354,311	12,521	16,366,832	11,046,505	9,306	11,055,811
Term deposits	2,410,000	-	2,410,000	8,261,000	-	8,261,000
Others	984,606	-	984,606	697,761	-	697,761
	<u>28,820,673</u>	<u>909,599</u>	<u>29,730,272</u>	30,153,123	811,895	30,965,018
Financial Institutions						
Non-remunerative deposits - inter branch	1,428	-	1,428	88	-	88
	<u>28,822,101</u>	<u>909,599</u>	<u>29,731,700</u>	<u>30,153,211</u>	<u>811,895</u>	<u>30,965,106</u>

16 OTHER LIABILITIES

	30 June 2021	31 December 2020
	----- Rupees in '000 -----	
Mark-up/ Return/ Interest payable in local currency	9,046	1,676
Unearned commission and income on bills discounted	25,342	24,735
Accrued expenses	127,836	99,790
Acceptances	6,795	9,272
Dividends payable	1,184,699	189,682
Marked to market loss on forward foreign exchange contracts	1,765	230,620
Payable to DB Singapore	6,195	6,195
Unremitted head office expenses	3,029,439	2,887,317
Payable to defined benefit plan	39,516	39,516
Provision against off-balance sheet obligations	6,121	6,121
Workers Welfare Fund	286,410	277,019
Lease liability	38,395	4,259
Others	125,770	144,249
	<u>4,887,329</u>	<u>3,920,451</u>

17	CONTINGENCIES AND COMMITMENTS	Note	30 June 2021	31 December 2020
			----- Rupees in '000 -----	
	-Guarantees	17.1	11,759,446	11,754,910
	-Commitments	17.2	26,893,075	36,513,132
			<u>38,652,521</u>	<u>48,268,042</u>
17.1	Guarantees			
	Financial guarantees		<u>11,759,446</u>	<u>11,754,910</u>
17.2	Commitments			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		277,063	519,812
	Commitments in respect of:			
	- forward foreign exchange contracts	17.2.1	6,148,550	15,019,020
	- forward lending	17.2.2	19,766,354	20,720,534
	Commitments for acquisition of:			
	- operating fixed assets		170,539	134,847
	Other commitments	17.2.3	530,568	118,920
			<u>26,893,075</u>	<u>36,513,132</u>
17.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		1,807,951	5,157,668
	Sale		4,340,599	9,861,352
			<u>6,148,550</u>	<u>15,019,020</u>
	The maturities of above contracts are spread over a period of one month.			
17.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend		<u>19,766,354</u>	<u>20,720,534</u>
17.2.3	Cheques in clearing		<u>530,568</u>	<u>118,920</u>
17.3	Other contingent liabilities			
	Appeals for various assessment years are pending before Income Tax Appellate Authorities / High Courts. Out of these appeals, decisions against demands of Rs. 638 million (31 December 2020: 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 2020: Rs. 45 million) and the Pakistan Operations are confident that no additional liability would arise.			
18	MARK-UP / RETURN / INTEREST EARNED		Six months period ended 30 June 2021	Six months period ended 30 June 2020
			----- Rupees in '000 -----	
	On:			
	Loans and advances		121,886	412,073
	Investments		27,609	4,822
	Lendings to financial institutions		1,107,689	1,209,289
	Balances with banks		-	400
	Others		-	5
			<u>1,257,184</u>	<u>1,626,589</u>
19	MARK-UP / RETURN / INTEREST EXPENSED			
	On:			
	Deposits		718,421	735,429
	Borrowings		1,440	4,620
	Finance cost of lease liability		111	1,278
			<u>719,972</u>	<u>741,327</u>

20	FEE & COMMISSION INCOME	Note	Six months	Six months
			period ended 30 June 2021	period ended 30 June 2020
			----- Rupees in '000 -----	
	Commission on trade		48,317	43,459
	Commission on guarantees		36,736	38,142
	Commission on cash management		1,842	289
	Commission on remittances including home remittances		22,369	194
	Commission on custodial services		69,258	191,404
	Others		-	252
			<u>178,522</u>	<u>273,740</u>
21	(LOSS) / GAIN ON SECURITIES			
	Realised (loss) / gain on sale of Federal government securities		(3,244)	3,854
22	OTHER INCOME			
	Gain on sale of fixed assets - net		7,438	8,957
	Prior years refunds on utilities costs		-	13,843
			<u>7,438</u>	<u>22,800</u>
23	OPERATING EXPENSES			
	Total compensation expense		262,027	220,497
	Property expense			
	Rent and taxes		34,982	29,956
	Insurance		4,589	5,353
	Utilities cost		19,244	7,261
	Security (including guards)		3,978	3,691
	Repair and maintenance (including janitorial charges)		2,803	-
	Depreciation		8,989	8,989
	Depreciation on right-of-use assets		29,939	33,077
			<u>104,524</u>	<u>88,327</u>
	Information technology expenses			
	Software maintenance		-	150
	Hardware maintenance		12,358	7,314
	Depreciation		5,985	8,137
	Network charges		6,819	15,141
			<u>25,162</u>	<u>30,742</u>
	Other operating expenses			
	Legal and professional charges		11,123	4,141
	Outsourced services costs		47,319	45,158
	Travelling and conveyance		511	1,748
	NIFT clearing charges		341	396
	Depreciation		15,677	19,821
	Training and development		34	114
	Postage and courier charges		1,158	559
	Communication		3,589	3,517
	Head office / regional office expenses		145,239	220,033
	Stationery and printing		6,362	4,655
	Marketing, advertisement and publicity		18	-
	Auditors Remuneration		1,767	2,057
	Others		16,883	330
			<u>250,021</u>	<u>302,529</u>
			<u>641,734</u>	<u>642,095</u>
24	TAXATION			
	Current		184,532	488,774
	Deferred		7,965	(854)
			<u>192,497</u>	<u>487,920</u>

25 FAIR VALUE MEASUREMENTS

25.1 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 June 2021					Fair Value			
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)					(Rupees in '000)			
On balance sheet financial instruments									
Financial assets measured at fair value									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	254	-	-	-	254	-	254	-	254
	<u>254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254</u>				
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	10,171,875	-	10,171,875				
Balances with other banks	-	-	3,115,168	-	3,115,168				
Lendings to financial institutions	-	-	23,771,781	-	23,771,781				
Advances	-	-	5,141,886	-	5,141,886				
Other assets	-	-	109,257	-	109,257				
	<u>254</u>	<u>-</u>	<u>42,309,967</u>	<u>-</u>	<u>42,310,221</u>				
Financial Liabilities measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	1,765	-	-	-	1,765	-	1,765	-	1,765
	<u>1,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,765</u>				
Financial liabilities not measured at fair value									
Bills payable	-	-	-	875,999	875,999				
Borrowings from financial institutions	-	-	-	29,332	29,332				
Deposits and other accounts	-	-	-	29,731,700	29,731,700				
Other liabilities	-	-	-	4,885,564	4,885,564				
	<u>1,765</u>	<u>-</u>	<u>-</u>	<u>35,522,595</u>	<u>35,524,360</u>				
Off-balance sheet financial instruments measured at fair value									
Forward purchase of foreign exchange				1,807,951	1,807,951	-	1,808,205	-	1,808,205
Forward sale of foreign exchange				4,340,599	4,340,599	-	4,342,364	-	4,342,364

	31 December 2020					Fair Value			
	Held for trading	Available for Sale	Loans and Receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)					(Rupees in '000)			
On balance sheet financial instruments									
Financial assets measured at fair value									
Other Assets									
- Unrealized gain on forward foreign exchange contracts	241,065	-	-	-	241,065	-	241,065	-	241,065
	<u>241,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,065</u>				
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	8,645,015	-	8,645,015				
Balances with other banks	-	-	5,268,843	-	5,268,843				
Lendings to financial institutions	-	-	26,209,833	-	26,209,833				
Advances	-	-	2,505,899	-	2,505,899				
Other assets	-	-	1,109,249	-	1,109,249				
	<u>241,065</u>	<u>-</u>	<u>43,738,839</u>	<u>-</u>	<u>43,979,904</u>				
Financial Liabilities measured at fair value									
Other Liabilities									
- Unrealized loss on forward foreign exchange contracts	230,620	-	-	-	230,620	-	230,620	-	230,620
	<u>230,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,620</u>				
Financial liabilities not measured at fair value									
Bills payable	-	-	-	972,657	972,657				
Borrowings from financial institutions	-	-	-	241,047	241,047				
Deposits and other accounts	-	-	-	30,965,106	30,965,106				
Other liabilities	-	-	-	3,689,831	3,689,831				
	<u>230,620</u>	<u>-</u>	<u>-</u>	<u>35,868,641</u>	<u>36,099,261</u>				
Off-balance sheet financial instruments measured at fair value									
Forward purchase of foreign exchange				5,157,668	5,157,668	-	5,398,733	-	5,398,733
Forward sale of foreign exchange				9,861,352	9,861,352	-	10,091,972	-	10,091,972

26 SEGMENT INFORMATION

26.1 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 (Previously Global Transaction Banking (GTB))

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

Investment Bank

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 2021			
	Corporate Bank	Investment Bank	Infrastructure and 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
	30 June 2021			
	Corporate Bank	Investment Bank	Infrastructure and Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash and Bank balances	-	-	13,287,043	13,287,043
Net inter segment lending	21,822,458	1,511	-	21,823,969
Lendings to financial institutions	-	-	23,771,781	23,771,781
Investments	-	-	-	-
Advances - performing	5,149,884	-	-	5,149,884
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	91,729	254	1,420,309	1,512,292
Total Assets	27,056,073	1,765	38,479,133	65,536,971
Borrowings	-	-	29,332	29,332
Deposits and other accounts	29,730,272	-	1,428	29,731,700
Net inter segment borrowing	-	-	21,823,969	21,823,969
Others	3,294,465	1,765	2,467,098	5,763,328
Total liabilities	33,024,737	1,765	24,320,316	57,348,329
Head office account	-	-	8,188,642	8,188,642
Total Equity and liabilities	33,024,737	1,765	32,508,958	65,536,971
Contingencies and Commitments	32,333,431	6,148,550	170,539	38,652,520

	Six months period ended 30 June 2020			
	Corporate Bank	Investment Bank	Infrastructure and Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(240,540)	4,787	1,121,015	885,262
Inter segment revenue - net	1,047,940	7,715	(1,055,655)	-
Non mark-up / return / interest income	502,072	438,954	47,097	988,123
Total Income	1,309,472	451,456	112,457	1,873,385
Segment direct expenses	(146,418)	(34,654)	(485,649)	(666,721)
Inter segment expense allocation	(397,563)	(21,560)	419,123	-
Total expenses	(543,981)	(56,214)	(66,526)	(666,721)
Reversals / (Provisions)	-	-	-	-
Profit before tax	765,491	395,242	45,931	1,206,664
	31 December 2020			
	Corporate Bank	Investment Bank	Infrastructure and Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash and Bank balances	-	-	13,913,858	13,913,858
Net inter segment lending	29,549,606	-	-	29,549,606
Lendings to financial institutions	-	-	26,209,833	26,209,833
Advances - performing	2,513,897	-	-	2,513,897
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	113,657	241,065	1,336,297	1,691,019
Total Assets	32,169,161	241,065	41,459,988	73,870,214
Borrowings	-	-	241,047	241,047
Deposits and other accounts	30,965,018	-	88	30,965,106
Net inter segment borrowing	-	10,445	29,539,161	29,549,606
Others	1,204,143	230,620	3,458,345	4,893,108
Total liabilities	32,169,161	241,065	33,238,640	65,648,866
Head office account	-	-	8,221,348	8,221,348
Total Equity and liabilities	32,169,161	241,065	41,459,988	73,870,214
Contingencies and Commitments	28,075,577	20,057,618	134,847	48,268,042

27 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 June 2021			31 December 2020		
	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	3,110,649	-	-	5,265,153	-	-
Advances						
Opening balance	-	73,105	-	-	70,383	-
Addition during the year	-	27,750	-	-	16,655	-
Repaid during the year	-	(24,984)	-	-	(13,933)	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	75,871	-	-	73,105	-
Borrowings						
Opening balance	20,819	-	-	559	-	-
Borrowings during the year	13,601,995	-	-	53,213,546	-	-
Settled during the year	(13,622,212)	-	-	(53,193,285)	-	-
Closing balance	602	-	-	20,819	-	-
Deposits and other accounts						
Opening balance	89	12,345	26,220	7,783	8,764	32,621
Received during the year	1,106,399	137,693	1,725,302	144,673	85,640	530,802
Withdrawn during the year	(1,105,060)	(136,027)	(1,704,222)	(152,367)	(82,059)	(537,203)
Transfer in / (out) - net	-	(2,728)	-	-	-	-
Closing balance	1,428	11,283	47,300	89	12,345	26,220
Other Liabilities						
Interest / mark-up payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	39,516	-	-	39,516
Other liabilities	3,035,634	-	-	2,893,512	-	-
Contingencies and Commitments						
Other contingencies	5,446,140	-	-	7,952,350	-	-
Six months period ended						
	30 June 2021		30 June 2020			
	Head office and branches	Key management personnel	Head office and branches	Key management personnel		
----- (Rupees in '000) -----						
Income						
Mark-up / return / interest earned	-	1,139	3	1,024		
Expense						
Mark-up / return / interest paid	-	-	-	-		
Foreign exchange loss	-	-	-	-		
Operating expenses	145,239	-	220,033	-		
Compensation Expenses	-	60,675	-	47,480		

28 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

30 June **31 December**
2021 **2020**
 ----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 8,188,642 8,221,348

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	8,188,643	8,221,348
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,188,643	8,221,348
Eligible Tier 2 Capital	14,119	14,119
Total Eligible Capital (Tier 1 + Tier 2)	8,202,762	8,235,467

Risk Weighted Assets (RWAs):

Credit Risk	9,164,906	10,382,202
Market Risk	72,013	372,713
Operational Risk	4,531,025	4,533,038
Total	13,767,944	15,287,953

Common Equity Tier 1 Capital Adequacy Ratio	59.48%	53.78%
Tier 1 Capital Adequacy Ratio	59.48%	53.78%
Total Capital Adequacy Ratio	59.58%	53.87%

Leverage Ratio (LR):

Eligible Tier-1 Capital	8,188,643	8,221,348
Total Exposure	61,294,629	60,831,235
Leverage Ratio	13.36%	13.52%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	17,174,189	24,676,669
Total Net Cash Outflow	5,093,853	7,456,446
Liquidity Coverage Ratio	337%	331%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	26,117,731	23,751,216
Total Required Stable Funding	10,088,145	10,350,825
Net Stable Funding Ratio	259%	229%

29 GENERAL

29.1 Figures have been rounded off to the nearest thousand rupees.

30 DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on 27 August 2021.

Managing Director
Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan