



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

Financial statements
for the year ended
31 December 2025

INDEPENDENT AUDITORS' REPORT

To the Chief Country Officer 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 2025**, 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 2025 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.





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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 was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
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.

Chartered Accountants

Place: Karachi

Date: 31 March 2026

UDIN Number: AR20251012000IAqIBrM

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Statement of Financial Position
As at 31 December 2025

	Note	2025	2024
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	5	12,955,135	13,698,435
Balances with other banks	6	413,558	1,977,797
Lendings to financial institutions	7	29,248,384	44,982,510
Investments	8	6,048,628	1,993,678
Advances	9	8,005,181	2,993,065
Property and equipment	10	501,172	616,268
Right-of-use assets	11	350,833	332,002
Intangible assets		-	-
Deferred tax assets	12	409,324	290,360
Other assets	13	4,050,219	2,318,183
		61,982,434	69,202,299
LIABILITIES			
Bills payable	14	1,427,223	806,811
Borrowings		-	-
Deposits and other accounts	15	34,323,150	44,938,069
Lease liabilities	16	497,077	448,092
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	9,263,918	8,291,104
		45,511,368	54,484,076
NET ASSETS		16,471,066	14,718,224
REPRESENTED BY			
Head office capital account	18	10,540,212	9,297,617
Reserves		-	-
Surplus / (Deficit) on revaluation of assets	19	(12)	656
Unremitted profit		5,930,866	5,419,951
		16,471,066	14,718,224
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 2025

	Note	2025	2024
----- (Rupees in '000) -----			
Mark-up / return / interest earned	21	5,217,266	9,367,161
Mark-up / return / interest expensed	22	<u>(1,542,982)</u>	<u>(3,562,085)</u>
Net mark-up / interest income		3,674,284	5,805,076
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	497,252	543,930
Dividend income		-	-
Foreign exchange income or (loss)		1,305,655	1,180,221
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	24	-	(7,016)
Other income / (loss)	25	(330)	(856)
Total non-markup / interest income		1,802,577	1,716,279
Total Income		5,476,861	7,521,355
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	26	(2,271,390)	(2,049,319)
Workers Welfare Fund		(66,454)	(110,389)
Other charges	27	-	(17,155)
Total non-markup / interest expenses		(2,337,844)	(2,176,863)
Profit / (Loss) before credit loss allowance		3,139,017	5,344,492
Provisions and write offs - net	28	(5,308)	846
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,133,709	5,345,338
Taxation	29	(1,674,922)	(2,884,785)
PROFIT AFTER TAXATION		1,458,787	2,460,553

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Chief Country Officer
Pakistan

Chief Financial Officer
Pakistan

Deutsche Bank AG, Pakistan Operations
(Incorporated in the Federal Republic of Germany with limited liability)
Statement of Comprehensive Income
For the year ended 31 December 2025

	2025	2024
	----- (Rupees in '000) -----	
Profit after taxation for the year	1,458,787	2,460,553
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	(668)	6,022
Others (to be specified)	-	-
	(668)	6,022
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	(28,317)	3,287
Total comprehensive income	<u>1,429,802</u>	<u>2,469,862</u>

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 2025

	Note	2025	2024
----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,133,709	5,345,338
Less: Dividend income		-	-
		3,133,709	5,345,338
Adjustments for:			
Depreciation	10.2	194,420	198,390
Provisions and write offs - net	28	5,308	846
Reversals in ECLs		-	(5,391)
Loss on sale of fixed assets - net	25	263	1,516
Unrealized loss on revaluation of investments classified as held for trading	24	-	-
Finance costs of lease liability		63,655	60,659
		263,646	256,020
		3,397,355	5,601,358
(Increase) / decrease in operating assets			
Lendings to financial institutions		15,734,126	(27,585,189)
Held-for-trading securities		-	-
Advances		(5,020,602)	4,986,132
Others assets (excluding advance taxation)		(1,061,901)	293,532
		9,651,623	(22,305,525)
Increase / (decrease) in operating liabilities			
Bills payable		620,412	31,063
Borrowings from financial institutions		-	-
Deposits and other accounts		(10,614,919)	8,506,487
Other liabilities		869,476	561,107
		(9,125,031)	9,098,657
Payments against off-balance sheet obligations		-	-
Income tax paid		(2,385,094)	(3,024,935)
Net cash generated from / (used in) operating activities		1,538,853	(10,630,445)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in FVOCI securities		(4,056,342)	12,795,168
Net investments in held-to-maturity securities		-	-
Dividends received		-	-
Investments in operating fixed assets		(14,042)	(20,678)
Proceeds from sale of operating fixed assets		-	611
Net cash generated from / (used in) investing activities		(4,070,384)	12,775,101
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/ Payments of Subordinated debt		-	-
Receipts/ Payments of lease obligations		-	-
Issue of share capital		-	-
Dividend paid		-	-
Remittances made to Head office		-	-
Payment of lease liabilities		(99,048)	(80,889)
Remittance made to Head office		(919,555)	(2,439,601)
Net cash used in financing activities		(1,018,603)	(2,520,490)
Effects of exchange rate changes on cash and cash equivalents		1,242,595	(686,428)
Increase / (decrease) in cash and cash equivalents during the year		(2,307,539)	(1,062,263)
Cash and cash equivalents at beginning of the year		15,676,232	16,738,495
Cash and cash equivalents at end of the year	30	13,368,693	15,676,232

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

Deutsche Bank AG, Pakistan Operations

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

Statement of Changes in Equity

For the year ended 31 December 2025

	Head office capital account <i>Note 18</i>	Deficit on revaluation of investments	Unremitted profit	Total
	----- (Rupees in '000) -----			
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	-		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)
Opening Balance as at 01 January 2025	9,297,617	656	5,419,951	14,718,224
Profit after taxation for the year ended 31 December 2025	-		1,458,787	1,458,787
Other comprehensive income - net of tax	-	(668)	(28,317)	(28,985)
	-	(668)	1,430,470	1,429,802
Transactions with owners, recorded directly in equity				
Remittance made to Head office	-	-	(919,555)	(919,555)
Exchange adjustments on revaluation of capital	1,242,595	-	-	1,242,595
Closing Balance as at 31 December 2025	10,540,212	(12)	5,930,866	16,471,066

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)

Notes to the Financial Statements

For the year ended 31 December 2025

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 (2024: 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:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting 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 04 December 2025 is A for long-term and A-1 for short-term, rating by Fitch on 29 July 2025 is A- for long-term and F1 for short-term; and rating by Moody's on 19 February 2026 is A1 for long-term.

2.5 Standards, interpretations of and amendments to published approved accounting standards that are effective in

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 1, 2025. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements.

2.6 Standards, interpretations of and amendments to published approved accounting 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, 2026:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
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
IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
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 IFRSs	January 01, 2004

The above standards and amendments are not expected to have any significant impact on Bank's 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. It also requires disclosure of management-defined performance measures in the notes and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. 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 4.10)
- Taxation (Note 4.8)
- Expected credit loss allowance against financial assets (Note 4.1.6)
- Operating fixed assets and depreciation (Note 4.7)
- Leases (Note 4.7)

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.

4.1 Financial Instruments

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.

4.1.1 Initial recognition

Date of initial recognition

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.

4.1.2 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial 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

4.1.2.1 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.

4.1.2.2 Debt instruments at FVOCI

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

- 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.

4.1.2.3 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.

4.1.2.4 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.

4.1.2.5 Financial liabilities at amortised cost

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

4.1.3 Derecognition of financial assets

4.1.3.1 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.

4.1.3.2 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.

4.1.4 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.

4.1.5 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.

4.1.6 Impairment of financial assets

4.1.6.1 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 higher of IFRS 9 ECL or provision computed under Prudential Regulations.

4.1.6.2 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. PD is estimated based on transitioning among credit states. Through the yearly review of the internally rated advances (Corporate and Commercial/SME portfolios) and non-rated Consumer portfolios, Staff Loans and Investments, the Bank has drawn an yearly transition matrix of ratings and DPD buckets, respectively, to compute a count based PD over the one year horizon for the last ten years. For externally rated Investments PD tables from External Rating Agencies are used. 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.

4.1.6.3 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 reverts 30 days past due presumption based on behavioural analysis of its borrowers.

4.1.6.4 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 unlikelihood 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.

4.1.6.5 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.

4.2 Financial instruments

4.2.1 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 existed.

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.

4.2.2 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.

4.2.3 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.

4.3 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 loss account.

4.4 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.

4.5 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.

4.6 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.

4.7 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 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.

4.8 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.

4.9 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 best estimate.

4.10 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.

4.11 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 regulation of SBP.

(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.

4.12 Foreign currencies

4.12.1 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.

4.12.2 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.

4.13 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 37 to these financial statements.

Geographical segments

The Bank operates only in Pakistan.

4.14 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	<i>Note</i>	2025	2024
		----- (Rupees in '000) -----	
In hand			
Local currency		27,722	28,960
Foreign currency		17,809	17,432
		45,531	46,392
With State Bank of Pakistan in			
Local currency current account	5.1	1,974,941	3,788,613
Foreign currency current account	5.2	142,681	195,473
Foreign currency deposit account			
Special cash reserve account	5.3	238,415	344,963
Local US Dollar collection account	5.4	14,489	28,335
Foreign currency capital account	18	10,540,212	9,297,617
		12,910,738	13,655,001
With National Bank of Pakistan in			
Local currency current account		-	-
		12,956,269	13,701,393
Less: Credit loss allowance held against cash and balances with treasury banks	5.5	(1,134)	(2,958)
Cash and balances with treasury banks - net of credit loss allowance		12,955,135	13,698,435

5.1 This represents current account maintained with State Bank of Pakistan (SBP) that includes requirements of section 22 (Cash Reserve 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 2.86% to 3.35% during 2025 (2024: 3.53% to 4.35%).

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.

6 BALANCES WITH OTHER BANKS	<i>Note</i>	2025	2024
		----- (Rupees in '000) -----	
In Pakistan			
In current account		500	1,000
Outside Pakistan			
In current account			
Interbranch	6.1	407,784	1,972,923
Others		5,274	3,875
		413,058	1,976,798
		413,558	1,977,798
Less: Credit loss allowance held against balances with other banks	6.2	-	(1)
Balances with other banks - net of credit loss allowance		413,558	1,977,797

6.1 This includes Rs. 281 million for Deutsche Bank New York, Rs. 119 million for Deutsche Bank Frankfurt and Rs. 7.8 million for various others.

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

7 LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	2025	2024
		----- (Rupees in '000) -----	
Repurchase agreement lendings (Reverse Repo)	7.1	29,248,384	44,982,510
7.1 Reverse repo transactions have been made with State Bank of Pakistan & commercial banks at rates of 9.50% & 10.45% per annum (2024:12%) and are due to mature latest by 02 January 2026. The market value of these securities at 31 December 2025 amounted to Rs. 29,480.12 million (2024: Rs. 45,667.37 million).			
7.2 Particulars of lending		2025	2024
		----- (Rupees in '000) -----	
In local currency		29,248,384	44,982,510

7.3 Securities held as collateral against Lending to financial institutions	2025			2024		
	Held by Pakistan Operations	Further given as collateral	Total	Held by Pakistan Operations	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	29,248,384	-	29,248,384	44,982,510	-	44,982,510

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

8 INVESTMENTS	2025				2024			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
8.1 INVESTMENTS BY TYPES:	----- Rupees in '000 -----							
FVOCI								
-Treasury bills	6,048,654	-	(26)	6,048,628	1,992,312	-	1,366	1,993,678
	6,048,654	-	(26)	6,048,628	1,992,312	-	1,366	1,993,678
AFS								
-Treasury bills	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Investments	6,048,654	-	(26)	6,048,628	1,992,312	-	1,366	1,993,678

8.2 INVESTMENTS BY SEGMENTS:	2025				2024			
	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	6,048,654	-	(26)	6,048,628	1,992,312	-	1,366	1,993,678

8.3 Quality of Securities

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

Federal Government Securities - Government guaranteed:	2025	2024
	Cost ----- (Rupees in '000) -----	
-Market Treasury Bills	6,048,654	1,992,312

8.4 Investments in Treasury bills are made at rates ranging from 10.84% to 10.95% per annum (2024: 18.95%).

9 ADVANCES	Note	Performing		Non Performing		Total	
		2025	2024	2025	2024	2025	2024
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		6,690,934	2,993,671	30,885	30,885	6,721,819	3,024,556
Bills discounted and purchased		1,323,339	-	65,626	65,626	1,388,965	65,626
Advances - gross	9.1	8,014,273	2,993,671	96,511	96,511	8,110,784	3,090,182
Credit loss allowance against advances							
-Stage 1		(9,092)	(606)	-	-	(9,092)	(606)
-Stage 2		-	-	(96,511)	(96,511)	(96,511)	(96,511)
-Stage 3		-	-	-	-	-	-
	9.3	(9,092)	(606)	(96,511)	(96,511)	(105,603)	(97,117)
Advances - net of provision		8,005,181	2,993,065	-	-	8,005,181	2,993,065

9.1 Particulars of advances (Gross)

	2025	2024
	----- (Rupees in '000) -----	
In local currency	8,045,158	3,024,556
In foreign currencies	65,626	65,626
	8,110,784	3,090,182

9.2 Advances include Rs.96.511 million (2024: Rs. 96.511 million) which have been placed under non-performing status as detailed below:

Category of Classification	2025		2024	
	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

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----							
Opening balance	606	-	96,511	97,117	7,998	-	96,511	104,509
Impact of adoption of IFRS 9	-	-	-	-	(5,316)	-	-	(5,316)
Charge for the period / year	-	-	-	-	-	-	-	-
Charge/ (reversals)	8,486	-	-	8,486	(2,076)	-	-	(2,076)
	8,486	-	-	8,486	(7,392)	-	-	(7,392)
Closing balance	9,092	-	96,511	105,603	606	-	96,511	97,117

9.3.1 Advances - Particulars of credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----							
In foreign currencies	-	-	-	-	-	-	-	-
In local currency	9,092	-	96,511	105,603	606	-	96,511	97,117

9.3.2 Advances - Category of classification

Domestic	2025		2024	
	Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
	----- (Rupees in '000) -----			
Performing	8,014,273	(9,092)	8,014,273	(9,092)
Underperforming	-	-	-	-
Non-Performing	96,511	(96,511)	96,511	(96,511)
	8,110,784	(105,603)	8,110,784	(105,603)

10	FIXED ASSETS	Note	2025		2024		
			----- (Rupees in '000) -----				
	Capital work-in-progress	10.1		4,055		6,228	
	Property and equipment	10.2		497,117		610,040	
				<u>501,172</u>		<u>616,268</u>	
10.1	Capital work-in-progress			4,055		6,228	
	Advances to suppliers			<u>4,055</u>		<u>6,228</u>	
10.2	Property and Equipment		2025				
			Improvements on lease hold buildings	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
			----- (Rupees in '000) -----				
	At 01 January 2025						
	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		<u>334,427</u>	<u>56,949</u>	<u>212,691</u>	<u>5,975</u>	<u>610,042</u>
	Year ended December 2025						
	Opening net book value		334,427	56,949	212,691	5,975	610,042
	Adjustment on adoption of IFRS 16		-	-	-	-	-
	Opening net book value - Adjusted		334,427	56,949	212,691	5,975	610,042
	Additions		11,005	-	5,210	-	16,215
	Transfers		-	-	-	-	-
	Acquisitions through business combinations		-	-	-	-	-
	Impairment loss recognised in the profit and loss account - net		-	-	-	-	-
	Disposals - cost		-	-	(50,245)	-	(50,245)
	Disposals - accumulated depreciation		-	-	49,982	-	49,982
	Depreciation charge		(58,785)	(13,840)	(52,716)	(3,536)	(128,877)
	Closing net book value		<u>286,648</u>	<u>43,109</u>	<u>164,922</u>	<u>2,439</u>	<u>497,117</u>
	At 31 December 2025						
	Cost		455,888	89,660	391,887	68,673	1,006,108
	Accumulated depreciation		(169,241)	(46,551)	(226,965)	(66,234)	(508,991)
	Net book value		<u>286,648</u>	<u>43,109</u>	<u>164,922</u>	<u>2,439</u>	<u>497,117</u>
	Rate of depreciation (percentage)		<u>10</u>	<u>20</u>	<u>20-33</u>	<u>20</u>	
			2024				
			Improvements on lease hold buildings	Furniture and fixtures	Electrical, office and computer equipments	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		<u>361,217</u>	<u>70,159</u>	<u>266,570</u>	<u>18,686</u>	<u>716,632</u>
	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		<u>334,427</u>	<u>56,949</u>	<u>212,691</u>	<u>5,975</u>	<u>610,041</u>
	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		<u>334,427</u>	<u>56,949</u>	<u>212,691</u>	<u>5,975</u>	<u>610,041</u>
	Rate of depreciation (percentage)		<u>10</u>	<u>20</u>	<u>20-33</u>	<u>20</u>	
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) -----				
			<u>935</u>	<u>10,248</u>	<u>77,770</u>	<u>59,317</u>	<u>148,270</u>
11	RIGHT-OF-USE ASSETS					2025	2024
	At 01 January					----- (Rupees in '000) -----	
	Cost					494,434	494,434
	Accumulated Depreciation					(162,432)	(107,048)
	Net Carrying amount at January 01					<u>332,002</u>	<u>387,386</u>
	Additions during the year					84,374	-
	Deletions during the year					-	-
	Depreciation Charge for the year					(65,543)	(55,384)
	Net Carrying amount at December 31					<u>350,833</u>	<u>332,002</u>

12 DEFERRED TAX ASSETS

	2025				At 31 December 2025
	At 01 January 2025	Reclassified from Advance tax	Recognised in Profit Loss Account	Recognised in OCI	
	----- Rupees in 000-----				
Deductible Temporary Differences on					
- Lease Liability	-	-	258,480	-	258,480
- Deficit on revaluation of investments	(710)	-	-	723	13
- Accelerated tax depreciation	-	-	-	-	-
- Provision against advances, off balance sheet etc.	(440)	-	2,761	-	2,321
- Workers' Welfare Fund	279,596	-	34,558	-	314,154
	278,446	-	295,799	723	574,968
Taxable Temporary Differences on					
- Post retirement employee benefits	(54,382)	-	-	30,677	(23,705)
- Surplus on revaluation of investments	-	-	-	-	-
- Accelerated tax depreciation	66,296	-	(208,235)	-	(141,938)
- Others (to be specified if material)	-	-	-	-	-
	11,914	-	(208,235)	30,677	(165,643)
	290,360	-	87,564	31,400	409,324
	----- Rupees in 000-----				
	2024				
	At 01 Jan 2024	Reclassified from Advance tax	Recognised in Profit Loss Account	Recognised in OCI	At 31 Dec 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
- Workers' Welfare Fund	209,375	-	70,221	-	279,596
- Provision against advances, off balance sheet etc.	-	-	(440)	-	(440)
	254,895	-	95,713	(5,866)	344,742
Taxable Temporary Differences on					
- Post retirement employee benefits	(36,436)	-	-	(17,946)	(54,382)
	218,459	-	95,713	(23,812)	290,360

13 OTHER ASSETS

	Note	2025		2024	
		----- Rupees in 000-----			
Income/ Mark-up accrued in local currency		223,378		186,046	
Income/ Mark-up accrued in foreign currency		-		22,665	
Advances, deposits, advance rent and other prepayments		222,284		40,534	
Advance taxation (payments less provisions)		1,968,492		1,345,877	
Receivable from defined benefit plan	33.3	51,829		93,184	
Branch adjustment account		(298)		(1,950)	
Mark to market gain on forward foreign exchange contracts		2,396		2	
Acceptances		1,262,499		494,463	
Others		324,313		142,036	
		4,054,893		2,322,857	
Less: Credit loss allowance held against other assets	13.1	(4,674)		(4,674)	
Other assets (Net of credit loss allowance)		4,050,219		2,318,183	

13.1 Credit loss allowance held against other assets

Advances, deposits, advance rent & other prepayments	4,674	4,674
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14 BILLS PAYABLE

In Pakistan	1,427,223	806,811
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15 DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Non-Remunerative						
Current deposits	18,510,216	1,172,817	19,683,033	19,202,426	2,616,410	21,818,836
Others	464,927	-	464,927	841,031	-	841,031
Remunerative						
Savings deposits	8,542,228	66	8,542,294	14,870,752	66	14,870,818
Term deposits	5,630,000	-	5,630,000	7,405,000	-	7,405,000
	33,147,371	1,172,883	34,320,254	42,319,209	2,616,476	44,935,685
Financial Institutions						
Non-remunerative deposit – inter branch	2,896	-	2,896	2,384	-	2,384
	2,896	-	2,896	2,384	-	2,384
	33,150,267	1,172,883	34,323,150	42,321,593	2,616,476	44,938,069

Note
----- Rupees in '000 -----

15.1 Composition of deposits

- Individuals		26,230	25,485
- Banking Companies		2,896	2,384
- Private Sector		34,294,024	44,910,200
	15.2	34,323,150	44,938,069

15.2 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs 515.890 million (2024: Rs 511.424 million).

16 LEASE LIABILITIES

Note
----- Rupees in '000 -----

Outstanding amount at the start of the year	448,092	468,322
Additions during the year	84,378	
Lease payments including interest	(99,048)	(80,889)
Interest expense	63,655	60,659
Exchange difference		
Outstanding amount at the end of the year	497,077	448,092

Liabilities Outstanding

Short-term lease liabilities - within one year	59,547	24,048
Long-term lease liabilities		
- 1 to 5 years	132,656	201,416
- 5 to 10 years	304,874	222,629
- More than 10 years		
	437,530	424,045
Total lease liabilities	497,077	448,092

17 OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	5,283	14,025
Mark-up / Return / Interest payable in foreign currency	-	-
Unearned commission and income on bills discounted	29,812	33,384
Accrued expenses	654,690	703,466
Advance payments	-	-
Current taxation (provisions less payments)	-	-
Acceptances	1,262,499	494,463
Unclaimed dividends	-	-
Dividends received for Custodial clients	-	24,417
Mark to market loss on forward foreign exchange contracts	-	-
Payable to DB Singapore	-	6,195
Unremitted expenses of head office and branches	6,499,601	6,222,039
Payable to defined benefit plan	-	-
Payable to defined contribution plan	-	-
Charity fund balance	-	-
Provision against off-balance sheet obligations	17.1	2,768
Security deposits against lease	-	-
Workers welfare fund	17.2	604,137
Others		205,128
		9,263,918
		8,291,103

17.1 Credit loss allowance against off-balance sheet obligations

Opening balance	4,120	6,121
Impact of adoption of IFRS 9	-	(272)
Charge/ (reversals)	-	-
Amount Written off	-	-
Reversals	(1,352)	(1,729)
Closing balance	17.1.1	2,768

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	<i>Note</i>	2025	2024
		----- Rupees in '000 ----	
Balance at the beginning of the year	18.1	9,297,617	9,984,045
Revaluation surplus allowed by the State Bank of Pakistan during the year		1,242,595	(686,428)
		<u>10,540,212</u>	<u>9,297,617</u>

18.1 Capital held in interest free deposit in approved foreign exchange represents Euro 32,048,165 (2024: Euro 32,048,165).

19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS	<i>Note</i>	2025	2024
		----- Rupees in '000 ----	
Deficit on revaluation of:			
- FVOCI securities - debt		(26)	1,366
- Available for sale securities			
Deferred tax on deficit on revaluation of:			
- FVOCI securities - debt		14	(710)
- Available for sale securities			
		<u>(12)</u>	<u>656</u>

20 CONTINGENCIES AND COMMITMENTS

-Guarantees	20.1	14,437,660	13,643,792
-Commitments	20.2	28,170,330	31,724,185
-Other contingent liabilities		-	-
		<u>42,607,990</u>	<u>45,367,977</u>

20.1 Guarantees:

Financial guarantees		<u>14,437,660</u>	<u>13,643,792</u>
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20.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		7,625,955	4,908,132
Commitments in respect of:			
- forward foreign exchange contracts	20.2.1	487,396	92,545
- forward lending	20.2.2	20,056,978	26,723,507
- operating fixed assets		-	-
		<u>28,170,330</u>	<u>31,724,185</u>

20.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		-	92,545
Sale		487,396	-
		<u>487,396</u>	<u>92,545</u>

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.

20.3 Other contingent liabilities

The Pakistan Operations has Rs. 2,916 million as contingent tax liabilities (December 31, 2024: Rs. 549 million). FBR has issued assessment order for Tax Year 2019 to 2024 to tax the FX adjustment in Head Office Capital account creating an additional tax liability of Rs 2,599 million. DB has filed appeal against assessment orders for tax year 2019 and 2020, and is in the process of filing appeal for the remaining years. DB believes that the treatment of FX adjustment is in line with the Seventh Schedule of the Income Tax Ordinance 2001 and therefore no tax provision is required at this stage.

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. Thereafter, the CIRA vide its order dated January 1, 2026, allowed further amounts and reduced the disallowed amounts to Rs.374 Million which had created a contingency of Rs. 147 million. The appeal is filed before the ATIR against the said order. 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.

21 MARK-UP / RETURN / INTEREST EARNED	<i>Note</i>	2025	2024
		----- Rupees in '000 -----	
On:			
Loans and advances		843,365	1,020,361
Investments		729,366	1,108,327
Lendings to financial institutions		3,576,103	7,147,001
Balances with banks		68,307	91,472
		<u>5,217,266</u>	<u>9,367,161</u>
22 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		1,475,419	3,494,291
Borrowings		3,908	7,135
Finance costs against lease		63,655	60,659
		<u>1,542,982</u>	<u>3,562,085</u>
23 FEE & COMMISSION INCOME			
Commission on trade		255,298	261,412
Commission on guarantees		84,837	79,397
Commission on cash management		7,154	28,181
Commission on remittances including home remittances		7,337	27,181
Commission on custodial services		142,606	147,758
Others		20	-
		<u>497,252</u>	<u>543,930</u>
24 GAIN / (LOSS) ON SECURITIES			
Realised loss	24.1	<u>-</u>	<u>(7,016)</u>
24.1 Realised loss on:			
Federal Government Securities		<u>-</u>	<u>(7,016)</u>
25 OTHER INCOME / (LOSS)			
Loss on sale of fixed assets - net		(263)	(1,517)
Others		(67)	661
		<u>(330)</u>	<u>(856)</u>

26 OPERATING EXPENSES	Note	2025	2024
		----- Rupees in '000 -----	
Total compensation expense	26.1	840,478	787,339
Property expense			
Rent & taxes		2,406	12,315
Insurance		12,383	11,425
Utilities cost		14,011	18,450
Security (including guards)		26,193	14,869
Repair & maintenance (including janitorial charges)		48,426	57,698
Depreciation		57,969	55,710
Depreciation on right-of-use assets		65,543	55,384
		226,931	225,851
Information technology expenses			
Software maintenance		2,627	6,872
Hardware maintenance		44,898	49,394
Depreciation		35,590	41,579
Network charges		51,297	53,533
		134,412	151,378
Other operating expenses			
Legal & professional charges		43,083	37,960
Outsourced services costs	26.2	120,743	114,653
Travelling & conveyance		8,985	7,136
NIFT clearing charges		2,071	810
Depreciation		35,318	45,717
Training & development		96	(385)
Postage & courier charges		3,117	2,752
Communication		3,389	4,016
Head office / regional office expenses	26.3	832,815	643,039
Stationery & printing		6,023	16,903
Marketing, advertisement & publicity		762	1,211
Auditors remuneration	26.4	9,884	8,904
Premium for Deposit Protection		680	862
Others		2,603	1,173
		1,069,569	884,751
		2,271,390	2,049,319
26.1 Total compensation expense			
Managerial Remuneration			
i) Fixed		298,716	253,641
ii) Variable			
of which;			
a) Cash bonus / awards etc.		129,886	144,788
b) Bonus & awards in shares etc. reversal in accruals		-	-
Charge for defined benefit plan	33.7.1	15,735	16,881
Contribution to defined contribution plan		50,651	41,136
Rent & house maintenance		126,619	106,296
Utilities		28,138	23,621
Medical		9,583	12,717
Conveyance		8,241	6,829
Others	26.1.1	166,846	163,864
Sub-total		834,415	769,773
Severance Allowance	26.1.2	6,063	17,566
Grand Total		840,478	787,339
26.1.1 Others			
Maintenance cars - general repair expenses		3,735	2,624
Car allowance		50,405	49,046
COLA - Cost of Living Adjustment		28,138	23,621
Employee recognition awards		16,146	5,640
Notice buyouts		-	1,017
Maintenance cars - petrol expenses		22,778	24,984
Health insurance		15,486	18,296
Consumption allowance		2,065	2,057
Canteen expenses		4,115	3,921
Others		23,978	32,658
		166,846	163,864

26.1.2 Number of person to whom severance cost paid is 1 (2024: 1).

26.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 120.74 million (2024: Rs 114.65 million) . This excludes outsourcing expenses incurred with Head office and branches which are separately disclosed in note 26.3 of these financial statements. The material outsourcing arrangements with companies incorporated in Pakistan along with their nature are as follows:

Supplier Name	Services	Note	2025	2024
----- (Rupees in '000) -----				
CBRE	Facility management services		101,538	101,920
HRSG	Manpower outsourcing staff services		11,969	9,002
26.3 Head office expenses / regional expenses				
Management leadership charges			89,425	207,908
Ben / Acorn charges (software and applications)			557,882	176,292
Shareholder expense			121,977	283,153
			769,284	667,353
Add / less: Transfer Pricing Coverage			63,531	(24,315)
			832,815	643,038
26.4 Auditors' remuneration				
Audit fee			7,062	6,362
Fee for other statutory certifications			2,168	1,953
Out-of-pocket expenses			654	589
			9,884	8,904
27 OTHER CHARGES				
Penalties imposed by State Bank of Pakistan			-	-
Others			-	17,155
			-	17,155
28 PROVISIONS / (REVERSALS) & WRITE OFFS - NET				
Credit loss allowance held against cash and balances with treasury banks		7.3	(1,824)	2,958
Credit loss allowance held against balances with other banks		8.3.1	(1)	1
Credit loss allowance against loans & advances		8.3	8,486	(2,076)
Credit loss allowance against off-balance sheet obligations			(1,353)	(1,729)
Bad debts written off directly			-	-
Recovery of written off / charged off bad debts			-	-
			5,308	(846)
29 TAXATION				
Current			1,761,105	2,980,498
Prior years			1,380	-
Deferred			(87,563)	(95,713)
		29.1	1,674,922	2,884,785
29.1 Relationship between tax expense and accounting profit				
Profit before tax			3,133,709	5,345,338
Tax calculated at the rate of 43% (2024: 44%)			1,347,494	2,351,948
Effect of :				
Super tax			313,371	534,534
Prior years			1,380	-
Deferred tax booked at tax rates applicable to future years @ 52%			-	(15,290)
Disallowance of 50% of contribution to gratuity and pension funds			10,786	3,889
Impact of rate change on deferred tax (53%-52%)			1,684	3,333
Others			207	6,371
Tax charge for the year			1,674,922	2,884,785

	2025	2024
	----- (Rupees in '000) -----	
30 CASH AND CASH EQUIVALENTS		
Cash and balance with treasury banks	12,955,135	13,698,435
Balance with other banks	413,558	1,977,797
	<u>13,368,693</u>	<u>15,676,232</u>

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

	2025			
	Liabilities	Equity		
	Lease Liabilities	Head office capital account	Un-remitted profit	Total
	----- (Rupees in '000) -----			
Balance as at 1 January 2025	448,092	9,297,617	5,419,951	15,165,659
Change from financing cash flow				
Remittance made to Head office	-	-	(919,555)	(919,555)
Addition in lease liabilities	84,378	-	-	84,378
Payment of lease liabilities	(99,048)	-	-	(99,048)
Total change from financing cash flows	(14,670)	-	(919,555)	(934,225)
The effect of changes due to foreign exchange translation	-	1,242,595	-	1,242,595
Other changes				
Finance costs against lease	63,655	-	-	63,655
Effect of change in accounting policy due to IFRS 9 adoption	-	-	-	-
Other comprehensive income - net of tax	-	-	(28,317)	(28,317)
Transfer of profit to reserve	-	-	1,458,787	1,458,787
	63,655	-	1,430,470	1,494,125
Balance as at 31 December 2025	<u>497,077</u>	<u>10,540,212</u>	<u>5,930,866</u>	<u>16,968,154</u>

	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
- Non cash based	-	-	5,588	5,588
Effect of change in accounting policy due to IFRS 9 adoption	-	-	3,287	3,287
Other comprehensive income - net of tax	-	-	2,460,553	2,460,553
	60,659	-	2,469,428	2,530,087
Balance as at 31 December 2024	<u>448,092</u>	<u>9,297,617</u>	<u>5,419,951</u>	<u>15,165,659</u>

	2025	2024
	----- (Number) -----	
32 STAFF STRENGTH		
Permanent	86	83
Others (Outsourced)	32	33
Bank's own staff strength at the end of the year	<u>118</u>	<u>116</u>

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 86 (2024: 82).

33.2 Principal actuarial assumptions

The actuarial valuation of the defined benefit plan was carried out at 31 December 2025. Projected Unit Credit Method is used for the calculation and the key assumptions used for actuarial valuation were as follows:

	2025	2024
	----- (Per annum) -----	
Discount rate	11.50%	12.25%
Expected rate of return on plan assets	11.50%	12.25%
Expected rate of salary increase	11.50%	12.00%
Expected rate of increase in pension	5.85%	6.18%

33.3 Reconciliation of receivable from defined benefit plans

	Note	2025	2024
		----- Rupees in '000 -----	
Present value of obligations	33.4	1,271,474	1,069,801
Fair value of plan assets	33.5	<u>(1,323,303)</u>	<u>(1,162,985)</u>
	33.6	<u>(51,829)</u>	<u>(93,184)</u>

33.4 Movement in defined benefit obligations

Obligations at the beginning of the year	1,069,801	932,504
Current service cost	29,194	27,548
Interest cost	127,189	133,785
Benefits paid	<u>(63,045)</u>	<u>(50,970)</u>
Re-measurement gain	108,335	26,934
Obligations at end of the year	<u>1,271,474</u>	<u>1,069,801</u>

33.5 Movement in fair value of plan assets

Fair value at the beginning of the year	1,162,985	988,307
Interest income on plan assets	140,648	144,452
Contributions	33,374	33,029
Benefits paid	<u>(63,045)</u>	<u>(50,970)</u>
Return on plan assets	49,341	48,167
Fair value at end of the year	33.8 <u>1,323,303</u>	<u>1,162,985</u>

33.6 Movement in payable under defined benefit schemes

Opening balance	(93,184)	(55,803)
Charge for the year	33.7.1 15,735	16,881
Contribution	<u>(33,374)</u>	<u>(33,029)</u>
Re-measurement gain recognised in OCI during the year	33.7.2 58,994	(21,233)
Closing balance	<u>(51,829)</u>	<u>(93,184)</u>

33.7 Charge for defined benefit plans**33.7.1 Cost recognised in profit and loss**

Current service cost	29,194	27,548
Net interest on defined benefit asset / liability	<u>(13,459)</u>	<u>(10,667)</u>
	<u>15,735</u>	<u>16,881</u>

33.7.2 Re-measurements recognised in OCI during the year

Loss / (Gain) on obligations		
- Demographic assumptions	-	-
- Financial assumptions	53,469	74,829
- Experience adjustment	54,866	(47,895)
Return on plan assets over interest income	<u>(49,341)</u>	<u>(48,167)</u>
Total re-measurements recognised in OCI	<u>58,994</u>	<u>(21,233)</u>

33.8 Components of plan assets

Cash and cash equivalents - net	15,157	40,874
Government Securities	1,308,146	1,125,954
Less: Pension payable	-	(3,843)
	<u>1,323,303</u>	<u>1,162,985</u>

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:

	2025 Rupees in '000
1% increase in discount rate	(132,287)
1% decrease in discount rate	160,465
1 % increase in expected rate of salary increase	27,629
1 % decrease in expected rate of salary increase	(25,206)
1% increase in expected rate of pension increase	131,282
1% decrease in expected rate of pension increase	(112,717)

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

	2025	2024	2023	2022	2021
	----- (Rupees in '000) -----				
Present value of obligations	<u>1,271,474</u>	<u>1,069,801</u>	<u>932,504</u>	<u>857,182</u>	<u>839,507</u>
Fair value of plan assets	<u>1,323,303</u>	<u>1,162,985</u>	<u>988,307</u>	<u>881,175</u>	<u>849,183</u>
(Surplus) / Deficit	<u>(51,829)</u>	<u>(93,184)</u>	<u>(55,803)</u>	<u>(23,993)</u>	<u>(9,676)</u>
Experience adjustment on plan liabilities - loss / (gain)	<u>54,866</u>	<u>(47,895)</u>	<u>(8,530)</u>	<u>(9,399)</u>	<u>(14,019)</u>

	2025 Rupees in '000
33.11 Expected contributions to be paid to the fund in the next financial year	<u><u>44,884</u></u>
33.12 Expected charge / (reversal) for the next financial year	<u><u>36,899</u></u>

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 79 and in gratuity fund scheme are 79 (2024: Provident fund scheme 75 and Gratuity scheme 75).

35 COMPENSATION OF CHIEF COUNTRY OFFICER AND EXECUTIVES

	Chief Country Officer		Executives	
	2025	2024	2025	2024
	------(Rupees in '000)-----			
Managerial remuneration	91,128	50,024	683,053	671,784
Contribution for defined benefit plan	1,666	-	31,708	33,029
Contribution to defined contribution plan	4,309	-	50,651	41,136
Medical	233	59	9,350	12,658
	<u>97,336</u>	<u>50,083</u>	<u>774,762</u>	<u>758,607</u>
	------(Number)-----			
Number of persons	1	1	85	83

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

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 in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2025			
	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	-	6,048,628	-	6,048,628
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	-	-	-
Forward sale of foreign exchange	-	487,396	-	487,396
	2024			
	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	-	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	-	-	-	-

There were no transfers between different fair value hierarchy levels during the current year.

36.2 Valuation techniques used in determination of fair values:

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

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

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.

	2025			Total
	Corporate Bank	Investment Bank	Infrastructure & Regional Management	
------(Rupees in '000)-----				
Profit & Loss				
Net mark-up/return/profit	(654,831)	(2,128)	4,331,243	3,674,284
Inter segment revenue - net	3,403,079	(246,694)	(3,156,385)	-
Non mark-up / return / interest income	532,249	1,335,626	(65,298)	1,802,577
Total income	<u>3,280,497</u>	<u>1,086,804</u>	<u>1,109,560</u>	<u>5,476,861</u>
Segment direct expenses	(1,149,466)	(176,283)	(1,012,095)	(2,337,844)
Inter segment expense allocation	(586,445)	(58,737)	645,182	-
Total expenses	<u>(1,735,911)</u>	<u>(235,020)</u>	<u>(366,913)</u>	<u>(2,337,844)</u>
Provisions	(5,308)	-	-	(5,308)
Profit before tax	<u>1,539,278</u>	<u>851,784</u>	<u>742,647</u>	<u>3,133,709</u>
Balance Sheet				
Cash and bank balances	-	-	13,368,693	13,368,693
Net inter segment lending	-	-	30,165,397	30,165,397
Lendings to financial institutions	-	-	29,248,384	29,248,384
Investments	-	-	6,048,628	6,048,628
Advances - performing	8,014,273	-	-	8,014,273
- non-performing	96,511	-	-	96,511
- provision against advances	(105,603)	-	-	(105,603)
Others	1,485,971	2,396	3,823,181	5,311,548
Total Assets	<u>9,491,152</u>	<u>2,396</u>	<u>82,654,283</u>	<u>92,147,831</u>
Borrowings	-	-	-	-
Deposits & other accounts	34,320,255	-	2,895	34,323,150
Net inter segment borrowing	30,165,397	-	-	30,165,397
Others	2,705,731	-	8,482,487	11,188,218
Total liabilities	<u>67,191,383</u>	<u>-</u>	<u>8,485,382</u>	<u>75,676,765</u>
Equity	-	-	16,471,066	16,471,066
Total Equity & liabilities	<u>67,191,383</u>	<u>-</u>	<u>24,956,448</u>	<u>92,147,831</u>
Contingencies & Commitments	<u>42,120,593</u>	<u>487,396</u>	<u>-</u>	<u>42,607,990</u>

	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

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 Deutsche 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:

	2025	2024
	----- (Rupees in '000) -----	
Type of security		
Government Securities	36,790,895	97,182,135
TFCs and Sukuks	-	-
Shares	106,837,053	106,938,059
	143,627,948	204,120,194

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:

	2025			2024		
	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	407,747	-	-	1,972,886	-	-
Advances						
Opening balance	-	1,657	-	-	10,103	-
Addition during the year	-	34,875	-	-	-	-
Repaid during the year	-	(3,131)	-	-	(5,799)	-
Transfer in / (out) - net	-	4,170	-	-	(2,647)	-
Closing balance	-	37,571	-	-	1,657	-
Other Assets						
Receivable from staff retirement fund	-	-	51,829	-	-	93,184
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	2,384	12,824	118,926	496	8,027	9,966
Received during the year	7,139	86,418	1,913,958	2,908	87,557	1,120,218
Withdrawn during the year	(6,627)	(94,721)	(1,992,128)	(1,019)	(77,618)	(1,011,258)
Transfer in / (out) - net	-	(3,837)	-	-	(5,142)	-
Closing balance	2,896	684	40,756	2,384	12,824	118,926
Other Liabilities						
Payable to staff retirement fund	-	-	-	-	-	-
Other liabilities	6,483,986	-	-	6,247,340	-	-
Contingencies and Commitments						
Other contingencies	4,551,978	-	-	4,408,304	-	-

	2025		2024	
	Head office and branches	Key management personnel	Head office and branches	Key management personnel
----- (Rupees in '000) -----				
Income				
Mark-up / return / interest earned	56,255	440	81,019	68
Expense				
Mark-up / return / interest paid	-	387	-	889
Operating expenses	832,815	159,457	643,039	94,193

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025	2024
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>16,471,066</u>	<u>14,683,528</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>16,471,066</u>	14,683,528
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>16,471,066</u>	14,683,528
Eligible Tier 2 Capital	<u>12,994</u>	8,340
Total Eligible Capital (Tier 1 + Tier 2)	<u>16,484,060</u>	14,691,868
Risk Weighted Assets (RWAs):		
Credit Risk	<u>18,848,027</u>	14,193,709
Market Risk	<u>1,615,569</u>	132,392
Operational Risk	<u>12,836,858</u>	11,727,729
Total	<u>33,300,454</u>	26,053,830
Common Equity Tier 1 Capital Adequacy ratio		
Common Equity Tier 1 Capital Adequacy ratio	<u>49.46%</u>	56.36%
Tier 1 Capital Adequacy Ratio	<u>49.46%</u>	56.36%
Total Capital Adequacy Ratio	<u>49.50%</u>	56.39%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>16,471,066</u>	14,683,528
Total Exposures	<u>84,813,545</u>	88,213,139
Leverage Ratio	<u>19.42%</u>	16.65%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>40,274,221</u>	46,652,850
Total Net Cash Outflow	<u>12,994,801</u>	15,190,865
Liquidity Coverage Ratio	<u>310%</u>	307%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>37,182,664</u>	40,037,788
Total Required Stable Funding	<u>15,990,941</u>	12,941,480
Net Stable Funding Ratio	<u>233%</u>	309%

40.1 The full disclosures 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

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 appetite.
- 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 Board for approval.

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

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2025	2024	2025	2024	2025	2024
	----- (Rupees in '000) -----					
Public/ Government	-	-	-	-	-	-
Private	29,248,384	44,982,510	-	-	-	-
	<u>29,248,384</u>	<u>44,982,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

41.6.1.2 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2025	2024	2025	2024	2025	2024
	----- (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	706,010	706,473	-	-	-	-
Cement	-	-	-	-	-	-
Sugar	-	-	-	-	-	-
Footwear and leather garments	-	-	-	-	-	-
Automobile and transportation equipment	-	-	-	-	-	-
Electronics and electrical appliances	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Power (electricity), gas, water, sanitary	-	-	-	-	-	-
Wholesale and retail trade	7,045,370	2,114,481	-	-	-	-
Exports/Imports	-	-	-	-	-	-
Transport, storage and communication	-	-	-	-	-	-
Financial	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Services	8,966	1,034	-	-	-	-
Individuals	163,759	171,683	-	-	-	-
Others	90,168	-	-	-	-	-
	<u>8,110,784</u>	<u>3,090,182</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2025	2024	2025	2024	2025	2024
	----- (Rupees in '000) -----					
Private	8,110,784	3,090,182	96,511	96,511	96,511	96,511
	<u>8,110,784</u>	<u>3,090,182</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>

41.6.1.3 Contingencies and Commitments

Credit risk by industry sector

	2025	2024
	----- Rupees in '000 -----	
Agriculture, forestry, hunting and fishing	-	-
Mining and quarrying	-	-
Textile	-	268
Chemical and pharmaceuticals	2,895,567	2,532,764
Cement	-	-
Sugar	-	-
Footwear and leather garments	-	-
Automobile and transportation equipment	27,493	-
Electronics and electrical appliances	5,748	1,434,051
Construction	5,324	6,178
Power (electricity), gas, water, sanitary	-	-
Wholesale and retail trade	528,917	896,719
Exports/Imports	-	-
Transport, storage and communication	-	76,202
Financial	7,086,221	7,044,816
Insurance	-	-
Services	638,867	911,677
Individuals	-	-
Others	10,875,478	5,649,249
	<u>22,063,615</u>	<u>18,551,924</u>
Private	<u>22,063,615</u>	<u>18,551,924</u>

41.6.1.4 Concentration of Advances

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

Funded	7,982,933	3,026,612
Non Funded	5,746,994	13,246,217
Total Exposure	<u>13,729,927</u>	<u>16,272,829</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 39.328 billion (2024: 37.957 billion)

Total funded classified therein

	2025		2024	
	Amount	Provision held	Amount	Provision held
Loss	96,511	96,511	96,511	96,511
Total	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>	<u>96,511</u>

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

Province / Region	2025		
	(Rupees in '000)		
	Disbursements	Utilization	
		Punjab	Sindh
Punjab	86,050,874	86,050,874	-
Sindh	48,686,336	-	48,686,336
Total	134,737,210	86,050,874	48,686,336

Province / Region	2024		
	(Rupees in '000)		
	Disbursements	Utilization	
		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

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

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	12,955,135	-	12,955,135	13,698,435	-	13,698,435
Balances with other banks	413,558	-	413,558	1,977,797	-	1,977,797
Lendings to financial institutions	29,248,384	-	29,248,384	44,982,510	-	44,982,510
Investments	6,048,628	-	6,048,628	1,993,678	-	1,993,678
Advances	8,005,181	-	8,005,181	2,993,065	-	2,993,065
Fixed assets	501,172	-	501,172	616,268	-	616,268
Right-of-use assets	350,833	-	350,833	332,002	-	332,002
Deferred tax assets	409,324	-	409,324	290,360	-	290,360
Other assets	4,047,823	2,396	4,050,219	2,318,181	2	2,318,183
	61,980,038	2,396	61,982,434	69,202,297	2	69,202,299

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.

	2025				2024			
	Foreign currency assets	Foreign currency liabilities and Head office capital account	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	759,487	1,799,228	(487,235)	(1,526,976)	2,446,312	2,416,927	92,545	121,930
Great Britain Pound								
Sterling	952	-	-	952	518	-	-	518
Euro	10,661,706	10,701,199	-	(39,493)	9,499,853	9,496,511	-	3,342
Japanese Yen	2,961	-	-	2,961	224	-	-	224
Other currencies	4,680	-	-	4,680	6,378	-	-	6,378
	11,429,786	12,500,427	(487,235)	(1,557,876)	11,953,285	11,913,438	92,545	132,392

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(15,579)	-	1,324	-

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

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk.

	2025		2024	
	Banking	Trading book	Banking book	Trading book
Impact of 1% increase in interest rates on - Profit and loss account	298,338	-	302,032	-

41.6.2.4 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield/ Interest rate	Total	2025 Exposed to Yield/ Interest risk									Non-interest bearing financial instruments	
		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		
On-balance sheet financial instruments												
<i>Assets</i>												
Cash and balances with treasury banks	0.31%	12,955,135	238,415	-	-	-	-	-	-	-	-	12,716,720
Balances with other banks	0.00%	413,558	962,590	-	-	-	-	-	-	-	-	(549,032)
Lending to financial institutions	10.50%	29,248,384	29,248,384	-	-	-	-	-	-	-	-	-
Investments	11.15%	6,048,628	4,084,379	1,964,249	-	-	-	-	-	-	-	-
Advances	8.98%	8,005,181	2,127,515	3,192,854	1,096,343	1,436,709	16,137	13,902	57,037	16,570	48,113	-
Other assets	0.00%	4,050,218	-	-	-	-	-	-	-	-	-	4,050,218
		60,721,104	36,661,283	5,157,103	1,096,343	1,436,709	16,137	13,902	57,037	16,570	48,113	16,217,906
<i>Liabilities</i>												
Bills payable	0.00%	1,427,223	-	-	-	-	-	-	-	-	-	1,427,223
Borrowings	0.00%	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	3.63%	34,323,150	10,952,294	3,080,000	140,000	-	-	-	-	-	-	20,150,856
Liabilities against right-of-use assets		497,077	2,932	6,820	10,078	22,015	56,911	71,353	202,229	124,738	-	-
Other liabilities	0.00%	9,263,918	-	-	-	-	-	-	-	-	-	9,263,918
		45,511,368	10,955,226	3,086,820	150,078	22,015	56,911	71,353	202,229	124,738	-	30,841,997
On-balance sheet gap		15,209,737	25,706,057	2,070,283	946,264	1,414,693	(40,774)	(57,451)	(145,192)	(108,168)	48,113	(14,624,091)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
- letters of credit		7,625,955	-	-	-	-	-	-	-	-	-	7,625,955
Commitments in respect of:		-	-	-	-	-	-	-	-	-	-	-
- Forward Purchase Contracts		-	-	-	-	-	-	-	-	-	-	-
- Forward Sales Contracts		(487,396)	-	-	-	-	-	-	-	-	-	(487,396)
- Forward agreement lending		20,056,978	20,056,978	-	-	-	-	-	-	-	-	-
- Forward sale of investments		-	-	-	-	-	-	-	-	-	-	-
- Other commitments		12,834	-	-	-	-	-	-	-	-	-	12,834
Off-balance sheet gap		27,208,371	20,056,978	-	-	-	-	-	-	-	-	7,151,393
Total Yield/Interest Risk Sensitivity Gap		45,763,035	2,070,283	946,264	1,414,693	(40,774)	(57,451)	(145,192)	(108,168)	48,113	(7,472,698)	
Cumulative Yield/Interest Risk Sensitivity Gap		45,763,035	47,833,319	48,779,583	50,194,277	50,153,503	50,096,052	49,950,860	49,842,692	49,890,806	42,418,108	

Effective Yield/ Interest rate	Total	2024 Exposed to Yield/ Interest risk									Non-interest bearing financial instruments	
		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		
On-balance sheet financial instruments												
<i>Assets</i>												
Cash and balances with treasury banks	0.15%	13,698,435	344,963	-	-	-	-	-	-	-	-	13,353,472
Balances with other banks	0.00%	1,977,797	2,612,845	-	-	-	-	-	-	-	-	(635,048)
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
		67,963,668	50,607,969	1,011,868	682,139	455,455	13,028	10,021	58,541	18,592	69,450	15,036,607
<i>Liabilities</i>												
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 right-of-use assets		448,092	4,682	2,773	7,453	9,139	28,244	41,099	132,074	222,628	-	-
Subordinated debt	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	0.00%	8,291,104	-	-	-	-	-	-	-	-	-	8,291,104
		54,484,076	19,335,500	2,947,773	7,453	9,139	28,244	41,099	132,074	222,628	-	31,760,166
On-balance sheet gap		13,479,592	31,272,468	(1,935,905)	674,686	446,316	(15,216)	(31,078)	(73,533)	(204,036)	69,450	(16,723,559)
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
- Other commitments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		76,911	21,542,193	-	-	-	-	-	-	-	-	76,911
Total Yield/Interest Risk Sensitivity Gap		52,814,662	(1,935,905)	674,686	446,316	(15,216)	(31,078)	(73,533)	(204,036)	69,450	(6,464,657)	
Cumulative Yield/Interest Risk Sensitivity Gap		52,814,662	50,878,756	51,553,442	51,999,758	51,984,542	51,953,464	51,879,931	51,675,895	51,745,345	45,280,687	

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

Total	2025												
	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	12,955,135	2,414,923	-	-	-	-	-	-	-	-	-	-	10,540,212
Balances with other banks	413,558	413,558	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	29,248,384	-	29,248,384	-	-	-	-	-	-	-	-	-	-
Investments	6,048,628	-	-	2,494,299	1,590,080	1,964,250	-	-	-	-	-	-	-
Advances	8,005,181	6,518,082	-	-	81	37	372,832	951,799	2,571	16,137	13,903	57,039	72,677
Fixed assets	501,172	-	-	-	4,615	4,615	4,615	13,846	13,846	55,384	51,767	151,818	186,820
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Right-of-use assets	350,833	-	-	-	5,411	5,411	5,411	16,232	16,232	63,787	60,369	115,045	46,705
Deferred tax assets	409,324	-	-	-	-	-	-	-	-	409,324	-	-	-
Other assets	4,050,218	2,612,197	51,386	151,007	262,841	560,580	258,100	34,106	7,433	212	1,836	3,530	21,067
	61,982,433	11,958,760	29,299,770	2,645,306	1,863,028	570,629	2,232,412.44	437,016	989,310	32,861	546,468	129,569	344,968
Liabilities													
Bills payable	1,427,223	1,427,223	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	34,323,150	28,693,150	110,000	2,300,000	880,000	2,200,000	140,000	-	-	-	-	-	-
Liabilities against Right-of-use assets	497,077	-	-	2,932	5,236	1,584	10,078	10,791	11,225	56,911	71,353	202,229	124,738
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	9,263,918	8,001,419	51,386	151,007	237,267	541,714	258,099	23,026	-	-	-	-	-
	45,511,367	38,121,792	161,386	151,007	1,426,950	2,459,683	173,105	10,791	11,225	56,911	71,353	202,229	124,738
Net assets	16,471,066	26,163,032	29,138,384	2,494,299	(677,171)	(856,321)	(227,270)	263,911	978,519	21,636	489,557	58,216	142,739
Head office capital account	10,540,212	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	5,930,866	-	-	-	-	-	-	-	-	-	-	-	-
Unremitted profit	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	(12)	-	-	-	-	-	-	-	-	-	-	-	-
	16,471,066	-	-	-	-	-	-	-	-	-	-	-	-

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	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
	69,202,298	10,866,879	45,070,708	2,022,636	190,206	95,540	104,693	15,379	13,959	15,076	352,042	59,223	795,360
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
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
Head office capital account	9,297,617	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	5,419,951	-	-	-	-	-	-	-	-	-	-	-	-
Unremitted profit	656	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	14,718,224	-	-	-	-	-	-	-	-	-	-	-	-

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

41.6.4.2

Total	2025								
	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	12,955,135	370,653	555,979	893,655	594,636	-	-	-	10,540,212
Balances with other banks	413,558	96,684	145,029	103,107	68,738	-	-	-	-
Lending to financial institutions	29,248,384	29,248,384	-	-	-	-	-	-	-
Investments	6,048,628	4,084,378	1,964,250	-	-	-	-	-	-
Advances	8,005,181	2,127,515	3,192,854	1,096,343	1,436,709	16,137	13,902	57,037	16,570
Fixed assets	501,172	4,615	9,231	13,846	27,692	55,384	51,767	151,818	186,820
Right-of-use assets	350,833	5,411	10,821	16,232	32,463	63,787	60,369	115,045	46,705
Intangible assets	-	-	-	-	-	-	-	-	-
Deferred tax assets	409,324	-	-	-	-	409,324	-	-	-
Other assets	4,050,218	657,891	1,041,250	164,768	94,753	1,954,306	3,530	21,067	8,803
	61,982,433	36,595,531	6,919,414	2,287,950	2,254,991	2,498,938	129,568	344,967	258,899
Liabilities									
Bills payable	1,427,223	356,060	534,086	322,246	214,831	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-
Deposits and other accounts	34,323,150	7,678,760	10,983,142	9,452,749	6,208,499	-	-	-	-
Liabilities against assets subject to finance lease	497,077	2,932	6,820	10,078	22,015	56,911	71,353	202,229	124,738
Subordinated debt	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	9,263,918	556,361	992,610	804,380	6,910,565	-	-	-	-
	45,511,367	8,594,113	12,516,658	10,589,454	13,355,911	56,911	71,353	202,229	124,738
Net assets	16,471,066	28,001,418	(5,597,244)	(6,301,504)	(11,100,920)	2,442,028	58,215	142,738	134,161
Head office capital account	10,540,212	-	-	-	-	-	-	-	-
Reserves	5,930,866	-	-	-	-	-	-	-	-
Unremitted profit	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	(12)	-	-	-	-	-	-	-	-
	16,471,066	-	-	-	-	-	-	-	-

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	1,729,828	910,682	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
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
Liabilities									
Bills payable	806,811	117,983	176,975	307,112	204,741	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-
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	132,0	

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 31 March 2026.

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 2025

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 2025 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