



**DIRECTORS' REVIEW  
FOR THE QUARTER ENDED  
31 MARCH 2025**

**AL BARAKA BANK (PAKISTAN) LIMITED**

**DIRECTORS' REVIEW**

On behalf of the Board of Directors of Al Baraka Bank (Pakistan) Limited (the Bank), we are pleased to present the Bank's condensed interim unaudited financial statements for the quarter ended March 31, 2025.

**Economic Overview**

The International Monetary Fund (IMF) has projected global economic growth to remain above 3% for both 2025 and 2026. Global inflation rate is expected to decline to 4.2% in 2025 and 3.5% in 2026. However, risks associated with recent US trade policy shifts pose significant challenges and have the potential to disrupt established global supply chains. Additionally, geopolitical tensions and climate-related challenges may further exacerbate vulnerabilities, creating additional hurdles for global economic growth. On a more optimistic note, successful renegotiation of existing trade agreements and the establishment of new partnerships could provide an impetus for global economic activity.

Pakistan's economy continues to demonstrate remarkable resilience and stability on fiscal and external fronts during the current fiscal year. Inflationary pressures have eased, driven primarily by declining food and energy prices, fostering overall price stability. Fiscal consolidation measures have yielded encouraging results, reflected in improvements in fiscal accounts during the first seven months of FY2025. The fiscal deficit narrowed to 1.7% of GDP during July-January FY2025, compared to 2.6% in the corresponding period of the previous year. Robust remittances along with moderate exports growth has supported foreign exchange reserves and strengthened the external account position despite higher import volumes.

The State Bank's Monetary Policy Committee (MPC) has maintained the SBP policy rate at 12% during its March 10, 2025 meeting, following a cumulative reduction of 1000 basis points since June 2024. The MPC has maintained its earlier real GDP growth projection of 2.5% - 3.5% for FY25. High-frequency indicators—such as automobile sales, petroleum product consumption, cement production, import volumes and private sector credit — signal that economic activity is gaining momentum.

The performance of the Pakistan Stock Exchange continued its positive trajectory. PSX-100 index closed at 117,806 points in March 2025 compared to 115,126 points in December 2024. The recent Federal Government's initiative to reduce electricity tariffs across various consumer categories is expected to alleviate cost pressures for households and businesses, potentially spurring industrial productivity and consumer spending. Recent pulse surveys have also highlighted improved consumer and business confidence, suggesting a brighter economic outlook for the near term.







## **Financial Performance of Al Baraka Bank (Pakistan) Limited**

The financial highlights of the Bank are given below:

Financial Highlights	Rs in Millions	
	31-Mar-25 (Un-Audited)	31-Dec-24 (Audited)
Total assets	294,402	273,261
Investments	142,540	126,852
Financing-Net	102,530	101,439

PROFIT AND LOSS ACCOUNT	January - March 2025	January - March 2024
Average SBP Policy Rate	12.3%	22.0%
	Rs in Millions	
Net spread earned	3,331	3,028
Fee, commission and other non-funded income	814	704
<b>Total income</b>	<b>4,145</b>	<b>3,732</b>
Administrative expenses and other charges	(2,559)	(2,166)
<b>Operating profit</b>	<b>1,586</b>	<b>1,566</b>
Reversal / (provision) and write offs - net	304	280
<b>Profit before tax</b>	<b>1,890</b>	<b>1,846</b>
Taxation	(1,003)	(893)
<b>Profit after tax</b>	<b>887</b>	<b>953</b>
<b>Earnings per share (EPS) - Rupees</b>	<b>0.65</b>	<b>0.69</b>

By the grace of Allah (SWT), the Bank has exhibited good financial results for the first quarter of 2025. The net spread earned by the Bank grew by 7.1%, amounting to Rs 3.33 billion compared to Rs 3.03 billion during the corresponding period last year. Other income totaled Rs 814 million, an increase from Rs 704 million recorded during the first quarter of 2024, primarily due to higher gains on the sale of securities in the current period. The Bank's total income rose to Rs 4.15 billion compared to Rs 3.73 billion in the comparative period last year. On a prudent basis, the Bank has made an additional general provision of Rs 150 million on account of recent global trade policy shifts and their uncertain impacts on the economy.

The Bank's profit before tax amounted to Rs 1.9 billion while the profit after tax amounted to Rs 887 million. The applicable income tax rate for 2025 is 53% (March 2024: 49%). The Bank recorded Earnings per share (EPS) at Rs 0.65 per share with a return on equity of 16.8% and a return on assets of 1.3% for the first quarter of 2025.



The total assets of the Bank increased to Rs 294 billion in March 2025, up from Rs 273 billion in December 2024. The Bank has expanded its investment portfolio by investing an additional Rs 17 billion in GoP Ijarah Sukuk. The financing portfolio has continued to grow, with a gross advance-to-deposit ratio of 53.3% as of March 2025. The Bank is consistently establishing new relationships across all segments, including Corporates, Commercial entities, and SMEs. The total deposits portfolio closed at Rs 217 billion. It is worth mentioning here that the mix of current and savings deposits improved to 81% as of March 2025, compared to 79% in December 2024. The Bank remained well-compliant with its Capital Adequacy Ratio (CAR) and Minimum Capital Requirement (MCR). The CAR is at 19.5% levels as of March 2025.

### Credit Rating

Based on the financial statements of the Bank for the year ended December 31, 2023, VIS Credit Rating Company Limited has maintained the long-term rating to 'A+' and the short-term rating at 'A-1'.

### Acknowledgement

The Board wishes to place on record its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Shariah Board for their continued guidance and support. We would also like to thank our valued customers, shareholders, and business partners for their continued patronage and confidence, as well as staff members for their commitment and devotion.

On behalf of the Board.

Muhammad Atif Hanif  
Chief Executive Officer

April 24, 2025  
Lahore

Azhar Aziz Dogar  
Chairman