

CHAIRMAN'S REVIEW & DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the annual report along with the annual audited financial statements and auditors' report thereon of Dubai Islamic Bank Pakistan Limited – DIBPL ('the Bank') for the year ended December 31, 2025.

ECONOMIC OVERVIEW

The State Bank of Pakistan (SBP) decided to keep the policy rate unchanged at 10.5 percent, noting that headline inflation of 5.6 percent y/y in December 2025 remained within the target range of 5–7 percent while core inflation has remained relatively sticky at around 7.4 percent. Overall, the inflation outlook remains broadly unchanged supported by relatively benign global commodity prices, easing inflation expectations and a prudent monetary policy stance. The SBP assessed that economic activity continues to gain momentum as reflected in high frequency indicators, despite a challenging global environment, particularly for exports. The IMF has slightly upgraded its global growth forecast for 2026, while highlighting risks from elevated global tariff uncertainty and volatile commodity prices amidst geopolitical developments.

Real GDP growth was provisionally reported at 3.7 percent y/y in Q1-FY26 compared to 1.6 percent in the same period last year, mainly led by the industry and agriculture sectors. Recent high-frequency indicators suggest that this momentum continued in Q2-FY26 with notable growth in large-scale manufacturing, auto sales, domestic cement dispatches, POL sales (excluding furnace oil), fertilizer off-take and imports of machinery and intermediate goods. Accordingly, the growth outlook has improved significantly, with real GDP growth is projected in the range of 3.75–4.75 percent in FY26.

The current account recorded a cumulative deficit of \$1.2 billion during H1-FY26, mainly due to a widening trade deficit driven by higher imports and a decline in exports, particularly food exports. However, sustained growth in workers' remittances and Information and communication technology services exports helped contain the deficit, while SBP's foreign exchange reserves increased to \$16.1 billion as of January 16, 2026, supported by interbank FX purchases. The current account deficit is expected to be contained within 1 percent of GDP in FY26, subject to risks from global trade fragmentation and geopolitical uncertainty.

FBR tax revenues grew by 9.5 percent in H1-FY26, falling short of the target, though contained expenditures and significantly lower profit payments are expected to support achievement of the full-year fiscal deficit target. Broad money growth picked up to 16.3 percent recently, driven by private sector credit and government borrowing, while private sector credit expanded amid easing financial conditions. Looking ahead, the SBP assessed that the real policy rate remains adequately positive to stabilize inflation within the target range over the medium term and emphasized the need for coordinated monetary and fiscal policies, along with structural reforms to support sustainable economic growth.

FINANCIAL HIGHLIGHTS

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

Statement of Financial Position	31-Dec-25	31-Dec-24	Variance
Investments	106,409	143,839	-26.0%
Islamic financing and related assets	237,283	203,871	16.4%
Total assets	447,109	453,152	-1.3%
Deposits and other accounts	334,681	346,873	-3.5%
Net equity	48,178	44,947	7.2%
Number of branches	310	235	31.9%
Profit and Loss Account	31-Dec-25	31-Dec-24	Variance
Profit before tax	9,444	14,303	-34.0%
Profit after tax	4,090	6,672	-38.7%
Earnings per share (Rs.)	3.51	5.73	-38.7%

In line with its strategic business plan, the Bank significantly broadened its national footprint by opening 75 new branches during the year, taking the total network to 310 branches. The Bank remains committed to sustaining this momentum and further expanding its distribution network to support balance-sheet growth, improve customer accessibility, and strengthen market presence.

During the year, the Bank signed a new Core Banking System and implementation agreement with Temenos and Systems Limited respectively. This is expected to significantly enhance core banking operations, improve operational efficiency, strengthen regulatory compliance and elevate customer service standards.

The Bank reported a profit before tax of Rs. 9.44 billion and a profit after tax of Rs. 4.1 billion, reflecting declines of 34% and 38.7% respectively compared to last year. The lower profitability was primarily attributable to a significantly lower policy rate environment, the implementation of the minimum deposit rate for Islamic banks and increase in operating expenses resulting from lagged effect of inflation. However, strong recoveries from non-performing exposures provided good support to earnings.

The Bank's Islamic financing portfolio grew by 16.4% to Rs. 237.28 billion, while investments declined by 26% mainly due to the settlement of Pakistan Energy Sukuks. Leveraging improved market conditions and emerging financing opportunities, the Bank has strategically grown its financing portfolio in the targeted segment. The non-performing financing (NPF) ratio improved to 7.57%, supported by effective recovery initiatives and portfolio growth.

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.

CORPORATE AWARDS & RECOGNITION

Dubai Islamic Bank Pakistan continues to be recognized by reputable entities. In 2025, the Bank was recognized by the State Bank of Pakistan for highest participation in the National Financial Literacy Program 2024-25 and received further recognition at the Shaukat Khanum Social Responsibility Awards 2025.

CORPORATE SOCIAL RESPONSIBILITY & DIVERSITY, EQUITY and INCLUSION (DE&I)

Dubai Islamic Bank Pakistan considers itself as a Corporate Social Responsible entity and keeps it as an integral element of its value system. The Bank remains committed to its objective of paying back to the society – both directly and indirectly, and in this regard have contributed through various initiatives which includes:

Energy conservation, environmental protection, and providing a safe and healthy work environment.
Business ethics and anti-corruption measures, requiring all staff members to comply with the Bank's "Code of Conduct" and "Anti-Bribery and Corruption Policy".

Equal opportunity employment through a transparent procedure without discrimination including employment of special people.

The Bank participated in multiple fund-raising events for different NGOs and contributed funds for educational, health and social uplift areas.

CREDIT RATING

VIS Credit Rating Company Limited has reaffirmed the entity rating at 'AA/A-1+' (Double A/A-one Plus) with stable outlook. 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.

AUDITORS

The retiring auditors, KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for reappointment. As required under Code of Corporate Governance the Board and the Audit Committee have recommended the appointment and remuneration of KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Bank for the year ending December 31, 2026.

RISK MANAGEMENT FRAMEWORK

The Board sets the Bank's overall risk appetite and philosophy. The Bank's risk management process is overseen by the Board Risk Monitoring Committee (BRMC). The Board of Directors provides strategic directions for effective risk management and ensures that a robust risk management framework is in place. The Risk Management function has a structured approach that regularly reviews portfolio risk profiles, policies, & procedures. Frameworks are put in place to identify, measure, monitor, and control the risks that may be faced and mitigate those risks using an adequate strategy. Various management committees also support these goals, including the Risk Management Committee (RMC), Management Credit Committee (MCC), Asset and Liability Committee (ALCO), and the Control Compliance Committee.

The Bank has taken various steps in adopting green banking measures for improving environmental impact, social risk management, and optimizing resource utilization

OTHER MATTERS

The Board of Directors is pleased to endorse the following statements in the Annual Report:

- Statement of Compliance with Code of Corporate Governance Regulations (CCG), 2019
- Statement made by the Management relating to Internal Controls over Financial reporting along with overall internal controls. The external auditors issued the Long Form Report for the year ended December 31, 2024 as per the State Bank of Pakistan guidelines.
- Risk assessment framework
- The following directors obtained directors training program certification:
 - (i) Mr. Obaid Khalifa Mohammad Rashed Al Shamsi – Non-Executive Director
 - (ii) Mr. Shabbir Ahmed Shaikh – Independent Director
 - (iii) Ms. Faaria Rehman Salahuddin – Independent Director
 - (iv) Mr. Abbas Saifuddin Bhujwala - Independent Director
 - (v) Mr. Muhammad Ali Gulfaraz – CEO

BOARD COMPOSITION & MEETINGS

In line with the requirements of the CCG, the Bank encourages representation of independent and non-executive directors on the Board. The composition of the Board subject is as follows:

Total number of Directors (including CEO):	9
Male:	8
Female:	1
Composition:	
(i) Independent Directors:	3
(ii) Non-executive Directors:	5
(iii) Executive Director:	1

The Board appointed an independent entity namely Pakistan Institute of Corporate Governance (PICG) for Board Performance Evaluation for the year 2024. PICG has completed the performance evaluation and issued its report. PICG employed an online assessment tool for assessing Board's performance against best practices for board effectiveness. The performance evaluation covered 13 specific areas of Board performance including Strategic Planning, Board Composition, Board & CEO Effectiveness, Control Environment and Environment Social & Governance.

The Board has constituted the following five Committees with defined Terms of Reference (ToRs):

1. Board Audit Committee
2. Board Risk Management Committee
3. Board Nomination & Remuneration Committee
4. Board Information Technology Committee
5. Board Credit & Investment Committee

The number of meetings of the Board and its Committees attended by each of the respective Director, during the year is shown below:

Number of meetings held	BOD	BAC	BRMC	BNRC	BITC	BCIC
	4	8	8	6	4	11
Name						
Mr. Mohamed Saeed Ahmed Abdulla Al Sharif (Non-Executive)	4	-	-	-	-	11
Mr. Abbas Saifuddin Bhujwala (Independent)	4	-	8	-	-	10
Mr. Obaid Khalifa Mohammed Rashed Al Shamsi (Non-Executive)	4	-	-	6	4	-
Mr. Muhammad Raza Jessani (Non-Executive)	4	7	-	-	4	-
Mr. Shabbir Ahmed Shaikh (Independent)	4	8	2	6	3	-
Ms. Faaria Rehman Salahuddin (Independent)	4	-	8	5	1	11
Mr. John Stephen Grotta Macedo (Non-executive)	4	8	7	-	-	-
Mr. Anwar Jalal Belgaumi (Non-Executive)	4	-	6	-	-	7
Mr. Junaid Ahmed (Ex- CEO) Retired on May 30, 2025	2	-	-	-	-	-
Mr. Muhammad Ali Gulfaraz	2	-	-	-	-	-

PATTERN OF SHAREHOLDING as of December 31, 2025

Name of Shareholders	No. of Shares	%
Dubai Islamic Bank PJSC, UAE - the Holding Company (Sponsor)	1,165,227,976	99.99993
Mr. Mohamed Saeed Ahmed Abdulla Al Sharif	100	0.00001
Mr. Obaid Khalifa Mohammad Rashed Al Shamsi	100	0.00001
Mr. John Stephen Grotta Macedo	100	0.00001
Mr. Muhammad Raza Jessani	100	0.00001
Mr. Anwar Jalal Belgaumi	100	0.00001
Mr. Shabbir Ahmed Shaikh	100	0.00001
Ms. Faaria Rehman Salahuddin	100	0.00001
Mr. Abbas Saifuddin Bhujwala	100	0.00001
	1,165,228,776	100

DIRECTORS' REMUNERATION

The Board Nomination & Remuneration Committee of the Bank has approved the Nomination and Remuneration Policy and Procedures for the directors in accordance with the Companies Act, 2017 and applicable regulations. Independent directors are entitled for the fee for attending the Board and its

sub-committee meetings. The levels of remuneration are appropriate and commensurate with the level of responsibility and expertise required to govern in the best interest of the Bank and its Shareholders.

OUTLOOK

The decline in the policy rate has yielded positive results, as economic indicators have shown an upward trend, with further improvements anticipated. The Bank will continue to cautiously expand its business in targeted segments while closely monitoring the quality of its asset portfolio and maintaining adequate buffers above regulatory requirements.

SIX YEARS FINANCIAL SUMMARY

Rupees in 'millions'

	2025	2024	2023	2022	2021	2020
Investments	106,409	143,839	121,362	103,361	84,862	66,580
Islamic financing and related assets-net of provision	237,283	203,870	243,068	247,768	225,365	199,416
Deposits and other accounts	334,681	346,873	324,877	345,811	261,574	237,553
Net equity	48,178	44,947	37,165	30,107	27,567	24,624
Total assets	447,109	453,152	430,992	445,390	351,474	303,262
Number of branches	310	235	235	235	235	235
Profit before tax	9,444	14,303	14,032	7,962	5,055	4,787
Profit after tax	4,090	6,672	6,719	3,916	3,089	2,894
Earnings per share (Rs.)	3.51	5.73	5.77	3.36	2.65	2.48
CAR (%)	20.02	22.20	17.99	15.60	15.51	16.89

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;


Chairman


Chief Executive Officer

Dated: 11 FEB 2026