VIS
Credit Rating Company Limited

RATING REPORT

DUBAI ISLAMIC BANK PAKISTAN LIMITED

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RATING DETAILS		
RATINGS CATEGORY	Latest Rating	Previous Rating
SUKUK 3	AA-	AA-
RATING OUTLOOK	Positive	Positive
RATING ACTION	Reaffirmed	Maintained
RATING DATE	June 30, 2026	June 30, 2025

Shareholding (5% or More)	Other Information
Dubai Islamic Bank PJSC, United Arab Emirates – 99.99%	Established in 2005
	Public Limited Company (Unlisted)
	Chairman of the Board: Mr. Mohamed Saeed Ahmed Abdulla Al Sharif
	President & CEO: Mr. Muhammad Ali Gulfaraz
	External Auditors: KPMG Taseer Hadi & Co., Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Financial Institutions

https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf

Instrument Rating

https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

Ratings of Dubai Islamic Bank Pakistan Limited ('DIBPL' or the 'Bank') reflect the Bank's strong institutional support as a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE, a leading Islamic banking franchise with strong financial standing, robust governance standards, and established risk management practices. The ratings also incorporate DIBPL's improving market position with execution of its branch expansion strategy, sound capitalization and satisfactory liquidity profile. The assigned Positive Outlook on ratings reflects the expectation that the Bank's recent investment in branch expansion will translate into stronger current account mobilization and a more favorable funding mix, supporting margin recovery and sustainable earnings over the medium term. The improving trend in asset quality, supported by continued recoveries and prudent portfolio monitoring, further underpins the Outlook. Going forward, the Bank's ability to sustain growth in low-cost deposits, maintain sound asset quality amid higher financing deployment, improve operating efficiency as the expanded network matures, and strengthen recurring profitability will remain key rating considerations.

Company Profile

Dubai Islamic Bank Pakistan Limited ('DIBPL' or the 'Bank') was incorporated in Pakistan on May 27, 2005 as an unlisted public limited company and commenced operations as a Scheduled Islamic Commercial Bank on March 28, 2006 after obtaining the requisite regulatory approvals from the State Bank of Pakistan (SBP). The Bank is principally engaged in corporate, commercial, consumer, investment and retail banking activities in accordance with Shariah principles. DIBPL is a wholly-owned subsidiary of Dubai Islamic Bank PJSC, UAE, with the Bank's shares held by the parent entity and its nominee directors. DIBPL continued to execute its expansion strategy effectively, expanding its branch network to 310 branches as of Dec'25 from 235 branches a year earlier, with the addition of 75 new outlets during the year.

Sponsor Profile

DIBPL benefits from strong sponsorship by Dubai Islamic Bank PJSC (DIB), one of the largest Islamic banking institutions in the UAE with an established presence across Asia, Africa, and the Gulf Cooperation Council (GCC) countries. Beyond banking, the Group has diversified interests in real estate through its UAE-based subsidiaries. The Bank derives strategic, operational, and technical support from its parent, which strengthens its franchise and risk management capabilities. DIB's strong financial profile is reflected in its international ratings of **'A+/A1'** and national UAE ratings of **'AA (ae)/A1+ (ae)'** assigned by the Islamic International Rating Agency (IIRA). Furthermore, DIB has achieved strong fiduciary standards, with an aggregate fiduciary score and sub-scores for Asset Management Quality, Corporate Governance, and Shari'ah Governance all falling within the **81–85** range, highlighting the parent's robust governance framework and sound Shari'ah oversight.

Management and Governance

BOARD COMPOSITION

As at Mar'26, the Board of Directors (BoD) comprised nine members, including eight male directors and one female director. The Board consisted of one Executive Director, five Non-Executive Directors, and three Independent Directors. No changes in the Board's composition were observed during the review period, following the reconstitution undertaken during 1QCY25. During the year, four Board meetings were held. In order to facilitate specialized oversight and effective discharge of its responsibilities, the Board has constituted five key committees: the Board Audit Committee (BAC), Board Risk Management Committee (BRMC), Board Nomination & Remuneration Committee (BNRC), Board Information Technology Committee (BITC) and Board Credit & Investment Committee (BCIC). The committees are appropriately constituted with the requisite number of members and are predominantly chaired by Independent Directors, ensuring adherence to regulatory requirements. The terms of reference of the aforesaid committees have been approved by the Board and communicated to the respective committees. Attendance of directors at committee meetings remained satisfactory and in accordance with the applicable regulatory requirements.

Table 4: Board Committees

Committees	Meeting 2025
Board Audit Committee (BAC)	8
Board Risk Management Committee (BRMC)	8
Board Nomination & Remuneration Committee (BNRC)	6
Board Information Technology Committee (BITC)	4
Board Credit & Investment Committee (BCIC)	11

CHAIRMAN/CEO PROFILE

Mr. Mohamed Saeed Ahmed Abdulla Al Sharif serves as Chairman of the Board of Directors of DIBPL. He possesses over three decades of experience in banking, with exposure to Islamic banking, financial management and regulatory oversight. Prior to his current role, he served in various positions at the UAE Central Bank and DIB. He currently holds the position of Chief of International Business and Real Estate Investments at DIB, UAE.

Mr. Muhammad Ali Gulfaraz serves as the President and Chief Executive Officer of DIBPL and is responsible for the overall management and execution of the Bank's strategy and operations. He possesses over 25 years of domestic and international banking experience, with exposure across Corporate & Investment Banking, Strategy, Risk Management, and Digital Transformation. Prior to joining DIBPL, he held senior management positions at Bank of Khyber, Mizuho Corporate Bank (UK), and Bank of America (UK).

MANAGEMENT TEAM

The Bank's management team remained broadly stable during CY25 and comprised experienced professionals overseeing key business, control, and support functions. During the year, the position of Chief Risk Officer, which had remained vacant as at end-CY24, was filled through the appointment of Ms. Lubna Azam Tiwana. Apart from this development, the senior management structure remained largely unchanged.

In line with the Bank's continued growth and operational expansion, total staff strength, including contractual and third-party personnel, increased to 3,860 at end-CY25 (CY24: 3,774).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

DIBPL remains committed to promoting environmental sustainability through its Green Banking framework, recognizing its responsibility as an Islamic financial institution to encourage the prudent use of natural resources and minimize environmental impact. The Bank operates under a Board-approved Green Banking Policy, aligned with the State Bank of Pakistan's Environmental and Social Risk Management (ESRM) framework. Oversight of green banking initiatives is exercised through a dedicated Green Banking Office operating under the Risk Management function. The Bank continues to enhance environmental awareness through employee training programs and internal communication initiatives, while implementing operational measures aimed at reducing its environmental footprint. These initiatives include monitoring electricity, fuel, and paper consumption, promoting paperless banking practices, and operating solar-powered ATMs, with plans to further expand renewable energy usage.

From a risk management perspective, the Bank has implemented an Environmental Risk Rating model and is integrating Environmental and Social Due Diligence (ESDD) processes within its financing approval framework to strengthen the assessment of environmental and social risks. Furthermore, DIBPL facilitates access to green financing solutions under SBP's Islamic Financing for Renewable Energy Scheme, supporting environmentally sustainable economic activities.

The Bank's governance and compliance framework is supported by dedicated teams responsible for regulatory compliance, financial crime compliance, transaction monitoring, sanctions screening, customer due diligence, and compliance assurance. Management indicated that compliance processes continue to be strengthened through ongoing enhancements in monitoring systems, KYC controls, sanctions screening procedures, policy standardization, and staff training programs, supporting alignment with regulatory requirements and evolving industry standards.

KEY DIGITAL INITIATIVES

The Bank continued to strengthen its digital governance and cybersecurity framework through the implementation of a Board-approved Information Security Program aligned with applicable regulatory requirements, industry standards, and Group guidelines. Oversight of the framework is exercised through various governance forums, including the Board Information Technology Committee (BITC), IT Steering Committee (ITSC), Risk Management Committee (RMC), and Board Risk Management Committee (BRMC).

The Information Security framework incorporates controls relating to identity and access management, data classification, encryption, vulnerability management, network security, anti-malware protection, logging and monitoring, data leakage prevention, and information security incident management. In addition, formal controls have been established for cloud services, outsourced arrangements, third-party service providers, and digital products to ensure compliance with information security requirements throughout their lifecycle.

To support operational resilience, the framework includes business continuity and disaster recovery planning, regular backup procedures, security patch management, penetration testing, periodic access reviews, and continuous monitoring of information systems. Information security responsibilities are embedded across key functions, including Information Technology, Digital Banking, Data Governance, Compliance, Internal Audit, Human Resources, and Procurement. The framework also incorporates governance requirements relating to emerging technologies, including Artificial Intelligence (AI) and Internet of Things (IoT) environments.

During the year, the Bank entered into a new Core Banking System implementation agreement with Temenos and Systems Limited. The initiative is expected to strengthen core banking capabilities, enhance operational efficiency, support regulatory compliance requirements, and improve service delivery across the Bank's operations. Furthermore, the Bank reported no cybersecurity or data privacy incidents impacting business operations.

SHARIAH GOVERNANCE FRAMEWORK

Table 5: Shariah Supervisory Board

Name	Designation
Dr. Sheikh Mohamed Ali Elgari	Chairman
Mufti Muhammad Hassaan Kaleem	Member
Prof. Dr. Mohamad Akram Laldin	Member

Syed Muhammad Abubakar	Resident Shariah Board Member (RSBM)

DIBPL operates under a Shariah governance framework comprising an independent Shariah Board and a dedicated Shariah compliance function. As at end-Dec'25, the Shariah Board comprised Dr. Sheikh Mohamed Ali Elgari (Chairman), Mufti Muhammad Hassaan Kaleem (Member), Prof. Dr. Mohamad Akram Laldin (Member), and Syed Muhammad Abubakar (Resident Shariah Board Member).

The Shariah Board is responsible for overseeing Shariah-related matters across the Bank and establishing the framework for Shariah compliance in accordance with applicable regulatory requirements. Its responsibilities include reviewing and approving products, policies, procedures, contracts, agreements, and other relevant documentation from a Shariah perspective, reviewing internal and external Shariah audit reports, prescribing corrective measures where required, and providing recommendations to the Board of Directors to strengthen the overall Shariah compliance environment. The Shariah Board also issues rulings on matters referred by the Bank and prepares an annual report on the Bank's Shariah compliance framework and practices. Management indicated that the most recent SBP inspection was conducted during early 2026.

AUDIT OPINION

KPMG Taseer Hadi & Co., Chartered Accountants, a Category 'A' firm on SBP's panel of auditors with a satisfactory QCR rating from ICAP, has expressed an unqualified opinion on the Bank's CY25 financial statements.

Business Risk

INDUSTRY

The banking sector in 2025 demonstrated notable resilience and moderate growth, underpinned by strong capitalization, stable profitability, and improving asset quality. The sector maintained a robust capital adequacy ratio of approximately 20.6% as of December 2025, reflecting a solid buffer against potential financial shocks.

Profitability indicators remained stable, with return on assets (ROA) around 1.2% and return on equity (ROE) close to 19.8%, highlighting consistent earnings performance despite prevailing economic challenges. The sector also experienced significant expansion in its balance sheet, as deposits grew by nearly 25% year-on-year, indicating sustained public confidence in the banking system.

Asset quality showed improvement, with non-performing loans (NPLs) contained at approximately 6.0%, suggesting that credit risk remained manageable. Lending activity continued to be concentrated in the corporate and SME segments, which together accounted for more than half of total loans, reflecting banks' focus on productive sectors of the economy. Additionally, there was a slight increase in foreign currency exposure, pointing toward evolving portfolio dynamics.

Overall, in 2025, the banking sector remained stable, liquid, and well-capitalized, playing a critical role in supporting economic activity and facilitating financial intermediation.

Asset Mix

Table 6: Asset Mix (all figures in PKR Bn, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Cash and Cash Equivalents*	16.2%	14.5%	5.5%
Investment – Net	31.7%	23.8%	31.2%
Islamic Financing -Net	45.0%	53.1%	54.4%
Other Asset	7.1%	8.6%	8.9%
Total Asset (PKR Million)	**453.15**	**447.11**	**471.28**

**Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs*

As of Dec'25, DIBPL's asset base declined marginally by 1.3% to PKR 447.1 bn (Dec'24: PKR 452.9 bn), in contrast to the industry asset growth rate of 17.8%. The contraction was primarily driven by a reduction in the Bank's funding base, with borrowings declining by 33.6% to PKR 15.9 bn (Dec'24: PKR 24.0 bn) and deposits decreasing by 3.5% to PKR 334.7 bn (Dec'24: PKR 346.9 bn), alongside a deliberate balance sheet realignment undertaken during the year.

The asset mix underwent a notable shift as of Dec'25, reflecting management's strategic decision to reallocate fundings toward core financing activities. Net Islamic financings increased by 16.5% to PKR 237.3 bn (Dec'24: PKR 203.6 bn), raising its share in total assets. Conversely, the investment portfolio contracted by 26.0% to PKR 106.4 bn (Dec'24: PKR 143.8 bn). Cash and cash equivalents also declined to PKR 64.7 bn

(Dec'24: PKR 73.3 bn). Consequently, the Bank's Gross Financing-to-Deposit Ratio (ADR)[1] increased to 71.7% (Dec'24: 58.7%), reflecting a return toward a financing-led asset allocation strategy following the conservative positioning adopted at end-Dec'24.

As of Mar'26, DIBPL's total assets increased by 5.4% to PKR 471.3 bn, driven primarily by continued expansion in the financing portfolio, which reached PKR 256.5 bn. The investment portfolio also rebounded to PKR 146.8 bn, restoring its share in the asset mix. Growth in earning assets was largely funded through a significant increase in borrowings to PKR 55.7 bn (Dec'25: PKR 15.9 bn), partly offsetting the decline in deposits to PKR 324.5 bn as the Bank continued to rationalize high-cost deposits while improving its overall CASA mix.

Going forward, management's strategy remains focused on achieving an optimal balance between financing growth and liquidity preservation. Planned branch expansion and initiatives aimed at strengthening deposit mobilization, particularly low-cost transactional deposits, are expected to enhance funding stability and provide greater flexibility in asset allocation.

Financing Portfolio

As of Dec'25, DIBPL's gross financing portfolio increased to PKR 255.8 bn (Dec'24: PKR 224.5 bn), reflecting a YoY growth of 13.9%. This growth was achieved despite a contraction in industry-wide gross financings, which declined by 6.0% to PKR 15.9 tn (Dec'24: PKR 16.9 tn) during the same period. Consequently, the Bank strengthened its position within the industry, with its market share in total financings improving to 1.6% as of Dec'25 (Dec'24: 1.3%).

The growth momentum continued during 1QCY26, with the gross financing portfolio expanding further to PKR 274.0 bn, representing a 7.1% increase over Dec'25 levels. In contrast, industry gross financings declined by a further 1.7% during the quarter to PKR 15.6 tn. Supported by the continued expansion in its financing book amid an industry-wide slowdown, DIBPL's market share improved further to 1.8% as of Mar'26.

From a sectoral perspective, the financing portfolio remained reasonably diversified, with the textile sector constituting the largest exposure at 17.5% (Dec'24: 15.7%) of gross advances as of Dec'25, followed by Power, Gas, Water & Sanitary Services at 13.7% (Dec'24: 13.6%) and Food & Beverages at 9.7% (Dec'24: 12.5%). Other notable sectors included Construction, Transport, Storage & Communication, Wholesale & Retail Trade, and Chemical & Pharmaceuticals, which collectively accounted for approximately 29.4% (Dec'24: 22.8%) of the gross financing portfolio.

While several high-risk sectors exhibited improvement in infection metrics, the management continues to maintain a cautious stance towards sectors exhibiting elevated stress indicators, particularly iron & steel and certain textile sub-segments. Conversely, selective growth opportunities are being pursued in energy-related projects, supply-chain financing, transportation, packaging, hospitality, and selected commercial sectors, with focus on financially stronger counterparties and established business groups.

Table 8: Segment-wise Breakup of Gross Financings (all figures in PKR Bn, unless stated otherwise)

Segments	Dec'24		Dec'25	
	GA	GI	GA	GI
Corporate	147.13	7.6%	179.15	5.6%
Consumer	38.47	3.6%	39.32	3.3%
SME & Commercial	36.79	22.8%	34.60	23.4%
Others	2.16	0.0%	2.75	0.0%
Total	**224.55**		**255.83**	

**GA- Gross Advances*
GI- Gross Infection

The corporate segment remained the largest component of the financing portfolio and was the primary driver of growth. In contrast, SME & Commercial exposures continued to decline, while consumer financings remained largely stable. Asset quality improved in both the corporate and consumer segments. However, infection in the SME & Commercial segment remained elevated, unchanged from the previous year. Going forward, management targets a measured expansion of the financing portfolio while maintaining a strong focus on enhancing overall asset quality. Portfolio growth will remain aligned with the Parent Group's credit risk appetite and portfolio monitoring framework, with emphasis on high-quality corporate and commercial borrowers. The expansion strategy will continue to be supported by disciplined underwriting standards, rigorous credit assessment and prudent risk selection.

[1] *Adjusted for SBP refinancing schemes*

Table 9: Product-wise Breakup of Consumer Financings (all figures in PKR Bn, unless stated otherwise)

	Dec'24		Dec'25	
	GA	GI	GA	GI
Mortgage Loans	16.77	3.8%	16.85	3.3%
Auto Loans	16.26	2.6%	16.68	2.5%
Personal Loans	5.04	6.6%	5.80	5.8%
Total	**38.07**		**39.32**	

**GA- Gross Advances*
GI- Gross Infection

Mortgage and auto finance continued to be the dominant product categories, followed by personal financing. Mortgage financing recorded a reduction in infection levels, while asset quality in the auto financing portfolio remained manageable.

PROFITABILITY

Table 10: Profitability Indicators

	CY24	CY25	1QCY26
ROAA	1.5%	0.9%	0.6%
ROAE	16.3%	8.8%	5.6%
Spread	8.3%	5.6%	4.9%
- Return on Earning Assets	17.8%	11.5%	10.2%
- Cost of Funding	9.5%	5.9%	5.3%
Efficiency Ratio	46.2%	69.4%	94.3%

**Annualized*

During CY25, the Bank's profitability came under pressure amid a sharp decline in interest rates and continued compression in core spreads. The average return on earning assets decreased to 11.5% (CY24: 17.8%) in line with the reduction in policy rates, which averaged 11.3% during the year compared to 19.4% in CY24. On the liability side, the cost of funding also declined to 5.9% (CY24: 9.5%) as deposit repricing gradually reflected the lower rate environment. However, the reduction in asset yields outpaced the decline in funding costs, resulting in a contraction in spreads to 5.6% (CY24: 8.3%). The deposit base remained predominantly composed of savings accounts, which increased to 52.3% of total deposits (CY24: 51.0%), while the share of current accounts declined to 26.2% (CY24: 28.0%), limiting the Bank's ability to further reduce funding costs.

Non-markup income grew modestly by 12.6% to PKR 4.3 bn (CY24: PKR 3.9 bn), primarily driven by higher fee and commission income of PKR 3.0 bn (CY24: PKR 2.6 bn), while foreign exchange income remained broadly stable at PKR 1.3 bn. Meanwhile, administrative expenses increased by 13.3% to PKR 18.0 bn (CY24: PKR 15.9 bn), reflecting continued investments in branch expansion, technology, and human resources. Combined with lower markup income amid the declining interest rate environment, the Bank's efficiency ratio weakened to 69.4% (CY24: 46.2%), resulting in notable decline in profit before provisions and taxes (PBPT) to PKR 7.6 bn (CY24: PKR 17.9 bn). The Bank made meaningful recoveries in 2025 and Q1 2026, which supported the bottom-line profitability adding PKR 1.8bn in reversals. Nevertheless, profit after tax declined to PKR 4.1 bn (CY24: PKR 6.7 bn). As a result, return on average assets (ROAA) decreased to 0.9% (CY24: 1.5%).

In 1QCY26, profitability remained under pressure as margin compression persisted. The return on earning assets declined further to 10.2%, while the cost of funding reduced to 5.3%, resulting in a further contraction in spreads to 4.9%. Net markup income stood at PKR 4.6 bn (1QCY25: PKR 6.5 bn) during the quarter. While non-markup income remained broadly stable, elevated administrative expenses of PKR 5.2 bn (1QCY25: PKR 4.3 bn) continued to weigh on operating performance. Consequently, the efficiency ratio deteriorated further to 94.3%, and PBPT declined to PKR 293 mn. A provisioning reversal of PKR 1.2 bn provided support to earnings; however, profit after tax remained subdued at PKR 687 mn (1QCY25: PKR 2.2 bn).

Going forward, DIBPL's profitability is expected to remain under pressure from margin compression and elevated operating expenses associated with its ongoing branch network expansion. Sustained growth in low-cost current account deposits will be critical to reducing funding costs, supporting margin expansion, and strengthening earnings generation. At the same time, with the Bank operating at a relatively higher ADR, preserving asset quality through disciplined underwriting and portfolio monitoring will remain a key priority. Continued expansion in recurring non-markup income will also be important to diversify revenue streams and support overall profitability.

Financial Risk

Asset Quality

Table 11: Asset Quality Indicators

	Dec'24	Dec'25	Mar'26
NPL (PKR Bn)	20.9	19.4	18.6
Gross Infection	9.3%	7.6%	6.8%
Net Infection*	1.3%	1.0%	0.9%
Stage-3 Provisioning Coverages	87.1%	87.4%	86.9%
General Provisioning Coverages	1.2%	0.7%	0.5%
Net NPLs to Tier 1 Capital**	5.6%	5.0%	5.1%

**Only takes into account Stage 3 provisions*
***Adjusted for Stage 1 & Stage 2*

The Bank's asset quality is expected to remain broadly stable, supported by disciplined underwriting standards, active portfolio monitoring, and continued recovery efforts. The improvement in infection indicators and meaningful recoveries achieved during CY25 are expected to continue into CY26, supporting lower credit costs. Nevertheless, credit risk remains an important consideration given the relatively elevated ADR ratio and the concentration of the financing portfolio in relatively higher-risk obligor segments. Accordingly, maintaining prudent risk selection, robust monitoring, and timely recoveries will be critical to preserving the improving asset quality trend as the financing portfolio expands.

Market Risk

Table 12: Net Investment Portfolio (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Federal Govt Securities	**84.64**	**83.84**	**124.57**
- GoP Ijarah Sukuk	82.26	83.06	123.48
- Islamic Naya Pakistan Certificates	2.38	0.78	1.09
Non-Government Debt Securities	**38.74**	**1.26**	**1.20**
- Listed	38.11	0.91	0.88
- Unlisted	0.63	0.35	0.32
Foreign Securities	**20.46**	**21.31**	**21.06**
- Govt Debt Securities	6.33	6.70	-
- Other Securities	14.13	14.60	-
Total	**143.84**	**106.41**	**146.83**
Floating Investment	**57.9%**	**40.9%**	**29.4%**
Fixed Investment	**42.1%**	**59.1%**	**70.6%**

As of Mar'26, the Bank's investment portfolio stood at PKR 146.8bn (Dec'25: PKR 106.4bn; Dec'24: PKR 143.8bn), reflecting a significant recovery during the first quarter of the year following a temporary contraction at end-Dec'25. The portfolio composition remains aligned with the Bank's conservative risk appetite, with Federal Government Securities constituting 84.8% of total investments as of Mar'26 (Dec'25: 78.8%; Dec'24: 58.8%). The sovereign portfolio is overwhelmingly concentrated in GoP Ijarah Sukuk, which continues to provide strong credit quality, capital preservation, and liquidity support. Exposure to Islamic Naya Pakistan Certificates remained modest at PKR 1.1bn.

The Bank's non-government debt portfolio declined materially following the early redemption of Pakistan Energy Sukuk 1 &2. The remaining non-sovereign investments are primarily concentrated in the sukuk issued by Sitara Chemical Industries Limited, an AA- rated instrument, thereby maintaining an overall low-risk credit profile. Foreign investments remained broadly stable at PKR 21.1bn (Dec'25: PKR 21.3bn; Dec'24: PKR 20.5bn), reflecting management's measured approach toward overseas exposure and portfolio diversification.

From a market risk perspective, the investment book comprises a mix of fixed-rate and floating-rate instruments, with the former representing the larger share of the portfolio. The Bank had previously benefited from the declining interest rate cycle through valuation gains. However, the recent reversal in the interest rate trajectory has introduced moderate valuation and repricing risk. A sustained upward movement in benchmark rates may erode unrealized gains within the fixed-income portfolio and affect the mark-to-market performance. Nevertheless, the Bank's management indicated that market risk exposures remained within approved risk appetite limits throughout the review period. The investment portfolio continues to maintain relatively low duration, with market risk monitored through various metrics including economic value sensitivity, profit rate sensitivity, and stress-testing exercises under multiple interest rate scenarios.

LIQUIDITY

Table 13: Deposit Mix & Granularity (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Current Accounts	97.0	87.5	104.8
	28.0%	26.2%	32.3%
Saving Accounts	176.9	175.0	154.9
	51.0%	52.3%	47.7%
Term Deposits	63.7	64.1	55.7
	18.4%	19.2%	17.2%
Other Deposits	9.2	7.9	9.0
Total Deposits	346.9	334.7	324.5
Liquid Assets	216.5	170.8	171.7
CASA	79%	78%	80%

**Gross Financings to Deposit Ratio (adjusted for SBP refinancing schemes)*
***Liquid Assets to Deposit & Borrowings (adjusted for repo and collateral)*

As of Dec'25, the Bank's deposit base declined, materially lagging industry growth, primarily due to a reduction in current account balances, while savings deposits remained broadly stable and term deposits registered modest growth. Consequently, the CASA ratio moderated slightly. Management indicated that a significant portion of the new branches opened during CY25 became operational later in the year, limiting their contribution to deposit mobilization during CY25. The benefits of the expanded distribution network started to emerge in 1QCY26. Although the overall deposit base contracted further, current account deposits recorded strong growth, improving the funding mix and increasing the CASA ratio to 80.0%. The recovery in low-cost deposits reflects encouraging early traction from the branch expansion strategy and supports the Bank's objective of strengthening its funding profile.

The depositor mix remained broadly diversified, with an increased contribution from private-sector deposits offsetting a lower share of individual depositors. Deposit concentration also remained manageable, with the top four depositors accounting for 14.2% of total deposits (Dec'24: 13.9%). From a liquidity perspective, the deployment of excess liquidity into financing activities reduced the Liquid Assets to Deposits and Borrowings (LADB) ratio to 48.7% at end-CY25 and further to 45.2% in Mar'26. Nevertheless, the Bank continued to maintain a strong liquidity profile, with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) of 203.6% and 140.0%, respectively, remaining comfortably above regulatory requirements.

Going forward, the Bank's liquidity profile is expected to remain sound, supported by adequate high-quality liquid assets and strong regulatory liquidity buffers. The continued ramp-up of recently established branches is expected to accelerate deposit mobilization, particularly in current accounts, which should improve the funding mix, enhance funding efficiency, and support sustainable balance sheet growth.

CAPITALIZATION

Table 14: Deposit Mix & Granularity (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Share capital	11.7	11.7	11.7
Reserves	6.6	7.4	7.5
Unappropriated profit	26.1	29.4	29.9
Shareholder's Equity	44.3	48.4	49.1
Tier 1 Equity	45.3	47.4	47.1
Net NPL to Tier 1 Equity	5.6%	5.0%	5.1%
Total Eligible Capital	52.2	53.0	52.3
Risk Weighted Assets	235.1	264.9	271.1
Tier-1 CAR (%)	19.3%	17.9%	17.4%
Capital Adequacy Ratio (%)	22.2%	20.0%	19.3%
Leverage (%)	8.8%	8.8%	8.5%

As of Dec'25, the Bank's Tier-1 capital increased to PKR 47.4bn (Dec'24: PKR 45.3bn), primarily supported by internal capital generation and the retention of earnings. Shareholders' equity strengthened to PKR 48.4bn (Dec'24: PKR 44.3bn), driven by growth in reserves and unappropriated profits. Total eligible capital also improved to PKR 53.0bn (Dec'24: PKR 52.2bn), reflecting the Bank's continued ability to organically build its capital base. The absence of dividend payouts during the year underscores management's focus on preserving capital to support future business growth and maintain adequate buffers against potential stress.

Risk-weighted assets (RWAs) increased to PKR 264.9bn at end-Dec'25 (Dec'24: PKR 235.1bn), reflecting balance sheet expansion and growth in risk-bearing assets. Consequently, despite the increase in regulatory capital, the Bank's Tier-1 CAR and overall CAR moderated to 17.9% (Dec'24: 19.3%) and 20.0% (Dec'24: 22.2%), respectively. Nevertheless, both ratios remained comfortably above the minimum regulatory requirements, indicating a strong capacity to absorb unexpected losses and support future asset growth.

The quality of capital remains sound, with Tier-1 capital constituting approximately 89.4% of total eligible capital as of Dec'25, reflecting a strong reliance on core capital. At the same time, the current capital structure provides headroom for future Tier-2 capital issuance, if required to support accelerated balance sheet growth. The Bank's leverage ratio remained stable at 8.8%. Asset quality-related capital pressure also remained limited, with the net NPL-to-Tier-1 equity ratio improving to 5.0% (Dec'24: 5.6%).

By Mar'26, shareholders' equity further increased to PKR 49.1bn, supported by continued profit accumulation. However, Tier-1 capital and total eligible capital marginally declined to PKR 47.1bn and PKR 52.3bn, respectively, while RWAs increased to PKR 271.1bn. As a result, the Tier-1 CAR and overall CAR moderated further to 17.4% and 19.3%, respectively, although they continued to remain well above regulatory thresholds. The leverage ratio also remained healthy at 8.5%, while the net NPL-to-Tier-1 equity ratio stayed broadly stable at 5.1%.

Going forward, capitalization is expected to remain strong, supported by continued internal profit retention and a conservative dividend policy. While continued balance sheet expansion may exert some pressure on capital ratios through higher RWAs, the current capital buffers, strong quality of capital, and low net impaired asset burden provide sufficient capacity to support the Bank's growth strategy while maintaining regulatory compliance.

Financial Summary (PKR Mn) *Appendix I*

Balance Sheet	CY23	CY24	CY25	1QCY26
Cash and Cash Equivalents*	35,786.89	73,282.24	64,747.16	26,076.44
Investments	121,361.64	143,838.51	106,409.47	146,832.22
Islamic financing and related assets - Net	243,067.94	203,870.58	237,283.28	256,538.11
Fixed Assets	7,091.05	8,384.47	15,502.73	16,083.57
Other Assets	23,684.86	23,776.03	23,166.62	25,745.36
Total Assets	**430,992.38**	**453,151.82**	**447,109.25**	**471,275.70**
Due to financial institutions	33,908.83	24,008.64	15,942.94	55,650.37
Deposits & other accounts	324,876.78	346,872.76	334,680.95	324,526.80
Subordinated debt	7,120.00	7,120.00	7,120.00	7,120.00
Other Liabilities	27,921.89	30,203.86	41,187.43	35,684.03
Total Liabilities	**393,827.50**	**408,205.26**	**398,931.32**	**422,981.21**
Share capital	11,652.29	11,652.29	11,652.29	11,652.29
Net Shareholders Equity (excl. revaluation surplus)	37,479.24	44,294.94	48,393.82	49,080.63
Total Equity	**37,164.89**	**44,946.56**	**48,177.93**	**48,294.49**
Total Eligible Capital (Tier 1 + Tier 2)	44,745.30	52,201.61	53,035.59	52,305.59

Income Statement	CY23	CY24	CY25	1QCY26
Net Spread Earned	30,436.05	30,363.38	21,579.99	4,607.23
Net Provisioning/(Reversal)	7,372.02	3,613.82	-1,818.00	-1,156.90
Non-Markup Income	3,795.36	3,860.76	4,348.67	917.88
Operating Expenses	12,405.41	15,858.80	17,960.57	5,202.59
Profit/(Loss) Before Tax	14,031.92	14,303.04	9,444.44	1,449.90
Profit/(Loss) After Tax	**6,719.18**	**6,671.60**	**4,090.04**	**686.80**

Ratio Analysis	CY23	CY24	CY25	1QCY26
Market Share (Advances) (%)	2.12%	1.40%	1.72%	1.88%
Market Share (Deposits) (%)	1.17%	1.15%	0.89%	0.87%
Gross Infection (%)	6.13%	9.31%	7.57%	6.80%
Net Infection (%)	0.21%	1.31%	1.02%	0.95%
Specific Provisioning Coverage (%)	96.78%	87.08%	87.43%	86.86%
General Provisioning Coverage (%)	1.29%	1.21%	0.68%	0.49%
Net NPFs to Tier-1 Capital (%) (adj. for general prov.)	1.25%	5.65%	4.97%	5.06%
Cost of Funds (%)	9.15%	9.44%	5.94%	5.33%**
Spread (%)	8.58%	8.33%	5.63%	4.94%**
Efficiency (%)	36.24%	46.22%	69.40%	94.33%
ROAA (%)	1.53%	1.51%	0.91%	2.39%**
ROAE (%) (excl. revaluation surplus)	19.69%	16.32%	8.83%	22.55%**
Liquid Coverage Ratio (%)	178.91%	247.34%	212.38%	203.64%
Net Stable Funding Ratio (%)	140.13%	153.78%	142.41%	140.04%
Leverage (%)	7.49%	8.78%	8.84%	8.54%
Liquid Assets to Deposits & Borrowings*** (%)	43.50%	58.37%	48.72%	45.17%
Gross Advances to Deposits Ratio (ADR) **** (%)	71.34%	58.74%	71.71%	71.18%
Tier-1 CAR (%)	15.36%	19.29%	17.91%	17.37%
Capital Adequacy Ratio (%)	17.99%	22.20%	20.02%	19.29%

**Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs*

***Annualized*

**** Adjusted for repo and collateral*

***** Adjusted for SBP refinancing schemes*

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Dubai Islamic Bank Pakistan Limited
Sector	Commercial Banks
Type of Relationship	Solicited
Purpose of Rating	Instrument Ratings
Rating History	see table below

Rating Date	Medium to Long Term	Rating Outlook	Rating Action
RATING TYPE: SUKUK 3			
30-Jun-26	AA-	Positive	Reaffirmed
30-Jun-25	AA-	Positive	Maintained
27-Jun-24	AA-	Stable	Reaffirmed
26-Jun-23	AA-	Stable	Reaffirmed
2-Dec-22	AA-	Stable	Final
28-Nov-22	AA-	Stable	Preliminary

Instrument Structure

Particulars	Details
Instrument Name	Tier II Sukuk
Nature of Instrument	Regulatory Shari'ah-compliant, unsecured, subordinated, privately placed Tier II Sukuk based on Mudaraba
Size of the Issue	PKR 4.0 billion
Issue Date	Dec-22
Tenor of Instrument	10 years from the Issue Date
Profit Payment Frequency	Semi-annually in arrears
Principal Redemption	Bullet payment on the tenth anniversary from the Issue Date
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is determined in accordance with the agreed profit-sharing ratios and weightages assigned by the Bank from time to time, coinciding with the relevant profit distribution frequency. The last announced profit rate on the Sukuk was 11.89% per annum.
Call Option	The Bank may call the Tier II Sukuk with prior approval of SBP on or after five years from the Issue Date.
Redemption Date	On the tenth anniversary from the Issue Date
Security	Unsecured
Lock-in Clause	Profit and/or redemption amounts may be held back in respect of the Tier II Sukuk if such payment would result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.
Loss Absorbency Clause	The Tier II Sukuk, at the option of the SBP, shall be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event, as determined by SBP, or for any other reason as may be directed by SBP.

Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors

Due Diligence Meeting Conducted

Name	Designation	Date
Mr. S. M. Asim Shamim	Chief Financial Officer	12th June 2026
Mr. Naim Abdullah	Head of Treasury	
Mr. Mujahid Zuberi	Head of Corporate and Investment Banking	
Ms. Lubna Azam Tiwana	Head of Risk	
Mr. Yameen Ghani	Head of Credit	
Mr. Sami Ahmed Siddiqui	Head of Compliance	