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

Financial statements for the year ended 31 December 2024

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INDEPENDENT AUDITORS' REPORT

To the Directors of Deutsche Bank AG, Pakistan Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Deutsche Bank AG, Pakistan Operations (the Pakistan Operations), which comprise the statement of financial position as at 31 December 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, along with notes to the financial statements including a summary of material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Pakistan Operation's affairs as at 31 December 2024 and of the income, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank (The Pakistan operations) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Pakistan Operation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Pakistan operations or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Pakistan Operation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pakistan Operation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pakistan Operation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pakistan Operation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

   a) proper books of account have been kept by the Pakistan Operation as required by the Companies Act, 2017 (XIX of 2017);

   b) the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flow (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

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c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Pakistan Operation and the transactions of the Pakistan Operation which have come to our notice have been within the powers of the Pakistan Operation; and

d) No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Pakistan Operations and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Pakistan Operations.

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 28 March 2025

UDIN Number: AR202410120kfrSL2Cyt

Deutsche Bank AG, Pakistan Operations

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

Statement of Financial Position

As at 31 December 2024

	Note	2024	2023
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury bank	5	**13,698,435**	14,125,650
Balances with other banks	6	**1,977,797**	2,612,845
Lendings to financial institutions	7	**44,982,510**	17,397,321
Investments	8	**1,993,678**	14,787,480
Advances	9	**2,993,065**	7,971,805
Property and equipment	10	**616,268**	740,723
Right-of-use assets	11	**332,002**	387,386
Intangible assets		**-**	-
Deferred tax assets	12	**290,360**	218,459
Other assets	13	**2,318,183**	2,591,339
		69,202,299	60,833,008
LIABILITIES			
Bills payable	14	**806,811**	832,304
Borrowings		**-**	-
Deposits and other accounts	15	**44,938,069**	36,431,582
Lease liabilities	16	**448,092**	468,322
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	17	**8,291,104**	7,731,997
		54,484,076	45,464,205
NET ASSETS		**14,718,224**	15,368,803
REPRESENTED BY			
Head office capital account	18	**9,297,617**	9,984,045
Reserves		**-**	-
Surplus / (Deficit) on revaluation of assets	19	**656**	(5,366)
Unremitted profit		**5,419,951**	5,390,124
		14,718,224	15,368,803
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 43 form an integral part of these annual 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)

Profit and Loss Account

For the year ended 31 December 2024

	Note	2024	2023
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	21	**9,367,161**	8,746,501
Mark-up / return / interest expensed	22	**(3,562,085)**	(2,569,962)
Net mark-up / interest income		**5,805,076**	6,176,539
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	**543,930**	356,282
Dividend income		**-**	-
Foreign exchange income or (loss)		**1,180,221**	998,820
Income / (loss) from derivatives		**-**	-
Gain / (Loss) on securities	24	**(7,016)**	-
Other income / (loss)	25	**(856)**	914
Total non-markup / interest income		**1,716,279**	1,356,016
Total Income		**7,521,355**	7,532,555
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	26	**(2,049,319)**	(3,144,225)
Workers Welfare Fund		**(110,389)**	(88,331)
Other charges	27	**(17,155)**	(2)
Total non-markup / interest expenses		**(2,176,863)**	(3,232,558)
Profit / (Loss) before credit loss allowance		**5,344,492**	4,299,997
Provisions and write offs - net	28	**846**	-
Extra ordinary / unusual items		**-**	-
PROFIT BEFORE TAXATION		**5,345,338**	4,299,997
Taxation	29	**(2,884,785)**	(2,311,133)
PROFIT AFTER TAXATION		**2,460,553**	1,988,864

The annexed notes 1 to 43 form an integral part of these annual 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)

Statement of Comprehensive Income

For the year ended 31 December 2024

	2024	2023
	----- (Rupees in '000) -----	
Profit after taxation for the year	**2,460,553**	1,988,864
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	**6,022**	(999)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	**3,287**	7,444
Total comprehensive income	**2,469,862**	1,995,309

The annexed notes 1 to 43 form an integral part of these annual 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)

Cash Flow Statement

For the year ended 31 December 2024

	Note	2024	2023
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**5,345,337**	4,299,997
Less: Dividend income		**-**	-
		5,345,337	4,299,997
Adjustments for:			
Depreciation	10.2	**198,390**	175,223
Provisions and write offs - net	24	**846**	-
Reversals in ECLs		**(5,391)**	
Gain on sale of fixed assets - net	25	**1,516**	(914)
Finance costs of lease liability		**60,659**	62,259
		256,020	236,568
		5,601,357	4,536,565
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(27,585,189)**	(8,255,335)
Held-for-trading securities		**-**	-
Advances		**4,986,132**	(2,565,427)
Others assets (excluding advance taxation)		**293,532**	(889,665)
		(22,305,525)	(11,710,427)
Increase / (decrease) in operating liabilities			
Bills payable		**31,063**	(382,436)
Deposits and other accounts		**8,506,487**	(9,585,037)
Other liabilities		**561,107**	3,087,316
		9,098,657	(6,880,157)
Payments against off-balance sheet obligations		**-**	-
Income tax paid		**(3,024,935)**	(2,629,416)
Net cash (used in) operating activities / generated from		**(10,630,446)**	(16,683,435)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in FVOCI securities		**12,795,168**	17,215,564
Net investments in held-to-maturity securities		**-**	-
Dividends received		**-**	-
Investments in operating fixed assets		**(20,678)**	(395,029)
Proceeds from sale of operating fixed assets		**611**	4,985
Net cash generated from / (used in) investing activities		**12,775,101**	16,825,520
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		**(80,889)**	(73,535)
Remittance made to Head office		**(2,439,601)**	
Net cash used in financing activities		**(2,520,490)**	(73,535)
Effects of exchange rate changes on cash and cash equivalents		**(686,428)**	2,249,733
Increase / (decrease) in cash and cash equivalents during the year		**(1,062,264)**	2,318,283
Cash and cash equivalents at beginning of the year		**16,738,495**	14,420,212
Cash and cash equivalents at end of the year	30	**15,676,231**	16,738,495

The annexed notes 1 to 43 form an integral part of these annual financial statements.

Chief Country Officer
Pakistan

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Pakistan

Deutsche Bank AG, Pakistan Operations

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Statement of Changes in Equity

For the year ended 31 December 2024

	Head office capital account Note 18	Surplus (deficit) on revaluation of investments	Unremitted profit	Total
	------- (Rupees in '000) -------			
Opening Balance as at 01 January 2023	7,734,312	(4,367)	3,393,816	11,123,761
Profit after taxation for the year ended 31 December 2023	-		1,988,864	1,988,864
Other comprehensive income - net of tax	-	(999)	7,444	6,445
	-	(999)	1,996,308	1,995,309
Transactions with owners, recorded directly in equity				
Exchange adjustments on revaluation of capital	2,249,733	-	-	2,249,733
Opening Balance as at 01 January 2024	**9,984,045**	**(5,366)**	**5,390,124**	**15,368,803**
Change in accounting policy as at January 01, 2024 - note 2.5.1.2	**-**	**-**	**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 year ended 31 December 2024	-		2,460,553	2,460,553
Other comprehensive income - net of tax	-	6,022	3,287	9,309
	-	6,022	2,463,840	2,469,862
Transactions with owners, recorded directly in equity				
Remittance made to Head office	-	-	(2,439,601)	(2,439,601)
Exchange adjustments on revaluation of capital	(686,428)	-	-	(686,428)
Closing Balance as at 31 December 2024	**9,297,617**	656	5,419,951	14,718,224

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 Financial Statements
For the year ended 31 December 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 (2023: 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 These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated February 09, 2023.

2.2 The Bank has prepared its financial statements on the basis that it will continue to operate as a going concern

2.3 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Acounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. 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.

2.4 Credit Rating

The credit rating provided by Standard & Poor's on 16 December 2024 is A for long-term and A-1 for short-term, rating by Fitch on 04 February 2025 is A- for long-term and F2 for short-term; and rating by Moody's on 13 November 2024 is A1 for long-term.

2.5 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. Except for IFRS 9, these are either considered not to be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements.

2.5.1 IFRS 9 - Financial Instruments

2.5.1.1 The Bank has adopted IFRS 9 (read with IFRS 9 application instructions issued by SBP) retrospectively with date of initial application as January 01, 2024, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening Unremitted profit and other reserves at the beginning of the current period without restating the comparative figures. Therefore, the comparative information for 2023 is not comparable for 2024. The impact on carrying amounts of the financial assets and liabilities is disclosed in Note 2.6.1.3.

2.5.1.2 Transition disclosures

This note sets out the impact of adopting IFRS 9 on the statement of financial position, unappropriated profit and surplus on revaluation of investments.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with Prudential 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	(118,627)	7,853,178
Other assets	2,566,251			2,566,251	123,944	2,690,195
- 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	7,731,977	-	-	7,731,977	(272)	7,731,705
- Forward foreign exchange contracts	20	20	-	-	-	20
Total Financial Liabilities	**44,995,883**	**20**	**-**	**44,995,863**	**(272)**	**44,995,611**
Net Financial Assets	**14,490,557**	**25,068**	**14,787,480**	**(321,991)**	**5,588**	**14,496,145**

2.5.1.3 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:

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

2.6 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2025:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Lack of exchangeability – Amendments to IAS 21	January 01, 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	January 01, 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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 after)
IFRS 1 - First time adoption of International Financial	January 01, 2004
IFRS 18 - Presentation and Disclosure in Financial	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability:	January 01, 2027

The above standards and amendments are not expected to have any significant impact on Bank's unconsolidated financial statements for future periods, except for IFRS 18.

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for presentation of various items within the statement of profit or loss, including specified totals and subtotals. Narrow-scope amendments have been made to IAS 7, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Bank is currently working to identify all impacts the amendments will have on the unconsolidated financial statements of future period and notes thereto.

2.7 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank’s accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of the accounting policies are as follows:'

- Defined benefit plan (Note 4.11)
- Taxation (Note 4.9)
- Expected credit loss allowance against financial assets (Note 4.2.6).
- Operating fixed assets and depreciation (Note 4.8)
- Leases (Note 4.8)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments and derivative financial instruments, which have been marked to market and are carried at fair value. Staff retirement benefit (pension) is stated at present value.

3.2 Functional and presentation currency

These financial statements are presented in Pak rupees (PKR) which is the Pakistan Operations' functional currency.

4 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year, except as disclosed in Notes 4.1 and 4.15

4.1 Changes in reporting format

The SBP vide BPRD Circular No. 2 dated February 09, 2023 specified the new format for annual financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the year ended December 31, 2024 which has resulted in additional disclosures relating to IFRS 9 and reclassification of Lease liabilities and Right of use assets on the face of Statement of Financial Position out of Property and equipment and Other Liabilities, respectively in these financial statements.

4.2 Financial Instruments - policies applicable from January 01, 2024

Financial instruments carried on the balance sheet include Cash and balances with treasury banks, Balances with other banks, Lendings to financial institutions, Investments, Advances, certain Other assets, Bills payable, Borrowings, Deposits and certain Other liabilities.

4.2.1 Initial recognition

Date of initial recogniition

Advances are recognised when funds are transferred to the customers' accounts. The Bank recognises Deposits and Bills payable when funds are transferred to the Bank. Other financial assets and liabilities, are initially recognised on the trade date. This includes regular way trades.

Initial measurement

On initial recognition, financial assets and financial liabilities at fair value through profit or loss (FVTPL) are initially measured at their fair value. The initial measurement of other financial instruments is based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. Other assets and Other liabilities are measured at the transaction price.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in profit and loss account. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit and loss account when the inputs become observable, or when the instrument is derecognised.

4.2.2 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to intial recognition:
- Financial assets at amortized cost
- Debt instruments at 'fair value through other comprehensive income' FVOCI
- Equity instruments at 'fair value through other comprehensive income' FVOCI
- Financial assets at 'fair value through profit or loss' FVTPL

4.2.2.1 Financial assets at amortised cost

The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below:

a) **Business model assessment**
The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's Board / Board Committees;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Bank’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) **The SPPI test**
As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test. The assessment of SPPI aims to identify whether the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

After initial measurement, these financial assets are subsequently measured at amortized cost.

4.2.2.2 Debt instruments at FVOCI

The Bank applies this new category under IFRS 9 when both of the following conditions

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR and foreign exchange gains and losses are recognised in the profit and loss account.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit and loss account. The accumulated loss recognised in OCI is recycled to the profit and loss account upon derecognition of the assets.

Market value of investment in Government securities is determined based on the relevant PKRV, PKFRV and PKISRV rates / price.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit and loss account.

4.2.2.3 Equity instruments at FVOCI

Upon initial recognition, the Bank may elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 'Equity' under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis and is irrevocable.

Gains and losses on these equity instruments are never recycled to profit and loss account. Dividends are recognised in profit and loss account when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

4.2.2.4 Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or
- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss account. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

4.2.2.5 Financial liabilities at amortised cost

These include Bills payable, Borrowings, Deposits, Subordinated debts and certain items within Other Liabilities.

4.2.3 Derecognition of financial assets

4.2.3.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

4.2.3.2 Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The difference between the carrying value (including impairment) of a financial asset and the consideration received is recognized in profit and loss account.

4.2.4 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in profit or loss account.

4.2.5 Write-offs

Financial assets are written off when there is no realistic prospect of recovery. The amount so written-off is a book entry and does not necessarily prejudice the Bank's right of recovery against the defaulter.

4.2.6 Impairment of financial assets

4.2.6.1 Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Bank’s loan loss impairment method by replacing the incurred loss approach of the local regulations with a forward-looking ECL approach. The Bank has been recording the allowance for expected credit losses for all advances and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

4.2.6.2 The calculation of ECLs

The key elements of ECL calculations are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The Bank assigns a PD to each borrower based on a 21-grade master rating scale for all of the Bank’s exposure. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and amortization.

- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.The Bank estimates LGD based on the history of recovery rates and considers the recovery of any liquid collateral for each group of financial instruments. LGDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. For credit cards and revolving facilities based on past experience and the Bank’s expectations, the period over which the Bank calculates ECL for these products is nine years.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

4.2.6.3 Significant increase in credit risk

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank uses both qualitative and quantitative criteria for determining whether there has been a significant increase in credit risk. These include comparing lifetime PD at the reporting date with the lifetime PD at the initial recognition of the financial asset, a backstop of thirty days past due on the contractual payments, considerable deterioration in the internal or external rating (as the case maybe), moving a customer/facility to the watch list, or the account becoming forborne. However, for certain portfolios, the Bank rebutts 30 days past due presumption based on behavioural analysis of its borrowers.

4.2.6.4 Definition of default

The Bank considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments, except for agricultural loans which are considered defaulted at 365 days past due. The Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

4.2.6.5 Forward looking information

The Bank formulates a base case view of the forecasts of future economic conditions and also takes consideration of Past and current conditions. This process involves developing two different economic scenarios, which represent a range of scenarios linked to GDP growth, CPI and Gross government debt and Unemployment rate.

4.3 Financial instruments - policies applicable before January 01, 2024

4.3.1 Investments

In accordance with the requirements of BSD Circular No. 10 dated 13 July 2004 the investments are classified as follows:

Held to maturity
These securities are with fixed and determinable payments and fixed maturity which are acquired with the intention and ability to hold them up to maturity. These are carried at amortized cost.

Held for trading
These are securities, which are either acquired for generating profit from short-term fluctuation in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit making

Available-for-sale
The securities which are not held for trading and held-to-maturity are classified as available-for-sale (AFS).

The Pakistan Operations designate the classification of securities at the time of acquisition.

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date the Pakistan Operations commit to purchase or sell the investments.

Investments (other than held for trading) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as held for trading are initially measured at fair value, and transaction costs are expensed in the profit and loss account.

Surplus / (deficit) arising on revaluation of securities which are classified as 'available-for-sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of securities which are classified as held for trading is taken to the profit and loss account.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

4.3.2 Advances

Advances are stated net of specific and general provision against loan losses. Specific provision is made for non-performing advances to reduce book value of such advances to their expected realizable value in compliance with the Prudential Regulations of SBP. The Pakistan Operations also establish a general allowance for loan losses to encompass the loss inherent in performing loans based on historical loss experience and country risk. Advances are written-off when there are no realistic prospects of recovery.

4.3.3 Borrowings / deposits

(a) Borrowings / deposits are recorded at the time when the proceeds are received.
(b) Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

4.4 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value is taken to the profit and

4.5 Off setting

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to off-set the recognized amount and the Pakistan Operations intend either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.6 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks and overdrawn nostros.

4.7 Lendings / borrowings (reverse repo / repo)

Purchase under resale agreements
The Pakistan Operations enter into purchase of investments under agreements to resell investments at a certain date in the future at a fixed price. Investments purchased subject to commitment to resell them at the future dates are not recognized. The amounts paid are recognized in lendings to financial institutions. The receivables are shown as collateralized by the underlying security.

Sale under repurchase agreement
Investments sold under repurchase agreements continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy for investments. The proceeds from the sale of the investments are reported in borrowings from financial institutions.

The difference between the purchase / sale and resale / repurchase consideration is recognized on a time proportion basis over the period of the transaction and is included in mark-up / return / interest earned or expensed.

4.8 Operating fixed assets and depreciation

Owned
Operating fixed assets other than capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses (if any). Capital work-in-progress is stated at cost less impairment losses (if any).

Subsequent costs are included in the assets carrying amounts or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Pakistan Operations and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to profit and loss charged to profit and loss account.

Depreciation on fixed assets is charged to income applying the straight-line method from the date the assets are available for use. Gain or loss on disposal is taken to income currently.

Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Pakistan operations mainly lease properties for its operations and recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Pakistan operations' incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Pakistan Operations may elect not to recognise right-of-use assets and lease liabilities for short-term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

4.9 Taxation

Current
Current tax represents the expected tax payable on annual taxable income, based on enacted or substantively enacted tax rates. It also considers adjustments related to prior years. Current tax assets and liabilities are measured at the expected recovery or payment to taxation authorities.

Deferred
Deferred tax is calculated using the balance sheet method for significant temporary differences between asset and liability carrying amounts for financial reporting and tax purposes. It considers expected realization or settlement based on enacted or substantively enacted tax rates. Deferred tax assets are recognized if future taxable profits are likely, but they are reduced if the related tax benefit becomes unlikely to be realized.

4.10 Other provisions

Provisions are recognized when the Pakistan Operations have a legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle obligation and a reliable estimate of amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current

4.11 Staff retirement benefits

Defined benefit plan
The Pakistan Operations operate a funded pension scheme for all of their permanent employees. The costs are determined based on actuarial valuation carried out using the Projected Unit Credit Method. All actuarial gains and losses are recognized outside the profit and loss account in the statement of comprehensive income.

Defined contribution plan
The Pakistan Operations also operate approved provident fund and gratuity fund scheme for all of their permanent employees in respect of which contributions are made to the respective trusts.

4.12 Revenue recognition

(a) Mark - up / return / interest on advances and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark - up is recognised on receipt basis. Mark - up / return / interest on reschedule / restructured loans and advances and investments is recognized as permitted by the

(b) Gain or loss on sale of investments are recognised in profit and loss account in the year in which they arise.

(c) The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

(d) The Pakistan Operations recognises fees earned on transaction-based arrangements at a point in time when the service has been provided to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

4.13 Foreign currencies

4.13.1 Functional and presentation currency

Items included in these unconsolidated financial statements are measured at Pakistan Rupees which is the currency of the primary economic environment in which the Bank operates.

4.13.2 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are valued in rupees at the forward foreign exchange rates applicable to their respective maturities.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

4.14 Segment reporting

A segment is a component of the Pakistan Operations that engages in business activities for which it may earn revenues and incur expenses (including revenue and expense relating to transactions with other component), whose results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available.

Business Segment
A brief description of the products and services offered by different segments of the Bank is given in note 34 to these finar

Geographical segments
The Bank operates only in Pakistan.

4.15 Acceptances

Acceptances comprise of undertakings by the Pakistan Operations to pay bills of exchange drawn on customers. Acceptances are recognized as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset; therefore, commitments in respect of acceptances have been accounted for as financial assets and liabilities.

5	CASH AND BALANCES WITH TREASURY BANKS	Note	2024	2023
			------- (Rupees in '000) -------	
	In hand			
	Local currency		**28,960**	34,924
	Foreign currency		**17,432**	20,790
			46,392	55,714
	With State Bank of Pakistan in			
	Local currency current account	*5.1*	**3,788,613**	3,536,354
	Foreign currency current account	*5.2*	**195,473**	48,897
	Foreign currency deposit account			
	Special cash reserve account	*5.3*	**344,963**	444,496
	Local US Dollar collection account	*5.4*	**28,335**	56,144
	Foreign currency capital account	*18*	**9,297,617**	9,984,045
			13,655,001	14,069,936
	With National Bank of Pakistan in			
	Local currency current account		**-**	-
			13,701,393	14,125,650
	Less: Credit loss allowance held against cash and balances with treasury bar	*5.5*	(2,958)	0
	Cash and balances with treasury banks - net of credit loss allowance		**13,698,435**	14,125,650

5.1 This represents current account maintained with State Bank of Pakistan (SBP) that includes requirements of section 22 (CashReserve Requirement) of the Banking Companies Ordinance,1962.

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

5.3 This represents statutory cash reserve maintained against foreign currency deposits mobilized under FE 25 Circular No. 20 of 2021 issued by the SBP. Profit rate on these deposits are fixed by SBP on a monthly basis and was 3.53% to 4.35% during 2024 (2023: 3.39% to 4.34%).

5.4 This represents US Dollar settlement account opened with the SBP in accordance with F.E Circular No. 2 of 2004.

5.5 Balances with treasury banks are classified as Stage 2.

		Note	2024	2023
			------- (Rupees in '000) -------	
6	BALANCES WITH OTHER BANKS			
	In Pakistan			
	In current account		**1,000**	1,500
	Outside Pakistan			
	In current account			
	Interbranch	*6.1*	**1,972,923**	2,604,761
	Others		**3,875**	6,584
			1,976,798	2,611,345
			1,977,798	2,612,845
	Less: Credit loss allowance held against balances with other banks	*6.2*	(1)	0
	Balances with other banks - net of credit loss allowance		**1,977,797**	2,612,845

6.1 This includes Rs. 1,770 million for Deutsche Bank New York, Rs. 200 million for Deutsche Bank Frankfurt, Rs. 164 million for Deutsche Bank Hong Kong and various others.

6.2 Balances with other banks besides Interbranch are classified as Stage 1

7	LENDINGS TO FINANCIAL INSTITUTIONS		2024	2023
			------- (Rupees in '000) -------	
	Repurchase agreement lendings (Reverse Repo)	*7.1*	**44,982,510**	17,397,321

7.1 Reverse repo transactions have been made with commercial banks at a rate of 12% per annum (2023:

21.00% to 22.39%) and are due to mature latest by 02 January 2025. The market value of this security at 31 December 2024 amounted to Rs. 45,667.37 million (2023: Rs. 17,972 million).

7.2	Particulars of lending	2024	2023
		------- (Rupees in '000) -------	
	In local currency	**44,982,510**	17,397,321

7.3 Securities held as collateral against Lending to financial institutions

	2024			2023		
	Held by Pakistan Operations	Further given as collateral	Total	Held by Pakistan Operations	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	44,982,510	-	44,982,510	17,397,321	-	17,397,321

7.3.1 None of the lending to financial institutions were classified at year end.

8 INVESTMENTS

8.1 INVESTMENTS BY TYPES:

	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
FVOCI								
-Treasury bills	1,992,312	-	1,366	1,993,678	-	-	-	-
	1,992,312	-	1,366	1,993,678	-	-	-	-
AFS								
-Treasury bills	-	-	-	-	14,798,002	-	(10,522)	14787480
	-	-	-	-	14,798,002	-	(10,522)	14,787,480
Total Investments	1,992,312	-	1,366	1,993,678	14,798,002	-	(10,522)	14,787,480

8.2 INVESTMENTS BY SEGMENTS:

	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Federal Government Securities:	Rupees in '000							
-Market Treasury Bills	1,992,312		1,366	1,993,678	14,798,002		(10,522)	14,787,480

8.3 Quality of Securities

Details regarding quality of Available for Sale (AFS) and FVOCI securities are as follows:

	2024	2023
	Cost	
Federal Government Securities - Government guaranteed:	(Rupees in '000)	
-Market Treasury Bills	1,992,312	14,798,002

8.4 Investments in Treasury bills are made at a rate of 18.95% per annum (2023: 21.20% to 21.25%).

9 ADVANCES

	Note	Performing	Non Performing	Total
		2024		
		(Rupees in '000)		
Loans, cash credits, running finances, etc.		2,993,671	30,885	3,024,556
Bills discounted and purchased		-	65,626	65,626
Advances - gross	*9.1*	2,993,671	96,511	3,090,182
Credit loss allowance against advances				
-Stage 1		(606)		(606)
-Stage 2				
-Stage 3			(96,511)	(96,511)
	9.3	(606)	(96,511)	(97,117)
Advances - net of provision		2,993,065	-	2,993,065

	Note	Performing	Non Performing	Total
		2023		
		(Rupees in '000)		
Loans, cash credits, running finances, etc.		7,979,803	30,885	8,010,688
Bills discounted and purchased		-	65,626	65,626
Advances - gross	*9.1*	7,979,803	96,511	8,076,314
Provision against advances				
-Specific		-	(96,511)	(96,511)
-General		(7,998)	-	(7,998)
	9.3	(7,998)	(96,511)	(104,509)
Advances - net of provision		7,971,805	-	7,971,805

9.1 Particulars of advances (Gross)

	2024	2023
	--------(Rupees in '000)--------	
In local currency	**3,024,556**	8,010,688
In foreign currencies	**65,626**	65,626
	3,090,182	8,076,314

9.2 Advances include Rs.96.511 million (2023: Rs. 96.511 million) which have been placed under non-performing status as detailed below:-

Category of Classification	**2024**		2023	
	Non Performing Loans	**Provision**	Non Performing Loans	Provision
	------------------------ **(Rupees in '000)** ------------------------			
Stage 3				
Other Assets Especially Mentioned	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**96,511**	**96,511**	96,511	96,511
Total	**96,511**	**96,511**	96,511	96,511

9.3 Particulars of credit loss allowance against advances

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	------------------------ **(Rupees in '000)** ------------------------			
Opening balance	**7,998**	**-**	**96,511**	**104,509**
Impact of adoption of IFRS 9	**(5,316)**			**(5,316)**
Charge for the period / year				**-**
Charge/ (reversals)	**(2,076)**	**-**	**-**	**(2,076)**
Closing balance	**606**	**-**	**96,511**	**97,117**

Particulars of provision against advances

	2023		
	General	Specific	Total
	----------------- (Rupees in '000) -----------------		
Opening balance	7,998	96,511	104,509
Impact of adoption of IFRS 9	-	-	-
Charge for the period / year	-	-	-
Charge/ (reversals)			-
Closing balance	-	-	-
	7,998	96,511	104,509

9.3.1 General provision represents amount recognized in line with the instructions

9.3.2 Advances - Particulars of credit loss allowance

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	------------------------ **(Rupees in '000)** ------------------------			
In foreign currencies	**-**	**-**		**-**
In local currency	**606**	**-**	**96,511**	**97,117**

Advances - Particlurs of Provision

	2023		
	Specific	General	Total
	----------------- **(Rupees in '000)** -----------------		
In foreign currencies	-	-	-
In local currency	96,511	7,998	104,509

9.3.3 Advances - Category of classification

Domestic

		2024	
		Outstandin g amount	**Credit loss allowance Held**
Performing	Stage 1	**2,993,671**	(606)
Underperforming	Stage 2	**-**	-
Non-Performing	Stage 3	**96,511**	(96,511)
		3,090,182	(97,117)

10 FIXED ASSETS

	Note	2024	2023
		--------- (Rupees in '000) -------	
Capital work-in-progress	10	**6,228**	24,091
Property and equipment	10	**610,040**	716,632
		616,268	740,723

10.1 Capital work-in-progress

	2024	2023
Advances to suppliers	**6,228**	24,091

10.2 Property and Equipment

	2024				
	Improvements on lease hold buildings	**Furniture and fixtures**	**Electrical, office and computer equipment**	**Vehicles**	**Total**
	---------- (Rupees in '000) ----------				
At 01 January 2024					
Cost	**487,549**	**88,997**	**481,954**	**68,673**	**1,127,173**
Accumulated depreciation	**(126,332)**	**(18,838)**	**(215,384)**	**(49,987)**	**(410,541)**
Net book value	**361,217**	**70,159**	**266,570**	**18,686**	**716,632**
Year ended December 2024					
Opening net book value	**361,217**	**70,159**	**266,570**	**18,686**	**716,632**
Adjustment on adoption of IFRS 16	**-**	**-**	**-**	**-**	**-**
Opening net book value - Adjusted	**361,217**	**70,159**	**266,570**	**18,686**	**716,632**
Additions	**30,309**	**1,062**	**7,170**	**-**	**38,541**
Transfers	**-**	**-**	**-**	**-**	**-**
Acquisitions through business combinations	**-**	**-**	**-**	**-**	**-**
Impairment loss recognised in the					**-**
profit and loss account - net	**-**	**-**	**-**	**-**	**-**
Disposals - cost	(72,975)	(399)	(52,203)	-	**(125,577)**
Disposals - accumulated depreciation	**72,402**	**399**	**50,649**	**-**	**123,451**
Depreciation charge	**(56,526)**	**(14,272)**	**(59,496)**	**(12,711)**	**(143,006)**
Closing net book value	**334,427**	**56,949**	**212,691**	**5,975**	**610,041**
At 31 December 2024					
Cost	**444,883**	**89,660**	**436,922**	**68,673**	**1,040,138**
Accumulated depreciation	**(110,456)**	**(32,711)**	**(224,231)**	**(62,698)**	**(430,096)**
Net book value	**334,427**	**56,949**	**212,691**	**5,975**	**610,041**
Rate of depreciation (percentage)	**10**	**20**	**20-33**	**20**	

	2023				
	Improvements on lease hold buildings	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	---------- (Rupees in '000) ----------				
At 01 January 2023					
Cost	236,995	26,599	292,493	64,525	620,612
Accumulated depreciation	(210,180)	(10,714)	(164,578)	(38,217)	(423,689)
Net book value	26,815	15,885	127,915	26,308	196,923
Year ended December 2023					
Opening net book value	26,815	15,885	127,915	26,308	196,923
Additions	177,510	10,581	31,963	8,508	228,562
Movement in surplus on assets revalued during the year	201,905	54,531	158,621	-	415,057
Disposals - cost	(128,861)	(2,714)	(1,123)	(4,360)	(137,058)
Disposals - accumulated depreciation	128,295	2,714	1,106	872	132,987
Depreciation charge	(44,447)	(10,838)	(51,912)	(12,642)	(119,839)
Closing net book value	361,217	70,159	266,570	18,686	716,632
At 31 December 2023					
Cost	487,549	88,997	481,954	68,673	1,127,173
Accumulated depreciation	(126,332)	(18,838)	(215,384)	(49,987)	(410,541)
Net book value	361,217	70,159	266,570	18,686	716,632
Rate of depreciation (percentage)	**10**	**20**	**20-33**	**20**	

10.2.1 Cost of property and equipment fully depreciated that are still in use is as follows:

Improvements on lease hold buildings	**Furniture and fixture**	**Electrical, office and computer equipment**	**Vehicles**	**Total**
---------- (Rupees in '000) ----------				
155	**5,156**	**101,934**	**4,270**	**111,515**

11 RIGHT-OF-USE ASSETS

	2024	2023
At 01 January 2024		
Cost	**494,434**	494,434
Accumulated Depreciation	**(107,048)**	(51,664)
Net Carrying amount at January 1, 2024	**387,386**	442,770
Additions during the year	**-**	-
Deletions during the year	**-**	-
Depreciation Charge for the year	**(55,384)**	(55,384)
Net Carrying amount at December 31, 2024	**332,002**	387,386

12 DEFERRED TAX ASSETS

	At 01 January 2024	Reclassified from Advance tax	Recognised in Profit Loss Account	Recgonised in OCI	At 31 December 2024
	2024				
	------------------------ Rupees in 000 --------------------------				
Deductible Temporary Differences on					
- Deficit on revaluation of investments	**5,156**	**-**	**-**	**(5,866)**	**(710)**
- Accelerated tax depreciation	**40,364**	**-**	**25,932**	**-**	**66,296**
- Provision against advances, off balance sheet etc.	**-**		**(440)**	**-**	**(440)**
- Workers' Welfare Fund	**209,375**	**-**	**70,221**	**-**	**279,596**
	254,895	**-**	**95,713**	**(5,866)**	**344,742**
Taxable Temporary Differences on					
- Post retirement employee benefits	**(36,436)**	**-**	**-**	**(17,946)**	**(54,382)**
- Surplus on revaluation of investments	**-**		**-**	**-**	**-**
- Accelerated tax depreciation			**-**	**-**	**-**
- Others (to be specified if material)	**-**		**-**	**-**	**-**
	(36,436)		**-**	**(17,946)**	**(54,382)**
	218,459	**-**	**95,713**	**(23,812)**	**290,360**

	At 01 Jan 2023	Reclassified from Advance tax	Recognised in Profit Loss Account	Recgonised in OCI	At 31 Dec 2023
	2023				
	------------------------ Rupees in 000 --------------------------				
Deductible Temporary Differences on					
- Deficit on revaluation of investments	3,294	-	-	1,862	5,156
- Accelerated tax depreciation	15,524	-	24,840	-	40,364
- Workers' Welfare Fund	145,755	-	63,620	-	209,375
	164,573	-	88,460	1,862	254,895
Taxable Temporary Differences on					
- Post retirement employee benefits	(22,993)	-	-	(13,443)	(36,436)
	141,580	-	88,460	(11,581)	218,459

13 OTHER ASSETS

	Note	2024	2023
		---------- Rupees in 000 -------	
Income/ Mark-up accrued in local currency		**186,046**	425,772
Income/ Mark-up accrued in foreign currency		**22,665**	13,020
Advances, deposits, advance rent and other prepayments		**40,534**	72,607
Advance taxation (payments less provisions)		**1,345,877**	1,301,438
Receivable from defined benefit plan	*33.3*	**93,184**	55,803
Branch adjustment account		**(1,950)**	-
Mark to market gain on forward foreign exchange contracts		**2**	-
Acceptances		**494,463**	713,103
Others		**142,036**	14,270
		2,322,857	2,596,013
Less: Credit loss allowance held against other assets	*13.1*	**(4,674)**	(4,674)
Other assets (Net of credit loss allowance)		**2,318,183**	2,591,339

13.1 Credit loss allowance held against other assets

	2024	2023
Advances, deposits, advance rent & other prepayments	**4,674**	4,674

14 BILLS PAYABLE

	2024	2023
In Pakistan	**806,811**	832,304

15 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------------------------- Rupees in '000			----------------------------		
Customers						
Non-Remunerative						
Current deposits	**19,202,426**	**2,616,410**	**21,818,836**	18,777,805	3,371,169	22,148,974
Others	**841,031**	**-**	**841,031**	562,427	-	562,427
Remunerative						-
Savings deposits	**14,870,752**	**66**	**14,870,818**	9,389,472	213	9,389,685
Term deposits	**7,405,000**	**-**	**7,405,000**	4,330,000	-	4,330,000
	42,319,209	**2,616,476**	**44,935,685**	33,059,704	3,371,382	36,431,086
Financial Institutions						
Non-remunerative deposit – inter branch	**2,384**	**-**	**2,384**	496	-	496
	2,384	**-**	**2,384**	496	-	496
	42,321,593	**2,616,476**	**44,938,069**	33,060,200	3,371,382	36,431,582

	Note	2024	2023
		--------- Rupees in '000--------	
15.1 Composition of deposits			
- Individuals		**25,485**	22,693
- Banking Companies		**2,384**	496
- Private Sector		**44,910,200**	36,408,393
	15.2	**44,938,069**	36,431,582

15.2 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs 511.424 million (2023: Rs 538.66 milllion).

16 LEASE LIABILITIES

	2024	2023
	--------- Rupees in '000--------	
Outstanding amount at the start of the year	**468,322**	479,598
Additions during the year		
Lease payments including interest	(80,889)	(73,535)
Interest expense	60,659	62,259
Exchange difference		
Outstanding amount at the end of the year	448,092	468,322
Liabilities Outstanding		
Short-term lease liabilities - within one year	24,048	20,230
Long-term lease liabilities		
- 1 to 5 years	201,416	150,053
- 5 to 10 years	222,629	298,038
- More than 10 years		
	424,045	448,091
Total lease liabilities	**448,092**	**468,322**

17 OTHER LIABILITIES

	Note	2024	2023
Mark-up / Return / Interest payable in local currency		**14,025**	33,368
Mark-up / Return / Interest payable in foreign currency		**-**	-
Unearned commission and income on bills discounted		**33,384**	50,473
Accrued expenses		**703,466**	364,631
Advance payments		**-**	-
Current taxation (provisions less payments)		**-**	-
Acceptances		**494,463**	713,103
Unclaimed dividends			-
Dividends received for Custodial clients		**24,417**	31,241
Mark to market loss on forward foreign exchange contracts		**-**	20
Payable to DB Singapore		**6,195**	6,195
Unremitted expenses of head office and branches		**6,222,039**	5,884,649
Payable to defined benefit plan		**-**	-
Payable to defined contribution plan		**-**	-
Charity fund balance		**-**	-
Provision against off-balance sheet obligations	*17.1*	**4,120**	6,121
Security deposits against lease		**-**	-
Workers welfare fund	*17.2*	**537,683**	427,295
Others		**251,311**	214,901
		8,291,103	7,731,997
		7,796,640	

17.1 Credit loss allowance against off-balance sheet obligations

	Note	2024	2023
Opening balance		**6,121**	6,121
Impact of adoption of IFRS 9		**(272)**	
Charge/ (reversals)		**-**	-
Amount Written off		**-**	-
Reversals		**1,729**	
Closing balance	*17.1.1*	**7,578**	6,121

17.1.1 These primarily represents provision against off balance sheet product portfolio which includes letter of credit and guarantees etc.

17.2 Workers' Welfare Fund payable (WWF)

The Pakistan Operations has made a provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

18 HEAD OFFICE CAPITAL ACCOUNT

	Note	2024	2023
		------ Rupees in '000 ----	
Balance at the beginning of the year	18.1	**9,984,045**	7,734,312
Revaluation surplus allowed by the State Bank of Pakistan during the year		**(686,428)**	2,249,733
		9,297,617	9,984,045

18.1 Capital held in interest free deposit in approved foreign exchange represents Euro 32,048,165 (2023: Euro 32,048,165).

19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2024	2023
		------ Rupees in '000 ----	
Deficit on revaluation of:			
- FVOCI securities - debt		**1,366**	
- Available for sale securities			**(10,522)**
Deferred tax on deficit on revaluation of:			
- FVOCI securities - debt		**(724)**	
- Available for sale securities			**5,156**
		642	**(5,366)**

20 CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
-Guarantees	20.1	**13,643,792**	13,761,195
-Commitments	20.2	**31,724,185**	20,547,832
-Other contingent liabilities		**-**	-
		45,367,977	34,309,027

20.1 Guarantees:

Financial guarantees	**13,643,792**	13,761,195

20.2 Commitments:

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- letters of credit		**4,908,132**	6,246,964
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	**92,545**	25,108
- forward lending	20.2.2	**26,723,507**	14,267,267
- operating fixed assets		**-**	8,493
		31,724,185	20,547,832

20.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	**92,545**	25,108
	92,545	25,108

The maturities of above contracts are spread over a week.

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

The Pakistan Operations has Rs. 549 million as contingent tax liabilities (December 31, 2023: Rs. 557 million). The Commissioner Appeals (CIRA) passed appellate order dated April 12, 2023 filed against the Order-in-Original (ONO) for tax year 2017 dated February 28, 2023 passed under section 177 of the Income Tax Ordinance, 2001. The CIRA remanded back disallowances of head office expenses and depreciation, which had created a contingency of Rs. 357 million, to the officer for examination. Further, the CIRA deleted various other items 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 is vigorously contesting at different fora and confident that no additional liabilities would arise.
In January 2025, FBR has issued show cause notices to DB for tax year 2019 to 2023 to explain the tax treatment of FX adjustment in Head Office Capital account. DB has responded to these notices and clarified that the treatment of FX adjustment in in line with the Seventh Schedule of the Income Tax Ordinance.

21 MARK-UP / RETURN / INTEREST EARNED

	Note	2024	2023
		------ Rupees in '000 ------	
On:			
Loans and advances		**1,020,361**	1,206,067
Investments		**1,108,327**	1,477,039
Lendings to financial institutions		**7,147,001**	5,944,678
Balances with banks		**91,472**	118,717
		9,367,161	8,746,501

22 MARK-UP / RETURN / INTEREST EXPENSED

		2024	2023
Deposits		**3,494,291**	2,507,703
Borrowings		**7,135**	8,355
Finance costs against lease		**60,659**	62,259
		3,562,085	2,578,317

23 FEE & COMMISSION INCOME

		2024	2023
Commission on trade		**261,412**	212,126
Commission on guarantees		**79,397**	77,776
Commission on cash management		**28,181**	3,999
Commission on remittances including home remittances		**27,181**	3,180
Commission on custodial services		**147,758**	59,200
		543,930	356,282

24 GAIN / (LOSS) ON SECURITIES

		2024	2023
Realised loss	*24.1*	**(7,016)**	-

24.1 Realised loss on:

		2024	2023
Federal Government Securities		**(7,016)**	-

25 OTHER INCOME

		2024	2023
Gain on sale of fixed assets - net		**(1,517)**	914
Others		**661**	-
		(856)	914

		Note	2024	2023
26	**OPERATING EXPENSES**		------ Rupees in '000 ------	
	Total compensation expense	*26.1*	**787,339**	715,933
	Property expense			
	Rent & taxes		**12,315**	37,724
	Insurance		**11,425**	9,385
	Utilities cost		**18,450**	13,637
	Security (including guards)		**14,869**	10,273
	Repair & maintenance (including janitorial charges)		**57,698**	32,076
	Depreciation		**55,710**	44,447
	Depreciation on right-of-use assets		**55,384**	55,384
			225,851	202,926
	Information technology expenses			
	Software maintenance		**6,872**	4,287
	Hardware maintenance		**49,394**	27,364
	Depreciation		**41,579**	37,436
	Network charges		**53,533**	43,358
			151,378	112,445
	Other operating expenses			
	Legal & professional charges		**37,960**	29,497
	Outsourced services costs	*26.2*	**114,653**	91,719
	Travelling & conveyance		**7,136**	8,880
	NIFT clearing charges		**810**	1,428
	Depreciation		**45,717**	37,956
	Training & development		**(385)**	956
	Postage & courier charges		**2,752**	2,403
	Communication		**4,016**	(1,794)
	Head office / regional office expenses	*26.3*	**643,039**	1,898,799
	Stationery & printing		**16,903**	20,420
	Marketing, advertisement & publicity		**1,211**	586
	Auditors remuneration	*26.4*	**8,904**	8,642
	Premium for Deposit Protection		**862**	440
	Others		**1,173**	12,989
			884,751	2,112,921
			2,049,319	3,144,225

26.1	**Total compensation expense**			
	Managerial Remuneration			
	i) Fixed		**253,641**	233,644
	ii) Variable			
	of which;			
	a) Cash bonus / awards etc.		**144,788**	196,597
	b) Bonus & awards in shares etc. reversal in accruals		**-**	(47,714)
	Charge for defined benefit plan	*33.7.1*	**16,881**	19,865
	Contribution to defined contribution plan		**41,136**	41,121
	Rent & house maintenance		**106,296**	97,427
	Utilities		**23,621**	21,650
	Medical		**12,717**	13,724
	Conveyance		**6,829**	5,641
	Others	*26.1.1*	**163,864**	131,611
	Sub-total		**769,773**	713,566
	Severance Allowance	*26.1.2*	**17,566**	2,367
	Grand Total		**787,339**	715,933

26.1.1	**Others**		
	Maintenance cars - general repair expenses	**2,624**	3,501
	Car allowance	**49,046**	56,060
	COLA - Cost of Living Adjustment	**23,621**	21,650
	Employee recognition awards	**5,640**	6,259
	Notice buyouts	**1,017**	-
	Maintenance cars - petrol expenses	**24,984**	26,052
	Health insurance	**18,296**	4,995
	Consumption allowance	**2,057**	2,153
	Canteen expenses	**3,921**	4,703
	Others	**32,658**	6,238
		163,864	131,611

26.1.2 Number of person to whom severance cost paid is 1 (2023: 1).

26.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 114.65 million (2023: Rs 91.72 million) which pertains to companies incorporated in Pakistan. This excludes outsourcing expenses incurred with Head office and branches which are separately disclosed in note 24.3 of these financial statements. The material outsourcing arrangements with companies incorporated in Pakistan along with their nature are as follows:

Supplier Name	Services	2024	2023
		------ (Rupees in '000) ------	
CBRE	Facility management services	101,920	76,321
HRSG	Manpower outsourcing staff services	9,002	5,248

26.3 Head office expenses / regional expenses

	2024	2023
SAP expenses	**-**	-
Management leadership charges	**207,908**	255,982
Ben / Acorn charges (software and applications)	**176,292**	952,752
Global HR product	**-**	-
Deutsche Knowledge Services Manila	**-**	-
Shareholder expense	**283,153**	672,089
	667,353	1,880,823
Add / less: Transfer Pricing Coverage	**(24,315)**	17,976
	643,038	1,898,799

26.4 Auditors' remuneration

	2024	2023
Audit fee	**6,362**	5,844
Fee for other statutory certifications	**1,953**	2,041
Out-of-pocket expenses	**589**	757
	8,904	8,642

27 OTHER CHARGES

	2024	2023
Penalties imposed by State Bank of Pakistan	**-**	-
Others	**17,155**	2
	17,155	2

28 PROVISIONS / (REVERSALS) & WRITE OFFS - NET

	Note	2024	2023
Credit loss allowance held against cash and balances with treasury banks	7.3	2,958	-
Credit loss allowance held against balances with other banks	8.3.1	1	-
Credit loss allowance against loans & advances	*8.3*	(2,076)	-
Credit loss allowance against off-balance sheet obligations		(1,729)	-
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
	15.1	**847.00**	-
		(846.00)	-

29 TAXATION

	2024	2023
Current	**2,980,498**	2,164,102
Prior years	**-**	235,491
Deferred	**(95,713)**	(88,460)
	2,884,785	2,311,133

29.1 Relationship between tax expense and accounting profit

	2024	2023
Profit before tax	**5,345,337**	4,299,997
Tax calculated at the rate of 44% (2023: 39%)	**2,351,948**	1,676,998
Effect of :		
- Super tax	**534,534**	430,000
- Current year - Additional tax on additional income from Federal Government Securities	**-**	-
- Prior year - Additional tax on additional income from Federal Government Securities	**-**	-
- Deferred tax booked at tax rates applicable to future years @ 53%	**(15,290)**	(22,504)
- Disallowance of penalties imposed by SBP		-
- Disallowance of 50% of contribution to gratuity and pension funds	**3,889**	10,740
- Deferred Tax Impact of 1% (54%-53%) on temporary differences	**3,333**	235,491
- Others	**6,371**	(19,592)
Tax charge for the year	**2,884,785**	2,311,133

29.1.1 During FY 2023, a windfall tax was imposed on the foreign exchange income of the Bank for the years 2021 and 2022. The aggregate tax liability for both years, if calculated in the manner specified, amounts to Rs. 235 million against which a recovery notice has also been issued by the tax department.

The Bank had filed a Constitutional Petition before the Honourable High Court of Sindh, challenging the operation of the S.R.O 1588 (I)/2023 dated November 21, 2023 imposing the windfall tax. Subsequent to year end the Court decided the petitin against against banks and the Banks has paid the amount of Rs. 224 million to the tax department.

30 CASH AND CASH EQUIVALENTS

	2024	2023
	------ (Rupees in '000) ------	
Cash and balance with treasury banks	**13,698,435**	14,125,650
Balance with other banks	**1,977,797**	2,612,845
	15,676,233	16,738,495

31 Reconciliation of movement of liabilities to cash flows from financing activities

	2024			
	Liabilities	Equity		
	Lease Liabilities	Head office capital account	Un-remitted profit	Total
	(Rupees in '000)			
Balance as at 1 January 2024	**468,322**	**9,984,045**	**5,390,124**	**15,842,491**
Change from financing cash flow				
Remittance made to Head office	-	-	(2,439,601)	(2,439,601)
Addition in lease liabilities	-			
Payment of lease liabilities	(80,889)	-	-	(80,889)
Total change from financing cash flows	(80,889)	-	(2,439,601)	(2,520,490)
The effect of changes due to foreign exchange translation	**-**	**(686,428)**	**-**	**(686,428)**
Other changes				
Finance costs against lease	**60,659**	**-**	**-**	**60,659**
Effect of change in accounting policy due to IFRS 9 adoption			**5,588**	
Other comprehensive income - net of tax			**3,075**	
Transfer of profit to reserve	**-**	**-**	**2,460,553**	**2,460,553**
	60,659	**-**	**2,469,428**	**2,530,087**
Balance as at 31 December 2024	448,092	**9,297,617**	**5,419,951**	**15,165,659**

	2023			
	Liabilities	Equity		
	Lease Liabilities	Head office capital account	Un-remitted profit	Total
	(Rupees in '000)			
Balance as at 1 January 2023	479,598	7,734,312	3,393,816	11,607,726
Change from financing cash flow				
Remittance made to Head office	-	-	-	-
Addition in lease liabilities	-			
Payment of lease liabilities	(73,535)	-	-	(73,535)
Total change from financing cash flows	(73,535)	-	-	(73,535)
The effect of changes due to foreign exchange translation	-	2,249,733	-	2,249,733
Other changes				
Finance costs against lease	62,259	-	-	62,259
Changes in deposits and other accounts	-	-	-	-
Transfer of profit to reserve	-	-	1,996,308	1,996,308
	62,259	-	1,996,308	2,058,567
Balance as at 31 December 2023	468,322	9,984,045	5,390,124	15,842,491

32 STAFF STRENGTH

	2023	2022
	------------ (Number) ------------	
Permanent	**83**	88
Others (Outsourced)	**10**	6
Bank's own staff strength at the end of the year	**93**	94

33 DEFINED BENEFIT PLAN

33.1 General description

All permanent employees of the Pakistan Operations are eligible for pension under the pension fund scheme on completing 10 years of service with the Pakistan Operations. The benefit under the scheme, which is inflation adjusted on an annual basis, comprises of 1.5 percent of monthly basic salary (during the last completed year of service) for each year of service, subject to a maximum of 30 years of service. The number of staff under the scheme are 82 (2023: 87).

33.2 Principal actuarial assumptions

The actuarial valuation of the defined benefit plan was carried out at 31 December 2024. Projected Unit Credit Method is used for the calculation and the key assumptions used for actuarial valuation were as follows:

	2024	2023
	---------- (Per annum) ----------	
Discount rate	**12.25%**	14.75%
Expected rate of return on plan assets	**12.25%**	14.75%
Expected rate of salary increase	**12.00%**	14.50%
Expected rate of increase in pension	**6.18%**	7.80%

33.3 Reconciliation of receivable from defined benefit plans

	Note	**2024**	2023
		------ Rupees in '000 ------	
Present value of obligations	*33.4*	**1,069,801**	932,504
Fair value of plan assets	*33.5*	**(1,162,985)**	(988,307)
	33.6	**(93,184)**	(55,803)

33.4 Movement in defined benefit obligations

	2024	2023
Obligations at the beginning of the year	**932,504**	857,182
Current service cost	**27,548**	25,478
Interest cost	**133,785**	118,824
Benefits paid	**(50,970)**	(46,653)
Re-measurement gain	**26,934**	(22,327)
Obligations at end of the year	**1,069,801**	932,504

33.5 Movement in fair value of plan assets

		2024	2023
Fair value at the beginning of the year		**988,307**	881,175
Interest income on plan assets		**144,452**	124,437
Contributions		**33,029**	30,788
Benefits paid		**(50,970)**	(46,653)
Return on plan assets		**48,167**	(1,440)
Fair value at end of the year	*33.8*	**1,162,985**	988,307

33.6 Movement in payable under defined benefit schemes

		2024	2023
Opening balance		**(55,803)**	(23,993)
Charge for the year	*33.7.1*	**16,881**	19,865
Contribution		**(33,029)**	(30,788)
Re-measurement gain recognised in OCI during the year	*33.7.2*	**(21,233)**	(20,887)
Closing balance		**(93,184)**	(55,803)

33.7 Charge for defined benefit plans

33.7.1 Cost recognised in profit and loss

	2024	2023
Current service cost	**27,548**	25,478
Net interest on defined benefit asset / liability	**(10,667)**	(5,613)
	16,881	19,865

33.7.2 Re-measurements recognised in OCI during the year

	2024	2023
Gain on obligations		
- Demographic assumptions	**-**	-
- Financial assumptions	**74,829**	(13,797)
- Experience adjustment	**(47,895)**	(8,530)
Return on plan assets over interest income	**(48,167)**	1,440
Total re-measurements recognised in OCI	**(21,233)**	(20,887)

33.8 Components of plan assets

	2024	2023
Cash and cash equivalents - net	**40,874**	7,195
Government Securities	**1,125,954**	988,903
Less: Pension payable	**(3,843)**	(7,791)
	1,162,985	988,307

33.9 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised as illustrated below:

	2024 Rupees in '000
1% increase in discount rate	**(108,703)**
1% decrease in discount rate	**131,362**
1 % increase in expected rate of salary increase	**22,972**
1 % decrease in expected rate of salary increase	**(20,914)**
1% increase in expected rate of pension increase	**107,716**
1% decrease in expected rate of pension increase	**(92,760)**

33.10 Five year data on surplus / (deficit) of the plans and experience adjustments

	2024	**2023**	2022	2021	2020
	(Rupees in '000)				
Present value of obligations	**1,069,801**	932,504	857,182	839,507	835,613
Fair value of plan assets	**1,162,985**	988,307	881,175	849,183	796,097
(Surplus) / Deficit	**(93,184)**	(55,803)	(23,993)	(9,676)	39,516
Experience adjustment on plan liabilities - loss / (gain)	**(47,895)**	(8,530)	(9,399)	(14,019)	(51,293)

	2024 Rupees in '000
33.11 Expected contributions to be paid to the fund in the next financial year	**31,628**
33.12 Expected charge / (reversal) for the next financial year	**15,841**

33.13 Maturity profile

The weighted average duration of the obligation (in years) **11.0**

33.14 Funding Policy

The administration of defined benefit pension scheme is governed under provision of trust deeds. The trustees agreed to act in accordance with the terms and conditions of these deeds including investment. Funding levels are monitored on annual basis based on actuarial recommendations.

33.15 Following are the significant risks associated with the defined benefit scheme / plan assets;

Final Salary Risk (linked to inflation risk)	The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.
Demographic Risks	Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side. Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
Investment Risk	The risk of the investment underperforming and being not sufficient to meet the liabilities

34 DEFINED CONTRIBUTION PLAN

All confirmed permanent employees of the Pakistan Operations are eligible for provident fund and gratuity fund schemes. In case of provident fund, contributions are made both by the employee and the employer on monthly basis, whereas; in gratuity funds only by the employer for confirmed staff at each year end. The number of employees in provident fund scheme are 75 and in gratuity fund scheme are 75 (2023: Provident fund scheme 81 and Gratuity scheme 81).

35 COMPENSATION OF CHIEF COUNTRY OFFICER AND EXECUTIVES

	Chief Country Officer		Executives	
	2024	2023	**2024**	2023
	(Rupees in '000)			
Managerial remuneration	**50,024**	40,339	**671,784**	575,097
Contribution for defined benefit plan	**-**	-	**33,029**	30,579
Contribution to defined contribution plan	**-**	-	**41,136**	39,671
Medical	**59**	162	**12,658**	13,562
	50,083	40,501	**758,607**	658,909
	(Number)			
Number of persons	**1**	1	**83**	87

36 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.

36.1 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 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. unobservab

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:

		2024			
		Fair Value			
	Note	**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		-	**1,993,678**	-	**1,993,678**
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		**-**	**92,547**	**-**	**92,547**
Forward sale of foreign exchange		**-**	**-**	**-**	**-**

	2023			
	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
Forward sale of foreign exchange	-	-	-	-

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

DB Pakistan Operations operate under a transfer pricing framework that applies to all businesses and promotes pricing of :

(i) assets in accordance with their underlying liquidity risk;
(ii) liabilities in accordance with their funding maturity; and
(iii) contingent liquidity exposures in accordance with the cost of providing for commensurate liquidity reserves to fund unexpected cash requirements.

Within this transfer pricing framework we allocate funding and liquidity risk costs and benefits to the business units and set financial incentives in line with the liquidity risk guidelines. Transfer prices are subject to liquidity (term) premiums depending on market conditions. Liquidity premiums are set by Treasury and picked up by a segregated liquidity account. The Treasury liquidity account is the aggregator of long- term liquidity costs. The management and cost allocation of the liquidity account is the key variable for transfer pricing funding costs within Deutsche Bank.

Corporate Bank

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

Investment Bank

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

Infrastructure and Regional Management

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

	2024			
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up/return/profit	(2,524,570)	(2,192)	8,331,838	5,805,076
Inter segment revenue - net	6,660,349	(4,579)	(6,655,770)	-
Non mark-up / return / interest income	636,826	1,110,390	(30,937)	1,716,279
Total income	4,772,605	1,103,619	1,645,131	7,521,355
Segment direct expenses	(1,401,795)	(311,297)	(463,771)	(2,176,863)
Inter segment expense allocation	-	-	-	-
Total expenses	(1,401,795)	(311,297)	(463,771)	(2,176,863)
Provisions	846	-	-	846
Profit before tax	3,371,656	792,322	1,181,360	5,345,338
Balance Sheet				
Cash and bank balances	-	-	15,676,233	15,676,233
Net inter segment lending	-	-	83,425,998	83,425,998
Lendings to financial institutions	-	-	44,982,510	44,982,510
Investments		-	1,993,678	1,993,678
Advances - performing	2,993,671	-	-	2,993,671
- non-performing	96,511	-	-	96,511
- provision against advances	(97,117)	-	-	(97,117)
Others	689,335	2	2,867,476	3,556,813
Total Assets	3,682,400	2	148,945,895	152,628,297
Borrowings	-	-	-	-
Deposits & other accounts	44,935,686	-	2,383	44,938,069
Net inter segment borrowing	83,425,994	4	-	83,425,998
Others	1,426,939	-	8,119,067	9,546,006
Total liabilities	129,788,619	4	8,121,450	137,910,073
Equity	-	-	14,718,224	14,718,224
Total Equity & liabilities	129,788,619	4	22,839,674	152,628,297
Contingencies & Commitments	45,275,431	92,545	-	45,367,977

	2023			
	Global Transaction Banking	Investment Bank	Infrastructure & Regional Management	Total
	------------------------------(Rupees in '000)------------------------------			
Profit & Loss				
Net mark-up/return/profit	(1,267,066)	(1,036)	7,444,641	6,176,539
Inter segment revenue - net	6,283,606	19,789	(6,303,395)	-
Non mark-up / return / interest income	754,518	784,500	(183,002)	1,356,016
Total income	5,771,058	803,253	958,244	7,532,555
Segment direct expenses	(1,411,619)	(142,170)	(1,678,769)	(3,232,558)
Inter segment expense allocation	(346,077)	(35,177)	381,254	-
Total expenses	(1,757,696)	(177,347)	(1,297,515)	(3,232,558)
Provisions	-	-		-
Profit before tax	4,013,362	625,906	(339,271)	4,299,997
Balance Sheet				
Cash and 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
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

38 TRUST ACTIVITIES

Deutsche Bank Pakistan Operations are engaged in providing custodial and clearing services to its clients. This results in the bank holding and placing assets of its clients on their behalf. These are not assets of the Deusche Bank Pakistan Operations and; therefore, are not included in the statement of financial position. The following is the list of assets held on behalf of Deutsche Bank Pakistan clients:

	2024	2023
	------- (Rupees in '000) -------	
Type of security		
Government Securities	**97,182,135**	2,950,525
TFCs and Sukuks	**-**	172,335
Shares	**106,938,059**	63,069,992
	204,120,194	66,192,852

39 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:

	2024			2023		
	Head office and branches	Key management personnel	Other related parties	Head office and branches	Key management personnel	Other related parties
	(Rupees in '000)					
Balances with other banks						
In current accounts	1,972,886	-	-	2,604,761	-	-
Advances						
Opening balance	-	10,103	-	-	34,775	-
Addition during the year	-	-	-	-	5,117	-
Repaid during the year	-	(5,799)	-	-	(6,578)	-
Transfer in / (out) - net	-	(2,647)	-	-	(23,211)	-
Closing balance	-	1,657	-	-	10,103	-
Other Assets						
Receivable from staff retirement fund	-	-	93,184	-	-	55,803
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	496	8,027	9,966	423	2,079	31,485
Received during the year	2,908	87,557	1,120,218	5,012	131,152	1,381,655
Withdrawn during the year	(1,019)	(77,618)	(1,011,258)	(4,938)	(128,487)	(1,403,174)
Transfer in / (out) - net	-	(5,142)	-	-	3,283	-
Closing balance	2,384	12,824	118,926	496	8,027	9,966
Other Liabilities						
Payable to staff retirement fund	-	-	-	-	-	-
Other liabilities	6,247,340	-	-	5,884,649	-	-
Contingencies and Commitments						
Other contingencies	4,408,304	-	-	4,482,520	-	-

	2024		2023	
	Head office and	Key managemen	Head office and branches	Key managemen
	(Rupees in '000)			
Income				
Mark-up / return / interest earned	81,019	68	99,415	708
Expense				
Mark-up / return / interest paid	-	889	-	1,204
Operating expenses	643,039	94,193	1,438,092	116,617

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	--------- (Rupees in '000) ---------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**14,683,528**	15,334,763
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**14,683,528**	15,334,763
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**14,683,528**	15,334,763
Eligible Tier 2 Capital	**8,340**	14,119
Total Eligible Capital (Tier 1 + Tier 2)	**14,691,868**	15,348,882
Risk Weighted Assets (RWAs):		
Credit Risk	**14,193,709**	15,776,673
Market Risk	**132,392**	123,705
Operational Risk	**11,727,729**	8,557,996
Total	**26,053,830**	24,458,374
Common Equity Tier 1 Capital Adequacy ratio	**56.36%**	62.70%
Tier 1 Capital Adequacy Ratio	**56.36%**	62.70%
Total Capital Adequacy Ratio	**56.39%**	62.76%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**14,683,528**	15,334,763
Total Exposures	**88,213,139**	87,648,999
Leverage Ratio	**16.65%**	17.50%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**46,652,850**	40,219,051
Total Net Cash Outflow	**15,190,865**	12,776,366
Liquidity Coverage Ratio	**307%**	315%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**40,037,788**	37,205,116
Total Required Stable Funding	**12,941,480**	13,818,088
Net Stable Funding Ratio	**309%**	269%

40.1 The full discolsures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time are available at https://www.db.com/mea/en/content/deutsche-bank-pakistan-financial-statements.htm

41 RISK MANAGEMENT

41.1 Risk Management Framework

The Pakistan Operations are subject to the Group's risk management framework. The diversity of our global business model requires us to identify, measure, aggregate and manage our risks, and to allocate our capital among our businesses. We operate as an integrated group through our divisions, business units and infrastructure functions. Risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the activities of the divisions and business units:

- Core risk management responsibilities are embedded in the Management Board and delegated to senior risk management committees responsible for execution and oversight. management committees responsible for execution and oversight.

- We operate a three-line of risk management model whereby front office functions, risk management oversight and assurance roles are played by functions independent of one another.

- Risk strategy is approved by the Management Board on an annual basis and is defined based on the Group Strategic and Capital Plan and Risk Appetite in order to align risk, capital and performance targets.

- Cross-risk analysis reviews are conducted across the Group to validate that sound risk management practices and a holistic awareness of risk exist.

- All major risk classes are managed via risk management processes, including: credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk. Modeling and measurement approaches for quantifying risk and capital demand are implemented across the major risk classes.

- Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.

- Systems, processes and policies are critical components of our risk management capability.

- Recovery planning provides for the escalation path for crisis management governance and supplies Senior Management with a list of actions designed to improve the capital and liquidity positions in a stress event.

- Resolution planning is closely supervised by the BaFin. It provides for a strategy to manage Deutsche Bank in case of default. It is designed to prevent the need for tax payer bailout and strengthen financial stability by the continuation of critical services delivered to the wider economy.

41.2 Risk Governance

Group Management Board provides overall risk and capital management supervision for the Group and is exclusively responsible for day-to-day management. The Management Board has established the Group Risk Committee (“GRC”) as the central forum for review and decision on material risk topics. The GRC is supported by following functional sub-committees:

- The Group Reputational Risk Committee (“GRRC”) ensures the oversight, governance and coordination of the reputational risk management

- The Non-Financial Risk Committee (“NFRC”) ensures oversight, governance and coordination of non-financial risk management and establishes a cross-risk and holistic perspective of key non-financial risks

- The Enterprise Risk Committee (“ERC”) ensures oversight and decision- making on financial risks and cross risks, including definition & review of stress tests, and management of group wide risk patterns.

- The Liquidity Management Committee (“LMC”) decides upon mitigating actions to be taken during periods of anticipated or actual liquidity stress, or any relevant liquidity event

Our Chief Risk Officer ("CRO"), who is a member of the Management Board, is responsible for the identification, assessment and reporting of risks arising within operations across all business and all risk types, and has direct management responsibility for the following risk management functions: Credit Risk Management, Market Risk Management, Operational Risk Management and Liquidity Risk Control.

These are established with the mandate to:

- Support that the business within each division is consistent with the risk appetite that the CAR has set within a framework established by the Management Board;

- Formulate and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses within each division;

- Approve credit, market and liquidity risk limits;

- Conduct periodic portfolio reviews to keep the portfolio of risks within acceptable parameters; and

- Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

DB EMEA hub and Germany provide centralised Risk coverage to DB Pakistan. DB’s Hubs include staff from relevant Risk-types ensuring effective risk management and capitalise on the intellectual and strategic synergies when housing risk-type subject-matter-expertise together.

Our Finance and Group Audit operate independently of both our business divisions and of our Risk function. The role of the Finance department is to help quantify and verify the risk that we assume and maintain the quality and integrity of our risk-related data. Group Audit examines, evaluates and reports on the adequacy of both the design and effectiveness of the systems of internal control including the risk management systems.

41.3 Risk Culture

We seek to promote a strong risk culture throughout our organization. A strong risk culture is designed to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin risk culture within our group:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately compensated; and
- Risk should be continuously monitored and managed.

Employees at all levels are responsible for the management and escalation of risks. We expect employees to exhibit behaviors that support a strong risk culture. To promote this our policies require that behavior assessment is incorporated into our performance assessment and compensation processes. We have communicated the following risk culture behaviors through various communication vehicles:

- Being fully responsible for our risks;
- Being rigorous, forward looking and comprehensive in the assessment of risk;
- Inviting, providing and respecting challenges;
- Trouble shooting collectively; and
- Placing Deutsche Bank and its reputation at the heart of all decisions.

To reinforce these expected behaviors and strengthen our risk culture, we conduct a number of group-wide activities. Our Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

In addition, along with other measures to strengthen our performance management processes, we have designed and implemented a process to tie formal measurement of risk culture behaviors to our employee performance assessment, promotion and compensation processes. This process has been in place in our CB&S and GTB divisions since 2010 and has subsequently other divisions also.

The risk governance framework at the Pakistan Operations is designed according to a Three Lines of Defence (3LoD) operating model in order to ensure clear accountabilities for and a comprehensive, but non-duplicative, coverage of all risk management activities across Group.

- The 1st Line of Defense (“1st LoD”) are all the business divisions and service providing infrastructure areas (Group Technology Operations and Corporate Services) who are the "owners" of the risks.
- The 2nd Line of Defense (“2nd LoD”) are all the independent risk and control infrastructure functions.
- The 3rd Line of Defense (“3rd LoD”) is Group Audit, which assures the effectiveness of our controls.

DB Pakistan requires strict independence between its 3 LoD in order to avoid conflicts of interest by an appropriate separation of functions and responsibilities. DB Pakistan requires all lines of defence to establish an effective and efficient internal governance structure with well-defined roles and responsibilities.

41.4 Risk Appetite and Capacity

We use a broad range of quantitative and qualitative methodologies for assessing and managing risks. As a matter of policy, we continually assess the appropriateness and the reliability of our quantitative tools and metrics in light of our changing risk environment. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories. The advanced internal tools and metrics we currently use to measure, manage and report our risks are:

- RWA equivalent.
- Expected loss.
- Return on risk-weighted assets ("RoRWA").
- Value-at-risk.
- Economic capital.

41.5 Stress testing

We have a strong commitment to stress testing performed on a regular basis in order to assess the impact of a severe economic downturn on our risk profile and financial position. These exercises complement traditional risk measures and represent an integral part of our strategic and capital planning process. Our stress testing framework comprises regular Group-wide stress tests based on internally defined benchmark and more severe macroeconomic global downturn scenarios. Locally, we perform testing on quarterly basis as per the BSD Circular # 1 dated May 11, 2012 of State Bank of Pakistan.

41.6 Risk Inventory

We face a variety of risks as a result of our business activities, the most significant of which are described below. Credit risk, market risk and operational risk attract regulatory capital. As part of our internal capital adequacy assessment process, we calculate the amount of economic capital from credit, market, operational and business risk to cover risks generated from our business activities taking into account diversification effects across those risk types. Furthermore, our economic capital framework implicitly covers additional risks, e.g. reputational risk and refinancing risk, for which no dedicated EC models exist. Liquidity risk is excluded from the economic capital calculation since it is covered separately.

41.6.1 Credit Risk

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which we refer to collectively as “counterparties”) exist, including those claims that we plan to distribute.

Based on the annual risk identification and materiality assessment, Credit Risk contains four material categories, namely default risk, industry risk, country risk, and product risk.

- Default risk, the most significant element of credit risk, is the risk that counterparties fail to meet contractual obligations in relation to the claims described above;

- Industry risk is the risk of adverse developments in the operating environment for a specific industry segment leading to deterioration in the financial profile of counterparties operating in that segment and resulting in increased credit risk across this portfolio of counterparties;

- Country risk is the risk that we may experience unexpected default or settlement risk and subsequent losses, in a given country, due to a range of macro-economic or social events primarily affecting counterparties in that jurisdiction including: a material deterioration of economic conditions, political and social upheaval, nationalization and expropriation of assets, government repudiation of indebtedness, or disruptive currency depreciation or devaluation. Country risk also includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to non-residents due to direct sovereign intervention; and

- Product Risk captures product-specific credit risk of transactions that could arise with respect to specific borrowers or group of borrowers. It takes into account whether obligations have a similar risk characteristics and market place behaviors.

DB’s credit risk appetite is set globally and is broken down to divisions and business units via the Strategic, Risk & Capital Plan approved by the Management Board of Deutsche Bank Group. As a result, each credit exposure is authorised only if the relevant business division at Deutsche Bank global level is satisfied that the exposure meets the pre-set criteria and limits.

CRM is organised globally and carries out risk identification, assessment, management, monitoring and reporting of credit risks. The CRM department is independent from business. Accordingly, DB Pakistan adopts the credit policies of DB Group and is responsible for establishing local policies and procedures to ensure compliance with DB Group principles.

Credit Risk is managed for DB Group globally on the basis of a “one obligor principle”; new credit exposures as well as annual / bi-annual reviews of credit exposures require approval by the appropriate authority holder covering the entire DB Group exposure. All credit risk decisions relevant to DB Pakistan are subject to the approval of DB Pakistan’s management and/or DB Group’s Credit Risk Management (CRM).

We measure and manage our credit risk using the following philosophy and principles:

- Our credit risk management function is independent from our business divisions and in each of our divisions credit decision standards, processes and principles are consistently applied.

- A key principle of credit risk management is client credit due diligence. Our client selection is achieved in collaboration with our business division counterparts who stand as a first line of defence.

- We aim to prevent undue concentration and tail-risks (large unexpected losses) by maintaining a diversified credit portfolio. Client-, industry-, country- and product-specific concentrations are assessed and managed against our risk

- Every new credit facility and every extension or material change of an existing credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. We assign credit approval authorities to individuals according to their qualifications, experience and training, and we review these periodically.

- We have established within Credit Risk Management – where appropriate – specialized teams for deriving internal client ratings, analyzing and approving transactions, monitoring the portfolio or covering workout clients.

- Our credit related activities are governed by our Principles for Managing Credit Risk. These principles define our general risk philosophy for credit risk and our methods to manage this risk. The principles define key organizational requirements, roles and responsibilities as well as process principles for credit risk management and are applicable to all credit related activities undertaken by us.

Credit Risk Ratings

A basic and key element of the credit approval process is a detailed risk assessment of each credit-relevant counterparty. When rating a counterparty we apply in-house assessment methodologies, scorecards and our 26-grade rating scale for evaluating the credit-worthiness of our counterparties. The majority of our rating methodologies are authorized for use within the advanced internal rating based approach under applicable Basel rules. Our rating scale enables us to compare our internal ratings with common market practice and promotes comparability between different sub-portfolios of our institution. Several default ratings therein enable us to incorporate the potential recovery rate of unsecured defaulted counterparty exposures. We generally rate our counterparties individually, though certain portfolios of purchased or securitized receivables are rated on a pool basis. Ratings are required to be kept up-to-date and documented.

The algorithms of the rating procedures for all counterparties are recalibrated frequently on the basis of the default history as well as other external and internal factors and expert judgments.

Credit limits are established by the Credit Risk Management function via the execution of assigned credit authorities. Credit approvals are documented by signing of the credit report by the respective credit authority holders and retained for future reference. Credit authority is generally assigned to individuals as personal credit authority according to the individual's professional qualification and experience. All assigned credit authorities are reviewed on a periodic basis to help ensure that they are adequate to the individual performance of the authority holder. The results of the review are presented to the Group Credit Policy Committee.

Where an individual's personal authority is insufficient to establish required credit limits, the transaction is referred to a higher credit authority holder or where necessary to an appropriate credit committee such as the Underwriting Committee. Where personal and committee authorities are insufficient to establish appropriate limits, the case is referred to the Management

Ongoing active monitoring and management of Deutsche Bank's credit risk positions is an integral part of our credit risk management framework. The key monitoring focus is on quality trends and on concentrations along the dimensions of counterparty, industry, country and product-specific risks to avoid undue concentrations of credit risk. On a portfolio level, significant concentrations of credit risk could result from having material exposures to a number of counterparties with similar economic characteristics, or who are engaged in comparable activities, where these similarities may cause their ability to meet contractual obligations to be affected in the same manner by changes in economic or industry conditions.

Our portfolio management framework supports a comprehensive assessment of concentrations within our credit risk portfolio in order to keep concentrations within acceptable levels.

We define our credit exposure by taking into account all transactions where losses might occur due to the fact that counterparties may not fulfil their contractual payment obligations. counterparties may not fulfil their contractual payment obligations.

Particulars of Pakistan Operations' significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

41.6.1.1 ***Lendings to financial institutions***

These financial statements were authorized for issue on 27 March 2025.

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)					
Public/ Government	**-**	-	**-**	-	**-**	-
Private	**44,982,510**	17,397,321	**-**	-	**-**	-
	44,982,510	17,397,321	**-**	-	**-**	-

41.6.1.2 ***Advances***

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)					
Agriculture, forestry, hunting and fishing	**-**	-	**-**	-	**-**	-
Mining and quarrying	**-**	-	**-**	-	**-**	-
Textile	**96,511**	96,511	**96,511**	96,511	**96,511**	96,511
Chemical and pharmaceuticals	**706,473**	1,710,111	**-**	-	**-**	-
Cement	**-**	-	**-**	-	**-**	-
Sugar	**-**	-	**-**	-	**-**	-
Footwear and leather garments	**-**	-	**-**	-	**-**	-
Automobile and transportation equipment	**-**	-	**-**	-	**-**	-
Electronics and electrical appliances	**-**	-	**-**	-	**-**	-
Construction	**-**	-	**-**	-	**-**	-
Power (electricity), gas, water, sanitary	**-**	-	**-**	-	**-**	-
Wholesale and retail trade	**2,114,481**	5,611,230	**-**	-	**-**	-
Exports/Imports	**-**	-	**-**	-	**-**	-
Transport, storage and communication	**-**	-	**-**	-	**-**	-
Financial	**-**	-	**-**	-	**-**	-
Insurance	**-**	-	**-**	-	**-**	-
Services	**1,034**	331,011				
Individuals	**171,683**	305,889	**-**	-	**-**	-
Others	**-**	21,562	**-**	-	**-**	-
		-	**-**	-	**-**	-
	3,090,182	8,076,314	**96,511**	96,511	**96,511**	96,511

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)					
Private	**3,090,182**	8,076,314	**96,511**	96,511	**96,511**	96,511
	3,090,182	8,076,314	**96,511**	96,511	**96,511**	96,511

41.6.1.3 ***Contingencies and Commitments***

Credit risk by industry sector	**2024**	2023
	Rupees in '000	
Agriculture, forestry, hunting and fishing	**-**	-
Mining and quarrying	**-**	-
Textile	**268**	-
Chemical and pharmaceuticals	**2,532,764**	3,570,267
Cement	**-**	-
Sugar	**-**	-
Footwear and leather garments	**-**	-
Automobile and transportation equipment	**-**	22,705
Electronics and electrical appliances	**1,434,051**	1,727,248
Construction	**6,178**	11,674
Power (electricity), gas, water, sanitary	**-**	-
Wholesale and retail trade	**896,719**	125,093
Exports/Imports	**-**	-
Transport, storage and communication	**76,202**	-
Financial	**7,044,816**	7,910,767
Insurance	**-**	-
Services	**911,677**	-
Individuals	**-**	-
Others	**5,649,249**	6,640,405
	18,551,924	20,008,159
Private	**18,551,924**	20,008,159

41.6.1.4 **Concentration of Advances**

The Pakistan Operation's top 10 exposures on the basis of total (funded and non-funded expsoures) are as following:

Funded	**3,026,612**	7,839,798
Non Funded	**13,246,217**	15,561,955
Total Exposure	**16,272,829**	23,401,753

The sanctioned limits against these top 10 expsoures aggregated to Rs 23.975 billion (2022: 15.86 billion)

Total funded classified therein	**2024**		**2023**	
	Amount	Provision held	Amount	Provision held
Loss	96,511	96,511	96,511	96,511
Total	96,511	96,511	96,511	96,511

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

41.6.1.5 Advances - Province / Region-wise Disbursement & Utilization

	2024		
	(Rupees in '000)		
	Disbursements	**Utilization**	
Province / Region		**Punjab**	**Sindh**
Punjab	**65,028,907**	**65,028,907**	**-**
Sindh	**71,371,517**	**-**	**71,371,517**
Total	**136,400,424**	**65,028,907**	**71,371,517**

	2023		
	(Rupees in '000)		
	Disbursements	Utilization	
Province / Region		Punjab	Sindh
Punjab	66,344,236	66,344,236	-
Sindh	65,130,601	-	65,130,601
Total	131,474,837	66,344,236	65,130,601

41.6.2 Market Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates and foreign exchange rates), the correlations among them and their levels of volatility.

MR Managers identify market risks through active portfolio analysis and engagement with the business areas. As a key control function, MRM ensures that DB Pakistan remains within the overall risk appetite set by the Group by establishing limits and monitoring the levels of Market Risk (MR). DB Pakistan is integrated into Deutsche Bank Group's global limit system, which is defined, monitored and controlled by MRM.

DB Pakistan uses following key metrics to monitor and limit market risk:

- Economic Capital is a stress testing based measurement of an expected worst case loss.
- VaR is a quantitative measure of the potential loss (in value) of Fair Value positions due to market movements that will not be exceeded in a defined period of time and with a defined confidence level.
- Stressed Value-at-Risk calculates a stressed value-at-risk measure based on a one year period of significant market stress.

DB Pakistan has adopted standardized approach for market risk which is approved regulatory approach.

41.6.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**13,698,435**	**-**	**13,698,435**	14,125,650	-	14,125,650
Balances with other banks	**1,977,797**	**-**	**1,977,797**	2,612,845	-	2,612,845
Lendings to financial institutions	**44,982,510**	**-**	**44,982,510**	17,397,321	-	17,397,321
Investments	**1,993,678**	**-**	**1,993,678**	14,787,480	-	14,787,480
Advances	**2,993,065**	**-**	**2,993,065**	7,971,805	-	7,971,805
Fixed assets	**616,268**	**-**	**616,268**	1,128,109	-	740,723
Right-of-use assets	**332,002**	**-**	**332,002**	387,386	-	387,386
Deferred tax assets	**290,360**	**-**	**290,360**	218,459	-	218,459
Other assets	**2,318,181**	**2**	**2,318,183**	2,591,339	-	2,591,339
	69,202,297	**2**	**69,202,299**	61,220,394	-	60,833,008

41.6.2.2 Foreign Exchange Risk

At a local level, we ensure the overall foreign exchange exposure of Pakistan Operations remains within the limits set by SBP. We do not take any currency exposure except to the extent of the Statutory Net Open Position Limit prescribed by SBP.

Internal limits are in place to monitor Foreign Exchange open and mismatched positions on a daily basis and are marked-to-market daily to contain forward exposures to meet regulatory compliance issued periodically.

	2024				2023			
	Foreign currency assets	**Foreign currency liabilities and Head office capital**	**Off-balance sheet items**	**Net foreign currency exposure**	Foreign currency assets	Foreign currency liabilities and Head office capital account	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	**2,446,312**	**2,416,927**	**92,545**	**121,930**	2,495,626	2,530,191	25,108	(9,457)
Great Britain Pound Sterling	**518**	**-**	**-**	**518**	571	-	-	571
Euro	**9,499,853**	**9,496,511**	**-**	**3,342**	10,937,243	10,825,237	-	112,006
Japanese Yen	**224**	**-**	**-**	**224**	2,073	-	-	2,073
Other currencies	**6,378**	**-**	**-**	**6,378**	9,055	-	-	9,055
	11,953,285	**11,913,438**	**92,545**	**132,392**	13,444,568	13,355,428	25,108	114,248

	2024		2023	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**1,324**	**-**	1,142	-

41.6.2.3 *Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific*

These financial statements were authorized for issue on 27 March 2025.

	2024 Banking	2024 Trading	2023 Banking	2023 Trading
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	**302,032**	**-**	158,444	-

41.6.2.4 *Mismatch of Interest Rate Sensitive Assets and Liabilities*

2024

	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk: Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.15%	13,698,435	344,963	-	-	-	-	-	-	-	-	13,353,472
Balances with other banks	0.00%	1,977,798	2,612,845	-	-	-	-	-	-	-	-	(635,047)
Lending to financial institutions	12.00%	44,982,510	44,982,510	-	-	-	-	-	-	-	-	-
Investments	18.95%	1,993,678	1,993,678	-	-	-	-	-	-	-	-	-
Advances	12.69%	2,993,065	673,973	1,011,868	682,139	455,455	13,028	10,021	58,541	18,592	69,450	-
Other assets	0.00%	2,318,183										2,318,183
		67,963,669	50,607,969	1,011,868	682,139	455,455	13,028	10,021	58,541	18,592	69,450	15,036,608
Liabilities												
Bills payable	0.00%	806,811	-	-	-	-	-	-	-	-	-	806,811
Borrowings	0.00%	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	5.83%	44,938,069	19,330,818	2,945,000	-	-	-	-	-	-	-	22,662,251
Liabilities against assets subject to financ	6.21%	-	-	-	-	-	-	-	-	-	-	
Subordinated debt	0.00%	-	-	-	-	-	-	-	-	-	-	
Liabilities against right-of-use assets		448,091	4,682	2,773	7,453	9,139	28,244	41,099	132,074	222,628	-	
Other liabilities	0.00%	8,291,103	-	-	-	-	-	-	-	-	-	8,291,103
		54,484,074	19,335,500	2,947,773	7,453	9,139	28,244	41,099	132,074	222,628	-	31,760,165
On-balance sheet gap		13,479,595	31,272,468	(1,935,905)	674,686	446,316	(15,216)	(31,078)	(73,533)	(204,036)	69,450	(16,723,557)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
- letters of credit		4,908,132										4,908,132
Commitments in respect of:												
- Forward Purchase Contracts		92,545										92,545
- Forward Sales Contracts		-										-
- Forward agreement lending		26,723,507	21,542,193									5,181,314
- Forward sale of investments		-	-									-
- Other commitments		76,911										76,911
Off-balance sheet gap		31,801,095	21,542,193	-	-	-	-	-	-	-	-	10,258,902
Total Yield/Interest Risk Sensitivity Gap			52,814,662	(1,935,905)	674,695	446,423	(13,269)	(28,582)	(46,391)	(194,191)	158,171	(6,594,923)
Cumulative Yield/Interest Risk Sensitivity Gap			52,814,662	50,878,756	51,553,451	51,999,874	51,986,606	51,958,023	51,911,632	51,717,441	51,875,613	45,280,690

2023

	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk: Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.23%	14,125,650	444,496	-	-	-	-	-	-	-	-	13,681,154
Balances with other banks	0.00%	2,612,845	2,612,845	-	-	-	-	-	-	-	-	-
Lending to financial institutions	21.70%	17,397,321	17,397,321	-	-	-	-	-	-	-	-	-
Investments	21.23%	14,787,480	14,787,480	-	-	-	-	-	-	-	-	-
Advances	20.75%	7,971,805	2,337,802	3,518,600	1,089,948	725,382	13,404	28,160	90,165	28,939	139,404	-
Other assets	0.00%	2,404,036										2,404,036
		59,299,137	37,579,944	3,518,600	1,089,948	725,382	13,404	28,160	90,165	28,939	139,404	16,085,191
Liabilities												
Bills payable	0.00%	832,304	-	-	-	-	-	-	-	-	-	832,304
Borrowings	0.00%	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	6.87%	35,963,260	13,719,693				-	-	-	-	-	22,243,567
Liabilities against right-of-use assets	6.21%	468,322	-	-	-	20,230	-	-	150,053	-	298,038	-
Subordinated debt	0.00%	-	-	-	-	-	-	-	-	-	-	
Other liabilities	0.00%	8,200,319	-	-	-	-	-	-	-	-	-	8,200,319
		45,464,205	13,719,693	-	-	20,230	-	-	150,053	-	298,038	31,276,190
On-balance sheet gap		13,834,932	23,860,251	3,518,600	1,089,948	705,152	13,404	28,160	(59,888)	28,939	(158,635)	(15,191,000)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
- letters of credit		6,246,964										6,246,964
Commitments in respect of:												
- Forward Purchase Contracts		25,108										25,108
- Forward Sales Contracts		-										-
- Forward agreement lending		14,267,267	9,085,953									5,181,314
- Other commitments		-	-									-
Off-balance sheet gap		-										-
		20,539,339	9,085,953	-	-	-	-	-	-	-	-	11,453,386
Total Yield/Interest Risk Sensitivity Gap			32,946,204	3,518,600	1,089,948	705,152	13,404	28,160	(59,888)	28,939	(158,635)	(3,737,614)
Cumulative Yield/Interest Risk Sensitivity Gap			32,946,204	36,464,804	37,554,753	38,259,905	38,273,309	38,301,469	38,241,581	38,270,519	38,111,885	34,374,271

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Bank is exposed to various risks associated with the effects of fluctuation in the prevailing levels of market interest rates on its financial position and cash flows. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments.

41.6.3 *Operational Risk*

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk excludes business and reputational risk. Particular prominent examples of operational risks are Fraud Risk, Business Continuity Risk, Regulatory Compliance Risk, Information Technology Risk and Vendor Risk.

Legal Risk may materialize in any of the above risk categories. This may be due to the fact that in each category we may be the subject of a claim or proceedings alleging non-compliance with contractual or other legal or statutory responsibilities; or we may otherwise be subject to losses allegedly deriving from other law or legal circumstances applicable to any of the above categories.

Organizational Structure
Risk Management for DB AG Pakistan Branch (both Karachi and Lahore) is performed offshore following the RCEB (Region Country Entity Branch) concept defined in the risk management policy of DB Group. There is no onshore presence of risk management personnel.

Consequently risk management in the country is supervised by the Pakistan Country Risk Contact (CRC) , reporting to DB AG's Chief Risk Officer for the EMEA region, with individual responsibility for specific risk types assigned to Risk Point of Contacts (PoC). Currently this extends to separate owners of the Credit, Market, Liquidity and Non-Financial risks.

CRC represents risk management in all relevant decision making fora for Pakistan as permanent member of the Operating Committee and Asset-Liability Committee. In addition NFRM PoC remains permanent guest at the OpCo, while CRM PoC is voting member of the Credit Forum.

Managing Our Operational Risk
We manage operational risk based on a Group-wide consistent framework that enables us to determine our operational risk profile in comparison to our risk appetite and systematically identify operational risk themes and concentrations to define risk mitigating measures and priorities.

Based on the organizational set-up, the governance and systems in place to identify and manage the operational risk and the support of control functions responsible for specific operational risk types (e.g. Compliance, Corporate Security & Business Continuity Management) we seek to optimize the management of operational risk. Future operational risks (identified through forward-looking analysis) are managed via mitigation strategies such as the development of back-up systems and emergency plans. We buy insurance in order to protect ourselves against unexpected and substantial unforeseeable losses.

41.6.3.1 Operational Risk-Disclosures Basel II Specific

For purpose of complying with local Basel III regulatory requirements in Pakistan, we follow the implementation guidelines ('Implementation of Basel III') issued by State Bank of Pakistan.

As required by State Bank of Pakistan regulations, DB in Pakistan employs the Basic Indicator Approach (BIA) for 2022.

41.6.4 Liquidity Risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of the DB Pakistan's liquidity risk management framework is to ensure that it can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on balance sheet or off-balance sheet.

The Management Board defines our liquidity risk strategy, and in particular our tolerance for liquidity risk based on recommendations made by Treasury and the Capital and Risk Committee. The Management Board reviews and approves the limits which are applied to the Group to measure and control liquidity risk as well as the Pakistan Operations' long-term funding and issuance plan.

Our Treasury function is responsible for the management of liquidity and funding risk of Deutsche Bank globally as defined in the liquidity risk strategy. Our liquidity risk management framework is designed to identify, measure and manage the liquidity risk position of the Group. Treasury reports the Pakistan Operations' overall liquidity and funding to the Management Board at least weekly via a Liquidity Scorecard. Our liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue, forecasting cash flows and factoring in our access to Central Banks. It then covers tactical liquidity risk management dealing with access to secured and unsecured funding sources. Finally, the strategic perspective comprises the maturity profile of all assets and liabilities (Funding Matrix) and our issuance strategy.

Our cash-flow based reporting system provides daily liquidity risk information to global and regional management.

Stress testing and scenario analysis plays a central role in our liquidity risk management framework. This also incorporates an assessment of asset liquidity, i.e. the characteristics of our asset inventory, under various stress scenarios as well as contingent funding requirements from off-balance-sheet commitments. The monthly stress testing results are used in setting our short-term wholesale funding limits (both unsecured and secured) and thereby ensuring we remain within the Board's overall liquidity risk tolerance.

Being DB's EMEA hub, Treasury & Capital Management (TCM) team in EMEA oversees the liquidity risk and capital management for the whole of EMEA. Currently, there is one Treasurer and one Treasury analyst who manage day to day liquidity risk and capital management for Pakistan. Liquidity and capital managers of TCM'risk management is supported by a web- based system, dbCube, which helps liquidity to monitor the liquidity situation of any DB entity at any location any time. All liquidity risk and capital related issues for DB branches in Pakistan are discussed by the local Asset and Liability Committee (ALCO), chaired by the treasurer, and comprising all businesses and supporting functions, i.e. Finance and Compliance. The local ALCO provides a forum for managing the liquidity, capital and funding positions of the local entity to meet regulatory compliance. Meetings of the local ALCO are held on a regular basis with ad-hoc meetings called when required.

41.6.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Pakistan Operations

These financial statements were authorized for issue on 27

	Total	2024												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	---(Rupees in '000)---													
Assets														
Cash and balances with treasury banks	13,698,435	4,400,818	-	-	-	-	-	-	-	-	-	-	-	9,297,617
Balances with other banks	1,977,797	1,977,797	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	44,982,510	-	44,982,510	-	-	-	-	-	-	-	-	-	-	-
Investments	1,993,678	-	-	1,993,678	-		-	-	-	-	-	-	-	-
Advances	2,993,065	2,821,387	-	-	-	-	-	811	88	1,147	13,030	10,023	58,540	88,039
Fixed assets	616,268	-	-	-	-	-	-	-	-	-	-	-	616,268	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right-of-use assets	332,002				4,615	4,615	4,615	13,846	13,846	13,846	46,705	46,705	93,410	89,798
Deferred tax assets	290,360	-	-	-	-	-	-	-	-	-	290,360	-	-	-
Other assets	2,318,184	1,666,877	88,198	28,958	185,591	90,925	100,078	722	25	83	1,947	2,495	27,142	125,142
	69,202,298	10,866,879	45,070,708	2,022,636	190,206	95,540	104,693.12	15,379	13,959	15,076	352,042	59,223	795,360	9,600,596
Liabilities														
Bills payable	806,811	806,811	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	44,938,070	37,533,070	-	250,000	4,210,000	2,945,000	-	-	-	-	-	-	-	-
Liabilities against Right-of-use assets	448,091	-	-	-	4,682	1,379	1,394	7,453	4,494	4,645	28,244	41,099	132,074	222,628
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,291,102	7,796,639	88,198	28,958	185,591	90,925	100,078	713	-	-	-	-	-	-
	54,484,075	46,136,520	88,198	278,958	4,400,274	3,037,304	101,472	8,166	4,494	4,645	28,244	41,099	132,074	222,628
Net assets	14,718,224	(35,269,641)	44,982,510	1,743,678	(4,210,067)	(2,941,764)	3,221	7,213	9,465	10,431	323,798	18,124	663,286	9,377,968
Head office capital account	9,297,617													
Reserves	-													
Unremitted profit	5,419,951													
Surplus/(Deficit) on revaluation of assets	656													
	14,718,224													

		2023												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	---(Rupees in '000)---													
Assets														
Cash and balances with treasury banks	14,125,650	4,141,605	-	-	-	-	-	-	-	-	-	-	-	9,984,045
Balances with other banks	2,612,845	2,612,845	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	17,397,321	-	17,397,321	-	-	-	-	-	-	-	-	-	-	-
Investments	14,787,480	-	-	496,751	14,290,729		-	-	-	-	-	-	-	-
Advances	7,971,805	7,665,920	-	-	63	-	-	4,201	63	1,488	13,404	28,162	90,166	168,338
Fixed assets	740,723	-	-	-	(0)	(0)	(0)	-	-	-	-	-	740,723	-
Right-of-use assets	387,386				4,615	4,615	4,615	13,846	13,846	13,846	51,767	46,705	93,410	140,120
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	218,459	-	-	-	-	-	-	-	-	-	218,459	-	-	-
Other assets	2,591,339	1,851,606	45,307	112,329	291,759	260,004	3,704	-	-	-	-	-	-	26,630
	60,833,008	16,271,977	17,442,628	609,080	14,587,166	264,619	8,319	18,047	13,909	15,334	283,630	74,867	924,299	10,319,133
Liabilities														
Bills payable	832,304	832,304	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	36,431,582	32,101,582	-	330,000	-	-	4,000,000	-	-	-	-	-	-	-
Liabilities against Right-of-use assets	468,322	-	-	-	3,623	612	620	4,987	5,124	5,265	24,048	28,244	97,762	298,038
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,731,997	7,018,656	45,327	112,329	291,759	260,112	3,811	0	0	0	0	0	0	1
	45,464,205	39,952,542	45,327	442,329	295,382	260,724	4,004,431	4,987	5,124	5,265	24,048	28,244	97,762	298,039
Net assets	15,368,803	(23,680,565)	17,397,301	166,751	14,291,784	3,895	(3,996,112)	13,059	8,784	10,069	259,582	46,623	826,537	10,021,094
Head office capital account	9,984,045													
Reserves	-													
Unremitted profit	5,390,124													
	15,368,803													

41.6.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	Total	2024								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	---(Rupees in '000)---									
Assets										
Cash and balances with treasury banks	13,698,436	1,153,220	1,729,829	910,662	607,108	-	-	-	-	9,297,617
Balances with other banks	1,977,798	731,687	1,097,530	89,149	59,432	-	-	-	-	-
Lending to financial institutions	44,982,510	44,982,510	-	-	-	-	-	-	-	-
Investments	1,993,678	1,993,678	-	-	-	-	-	-	-	-
Advances	2,993,065	621,865	933,708	682,148	455,562	14,975	12,516	85,683	28,437	158,171
Fixed assets	616,268	4,615	9,231	13,846	27,692	55,384	51,767	266,914	186,820	-
Right-of-use assets	332,002	4,615	9,231	13,846	27,692	46,705	46,705	93,410	89,798	
Intangible assets										
Deferred tax assets	290,360	-	-	-	-	290,360	-	-	-	-
Other assets	2,318,182	643,470	244,567	34,902	22,793	1,345,875	-	-	-	26,575
	69,202,299	50,135,661	4,024,095	1,744,552	1,200,279	1,753,299	110,989	446,006	305,055	9,482,363
Liabilities										
Bills payable	806,811	117,983	176,975	307,112	204,741	-	-	-	-	-
Borrowings	0	-	0	-	-	-	-	-	-	-
Deposits and other accounts	44,938,070	13,277,137	16,170,070	9,294,518	6,196,345	-	-	-	-	-
Liabilities against assets subject to finance lease	448,091	4,682	2,773	7,453	9,139	28,244	41,099	132,074	222,628	
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	8,291,102	592,532	520,189	598,942	6,579,440	-	-	-	-	-
	54,484,075	13,992,334	16,870,007	10,208,024	12,989,665	28,244	41,099	132,074	222,628	-
Net assets	14,718,224	36,143,326	(12,845,912)	(8,463,472)	(11,789,387)	1,725,055	69,890	313,933	82,427	9,482,363
Head office capital account	9,297,617									
Reserves	-									
Unremitted profit	5,419,951									
	14,718,224									

	Total	2023								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	---(Rupees in '000)---									
Assets										
Cash and balances with treasury banks	14,125,650	973,582	1,460,370	1,024,592	683,061	-	-	-	-	9,984,045
Balances with other banks	2,612,845	561,165	841,748	725,959	483,973	-	-	-	-	-
Lending to financial institutions	17,397,321	17,397,321	-	-	-	-	-	-	-	-
Investments	14,787,480	14,787,480	-	-	-	-	-	-	-	-
Advances	7,971,806	2,343,353	3,514,935	1,088,816	724,628	13,404	28,160	90,166	28,939	139,404
Fixed assets	740,723	-	-	-	-	-	-	740,723	-	-
Right-of-use assets	387,386	4,615	9,231	13,846	27,692	51,767	46,705	93,410	140,120	
Intangible assets	-	-	-	-	-	-	-	-	-	
Deferred tax assets	218,459	-	-	-	-	218,459	-	-	-	-
Other assets	2,591,339	681,285	1,021,930	532,874	355,250	-				
	60,833,008	36,748,802	6,848,214	3,386,087	2,274,604	283,630	74,865	924,299	169,059	10,123,449
Liabilities										
Bills payable	832,304	40,811	61,218	438,165	292,110	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	36,431,582	5,182,446	11,278,670	11,982,280	7,988,186	-	-	-	-	-
Liabilities against assets subject to finance lease	468,322	3,623	1,231	4,987	10,483	23,954	28,244	97,762	298,038	
Subordinated debt	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	7,731,997	669,122	580,599	375,454	6,106,822	-	-	-	-	
	45,464,205	5,896,002	11,921,718	12,800,886	14,397,601	23,954	28,244	97,762	298,038	-
Net assets	15,368,803	30,852,800	(5,073,504)	(9,414,799)	(12,122,997)	259,676	46,621	826,537	(128,979)	10,123,449
Head office capital account	9,984,045									
Reserves	-									
Unremitted profit	5,390,124									
	15,368,803									

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 27 March 2025.

43 GENERAL

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

Chief Country Officer **Pakistan**	**Chief Financial Officer** **Pakistan**

Deutsche Bank AG, Pakistan Operations

(Incorporated in the Federal Republic of Germany with limited liability)
For the year ended 31 December 2024

STATEMENT ON INTERNAL CONTROLS

The management of Deutsche Bank AG, Pakistan Operations is responsible for establishing and maintaining adequate internal control procedures to fulfill strategic objectives of ensuring the effectiveness and efficiency of internal controls in operations, credibility of financial reporting, safeguarding of assets, and compliance with applicable legal and regulatory requirements. Pakistan Operations essentially follows the internal control system, policies and procedures as advised by the Head office. These are supplemented by changes in line with local regulations and statutory requirements.

The management of Pakistan Operations carefully reviews the findings and recommendations of internal and external auditors relating to internal controls and takes corrective action to address control deficiencies for improvement of overall control environment.

The internal control system is designed to mitigate, rather than eliminate, the risk of failure to achieve the system's objectives. Accordingly, an effective Internal Control System provides reasonable but not conclusive assurance to achieve system's objectives.

Pakistan Operations have completed all stages of the roadmap for Internal Controls over Financial Reporting (ICFR) in compliance with the SBP guidelines. In order to ensure the effectiveness of financial reporting controls on an ongoing basis, Pakistan Operations conducts an annual exercise to test the operational effectiveness of ICFR throughout the year. It has engaged the external auditors for review of ICFR documentation and issuance of Long Form Report as required by the OSED Circular No.1 of 2014 dated 07 February 2014.

During the year ended 31 December 2024 we endeavored to follow the Guidelines on internal controls issued by State Bank of Pakistan.

Chief Country Officer Pakistan	Chief Financial Officer Pakistan

RISK MANAGEMENT FRAMEWORK

In order to effectively assess, monitor and control credit, market, operational, cross border and-liquidity risk, risk policies and procedures are in place. These policies and procedures are designed globally by the bank. These are further supplemented to accommodate the local regulations and statutory requirements. The review of these policies and procedures is an ongoing process in the Head office. The risks are managed globally and/or regionally by independent risk management departments. Certain authorities, within agreed limits, are delegated to local management.

Know Your Customer (KYC) and Anti money Laundering policies as issued by Head office and under local regulations and statutory requirements have been implemented.

Chief Country Officer Pakistan	Chief Financial Officer Pakistan