

Deutsche Bank AG Colombo Branch

Interim Financial Statements

For the six months ended 30 June 2023

Deutsche Bank AG - Colombo Branch Income Statement

In Rupees Thousands

	Current Period From 01/01/23 to 30/06/23	Previous Period From 01/01/22 to 30/06/22	Change %
Interest income	4,225,783	2,144,901	97
Less : Interest expenses	169,523	220,835	(23)
Net interest income	4,056,260	1,924,066	111
Fee and commission income	428,125	274,307	56
Less : Fee and commission expenses	41,284	16,209	155
Net fee and commission income	386,841	258,098	50
Net gains / (losses) from trading	1,417,465	883,527	60
Net fair value gains/(losses) on:			
Financial assets at fair value through profit or loss	526,023	-	100
Financial liabilities at fair value through profit or loss	-	-	-
Net gains from derecognition of financial assets:			
At fair value through profit or loss	-	-	-
At amortised cost	-	-	-
Net fair value gains/(losses) on at fair value through other comprehensive income	-	-	-
Net other operating income	121,932	(1,156,314)	111
Total operating income	6,508,521	1,909,377	241
Less : Impairment charges / (reversal)	14,214	1,216,390	(99)
Net operating Income	6,494,307	692,987	
Less : Expenses			
Personnel expenses	296,916	266,473	11
Depreciation and amortization	68,953	49,208	40
Other operating expenses	1,093,930	737,012	48
Operating profit/(loss) before VAT on financial services and SSCL	5,034,508	(359,706)	1,500
Less : Value Added Tax (VAT) on financial services	781,750	-	100
Less : Social Security Contribution Levy (SSCL) on financial services	108,576	-	100
Profit / (Loss) before Income Tax	4,144,182	(359,706)	1,252
Less : Income tax expenses	1,521,105	(110,717)	1,474
Profit / (Loss) for the period	2,623,077	(248,989)	1,153

Deutsche Bank AG - Colombo Branch

Statement of Profit or Loss and Other Comprehensive Income

In Rupees Thousands

	Current Period From 01/01/23 to 30/06/23	Previous Period From 01/01/22 to 30/06/22	Change %
Profit/ (Loss) for the period	2,623,077	(248,989)	1,153
Items that will be reclassified to income statement			
Exchange differences on translation of foreign operations	-	-	-
Net gains/(losses) on cash flow hedges	-	-	-
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-
Share of profits of associates and joint ventures	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-
Less: Tax expense relating to items that will be reclassified to income statement	-	-	-
	-	-	-
Items that will not be reclassified to income statement			
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	-	-	-
Change in fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-
Re-measurement of post-employment benefit obligations	-	-	-
Changes in revaluation surplus	-	-	-
Share of profits of associates and joint ventures	-	-	-
Gain/(loss) on translating the Financial Statements of FCBU	(985,189)	2,594,691	(138)
Less: Tax expense relating to items that will not be reclassified to income statement	-	-	-
	(985,189)	2,594,691	(138)
Other Comprehensive Income (OCI) for the period, net of taxes	(985,189)	2,594,691	(138)
Total Comprehensive Income/ (Expense) for the period	1,637,888	2,345,702	(30)

Deutsche Bank AG - Colombo Branch
Statement of Financial Position

In Rupees Thousands

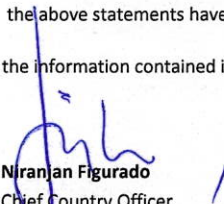
	Current Period As at 30-06-2023	Previous Period As at 31-12-2022 (Audited)	Growth %
Assets			
Cash and cash equivalents	1,658,075	13,452,453	(88)
Balances with Central Bank	16,215,731	17,868,618	(9)
Placement with banks	14,454,540	-	100
Placement with branches	1,010,330	6,101,049	(83)
Derivative financial instruments	53,132	48,544	9
Group balances receivable	2,015,819	1,195,941	69
Financial assets measured at fair value through profit or loss			
- measured at fair value	7,813,992	-	100
- designated at fair value	-	-	-
Financial assets at amortised cost			
- loans and advances	23,532,664	26,839,736	(12)
- debt and other instruments	-	7,547,678	(100)
Financial assets measured at fair value through other comprehensive income	42,339	42,339	-
Investments in subsidiaries	-	-	-
Investments in associates and joint ventures	-	-	-
Property, plant & equipment	655,768	699,868	(6)
Investment properties	-	-	-
Goodwill and intangible assets	-	-	-
Deferred tax assets	56,028	41,246	36
Other assets	1,852,229	1,565,168	18
Total assets	69,360,647	75,402,640	(8)
Liabilities			
Due to banks	-	3,013	(100)
Due to branches	461,320	8,044,569	(94)
Derivative financial instruments	118,340	90,366	31
Financial liabilities recognized through profit or loss			
- measured at fair value	-	-	-
- designated at fair value	-	-	-
Financial liabilities at amortised cost			
- due to depositors	38,737,488	38,856,513	(0)
- due to debt securities holders	-	-	-
- due to other borrowers	-	-	-
Debt securities issued	-	-	-
Retirement benefit obligations	72,328	73,686	(2)
Current tax liabilities	1,558,588	1,259,992	24
Other provisions	-	-	-
Other liabilities	1,377,417	2,059,748	(33)
Due to Subsidiaries	-	-	-
Group balances payable	1,348,988	774,771	74
Total liabilities	43,674,469	51,162,658	(15)
Equity			
Stated capital /Assigned capital	4,410,461	4,410,461	-
Statutory reserve fund	963,823	963,823	-
Retained earnings	8,916,577	6,419,206	39
Other reserves	11,395,317	12,446,492	(8)
Total equity	25,686,178	24,239,982	6
Total equity & liabilities	69,360,647	75,402,640	(8)
Contingent liabilities & commitments	76,625,515	89,321,905	(14)
Memorandum information:			
No. of employees	56	59	
No. of branches	1	1	

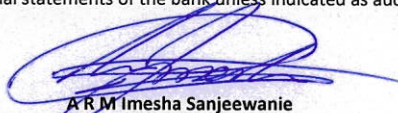
Note: Amounts stated are net of impairment & depreciation.

Certification

We, the undersigned, being the Chief Country Officer and Head of Finance of Deutsche Bank AG, Sri Lanka certify jointly that:-

- (A) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka
- (B) the information contained in these statements have been extracted from un-audited financial statements of the bank unless indicated as audited.


Niranjan Figurado
 Chief Country Officer
 18.08.2023
 Colombo


A R M Imesha Sanjeewanie
 Head of Finance

**Deutsche Bank AG - Colombo Branch
Statement of Changes in Equity**

In Rupees Thousands	Stated capital/Assigned capital				Reserves				Total equity		
	Ordinary voting shares	Ordinary non-voting shares	Assigned capital	Statutory Reserve Fund	Fair Value Reserve	ECL reserve	Retained earnings	Exchange equalization of Capital		Exchange equalization of Reserves	Reserve through contributed assets
Balance as at 31/12/2022-Audited	-	-	4,410,461	963,823	(22,703)	265,328	6,419,206	1,861,562	1,632,736	8,709,569	24,239,982
Total comprehensive income for the period											
Profit/(loss) for the year (net of tax)	-	-	-	-	-	-	2,623,077	-	-	-	2,623,077
Changes in fair value of FVTOCI	-	-	-	-	-	-	-	-	-	-	-
ECL Reserve	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain in defined benefits plans	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on translating the Financial statement FCBU	-	-	-	-	-	-	-	(434,980)	(550,209)	-	(985,189)
Tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	2,623,077	(434,980)	(550,209)	-	1,637,888
Transactions recognised directly in equity											
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Transfers to ECL reserve during the year	-	-	-	-	-	(65,986)	65,986	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to Head Office	-	-	-	-	-	-	(191,692)	-	-	-	(191,692)
Gain / (loss) on revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30/06/2023	-	-	4,410,461	963,823	(22,703)	199,342	8,916,577	1,426,582	1,082,527	8,709,569	25,686,178

Deutsche Bank AG - Colombo Branch
Statement of Cash Flows

	Current Period 30-06-2023 Rs. '000	Previous Period 30-06-2022 Rs. '000
<u>Cash flows from operating activities</u>		
Profit / (Loss) before tax	4,144,182	(359,706)
Adjustment for;		
Non cash items included in profit before tax	325,592	1,810,719
Change in operating assets	(5,289,831)	(10,819,392)
Change in operating liabilities	(8,538,586)	14,278,998
Dividend income	-	-
Net unrealised gain/(loss) from translation of Financial statements of Foreign Operation	(985,189)	-
Cash generated from operating activities	(10,343,832)	4,910,619
Contribution paid to defined benefit plans	(1,358)	-
Income tax paid	(1,237,291)	(126,725)
Net cash from / (used in) operating activities	(11,582,481)	4,783,894
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(20,205)	(8,342)
Proceeds from the sale of property, plant and equipment	-	-
Dividend received from investments	-	-
Net cash from / (used in) investing activities	(20,205)	(8,342)
<u>Cash flows from financing activities</u>		
Profit transferred to head office	(191,692)	-
Net cash from / (used in) financing activities	(191,692)	-
Net increase/ (decrease) in cash & cash equivalents	(11,794,378)	4,775,552
Cash and cash equivalents at the beginning of the period	13,452,453	156,558
Cash and cash equivalents at the end of the period	1,658,075	4,932,110

Deutsche Bank AG - Colombo Branch
Additional Disclosures

In Rupees Thousand	Current Period As at 30-06-2023	Previous Period As at 31-12-2022 (Audited)
ANALYSIS OF CUSTOMER DEPOSITS		
<u>By product – Domestic currency</u>		
Demand deposits (current accounts)	14,345,081	15,755,415
Savings deposits	8,194,471	6,517,770
Fixed deposits	4,565,457	3,299,450
Margin deposits	80,115	62,598
Sub total	27,185,124	25,635,233
<u>By product – Foreign currency</u>		
Demand deposits (current accounts)	9,668,500	9,905,718
Savings deposits	190,639	1,511,836
Fixed deposits	1,693,225	488,348
Margin deposits	-	1,315,378
Sub total	11,552,364	13,221,280
Total	38,737,488	38,856,513
ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT		
<u>Product-wise Gross loans & advances</u>		
<u>By product – Domestic currency</u>		
Overdrafts	15,432,848	13,528,205
Trade finance	2,763,552	3,146,848
Staff loans	101,062	100,573
Supplier Finance	2,532,199	3,613,534
Sub total	20,829,661	20,389,160
<u>By product – Foreign currency</u>		
Overdrafts	2,068,209	4,125,814
Trade finance	643,060	2,260,817
Staff loans	-	-
Supplier Finance	5,344	88,239
Sub total	2,716,613	6,474,870
Total	23,546,274	26,864,030
<u>Product-wise commitments and contingencies</u>		
<u>By product – Domestic currency</u>		
Guarantees	12,293,646	11,890,349
Letters of credit	257,111	1,065,936
Forward exchange contracts	3,692,657	-
Usance Import Bills	-	140,456
Core acceptance	-	-
Other commitments	-	-
Undrawn loan commitments	20,420,505	12,610,111
Sub total	36,663,919	25,706,852
<u>By product – Foreign currency</u>		
Guarantees	22,307,950	30,985,085
Letters of credit	1,629,013	4,204,115
Forward exchange contracts	3,745,950	13,522,742
Usance Import Bills	649,163	2,365,453
Core acceptance	-	-
Other commitments	-	-
Undrawn loan commitments	11,629,520	12,537,658
Sub total	39,961,596	63,615,053
Total	76,625,515	89,321,905

In Rupees Thousand	Current Period As at 30-06-2023	Previous Period As at 31-12-2022 (Audited)
<u>Stage-wise impairment on loans & advances, commitments and contingencies</u>		
Gross loans and advances, commitments and contingencies	100,171,789	116,185,935
Less: Accumulated impairment under stage 1	20,785	44,363
Accumulated impairment under stage 2	26,267	38,904
Accumulated impairment under stage 3	-	-
Net value of loans and advances, commitments and contingencies	100,124,737	116,102,668
Movement of impairment during the period		
Under Stage 1		
Opening balance at 01/01/2023	44,363	21,607
Charge/(write back) to the Income Statement	(23,578)	22,756
Write-off during the year	-	-
Closing balance at 30/06/2023	20,785	44,363
Under Stage 2		
Opening balance at 01/01/2023	38,904	-
Charge/(write back) to the Income Statement	(12,637)	38,904
Write-off during the year	-	-
Closing balance at 30/06/2023	26,267	38,904
Under Stage 3		
Opening balance at 01/01/2023	-	-
Charge/(write back) to the Income Statement	-	-
Other movements	-	-
Closing balance at 30/06/2023	-	-
Total impairment	47,052	83,267

Deutsche Bank AG - Colombo Branch
Analysis of Financial Instruments on Measurement Basis

a. Bank - Current period 30/06/2023

In Rupees Thousand	AC	FVPL	FVTOCI	Total
ASSETS				
Cash and cash equivalents	1,658,075	-	-	1,658,075
Balances with central bank	16,215,731	-	-	16,215,731
Placements with banks	14,454,540	-	-	14,454,540
Placements with branches	1,010,330	-	-	1,010,330
Derivative financial instruments	-	53,132	-	53,132
Group balances receivables	2,015,819	-	-	2,015,819
Financial assets measured at fair value through profit or loss	-	7,813,992	-	7,813,992
Financial assets at amortised cost				
- loans and advances	23,532,664	-	-	23,532,664
- debt and other instruments	-	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	42,339	42,339
Other assets	1,852,229	-	-	1,852,229
Total financial assets	60,739,388	7,867,124	42,339	68,648,851
LIABILITIES				
Due to banks	-	-	-	-
Due to branches	-	461,320	-	461,320
Derivative financial instruments	-	-	118,340	118,340
Financial liabilities at amortised cost				
- due to depositors	-	38,737,488	-	38,737,488
- due to debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Group balances payable	-	1,348,988	-	1,348,988
Other liabilities	-	346,479	-	346,479
Total financial liabilities		40,894,275	118,340	41,012,615

AC - Financial assets/liabilities measured at amortised cost

FVPL - Financial assets/liabilities measured at fair value through profit or loss

FVOCI - Financial assets measured at fair value through other comprehensive income

b. Bank - Previous period 31/12/2022

In Rupees Thousand	AC	FVPL	FVTOCI	Total
ASSETS				
Cash and cash equivalents	13,452,453	-	-	13,452,453
Balances with central bank	17,868,618	-	-	17,868,618
Placements with banks	-	-	-	-
Placements with branches	6,101,049	-	-	6,101,049
Derivative financial instruments	-	48,544	-	48,544
Group balances receivables	1,195,941	-	-	1,195,941
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets at amortised cost				
- loans and advances	26,839,736	-	-	26,839,736
- debt and other instruments	7,547,678	-	-	7,547,678
Financial assets measured at fair value through other comprehensive income	-	-	42,339	42,339
Other assets	1,565,168	-	-	1,565,168
Total financial assets	74,570,643	48,544	42,339	74,661,526
LIABILITIES				
Due to banks	-	3,013	-	3,013
Due to branches	-	8,044,569	-	8,044,569
Derivative financial instruments	-	-	90,366	90,366
Financial liabilities at amortised cost				
- due to depositors	-	38,856,513	-	38,856,513
- due to debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Group balances payable	-	774,770	-	774,770
Other liabilities	-	604,905	-	604,905
Total financial liabilities		48,283,770	90,366	48,374,136

Deutsche Bank AG - Colombo Branch

Selected Performance Indicators

	Current Period	Previous Period
	As at 30-06-2023	As at 31-12-2022
Regulatory Capital (LKR in Millions)		
Common Equity Tier 1	18,213	20,446
Tier 1 Capital	18,213	20,446
Total Capital	18,224	20,464
Regulatory Capital Ratios (%)		
Common Equity Tier I Capital Ratio (Minimum requirement - 6.50%)	27.34%	35.71%
Tier I Capital Ratio (Minimum requirement - 8.50%)	27.34%	35.71%
Total Capital Ratio (Minimum requirement - 12.50%)	27.36%	35.75%
Leverage Ratio (Minimum Requirement- 3%)	20.21%	20.47%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)		
Domestic Banking unit	27,910	36,853
Off-Shore Banking unit	11,076	10,336
Statutory Liquid Assets Ratio (Minimum requirement 20%)		
Domestic Banking unit (%)	75.01%	94.78%
Off-Shore Banking unit (%)	78.78%	68.26%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	23,589	17,049
Liquidity Coverage Ratio (Minimum requirement - 100%)		
Rupee (%)	966.63%	825.46%
All Currency (%)	680.45%	312.01%
Net Stable Funding Ratio (%) (Minimum requirement - 100%)	184.00%	144.00%
Assets Quality (Quality of Loan Portfolio (%))		
Impaired Loans (Stage 3) ratio	0.00%	0.00%
Impairment (stage 3) to stage 3 loans ratio	0.00%	0.00%
Profitability (%)		
Interest Margin	11.07%	7.60%
Return on Assets (before Tax)	11.31%	6.64%
Return on Equity	20.91%	17.26%

Notes :

- These Financial Statements are prepared in accordance with LKAS 34 - Interim Financial Reporting laid down by the Institute of Chartered Accountants of Sri Lanka. There were no changes to Accounting Policies and methods of computation since the Audited Financial Statements for the year ended 31 December 2022.
- Inter-Entity Payable of LKR 504 Mn classified as funds available for capitalization and CBSL approval to be received for the same.
- The bank continues to assess the Economic Factor Adjustment (EFA) to reflect the economic environment when assessing collective impairment provisions in the subsequent periods. The recommended treatments as per the guidelines issued by the Central Bank of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka were considered in assessing the above-mentioned Expected Credit Losses (ECL).
- There was no pending litigation of a material nature against the Branch.
- All known expenses have been provided in these Interim Financial Statements.
- No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the financial statements.