



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

Financial statements
for the half year ended
30 June 2024

TO THE DIRECTORS OF DEUTSCHE BANK AG, PAKISTAN OPERATIONS
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Deutsche Bank AG, Pakistan Operations** (the Pakistan Operations) as at **30 June 2024** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2024 and 30 June 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2024.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Omer Chughtai.



Chartered Accountants

Place: Karachi

Date: 29 August 2024

UDIN: RR20241012073TLwV2Ej

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 2024

		30 June 2024	31 December 2023
	Note	(Un-audited)	(Audited)
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	12,984,292	14,125,650
Balances with other banks	7	2,471,153	2,612,845
Lendings to financial institutions	8	37,000,000	17,397,321
Investments	9	8,343,442	14,787,480
Advances	10	4,779,591	7,971,805
Property and Equipment	11	697,218	740,723
Right-of-use assets	12	359,694	387,386
Intangible assets		-	-
Deferred tax assets	13	178,854	218,459
Other assets	14	2,346,659	2,591,339
		69,160,903	60,833,008
LIABILITIES			
Bills payable	15	2,296,975	832,304
Borrowings		-	-
Deposits and other accounts	16	44,755,486	36,431,582
Lease Liabilities	17	458,480	468,322
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	7,786,492	7,731,997
		55,297,433	45,464,205
NET ASSETS		13,863,470	15,368,803
REPRESENTED BY			
Head office capital account		9,541,338	9,984,045
Reserves		-	-
Deficit on revaluation of assets	19	(2,931)	(5,366)
Unremitted profit		4,325,063	5,390,124
		13,863,470	15,368,803
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 35 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 2024

	Note	Three months period ended 31 March 2024	Three months period ended 31 March 2023	Six months period ended 30 June 2024	Six months period ended 30 June 2023
----- (Un-audited) -----					
----- Rupees in '000 -----					
Mark-up / return / interest earned	21	2,569,868	2,237,533	4,830,909	4,422,691
Mark-up / return / interest expensed	22	1,055,395	418,894	1,719,989	1,680,959
Net mark-up / interest income		1,514,473	1,818,639	3,110,920	2,741,732
NON MARK-UP / INTEREST INCOME					
Fee and commission income	23	108,285	108,754	237,306	161,785
Dividend income		-	-	-	-
Foreign exchange income		287,275	159,248	565,775	433,387
Income / (loss) from derivatives		-	-	-	-
Gain on securities	24	390	-	390	-
Other (loss) / income	25	661	514	(536)	7,310
Total non-markup / interest Income		396,611	268,516	802,935	602,482
Total Income		1,911,084	2,087,155	3,913,855	3,344,214
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	26	477,967	435,396	962,207	830,721
Workers Welfare Fund		28,829	33,235	59,295	50,678
Other charges	27	-	-	-	2
Total non-markup / interest expenses		506,796	468,631	1,021,502	881,401
Profit before credit loss allowance		1,404,288	1,618,524	2,892,353	2,462,813
Credit loss reversal and write offs - net	28	290	-	5,046	-
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,404,578	1,618,524	2,897,399	2,462,813
Taxation	29	(689,472)	(783,996)	(1,528,447)	(1,172,594)
PROFIT AFTER TAXATION		715,106	834,528	1,368,952	1,290,219

The annexed notes 1 to 35 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 2024

	Three months period ended 31 March 2024	Three months period ended 31 March 2023	Six months period ended 30 June 2024	Six months period ended 30 June 2023
	----- (Un-audited) -----			
	----- (Rupees in '000) -----			
Profit after taxation for the period	715,106	834,528	1,368,952	1,290,219
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net of tax	4,584	-	2,435	2,724
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	(3,208)
Total comprehensive income for the period	719,690	834,528	1,371,387	1,289,735

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Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Condensed Interim Statement of Changes in Equity (Un-audited)
For six months period ended 30 June 2024

	Head office capital account	Deficit on revaluation of investments	Unremitted profit	Total
	------(Rupees in '000) -----			
Balance as at 01 January 2023	7,734,312	(4,367)	3,393,816	11,123,761
Profit for the six months period ended 30 June 2023	-	-	1,290,219	1,290,219
Other comprehensive income - net of tax	-	2,724	(3,208)	(484)
	-	2,724	1,287,011	1,289,735
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	2,295,647	-	-	2,295,647
Remittance made to Head office	-	-	-	-
	2,295,647	-	-	2,295,647
Opening balance as at 01 July 2023	10,029,959	(1,643)	4,680,827	14,709,143
Profit after taxation for the six months period ended 31 December 2023	-	-	698,645	698,645
Other comprehensive income - net of tax	-	(3,723)	10,652	6,929
	-	(3,723)	709,297	705,574
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	(45,914)	-	-	(45,914)
Remittance made to Head office	-	-	-	-
	(45,914)	-	-	(45,914)
Balance as at 01 January 2024 - as reported	9,984,045	(5,366)	5,390,124	15,368,803
Change in accounting policy as at January 01, 2024 - note 3.2.2	-	-	5,588	5,588
Balance as at 01 January 2024 - as restated	9,984,045	(5,366)	5,395,712	15,374,391
Profit after taxation for the six months period ended 30 June 2024	-	-	1,368,952	1,368,952
Other comprehensive income - net of tax	-	2,435	-	2,435
	-	2,435	1,368,952	1,371,387
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	(442,707)	-	-	(442,707)
Remittance made to Head office	-	-	(2,439,601)	(2,439,601)
	(442,707)	-	(2,439,601)	(2,882,308)
Balance as at 30 June 2024	9,541,338	(2,931)	4,325,063	13,863,470

The annexed notes 1 to 35 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 2024

	Note	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	30 June 2023 (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,897,399	2,462,813
Adjustments for:			
Depreciation		99,476	51,996
Reversals in ECLs		(5,046)	-
(Loss) / gain on disposal of Property and equipment - net	25	1,197	(1,481)
Finance costs of lease liability		30,603	31,266
		126,230	81,781
		3,023,629	2,544,594
(Increase) / decrease in operating assets			
Lendings to financial institutions		(19,602,679)	(25,521,101)
Advances		3,199,969	(1,148,398)
Others assets (excluding advance taxation)		336,354	(364,526)
		(16,066,356)	(27,034,025)
Increase / (decrease) in operating liabilities			
Bills payable		1,464,671	6,969,169
Borrowings from financial institutions		-	-
Deposits and other accounts		8,323,904	(12,436,414)
Other liabilities		57,373	643,677
		9,845,948	(4,823,568)
Income tax paid		(1,582,856)	(1,027,262)
Net cash used in operating activities		(4,779,635)	(30,340,261)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in FVOCI securities		6,448,813	29,036,841
Investments in Property and equipment		(29,821)	(107,279)
Proceeds from sale of Property and equipment		346	7,001
Net cash generated from investing activities		6,419,338	28,936,563
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(40,445)	(36,768)
Remittance made to Head office		(2,439,601)	-
Net cash used in financing activities		(2,480,046)	(36,768)
Effects of exchange rate changes on cash and cash equivalents		(442,707)	2,295,647
Increase in cash and cash equivalents during the period		(1,283,050)	855,181
Cash and cash equivalents at beginning of the period		16,738,495	14,420,212
Cash and cash equivalents at end of the period		15,455,445	15,275,393

The annexed notes 1 to 35 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 six months period ended 30 June 2024

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.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are 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.

SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular No. 03 of 2022 dated 05 July 2022 directed the banks in Pakistan having asset size of less than Rs. 500 billion to implement IFRS 9 'Financial Instruments' with effect from 01 January 2024. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

- 2.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No.2 dated February 09, 2023 and IAS34, Interim Financial Reporting. They do not include all the information and disclosures required in preparation of audited annual financial statements, and should be read in conjunction with the audited financial statements of the Pakistan Operations for the year ended December 31, 2023, except for IFRS 9 Financial Instruments adopted with effect from January 01, 2024.

2.3 Credit Ratings

The credit rating provided by Standard & Poor's on 08 December 2023 is A for long-term and A-1 for short-term, rating by Fitch on 07 December 2023 is A- for long-term and F2 for short-term; and rating by Moody's on 14 June 2024 is A1 for long-term.

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

As directed by SBP via BPRD Circular letter no. 7 of 2023, IFRS 9, Financial Instruments is effective for periods beginning on or after January 1, 2024. Except for the implementation of IFRS 9 in Pakistan (refer note 3.1), the Pakistan Operations expects that amendments to existing accounting and reporting standards are either considered not relevant or do not have any significant impact on its financial statements in the period of initial application.

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

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on these financial statements.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies 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 2023,

3.1 Changes in reporting format

The SBP vide BPRD Circular No. 2 dated February 09, 2023 specified the new format for interim financial statements of banking companies. The new format has revised the disclosure requirements of the Pakistan Operations for the half year ended June 30, 2024 which has resulted in additional disclosures relating to IFRS 9 and reclassification of Right-of-use assets and Lease liabilities on the face of Statement of Financial Position out of Property and equipment and Other liabilities, respectively in these financial statements.

3.2 IFRS 9 'Financial Instruments'

3.2.1 Transitional disclosures

The Pakistan operations adopted IFRS9 (read with IFRS9 instructions issued by SBP) and has elected to follow the modified retrospective approach for restatement i.e. comparative figures have not been restated on the initial application of IFRS 9. Instead, the cumulative impact has been recorded as an adjustment to equity as of January 01, 2024. Accordingly, the information presented as of December 31, 2023 and for the period ended June 30, 2023 does not reflect the requirements of IFRS 9.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with existing local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024:

	Carrying amount as per current accounting policy as at Dec 31, 2023	At FVTPL	At FVOCI - with recycling	At Amortized Cost	Remeasurement under IFRS 9	IFRS 9 carrying amount as at Jan 01, 2024
----- (Rupees in '000) -----						
Cash and cash equivalents	14,125,650	-	-	14,125,650	-	14,125,650
Balances with other banks	2,612,845	-	-	2,612,845	-	2,612,845
Lendings to financial institutions	17,397,321	-	-	17,397,321	-	17,397,321
Investments in financial assets						
- Held for trading	-	-	-	-	-	-
- Available for sale	14,787,480	-	14,787,480	-	-	14,787,480
Advances	7,971,805	-	-	7,971,805	5,316	7,977,121
Other assets	2,566,251	-	-	2,566,251	-	2,566,251
- Forward foreign exchange contracts	25,088	25,088	-	-	-	25,088
Total Financial assets	59,486,440	25,088	14,787,480	44,673,872	5,316	59,491,756
Bills payable	832,304	-	-	832,304	-	832,304
Deposits and other accounts	36,431,582	-	-	36,431,582	-	36,431,582
Other liabilities	8,200,299	-	-	8,200,299	(272)	8,200,027
- Forward foreign exchange contracts	20	20	-	-	-	20
Total Financial Liabilities	45,464,205	20	-	45,464,185	(272)	45,463,933
Net Financial Assets	14,022,235	25,068	14,787,480	(790,313)	5,588	14,027,823
Effect on net financial assets on adoption of IFRS 9					5,588	

3.2.1.1 those previously classified as available for sale are now classified as FVOCI

3.2.2 Reconciliation of retained earnings and surplus on revaluation of investments

The impact of transition to IFRS 9 on unappropriated profit and surplus on revaluation of investments is as follows:

	Retained Earnings	Deficit on revaluation of assets	Total
----- Rupees in '000 -----			
Balance as at 31 December, 2023	5,390,124	(5,366)	5,384,758
Recognition of IFRS 9 ECL	5,588	-	5,588
Balance under IFRS 9 as at 01 January, 2024 - as restated	5,395,712	(5,366)	5,390,346

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 2023, except for the adoption of IFRS 9 with effect

4.1 Impairment / Expected Credit Losses on financial assets

Determination of expected credit losses is a significant estimate and involves the following judgments:

- The segmentation of financial assets when their ECL is assessed on a collective basis
- The Bank's internal credit grading model based on which PDs are assigned to the individual grades
- Qualitative and quantitative indicators
- The definition of default against which parameters of ECL model such as PD, LGD and EAD are evaluated
- Selection of forward-looking macroeconomic scenarios and their probability weightings
- Determination of economic inputs

The calculations are carried centrally by the group IFRS 9 team.

5 FINANCIAL RISK MANAGEMENT

The Pakistan Operations continue to follow its current policies for managing credit, liquidity and market risks as disclosed in the annual financial statement for the period ended 31 December 2023.

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited)
In hand			
Local currency		41,994	34,924
Foreign currency		17,478	20,790
		<u>59,472</u>	<u>55,714</u>
With State Bank of Pakistan in			
Local currency current account	6.1	2,599,381	3,536,354
Foreign currency current account	6.2	237,646	48,897
Foreign currency deposit account			
Special cash reserve account	6.3	448,556	444,496
Local US Dollar collection account	6.4	97,899	56,144
Foreign currency capital account		9,541,338	9,984,045
		<u>12,924,820</u>	<u>14,069,936</u>
		<u><u>12,984,292</u></u>	<u><u>14,125,650</u></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 at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by SBP.

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

6.3 This represents statutory cash reserve maintained against foreign currency deposits mobilized under FE 25 Circular No. 20 of 2021 issued by the SBP. Profit rates on these deposits are fixed by SBP on a monthly basis and were 4.32% to 4.35% p.a during the period (31 December 2023: 3.39% to 4.34% p.a during 2023).

6.4 This represents US Dollar settlement account opened with the SBP in accordance with FE Circular No. 2 of 2004.

7 BALANCES WITH OTHER BANKS

	Note	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited)
In Pakistan			
Current account		1,000	1,500
Outside Pakistan			
Current account			
Interbranch	7.1	2,464,441	2,604,761
Others		5,712	6,584
		<u>2,470,153</u>	<u>2,611,345</u>
		<u><u>2,471,153</u></u>	<u><u>2,612,845</u></u>

7.1

This includes Rs. 1,358 million with Deutsche Bank New York, Rs. 826 million with Deutsche Bank Frankfurt, Rs. 277 million with Deutsche Bank Mumbai and various others (31 December 2023: Rs. 1,515 million with Deutsche Bank New York, Rs. 949 million with Deutsche Bank Frankfurt, Rs. 136 million with Deutsche Bank Mumbai and various others).

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited)
Repurchase agreement lendings (Reverse Repo)	8.1	<u>37,000,000</u>	<u>17,397,321</u>

8.1 Reverse repo transaction has been made with State Bank of Pakistan at a rate of 19.50% p.a (2023: 21.00% to 22.39%) maturing 04 July, 2024. The market value of this security at 30 June 2024 amounted to Rs. 36,958 million (2023: Rs. 17,972 million).

9 INVESTMENTS

	30 June 2024 (Un-audited)				31 December 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
9.1 Investments by type:								
FVTPL								
-Treasury bills	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
FVOCI								
-Treasury bills	8,349,189	-	(5,747)	8,343,442	-	-	-	-
	8,349,189	-	(5,747)	8,343,442	-	-	-	-
AFS								
-Treasury bills	-	-	-	-	14,798,002	-	(10,522)	14,787,480
	-	-	-	-	14,798,002	-	(10,522)	14,787,480
Total Investments	8,349,189	-	(5,747)	8,343,442	14,798,002	-	(10,522)	14,787,480

10 ADVANCES

	Performing		Non Performing		Total	
	30 June 2024 (Un-audited)	31 December 2023 (Audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	4,779,834	7,979,803	30,885	30,885	4,810,719	8,010,688
Bills discounted and purchased	-	-	65,626	65,626	65,626	65,626
Advances - gross	4,779,834	7,979,803	96,511	96,511	4,876,345	8,076,314
Credit loss allowance against advances						
-Stage 1	(243)	(7,998)	-	-	(243)	(7,998)
-Stage 2	-	-	-	-	-	-
-Stage 3	-	-	(96,511)	(96,511)	(96,511)	(96,511)
	(243)	(7,998)	(96,511)	(96,511)	(96,754)	(104,509)
Advances - net of credit loss allowance	4,779,591	7,971,805	-	-	4,779,591	7,971,805
					30 June 2024 (Un-audited)	31 December 2023 (Audited)
10.1 Particulars of advances (gross)					---- (Rupees in '000) ----	
In local currency					4,810,719	8,010,688
In foreign currencies					65,626	65,626
					4,876,345	8,076,314

10.2 Advances include Rs.96,511 (December 31, 2023: Rs. 96,511) which have been placed under non-performing / Stage 3 status as detailed below:-

Category of Classification	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
----- Rupees in '000 -----				
Domestic				
Loss Stage 3	96,511	96,511	96,511	96,511

10.3 Particulars of credit loss allowance against advances

	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	General	Specific	Total
----- Rupees in '000 -----						
Opening balance	7,998	-	96,511	7,998	96,511	104,509
Impact of adoptn of IFRS 9	(5,316)	-	-	-	-	-
Charge for the period / year	-	-	-	-	-	-
Reversals	(2,439)	-	-	-	-	-
Closing balance	243	-	96,511	7,998	96,511	104,509

10.4 Advances - Particlurs of credit loss allowance

	30 June 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
----- Rupees in '000 -----			
10.4.1			
Opening balance	7,998	-	96,511
Impact of adoptn of IFRS 9	(5,316)	-	-
New Advances	(2,439)	-	-
	243	-	96,511

10.4.2 Advances - Category of classification

	30 June 2024 (Un-audited)	
	Outstanding amount	Credit loss allowance Held
Domestic		
Performing Stage 1	4,779,834	(243)
Underperforming Stage 2	-	-
Non-Performing Stage 3	96,511	(96,511)
Loss	4,876,345	(96,754)

11	PROPERTY AND EQUIPMENT	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
			----- Rupees in '000 -----	
	Capital work-in-progress	11.1	14,892	24,091
	Property and equipment		<u>682,326</u>	<u>716,632</u>
			<u>697,218</u>	<u>740,723</u>
11.1	Capital work-in-progress			
	Advances to suppliers		<u>14,892</u>	<u>24,091</u>
12	RIGHT-OF-USE ASSETS			
	Buildings			
	At 01 January			
	Cost		494,434	494,434
	Accumulated Depreciation		<u>(107,048)</u>	<u>(51,664)</u>
	Net Carrying amount at 01 January		<u>387,386</u>	<u>442,770</u>
	Depreciation Charge for the period / year		<u>(27,692)</u>	<u>(55,384)</u>
	Net Carrying amount at the end of the period / year		<u>359,694</u>	<u>387,386</u>
13	DEFERRED TAX ASSETS			
	Deductible Temporary Differences on			
	- Deficit on revaluation of investments		2,817	5,156
	- Accelerated tax depreciation		(46,294)	40,364
	- Workers' Welfare Fund		258,767	209,375
			<u>215,290</u>	<u>254,895</u>
	Taxable Temporary Differences on			
	- Post retirement employee benefits		(36,436)	(36,436)
			<u>178,854</u>	<u>218,459</u>
14	OTHER ASSETS			
	Income / Mark-up accrued in local currency		285,519	425,772
	Income / Mark-up accrued in foreign currency		29,543	13,020
	Advances, deposits, advance service charges / rent and other prepayments		52,895	72,607
	Advance taxation (payments less provisions)		1,393,112	1,301,438
	Receivable from defined benefit plan		35,471	55,803
	Acceptances		544,370	713,103
	Others		10,423	14,270
			<u>2,351,333</u>	<u>2,596,013</u>
	Less: Credit loss allowance held against other assets	14.1	<u>(4,674)</u>	<u>(4,674)</u>
			<u>2,346,659</u>	<u>2,591,339</u>
14.1	Credit loss allowance held against other assets			
	Advances, deposits, advance rent & other prepayments		<u>4,674</u>	<u>4,674</u>
15	BILLS PAYABLE			
	In Pakistan		<u>2,296,975</u>	<u>832,304</u>

16 DEPOSITS AND OTHER ACCOUNTS

	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Non-Remunerative						
Current deposits	13,789,147	3,237,771	17,026,918	18,777,805	3,371,169	22,148,974
Others	1,079,753	-	1,079,753	562,427	-	562,427
Remunerative						
Savings deposits	20,595,853	66	20,595,919	9,389,472	213	9,389,685
Term deposits	6,050,000	-	6,050,000	4,330,000	-	4,330,000
	41,514,753	3,237,837	44,752,590	33,059,704	3,371,382	36,431,086
Financial Institutions						
Non-remunerative deposits - inter branch	2,896	-	2,896	496	-	496
	41,517,649	3,237,837	44,755,486	33,060,200	3,371,382	36,431,582

17 LEASE LIABILITIES

	Note	30 June	31 December
		2024 (Un-audited)	2023 (Audited)
----- Rupees in '000 -----			
Outstanding amount at the start of the year		468,322	479,598
Lease payments including interest		(40,445)	(73,535)
Interest expense		30,603	62,259
Outstanding amount at the end of the year		458,480	468,322
Liabilities Outstanding			
Not later than one year		17,845	20,230
Later than one year and upto five years		160,522	150,053
Over five years		280,114	298,038
Total at the year end		458,480	468,322

18 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency		87,576	33,368
Unearned commission and income on bills discounted		42,280	50,473
Accrued expenses		420,226	364,631
Acceptances		544,370	713,103
Dividends received for Custodial clients		40,792	31,241
Marked to market loss on forward foreign exchange contracts		-	20
Payable to Deutsche Bank Singapore		-	6,195
Unremitted head office expenses		5,995,472	5,884,649
Credit loss allowance against off-balance sheet obligations	18.1	3,242	6,121
Workers Welfare Fund		486,590	427,295
Others		165,944	214,901
		7,786,492	7,731,997

18.1 Credit loss allowance against off-balance sheet obligations

Opening balance		6,121	6,121
Impact of adoption of IFRS 9		(272)	-
Charge for the period / year		-	-
Reversals		(2,607)	-
		(2,607)	-
Closing balance		3,242	6,121

19 DEFICIT ON REVALUATION OF ASSETS

Deficit on revaluation of:			
- FVOCI securities - debt		(5,747)	-
- Available for sale securities		-	(10,522)
Deferred tax on deficit on revaluation of:			
- FVOCI securities - debt		2,816	-
- Available for sale securities		-	5,156
		(2,931)	(5,366)

20 CONTINGENCIES AND COMMITMENTS

-Guarantees	20.1	12,820,596	13,761,195
-Commitments	20.2	29,045,588	20,547,832
		41,866,184	34,309,027

20 CONTINGENCIES AND COMMITMENTS	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
----- Rupees in '000 -----			
20.1 Guarantees			
Financial guarantees		<u>12,820,596</u>	<u>13,761,195</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		4,233,061	6,246,964
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	-	25,108
- forward lending	20.2.2	24,804,919	14,267,267
Commitments for acquisition of:			
- operating fixed assets		7,608	8,493
Forward sale of investments		-	-
		<u>29,045,588</u>	<u>20,547,832</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		-	25,108
The maturities of above contracts are spread over a period of six months.			
20.2.2 Commitments in respect of forward lending			
These represent commitments that are revocable because these can be withdrawn at the discretion of the bank.			
20.3 Other contingent liabilities			
The Pakistan Operations has Rs. 557 million as contingent tax liabilities (December 31, 2023: Rs. 557 million). During 2023, the Commissioner Appeals (CIRA) passed appellate order filed against the amended assessment order for tax year 2017. The CIRA remanded back disallowances of head office expenses and depreciation, which had created a contingency of Rs. 357 million and decided various other issues in the same appellate order in favor of the bank reversing contingencies of Rs. 5 million. Other contingencies majorly include those for tax year 2012, 2013 and 2016. Primarily, these are disallowances made for unrealized exchange losses, mark up interest accrued and interest on loans to employees. The Pakistan Operations has filed appeals before the appellate forums against these amended assessment orders, where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. On the other hand, where the appellate authorities have not allowed relief, appeals are filed before higher appellate forums. The Pakistan Operations is vigorously contesting at different fora and confident that no additional liabilities would arise.			
21 MARK-UP / RETURN / INTEREST EARNED		Six months period ended 30 June 2024 (Un-audited)	Six months period ended 30 June 2023 (Un-audited)
----- Rupees in '000 -----			
On:			
Loans and advances		557,259	503,655
Investments		470,853	948,493
Lendings to financial institutions		3,751,710	2,906,514
Balances with banks		50,968	64,017
Others		119	12
		<u>4,830,909</u>	<u>4,422,691</u>
21.1 Interest income recognised on:			
Financial assets measured at amortised cost		4,360,056	3,474,198
Financial assets measured at FVOCI		470,853	948,493
		<u>4,830,909</u>	<u>4,422,691</u>
22 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		1,689,386	1,649,692
Borrowings		-	1
Finance cost of lease liability		30,603	31,266
		<u>1,719,989</u>	<u>1,680,959</u>
23 FEE & COMMISSION INCOME			
Commission on trade		143,600	104,559
Commission on guarantees		34,068	36,898
Commission on cash management		1,372	1,890
Commission on remittances including home remittances		159	146
Commission on custodial services		58,107	18,292
		<u>237,306</u>	<u>161,785</u>

	Six months period ended 30 June 2024 (Un-audited)	Six months period ended 30 June 2023 (Un-audited)
Note	----- Rupees in '000 -----	
24 GAIN ON SECURITIES		
Realised gain	24.1 <u>390</u>	<u>-</u>
24.1 Realised gain on:		
Federal Government Securities	<u>390</u>	<u>-</u>
25 OTHER (LOSS) / INCOME		
(Loss) / gain on sale of fixed assets - net	(1,197)	1,481
Gain on sale of securities - net	-	5,829
Prior years refunds on utilities costs	661	-
Others	<u>(536)</u>	<u>7,310</u>
26 OPERATING EXPENSES		
Total compensation expense	366,582	335,528
Property expense		
Rent & taxes	651	37,202
Insurance	5,700	6,054
Utilities cost	8,833	9,987
Security (including guards)	6,835	4,557
Repair & maintenance (including janitorial charges)	21,872	15,409
Depreciation	27,473	5,893
Depreciation on right-of-use assets	<u>27,692</u>	<u>27,692</u>
	99,056	106,794
Information technology expenses		
Software maintenance	4,502	1,005
Hardware maintenance	30,398	9,724
Depreciation	21,419	9,863
Network charges	<u>17,923</u>	<u>14,296</u>
	74,242	34,888
Other operating expenses		
Legal & professional charges	16,344	7,827
Outsourced services costs	54,277	35,767
Travelling & conveyance	1,955	4,005
NIFT clearing charges	284	745
Depreciation	22,892	8,548
Training & development	44	463
Postage & courier charges	1,356	864
Communication	2,193	3,851
Head office / regional office expenses	301,468	264,493
Stationery & printing	13,186	18,364
Marketing, advertisement & publicity	612	273
Auditors Remuneration	4,325	1,535
Others	<u>3,391</u>	<u>6,776</u>
	422,327	353,511
	<u>962,207</u>	<u>830,721</u>
27 OTHER CHARGES		
Others	-	2
	<u>-</u>	<u>2</u>
28 REVERSALS OF CREDIT LOSS ALLOWANCE		
Credit loss allowance against loans & advances	(2,439)	-
Credit loss allowance against off-balance sheet obligations	<u>(2,607)</u>	<u>-</u>
	<u>(5,046)</u>	<u>-</u>
29 TAXATION		
Current	1,491,183	1,241,610
Deferred	37,264	(69,016)
	<u>1,528,447</u>	<u>1,172,594</u>

30 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.

30.1 Fair value of financial assets

The Pakistan Operations measures fair values using the following fair value hierarchy that reflects the significance of the input 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 2024 (Un-audited)			
	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	-	8,343,442	-	8,343,442
Off-balance sheet financial instruments measured at fair value				
Forward purchase of foreign exchange	-	-	-	-
	31 December 2023 (Audited)			
	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	-	14,787,480	-	14,787,480
Off-balance sheet financial instruments measured at fair value				
Forward purchase of foreign exchange	-	25,088	-	25,088

30.2 Valuation techniques used in determination of fair values:

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

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

31 SEGMENT INFORMATION

31.1 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

Investment Bank

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

Infrastructure and Regional Management

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

	Six months period ended 30 June 2024 (Un-audited)			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(1,135,978)	(980)	4,247,878	3,110,920
Inter segment revenue - net	3,426,445	(6,667)	(3,419,778)	-
Non mark-up / return / interest income	266,399	480,432	56,104	802,935
Total Income	2,556,866	472,785	884,204	3,913,855
Segment direct expenses	(366,671)	(54,153)	(600,678)	(1,021,502)
Inter segment expense allocation	(351,895)	(77,841)	429,736	-
Total expenses	(718,566)	(131,994)	(170,942)	(1,021,502)
Reversals / (Provisions)	5,046	-	-	5,046
Profit before tax	1,838,300	340,791	713,262	2,897,399
	30 June 2024 (Un-audited)			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	15,455,445	15,455,445
Net inter segment lending	41,862,358	-	-	41,862,358
Lendings to financial institutions	-	-	37,000,000	37,000,000
Investments	-	-	8,343,442	8,343,442
Advances - performing	4,787,589	-	-	4,787,589
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	1,161,088	-	2,421,337	3,582,425
Total Assets	47,803,037	-	63,220,224	111,023,261
Borrowings	-	-	-	-
Deposits & other accounts	44,752,590	-	2,896	44,755,486
Net inter segment borrowing	-	-	41,862,358	41,862,358
Others	3,056,035	-	7,485,912	10,541,947
Total liabilities	47,808,625	-	49,351,166	97,159,791
Equity	-	-	13,863,470	13,863,470
Total Equity & liabilities	47,808,625	-	63,214,636	111,023,261
Contingencies & Commitments	41,858,576	-	7,608	41,866,184

	Six months period ended 30 June 2023 (Un-audited)			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up / return	(1,157,021)	62,083	3,836,670	2,741,732
Inter segment revenue - net	3,166,707	(675)	(3,166,032)	-
Non mark-up / return / interest income	174,366	405,656	22,460	602,482
Total Income	2,184,052	467,064	693,098	3,344,214
Segment direct expenses	(324,567)	(22,343)	(534,491)	(881,401)
Inter segment expense allocation	(267,466)	(33,962)	301,428	-
Total expenses	(592,033)	(56,305)	(233,063)	(881,401)
Reversals / (Provisions)	-	-	-	-
Profit before tax	1,592,019	410,759	460,035	2,462,813
	31 December 2023 (Audited)			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	-	-	16,738,495	16,738,495
Net inter segment lending	29,001,696	-	-	29,001,696
Lendings to financial institutions	-	-	17,397,321	17,397,321
Investments	-	-	14,787,480	14,787,480
Advances - performing	7,979,803	-	-	7,979,803
- non-performing	96,511	-	-	96,511
- provision against advances	(104,509)	-	-	(104,509)
Others	1,124,194	-	2,813,713	3,937,907
Total Assets	38,097,695	-	51,737,009	89,834,704
Borrowings	-	-	-	-
Deposits & other accounts	36,431,085	-	497	36,431,582
Net inter segment borrowing	-	(20)	29,001,716	29,001,696
Others	1,666,610	20	7,365,993	9,032,623
Total liabilities	38,097,695	-	36,368,206	74,465,901
Head office account (Equity)	-	-	15,368,803	15,368,803
Total Equity & liabilities	38,097,695	-	51,737,009	89,834,704
Contingencies & Commitments	34,275,426	25,108	8,493	34,309,027

32 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 2024 (Un-audited)			31 December 2023 (Audited)		
	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	2,464,404	-	-	2,604,761	-	-
Advances						
Opening balance	-	10,103	-	-	34,775	-
Addition during the period	-	-	-	-	5,117	-
Repaid during the period	-	(5,410)	-	-	(6,578)	-
Transfer in / (out) - net	-	(2,647)	-	-	(23,211)	-
Closing balance	-	2,046	-	-	10,103	-
Other Assets						
Receivable from staff retirement	-	-	55,803	-	-	55,803
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Settled during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	496	8,027	9,966	423	2,079	31,485
Received during the period	2,400	70,415	244,417	5,012	131,152	1,381,655
Withdrawn during the period	-	(64,815)	(190,553)	(4,938)	(128,487)	(1,403,174)
Transfer in / (out) - net	-	(5,142)	-	-	3,283	-
Closing balance	2,896	8,485	63,830	496	8,027	9,966
Other Liabilities						
Other liabilities	5,995,472	-	-	5,884,649	-	-
Contingencies and Commitments						
Other contingencies	3,971,589	-	-	4,482,520	-	-

	Six months period ended			
	30 June 2024 (Un-audited)		30 June 2023 (Un-audited)	
	Head office and branches	Key management personnel	Head office and branches	Key management personnel
----- (Rupees in '000) -----				
Income				
Mark-up / return / interest earned	41,413	45	55,449	425
Expense				
Mark-up / return / interest paid	-	487	-	-
Operating expenses	147,665	42,575	264,493	59,704

2024
(Un-audited) 2023
(Audited)
----- (Rupees in '000) -----

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 13,841,832 15,334,763

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	13,841,832	15,334,763
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	13,841,832	15,334,763
Eligible Tier 2 Capital	9,233	14,119
Total Eligible Capital (Tier 1 + Tier 2)	13,851,065	15,348,882

Risk Weighted Assets (RWAs):

Credit Risk	14,361,917	15,776,672
Market Risk	137,562	123,705
Operational Risk	8,557,996	8,557,996
Total	23,057,475	24,458,373

Common Equity Tier 1 Capital Adequacy Ratio 60.03% 62.70%

Tier 1 Capital Adequacy Ratio 60.03% 62.70%

Total Capital Adequacy Ratio 60.07% 62.76%

Leverage Ratio (LR):

Eligible Tier-1 Capital	13,841,832	15,334,763
Total Exposure	88,068,712	87,648,999
Leverage Ratio	15.72%	17.50%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	43,206,210	40,219,051
Total Net Cash Outflow	13,550,875	12,776,366
Liquidity Coverage Ratio	319%	315%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	37,878,495	37,205,116
Total Required Stable Funding	13,707,222	13,818,088
Net Stable Funding Ratio	276%	269%

34 GENERAL

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

35 DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on 29 August, 2024.

Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan