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 nine months period ended on September 30, 2026.

Economic Overview

Pakistan's economy remained resilient during the first nine months of FY2026, successfully navigating the impact of the Middle East conflict despite heightened volatility in global energy markets. Real GDP growth reached 4.0% during the first three quarters of FY2026. Headline inflation moderated to approximately 10.3% in September 2026, while core inflation remained contained. In response to inflationary developments, the State Bank of Pakistan (SBP) increased the policy rate by 100 basis points in April 2026 and subsequently maintained it at 11.5% during its subsequent monetary policy reviews. The current account remained broadly balanced, supported by strong workers' remittances, and foreign exchange reserves held by SBP increased above US$ 21 billion by end-September 2026. Sovereign rating upgrades and renewed access to international capital markets further reflected improving macroeconomic fundamentals and strengthened policy credibility.

Financial Performance of Al Baraka Bank (Pakistan) Limited

The financial highlights of the Bank are given below:

Statement of Financial Position	September 30, 2026 (Rs in Mn)	December 31, 2025 (Rs in Mn)
Total assets	321,143	311,923
Investments	136,398	103,674
Islamic financing and related assets - net	127,178	135,966
Total Deposits	240,411	259,643
Total Equity	22,722	22,053

Profit and Loss Account	January - September 30, 2026 (Rs in Mn)	January - September 30, 2025 (Rs in Mn)
Profit before taxation	2,230	3,383
Profit after taxation	997	1,639
Basic / diluted earnings per share - Rupee	0.73	1.19

For the nine months period ended on September 30, 2026, the Bank recorded a profit after tax of Rs. 997 million, translating into earnings per share (EPS) of Re. 0.73. The Bank achieved a return on equity (ROE) of 5.9% and a return on assets (ROA) of 0.4%, reflecting resilient profitability despite a lower SBP policy rate environment compared to the corresponding period last year. Total income declined relative to the corresponding period last year, primarily due to the lagged repricing effect of decrease in the SBP's policy rate.

Al Baraka Bank (Pakistan) Limited
Head Office, 162, Banglore Town,
Main Shahrah-e-Faisal,
Karachi, Pakistan.

UAN : +92-21-111-113-442
Tel : +92-21-34315851
www.albaraka.com.pk

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The Bank remained focused on mobilizing current and low-cost deposits to mitigate pressure on spreads arising from the declining policy rate environment, while proactively optimizing its deposit mix through the reduction of high-cost deposits. The Bank's financing strategy is focused on on-boarding and maintaining high quality customers including blue-chip corporates, commercial, and SME customers, complemented by a growing consumer financing portfolio. As a result, the Bank's gross advances-to-deposit ratio remained at 57%, reflecting prudent balance sheet deployment and effective utilization of funds.

The Bank's Capital Adequacy Ratio (CAR) remained at 17.03%, well above the minimum regulatory requirement.

Credit Rating

VIS Credit Rating Company Limited has reaffirmed the Bank's long-term entity rating at 'AA-' and short-term entity rating at 'A-1'. The outlook on the assigned ratings remains 'Stable'.

Acknowledgement

The Board wishes to place on record its sincere appreciation 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. The Board also extends its gratitude to the Bank's valued customers, shareholders, and business partners for their continued trust and confidence. Finally, we acknowledge the dedication, commitment, and hard work of our employees, whose contributions remain integral to the Bank's continued success.

On behalf of the Board.

Azhar Aziz Dogar
Chairman

Muhammad Atif Hanif
Chief Executive Officer

October 27, 2026
Karachi