

Press Release

VIS reaffirms Entity Ratings of Al Baraka Bank (Pakistan) Limited

Karachi, June 30, 2026: VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of Al Baraka Bank (Pakistan) Limited ('ABPL' or 'the Bank') to 'AA-/A1' (Double A Minus/A One). Medium to long term rating of 'AA-' indicates high credit quality; protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. Short term rating of 'A1' indicates strong likelihood of timely repayment of short-term obligations with excellent liquidity factors. Outlook on the assigned ratings is 'Stable.' The rating of ABPL's Basel III compliant Tier-2 Sukuk 2 has been reaffirmed to 'A+' (Single A Plus). Previous rating action was announced on June 27, 2025.

ABPL was incorporated in Pakistan on December 20, 2004 as a public limited company. The Bank was granted an Islamic Banking License by the State Bank of Pakistan (SBP) on January 18, 2007 and commenced operations as a scheduled Islamic bank on February 13, 2007. The Bank is principally engaged in providing Shariah-compliant banking products and services in accordance with Islamic principles and the applicable regulatory framework. Following the merger of the Pakistan branches of Al Baraka Islamic Bank B.S.C. (c) with and into the Bank in October 2010, an Islamic banking license was issued by the SBP in March 2011. The Bank operates through a nationwide branch network comprising 196 branches as at Dec'25 (Dec'24: 185) across Pakistan.

The ratings of ABPL reflect its established franchise in Pakistan's Islamic banking industry, supported by the financial strength and strategic backing of its majority shareholder, Al Baraka Group. The ratings also incorporate the Bank's improving financing portfolio, strengthened asset quality, underpinned by disciplined underwriting, selective portfolio growth, and effective recovery efforts. The Bank's conservative investment strategy, with the portfolio predominantly invested in sovereign GoP Ijarah Sukuk, further supports its overall risk profile. However, the ratings are constrained by the Bank's relatively modest market share and earnings profile. Capitalization remains adequate, with capital ratios comfortably above regulatory minimums despite moderation following growth in risk-weighted assets. Liquidity continues to remain sound, supported by a high CASA ratio and adequate regulatory liquidity buffers. Going forward, the Bank's ability to sustain profitability, maintain asset quality amid financing growth, preserve adequate capitalization and liquidity buffers, and continue strengthening its core deposit franchise while prudently expanding its business will remain key rating considerations.

For further information on this rating announcement, please contact at 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria:

Financial Institution

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

Instrument Rating

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

VIS Issue/Issuer Rating Scale

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