

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors' of Dubai Islamic Bank Pakistan Limited (DIBPL), we are pleased to present the condensed interim un-audited financial information for the period ended September 30, 2025.

ECONOMIC OVERVIEW

The State Bank of Pakistan (SBP) in their recent meeting has kept the policy rate unchanged at 11% (since May 2025), noting that inflation remained relatively moderate in July and August while core inflation continued to decline at a slower pace. The SBP observed that the economy is on a significantly stronger footing to withstand the negative fallout of the floods compared to previous major events, supported by low inflation, moderate domestic demand and a benign global commodity price outlook. However, the near-term macroeconomic outlook has slightly deteriorated due to recent floods which may push up headline inflation and the current account deficit in FY26.

The current account recorded a deficit of USD 254 million in July 2025, led by an increase in imports amidst a pickup in economic activity and some moderation in remittances. Despite this deficit and weak financial inflows, SBP's FX reserves remained stable at USD 14.3 billion as of Sep'25. Despite flood-related challenges, the deficit is projected to stay within the 0–1% of GDP range for FY26, with reserves expected to reach around USD 15.5 billion by Dec'25. The SBP also noted that the announcement of revised US import tariffs has led to some reduction in global trade uncertainty and improved Pakistan's market access to the US.

FBR's tax collection grew by 14.1 percent year-on-year in the first two months of FY26, while higher petroleum levy and SBP profit transfer are expected to support a significant primary surplus. However, flood-related spending pressures may increase expenditures. The SBP reiterated the need to continue reforms, particularly through broadening the tax base and restructuring loss-making state-owned enterprises to create space for social and development spending and build buffers against future shocks.

Broad money growth decelerated to 13.9 percent, driven mainly by deposits, while private sector credit grew by 14.1 percent year-on-year, supported by improving activity and declining budgetary borrowing. Inflation stood at 4.1 percent in July before easing to 3 percent in August, though flood-related food price pressures are expected to temporarily push inflation above the 5–7 percent target range during the second half of FY26 before easing in FY27.

FINANCIAL HIGHLIGHTS

-----Rs. in millions -----

Statement of Financial Position	30-Sep-25	31-Dec-24	Variance
Investments	147,998	143,839	2.9%
Islamic financing and related assets	239,946	203,884	17.7%
Total assets	454,688	453,166	0.3%
Deposits and other accounts	334,079	346,873	-3.7%
Net equity	47,491	44,947	5.7%
Number of branches	235	235	-

Profit and Loss Account	30-Sep-25	30-Sep-24	Variance
Profit before tax	7,881	12,882	(38.8%)
Profit after tax	3,363	6,435	(47.7%)
Earnings per share (Rs.)	2.89	5.52	(47.6%)

During the nine months ended September 30, 2025, Dubai Islamic Bank Pakistan Limited (DIBPL) continued to advance its strategic agenda focused on sustainable growth and a stronger financial foundation. Following the Board's earlier approval to add 75 new branches during CY25, the Bank remained on track with its expansion strategy aimed at broadening its footprint, deepening retail presence and increasing the share of low-cost deposits.

The Bank posted a profit before tax of Rs. 7.88 billion and profit after tax of Rs. 3.36 billion, reflecting a decline of 38.8% and 47.7% respectively compared to the same period last year. The lower profitability is primarily due to a significantly lower policy rate environment, implementation of minimum deposit rate on Islamic Banks and an increase in the applicable tax regime. However, substantial recoveries from non-performing exposures provided partial support to earnings.

The Bank's Islamic financing portfolio expanded by 17.7% to Rs. 239.95 billion while investments registered a growth of 2.9% to Rs. 148.00 billion, indicating healthy business momentum as market conditions improved. The non-performing financing ratio declined to 7.70%, supported by effective recovery initiatives and portfolio growth. The increase in operating expenses was primarily due to lagged inflationary impact.

The Bank's capital adequacy ratio continues to be a key strength, providing ample headroom over regulatory thresholds and enabling the Bank to absorb potential shocks and support future growth.

CREDIT RATING

VIS Credit Rating Company Limited has reaffirmed the entity rating at 'AA/A-1+' (Double A/A-one Plus). Outlook on the assigned ratings has been changed to 'Positive' from 'Stable'. The rating assigned to the Bank's Tier II Sukuk and Additional Tier I Sukuk has been reaffirmed at 'AA-' (Double A minus) and 'A+' (Single A Plus) respectively. These ratings were assigned in 2025 and represents sound performance indicators of the Bank along with strong sponsor support.

ACKNOWLEDGEMENT

We take this opportunity to express our gratitude to our customers for entrusting us with their business and to our Shareholder for its continued support and confidence. We offer sincere thanks to the State Bank of Pakistan for their proactive measures to support the economy and providing necessary guidance. We also acknowledge the efforts, commitment and dedication of our employees to serve the customers and contribute towards the growth of DIBPL.

For & on behalf of the Board of Directors;


Chief Executive Officer

Dated: **30 OCT 2025**


Director