

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan. The Company is a Development Financial Institution (DFI) and principally engaged in investment in the industrial and agro-based industrial projects in Pakistan on commercial basis and markets its products in Pakistan and abroad. The Company was initially setup for a period of fifty years and upon mutual consent of the Government of Kingdom of Saudi Arabia (KSA) and Government of Pakistan the duration of Company has been further extended for another period of fifty years.

The registered office of the Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Company is also operating offices in Lahore and Karachi.

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 02 dated 09 February 2023 with further addition made vide BPRD Circular Letter No. 13 dated July 01, 2024.

These unconsolidated financial statements are separate financial statements of the Company in which the investment in subsidiary is stated at cost and have not been accounted for on the basis of reported results and net assets of the investee which is done in consolidated financial statements.

2.1 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pak. Rupee, which is the Company's functional and presentation currency.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or directives issued by the SBP and SECP differ with the requirements of IFRS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40 - Investment Property for banking companies and DFIs till further instructions. Additionally, IFRS 10 - Consolidated Financial Statements was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10 - Consolidated Financial Statements is not applicable in case of investment by companies in mutual funds established under trust structure.

Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs.

Accordingly, the requirements of IAS 40, IFRS 10, and IFRS 7 have not been considered in the preparation of these unconsolidated financial statements.

The Company believes that there is no significant doubt on the Company's ability to continue as a going concern. Therefore, these unconsolidated financial statements continue to be prepared on the going concern basis.

3.3 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company for the accounting periods beginning on or after January 1, 2025. These are considered either not to be relevant or not to have any significant impact on these unconsolidated financial statements.

3.4 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2026 and have not been early adopted by the Company:

9

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Title of Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Amendments regarding the classification and measurement of financial instruments-IFRS-07 Financial Instruments: Disclosures	January 01, 2026
Amendments regarding the classification and measurement of financial instruments-IFRS-09 Financial Instruments	January 01, 2026
IFRS 18 : Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19- Subsidiaries without Public Accountability: Disclosures	January 01, 2027

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 – First time Adoption of IFRS
- IFRS 17 – Insurance Contracts

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- certain items of operating fixed assets and non-banking assets acquired in satisfaction of claims which are shown at revalued amounts;
- certain advances, investment and borrowings at below-market rates are carried at fair value per IFRS 9;
- certain investments classified as FVOCI and FVPL are carried at fair value in accordance with the requirements of IFRS - 9; and
- staff retirement benefit which is stated at present value of defined benefit obligation net of fair value of plan assets and compensated absences.

Critical accounting judgments and estimation uncertainty

The preparation of unconsolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The Company uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equals the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these unconsolidated financial statements are as follows:

- i) Classification and valuation of investments;
- ii) ECL against investments, advances, lendings, bank balances, off-balance sheet and other assets;
- iii) Valuation and impairment of fair value through OCI and fair value through profit and loss securities;
- iv) Valuation, useful life and depreciation of fixed assets and non-banking assets acquired in satisfaction of claims;
- v) Useful life of intangibles;
- vi) IFRS 16-lease term and effective interest rate of lease contracts for lease liabilities and right of use of assets;
- vii) Taxation;
- viii) Present value of staff retirement benefits and compensated absences;
- ix) Impairment of subsidiary and associates and
- x) Contingent assets and liabilities, provision against off balances sheet obligations.

5. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these unconsolidated financial statements are stated below. These policies have been consistently applied to all the years presented.

5.1.1 IFRS 9 – Financial Instruments

To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics. IFRS 9 also the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

5.1.2 Classification

Under IFRS 9 – Financial Instruments, financial assets are classified into the following categories based on the entity's business model for managing the financial asset and the contractual cash flow characteristics:

- Financial assets at fair value through profit or loss account (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Under IFRS 9 – Financial Instruments, the default classification for financial liabilities is amortized cost. However, financial liabilities may be designated at fair value through profit or loss (FVPL), in which case any gains or losses arising from changes in the entity's own credit risk are recognized in other comprehensive income (OCI), with no subsequent reclassification to profit or loss. The Company does not have any financial liabilities designated at FVPL, and all financial liabilities are measured at amortized cost in accordance with IFRS 9.

The classification and subsequent measurement is dependent on the Company's business model.

۹۶

5.1.3 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

- a. Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
- b. Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
- c. Other Business Models: Resulting in classification of financial assets as FVPL

5.1.4 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than de minimize exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

5.1.5 Reclassification

Reclassification of financial assets will only be made in exceptional cases along with the rationale for the change in the business model (under which they were managed) that has led to the reclassification. Such changes must be demonstrable to external parties. Financial liabilities are never reclassified.

The Company reclassifies debt instrument when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

5.1.6 Financial assets – debt instruments

Debt financial assets held by the Company (including; advances, lending to financial institutions, investment in federal government securities and other private debt securities, cash and balances with treasury Banks, balances with other Banks, and other financial assets) are measured at amortized cost if they meet both of the following conditions and is not designated as at FVPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Company's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Company assess whether and how the sales are consistent with the HTC objective. This assessment includes the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVPL:

- the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVPL.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5.1.7 Financial assets – equity instruments

An equity instrument held by the Company for trading purposes is classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the unconsolidated statement of profit and loss account, including on disposal. This election is made on an investment-by-investment basis. IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments.

5.1.8 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company purchase or sell the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognized when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Company recognizes due to customer and financial institution balances when these funds reach the Company.

5.1.8.1 Amortized cost

Financial assets and liabilities under amortized cost category are initially recognized at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortized cost using the effective interest method. An expected credit loss allowance (ECL) is recognized for financial assets in the profit or loss. Interest income / expense on these assets / liabilities are recognized in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognized in the profit or loss account.

5.1.8.2 Fair value through other comprehensive income

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealized gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognized in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

5.1.8.3 Fair value through profit or loss

Financial assets under FVPL category are initially recognized at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognized in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognized in the profit or loss account. An expected credit loss allowance (ECL) is not recognized for these financial assets.

5.1.9 Derecognition

5.1.9.1 Financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

5.1.9.2 Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the profit or loss account.

5.1.10 Modification

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Company recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

۷

5.1.11 Effective interest rate (EIR) method

The Company applies the Effective Interest Rate (EIR) method for recognizing interest income and expense on financial assets and liabilities. The EIR method ensures that interest is allocated and recognized over the relevant period using a rate that exactly discounts estimated future cash flows to the gross carrying amount of a financial asset or the amortized cost of a financial liability. This calculation incorporates all contractual terms, including fees, transaction costs, and other adjustments, but excludes expected credit losses.

5.1.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities are generally reported gross in the unconsolidated statement of financial position except when IFRS netting criteria are met.

5.1.13 Overview of the ECL principles

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVPL, together with letter of comfort, guarantees and unutilized financing commitments hereinafter referred to as "Financial Instruments". The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1

When financial instruments are first recognized, the Company recognizes an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2

When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For financial instruments considered credit-impaired, the Company recognizes the lifetime expected credit losses for these instruments. The Company uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations whichever is higher.

POCI

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

Undrawn financing

When estimating LTECLs for undrawn financings commitments, the Company estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings are drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both financings and an undrawn commitment, ECLs are calculated and presented with respective facility's ECL.

Guarantee and letters of comfort:

The Company estimates ECLs based on credit conversion factor (CCF) calculated using the historical data relating to amount approved of a facility and actual utilized amount for Guarantee and letter of comfort contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognized within other liabilities.

5.1.13.1 The calculation of ECLs

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to a Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The Company has adopted obligator risk rating (ORR) method for the determination of PD. Under this method, historical data has been analyzed relating to ORR yearly migration for probability of default matrix. Macroeconomic adjustments are then applied to default rates to incorporate current and future changes in economic environment. Macroeconomic variables that may affect default rates are identified and their impact on default rates is calculated using a multiple scenario-based modeling framework.

EAD

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

Definition of default

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments.

The Company considers a default to have occurred with regard to any particular credit instrument when either or both of the following two events have taken place:

- The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if held).
- If principal or mark-up/interest, on any of the obligor's material credit obligations, is overdue by 90 days or more from the due date or as defined in Prudential Regulations from time to time.

Write-offs

The gross carrying amount of a credit instrument will be reduced when there is no reasonable expectation of recovery, in accordance with the terms of its Write-Off policy. Write-off constitutes a derecognition event.

5.1.14 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts, and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Loan commitments provided by the Company are measured at the amount of the loss allowance. For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognised as a provision.

5.1.15 Measurement of unquoted equity securities

Unquoted equity investments are measured at fair value through other comprehensive income (OCI). While determining the fair value of unquoted equity securities, the Company has reviewed the business model/realization pattern of investment to determine the appropriateness of valuation method. Unquoted equity securities are initially recognized at fair value through other comprehensive income. Any change in the fair value of these securities is recognized in other comprehensive income (OCI). On derecognition of equity investment classified as fair value through other comprehensive income, accumulated fair value gain / losses on investments are transferred to retained earning.

5.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

5.3 Non-current asset classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are carried at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined.

5.4 Sale and repurchase agreements

Securities sold under repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as mark-up / return expensed and earned respectively accrued over the life of agreement using effective interest rate method. Repo and reverse repo balances are reflected under borrowings from and lendings to financial institutions respectively.

5.5 Investments

Classification and measurement policies for investments, except for that of subsidiary and associate, as detailed in note 5.1 above.

- Investments in associate and subsidiary

Investment in associate and subsidiary is carried at cost less impairment, if any.

All purchases and sale of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date, which is the date the Company commits to purchase or sell the investments.

5.6 Advances

Advances are stated net of provision. The provision for non-performing advances is determined in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan (SBP) and IFRS 9 – Expected Credit Loss (ECL) model, whichever is higher, as per the policy outlined in Note 5.1.

The provision against non-performing advances are charged to the unconsolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

5.7 Finance lease receivables

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

5.8 Fixed assets and depreciation

(a) Property and equipment (owned and leased)

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost and lease hold land, buildings and certain other items which are carried at revalued amount less depreciation.

Certain items of fixed assets are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited / (debited) to the surplus on revaluation of assets account and is shown in the shareholders' equity in the unconsolidated statement of financial position.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Company. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

Depreciation is provided on straight line method at rates specified in note 12.1.2 to the unconsolidated financial statements so as to write off the cost of the assets over their estimated useful lives. Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date when the asset is classified as held for sale and the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

96

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Maintenance and normal repairs are charged to unconsolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the unconsolidated profit and loss account.

(b) Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of fixed assets when available for intended use.

5.9 Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to unconsolidated profit and loss account. Amortization is computed from the date of purchase to date of disposal / write off using the straight line method in accordance with the rates specified in note 13 to these unconsolidated financial statements to write off cost of the assets over their estimated useful life.

5.10 IFRS 16 - Leases

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Right to use assets are subsequently stated at cost less any accumulated depreciated/ accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight line method.

The lease liabilities are initially measured as the present value of remaining lease payments, discounted using the incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. Each lease payment is allocated between a reduction of the liability and finance cost. The finance cost is charged to profit and loss account as markup expense over the lease period.

5.11 Non banking assets acquired in satisfaction of claims

In accordance with the BPRD Circular No. 1 of 2016 dated January 1, 2016 issued by SBP, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and are not capitalised. These assets are depreciated as per Company's policy.

5.12 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognised separately as part of other liabilities and is charged to unconsolidated profit and loss account on a time proportion basis.

5.13 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the unconsolidated profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or in equity.

(a) Current

Provision for current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the date of unconsolidated statement of financial position. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year for such years.

(b) Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position, and applicable at the time of its reversal. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

The Company recognizes deferred tax asset/liability on (deficit)/surplus on revaluation of securities and revaluation of operating fixed assets as an adjustment to deficit / surplus on revaluation of securities and revaluation of operating fixed assets.

(c) Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21/IAS 37 and accordingly have been classified as levy in these unconsolidated financial statements. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss and other comprehensive income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

٩٤

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

5.14 Staff retirement benefits

(a) Defined benefit plan

The Company operates an approved gratuity fund for its permanent employees. Contributions to the fund are made on the basis of actuarial recommendations. The actuarial valuation is carried out periodically using "projected unit credit method".

(b) Defined contribution plan

The Company also operates a recognized provident fund for all of its permanent employees. Equal monthly contributions at the rate of 10% of basic salary are made both by the Company and the employees, which are transferred to the provident fund.

(c) Compensated absences

As per its service rules, the Company grants compensated absences to all of its permanent employees. The provision for compensated absences is made on the basis of last drawn basic salary.

5.15 Revenue recognition

- Interest Income

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For the financial assets that have become credit-impaired (Stage 3) subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense presented in the statement of profit or loss include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest income.

- Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction the services are received. When the Company provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

- Income from investment securities

Recognition of income from investment securities under respective classification are given in note 5.1 above.

- The Company follows the finance method to recognize income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of the leased assets) is deferred and taken to income over the term of lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains/ losses on termination of lease contracts are recognized as income/expense on realization. Unrealized lease income on classified lease is held in suspense account, where necessary, in accordance with the requirements of SBP guidelines and recognized as income on receipt basis.
- Dividend income is recognized when the Company's right to receive income is established.
- Rental income is recognized on systematic basis.
- Gains and losses on disposal of operating fixed assets are taken to the unconsolidated profit and loss account.

5.16 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the date of unconsolidated statement of financial position. Exchange gains and losses are included in unconsolidated profit and loss account of the Company.

5.17 Impairment

The carrying amount of the Company's assets are reviewed at the date of unconsolidated statement of financial position to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

5.18 Other borrowings

Other borrowings include borrowings from various financial institutions and the SBP. These borrowings are recorded at the proceeds received except for TERF. Mark-up on all these borrowings is charged to the unconsolidated statement of profit and loss account under the effective interest rate method.

Funds received from the SBP for advances disbursed under the Temporary Economic Refinance Facility (TERF) are recorded at fair/present value on initial recognition using the prevailing market rate. This results in a fair value adjustment on initial recognition, which is charged to the unconsolidated statement of profit and loss account. Unwinding of expense on the fair value adjustment is recognised in the unconsolidated statement of profit and loss account.

5.19 Bai Muajjal

The Company enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal transactions representing purchase of Shariah compliant instruments on deferred payment basis are shown in lendings to financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction using the effective interest rate method in the unconsolidated statement of profit and loss account.

Bai Muajjal transactions representing sale of Shariah compliant instruments on deferred payment basis are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction using the effective interest rate method in the unconsolidated statement of profit and loss account.

5.20 Provisions

Provisions are recognised when there are present, legal or constructive obligations as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

5.21 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Company to settle the obligation. The charge to the unconsolidated statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.21 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.22 Dividend Distribution

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

5.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

5.24 Financial instruments

Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Off-setting of financial instruments

Financial assets and financial liabilities are only set-off and net amount is reported in the unconsolidated financial statements when there is legally enforceable right to set-off the recognized amount and the Company either intends to settle on net basis or to settle the liabilities and realize the assets simultaneously.

5.25 Statutory reserve

According to BPD Circular No. 15 dated May 31, 2004 issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve.

9

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

5.26 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing differentiated products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Company's functional structure and the guidance of State Bank of Pakistan. The Company's primary format of reporting is based on business segments. The Company comprises of the following main business segments:

(a) Business Segment

– Corporate finance

This includes investment activities such as underwriting, Initial Public Offers (IPOs) and corporate financing.

– Trading and Sales

Trading and sales includes the Company's treasury and money market activities.

– Building Rental Services

This segment undertakes the rental services of Saudi Pak Tower and its allied activities.

(b) Geographical Segment

The Company conducts all its operations in Pakistan.

5.27 EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors proposed a cash dividend of Rs. 0.296 per share (2024: Rs.0.296 per share). These unconsolidated financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the year end.

	Note	2025	2024
		-----Rupees-----	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		296,597	305,690
With State Bank of Pakistan			
in local currency current account	6.1	<u>257,605,875</u>	<u>224,681,795</u>
		<u>257,902,472</u>	<u>224,987,485</u>
6.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.			
		2025	2024
		-----Rupees-----	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		25,895,913	7,245,443
In deposit accounts		<u>640,851,406</u>	<u>74,879,436</u>
		<u>666,747,319</u>	<u>82,124,879</u>
Less: Credit loss allowance held against balances with other banks		<u>(1,443,524)</u>	<u>(6,195,914)</u>
		<u>665,303,795</u>	<u>75,928,965</u>
7.1 Deposit accounts include Rs. 640,666,518 (2024: Rs 74,604,286) held in local currency accounts. These accounts carry markup at the rates ranging from 7.59% to 9.50% (2024: 11.50% to 22.50%) per annum.			
7.2 Deposit accounts include USD 663.09 (2024: USD 993.90) held in foreign currency accounts. These accounts carry markup at the rate of 0.25% to 0.3% (2024: 0.25%) per annum.			

74

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 -----Rupees-----	2024
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.1	-	384,547,095
Letter based placement		85,000,000	-
		85,000,000	384,547,095
Less: Credit loss allowance held against lending to financial institutions		(187,242)	(337,454)
Lendings to Financial Institutions - net of provision		84,812,758	384,209,641

8.1 Particulars of lending

In local currency	84,812,758	384,209,641
In foreign currencies	-	-
	84,812,758	384,209,641

8.2 Securities held as collateral against lending to financial institutions

	2025			2024		
	Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
	-----Rupees-----			-----Rupees-----		
Pakistan Investment Bonds	-	-	-	-	-	-
Market Treasury Bills	-	-	-	384,222,674	-	384,222,674
	-	-	-	384,222,674	-	384,222,674

8.3 Lending to FIs - Particulars of credit loss allowance

	2025		2024	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
	-----Rupees-----			
Domestic				
Performing	Stage 1	85,000,000	187,242	384,547,095
Under performing	Stage 2	-	-	-
Non-performing	Stage 3	-	-	-
Substandard		-	-	-
Doubtful		-	-	-
Loss		-	-	-
Total		85,000,000	187,242	384,547,095

	2025			
	Stage 1	Stage 2	Stage 3	Total
	-----Rupees-----			
Balance at the start of the year	337,454	-	-	337,454
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	337,454	-	-	337,454
New financial assets originated or purchased	187,242	-	-	187,242
Financial assets that have been derecognised	(337,454)	-	-	(337,454)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	187,242	-	-	187,242

	2024			
	Stage 1	Stage 2	Stage 3	Total
	-----Rupees-----			
Balance at the start of the year	160,987	-	-	160,987
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	160,987	-	-	160,987
New financial assets originated or purchased	337,454	-	-	337,454
Financial assets that have been derecognised	(160,987)	-	-	(160,987)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	337,454	-	-	337,454

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

9 INVESTMENTS

		2025			2024				
9.1	Investments by type:	Fair value / Cost / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Fair value / Cost / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
-----Rupees-----									
	Classified / Measured at FVPL								
	Debt Instruments								
	Un-listed companies	55,566,507	-	1,523,493	57,090,000	55,566,507	-	-	55,566,507
	Equity instruments								
	Listed companies	13,088,998	-	9,049,000	22,137,998	117,090,000	-	13,800,000	130,890,000
	Classified / Measured at FVOCI								
	Federal Government Securities								
	-Pakistan Investment Bonds (PIBs)	18,188,758,663	-	(35,676,663)	18,153,082,000	86,639,269,889	-	(757,155,869)	85,882,114,020
	-Market Treasury Bills	804,340,838	-	1,797,602	806,138,440	55,419,107,492	-	104,057,862	55,523,165,354
		18,993,099,501	-	(33,879,061)	18,959,220,440	142,058,377,381	-	(653,098,007)	141,405,279,374
	Non Government Debt Securities								
	-Term Finance Certificates (TFCs) / Sukuk	712,394,505	(28,247,336)	5,238,252	689,385,421	712,394,505	(27,235,653)	-	685,158,852
		19,705,494,006	(28,247,336)	(28,640,809)	19,648,605,861	142,770,771,886	(27,235,653)	(653,098,007)	142,090,438,226
	Equity instruments								
	Listed companies	558,143,851	-	147,741,617	705,885,468	619,416,735	-	(68,803,438)	550,613,297
	Un-listed companies	510,000,008	-	151,964,811	661,964,819	510,000,008	-	(24,895,157)	485,104,851
		1,068,143,859	-	299,706,428	1,367,850,287	1,129,416,743	-	(93,698,595)	1,035,718,148
	Classified / Measured at Amortised cost								
	Non Government Debt Securities								
	-Term Finance Certificates (TFCs) / Sukuk	1,172,225,455	(194,449,197)	-	977,776,258	1,345,169,634	(176,290,662)	-	1,168,878,972
	-Term Deposit	163,431,981	(360,054)	-	163,071,927	36,266,040	(14,294)	-	36,251,746
		1,335,657,436	(194,809,251)	-	1,140,848,185	1,381,435,674	(176,304,957)	-	1,205,130,717
	Associates								
	Saudi Pak Consultancy Company Limited								
	- Investment in shares	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
	- Investment in preference shares	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
9.1.1		576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	-
	Subsidiaries								
	Saudi Pak Real Estate Company Limited								
9.1.2		500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
	Total Investments	23,254,626,881	(799,732,662)	281,638,112	22,736,532,331	146,530,956,885	(780,216,685)	(732,996,602)	145,017,743,598

9.1.1 The Company holds 35.06% (December 31, 2024: 35.06%) equity stake in Saudi Pak Consultancy Company Limited ("SPCL"), formerly known as Saudi Pak Leasing Company Limited. The Company also holds 63.08% (December 31, 2024: 63.08%) non-voting, non-cumulative, convertible unlisted Preference Shares. On the basis of latest available management financial statements (un-audited) of SPCL as at December 31, 2025 total assets are Rs. 649.935 million (December 31, 2024: Rs. 721.167 million) whereas liabilities of SPCL are Rs. 1,042.624 million (December 31, 2024: Rs. 1,148.618 million). Total revenue, profit after taxation and total comprehensive income for the period ended December 31, 2025 are Rs. 42.713 million (December 31, 2024: Rs. 74.617 million), Rs. 10.721 million (December 31, 2024: Rs. 24.299 million) and Rs. 6.963 million (December 31, 2024: Rs. 32.251 million) respectively.

9.1.2 The Company has investment in 50 million shares (100% of paid up capital) of Saudi Pak Real Estate Limited (SPREL). On the basis of latest available management financial statements (un-audited) of SPREL as at December 31, 2025 total assets and liabilities of SPREL are Rs. 991.478 million (December 31, 2024: Rs. 926.086 million) and Rs. 26.907 million (December 31, 2024: Rs. 33.783 million) respectively. As at December 31, 2025 total revenue, profit after taxation and total comprehensive income are Rs. 61.027 million (December 31, 2024: Rs. 50.938 million), Rs. 72.063 million (December 31, 2024: Rs. 61.320 million) and Rs. 72.267 million (December 31, 2024: Rs. 60.861 million) respectively.

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025				2024			
	Fair value / Cost / Amortised cost	Credit loss allowance / Provision	Surplus / (Deficit)	Carrying Value	Fair value / Cost / Amortised cost	Credit loss allowance / Provision	Surplus / (Deficit)	Carrying Value
	-----Rupees-----				-----Rupees-----			
9.2 Investments by segments:								
Federal Government Securities:								
Pakistan Investment Bonds	18,188,758,663	-	(35,676,663)	18,153,082,000	86,639,269,889	-	(757,155,869)	85,882,114,020
Market Treasury Bills	804,340,838	-	1,797,602	806,138,440	55,419,107,492	-	104,057,862	55,523,165,354
	18,993,099,501	-	(33,879,061)	18,959,220,440	142,058,377,381	-	(653,098,007)	141,405,279,374
Shares:								
Listed Companies	571,232,849	-	156,790,617	728,023,466	736,506,735	-	(55,003,438)	681,503,297
Unlisted Companies	565,566,515	-	153,488,304	719,054,819	565,566,515	-	(24,895,157)	540,671,358
	1,136,799,364	-	310,278,921	1,447,078,285	1,302,073,250	-	(79,898,595)	1,222,174,655
Non Government Debt Securities								
Listed TFCs / Sukuk	731,098,389	731,098,389	-	1,462,196,778	731,098,389	(45,939,537)	-	685,158,852
Unlisted TFCs / Sukuk	1,153,521,571	(953,794,922)	5,238,252	204,964,901	1,326,465,750	(157,586,778)	-	1,168,878,972
Term Deposit	163,431,981	(360,054)	-	163,071,927	36,266,040	(14,294)	-	36,251,746
	2,048,051,941	(223,056,587)	5,238,252	1,830,233,606	2,093,830,179	(203,540,610)	-	1,890,289,569
Associates								
Saudi Pak Consultancy Company Limited								
- Investment in shares	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
- Investment in preference shares	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
	576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	-
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	23,254,626,881	(799,732,662)	281,638,112	22,736,532,331	146,530,956,885	(780,216,685)	(732,996,602)	145,017,743,598

W

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	Rupees	
9.3 Investments given as collateral		
The market value of investments given as collateral is as follows:		
Pakistan Investment Bonds (PIBs)	2,731,590,000	74,663,165,218
Treasury Bills	-	51,562,665,332
	<u>2,731,590,000</u>	<u>126,225,830,550</u>

9.4 Particulars of credit loss allowance

9.4.1 Investments - exposure

Opening balance

New investments
Investments derecognised or repaid
Transfer to stage 1
Transfer to stage 2
Transfer to stage 3

Amounts written off / charged Off
Saudi Pak Consultancy Company Limited
Closing balance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees					
Opening balance	1,395,746,040	588,871,162	109,212,977	1,182,015,000	429,145,421	621,514,347
New investments	274,245,237	-	89,105,000	536,266,040	-	-
Investments derecognised or repaid	(118,489,396)	(290,639,079)	-	(322,535,000)	-	(274,453,870)
Transfer to stage 1	168,846,662	(168,846,662)	-	-	-	-
Transfer to stage 2	-	-	-	-	237,847,500	(237,847,500)
Transfer to stage 3	-	-	-	-	-	-
	<u>324,602,503</u>	<u>(459,485,741)</u>	<u>89,105,000</u>	<u>213,731,040</u>	<u>237,847,500</u>	<u>(512,301,370)</u>
Amounts written off / charged Off	-	-	-	-	-	-
Saudi Pak Consultancy Company Limited	-	-	576,676,075	-	(78,121,759)	576,676,075
Closing balance	<u>1,720,348,543</u>	<u>129,385,421</u>	<u>774,994,052</u>	<u>1,395,746,040</u>	<u>588,871,162</u>	<u>685,889,052</u>

9.4.2 Investments - Credit loss allowance

Opening balance

New investments
Investments derecognised or repaid
Transfer to stage 1
Transfer to stage 2
Transfer to stage 3

Amounts written off / charged off
Changes in risk parameters (PDs/LGDs/EADs)

Provision (Note 9.1.1)
Closing balance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees					
Opening balance	9,658,977	84,668,656	109,212,977	7,897,351	69,908,201	881,597,387
New investments	1,636,352	-	89,105,000	8,851,427	-	-
Investments derecognised or repaid	(1,092,968)	(56,970,626)	(9)	(6,545,941)	-	(258,448,870)
Transfer to stage 1	13,358,658	(13,358,658)	-	-	-	-
Transfer to stage 2	-	-	-	-	237,847,500	(237,847,500)
Transfer to stage 3	-	-	-	-	-	-
	<u>13,902,042</u>	<u>(70,329,284)</u>	<u>89,104,991</u>	<u>2,305,486</u>	<u>237,847,500</u>	<u>(496,296,370)</u>
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(4,591,680)	(8,570,091)	-	(543,860)	(223,087,045)	(256,088,040)
	<u>18,969,339</u>	<u>5,769,280</u>	<u>198,317,968</u>	<u>9,658,977</u>	<u>84,668,656</u>	<u>109,212,977</u>
Provision (Note 9.1.1)	-	-	576,676,075	-	-	576,676,075
Closing balance	<u>18,969,339</u>	<u>5,769,280</u>	<u>774,994,043</u>	<u>9,658,977</u>	<u>84,668,656</u>	<u>685,889,052</u>

9.4.3 Particulars of credit loss allowance / provision against debt securities

Category of classification

Other assets especially mentioned
Domestic

Performing Stage 1
Underperforming Stage 2
Non-Performing Stage 3
Substandard
Doubtful
Loss

Overseas
Total

	2025		2024	
	Outstanding amount	Credit Loss Allowance	Outstanding amount	Credit Loss Allowance
	Rupees			
Domestic				
Performing Stage 1	1,720,348,543	18,969,339	1,395,746,040	9,658,977
Underperforming Stage 2	129,385,421	5,769,280	866,992,921	84,668,656
Non-Performing Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<u>198,317,977</u>	<u>198,317,968</u>	<u>109,212,977</u>	<u>109,212,977</u>
Overseas	<u>198,317,977</u>	<u>198,317,968</u>	<u>109,212,977</u>	<u>109,212,977</u>
Total	<u>2,048,051,941</u>	<u>223,056,587</u>	<u>2,171,951,938</u>	<u>203,540,610</u>

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

9.5 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" model are as follows

	2025	2024
	----- Cost in Rupees -----	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	18,188,758,663	86,639,269,889
Market Treasury Bills	804,340,838	55,419,107,492
	<u>18,993,099,501</u>	<u>142,058,377,381</u>

Shares:

Listed Companies

Cement	-	48,437,257
Chemical	278,604,720	417,127,705
Fertilizer	117,127,705	-
Power Generation and Distribution	162,411,426	153,851,773
	<u>558,143,851</u>	<u>619,416,735</u>

	2025		2024	
	Cost	Breakup Value	Cost	Breakup Value
	-----Rupees-----		-----Rupees-----	
Unlisted Companies				
Al Hamra Avenue Private Limited	50,000,000	-	50,000,000	-
Al Hamra Hills Private Limited	50,000,000	-	50,000,000	-
Ali Paper Board Industries Limited	5,710,000	-	5,710,000	-
Bela Chemical Industries Limited	6,500,000	-	6,500,000	-
Fruit Sap Limited	4,000,000	-	4,000,000	-
Innovative Investment Bank Limited	37,623,048	-	37,623,048	-
Pace Barka Properties Limited	168,750,008	295,028,815	168,750,008	218,918,507
Pak Kuwait Takaful Company	40,000,000	-	40,000,000	-
Pakistan Textile City Limited	50,000,000	-	50,000,000	-
Saudi Pak Kalabagh Livestock Compar	10,000,000	-	10,000,000	-
Taurus Securities Limited	11,250,000	32,630,195	11,250,000	28,425,778
Trust Investment Bank Limited	20,000,000	-	20,000,000	-
PGP Consortium*	330,000,000	329,779,063	330,000,000	379,502,822
	<u>783,833,056</u>	<u>657,438,073</u>	<u>783,833,056</u>	<u>626,847,107</u>

Breakup value has been calculated using latest available audited financial statements, except for the parties for which no breakup value is mentioned above due to non-availability of latest audited financial statements because of litigation or liquidation proceedings.

*The investment has been made in preference shares; therefore, the investment has been disclosed at fair value in the above note rather than at break-up value.

۶

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	-----Cost in Rupees-----	
Non Government Debt Securities		
Listed		
- AAA	330,000,000	-
- AA+, AA, AA-	330,000,000	660,000,000
- B+, B, B-	29,385,421	29,385,421
- CCC and below	-	-
- Unrated	23,009,084	23,009,084
	712,394,505	712,394,505
Unlisted		
- A+, A, A-	-	-
- Unrated	-	-
	712,394,505	712,394,505

9.6 The Company does not have any investments in foreign securities as at December 31, 2025 (2024: Nil).

9.7 Particulars relating to securities classified Under "Held to Collect" model

	2025	2024
	-----Cost in Rupees-----	
Note		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	-	-
	-	-
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	199,440,000	-
- Unrated	18,703,884	18,703,884
	218,143,884	18,703,884
Unlisted		
- AA+, AA, AA-	-	199,480,000
- A+, A, A-	200,000,000	100,000,000
- BBB+, BBB, BBB-	159,902,051	-
- B+, B, B-	-	299,760,000
- Unrated	594,179,520	727,225,750
	954,081,571	1,326,465,750
9.7.1	1,172,225,455	1,345,169,634

9.7.1 The market value of securities classified under HTC other than non performing investments as at December 31, 2025 is Rs 978 million (2024: Rs. 201 million).

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

10 ADVANCES

	Performing		Non Performing		Total	
	2025	2024	2025	2024	2025	2024
	-----Rupees-----					
Loans, leases, running finances- gross	18,998,704,535	13,174,766,060	2,262,709,386	2,476,021,595	21,261,413,921	15,650,787,655
Credit loss allowance against advances						
- Stage 1	(157,641,229)	(200,516,662)	-	-	(157,641,229)	(200,516,662)
- Stage 2	(116,422,138)	(112,982,442)	-	-	(116,422,138)	(112,982,442)
- Stage 3	-	-	(2,227,953,997)	(2,474,059,583)	(2,227,953,997)	(2,474,059,583)
- General	(196,875,084)	(138,694,687)	-	-	(196,875,084)	(138,694,687)
	(470,938,451)	(452,193,791)	(2,227,953,997)	(2,474,059,583)	(2,698,892,448)	(2,926,253,374)
Advances - net of credit loss allowance	18,527,766,084	12,722,572,269	34,755,389	1,962,012	18,562,521,473	12,724,534,281

10.1 Includes net investment in finance lease as disclosed below:

	2025				2024			
	Not later than one year	Later than one and less than five	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	-----Rupees-----							
Lease rentals receivable	252,690,355	441,437,056	-	694,127,411	93,182,383	-	-	93,182,383
Residual value	-	-	-	-	-	-	-	-
Minimum lease payments	252,690,355	441,437,056	-	694,127,411	93,182,383	-	-	93,182,383
Financial charges for future periods	(87,519,228)	(76,884,962)	-	(164,404,190)	(28,746,708)	-	-	(28,746,708)
Present value of minimum lease payments	165,171,127	364,552,094	-	529,723,221	64,435,675	-	-	64,435,675

10.2 Particulars of advances (Gross)

	2025	2024
	-----Rupees-----	
In local currency	21,261,413,921	15,650,787,655
In foreign currencies	-	-
	21,261,413,921	15,650,787,655

10.3 Advances to Women, Women-owned and Managed Enterprises

	2025	2024
Women	10,866,678	4,574,787
Women Owned and Managed Enterprises	-	-
	10,866,678	4,574,787

92

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

10.4 Particulars of credit loss allowance

10.4.1 Advances - exposure	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees			Rupees		
Gross carrying amount - current year	11,729,192,560	1,445,573,500	2,476,021,595	7,024,728,422	826,774,492	3,620,671,626
IFRS-9 adjustment	-	-	-	(982,846,856)	(65,746,018)	125,647,813
New advances	28,574,365,829	100,000,000	-	8,068,123,603	304,545,455	-
Advances derecognized or repaid	(22,752,553,970)	(200,998,384)	(110,187,209)	(1,690,992,226)	(376,365,180)	(1,203,753,476)
Transfer to stage 1	786,568,697	(786,568,697)	-	-	-	-
Transfer to stage 2	(300,000,000)	403,125,000	(103,125,000)	(689,820,383)	1,071,837,725	(382,017,341)
Transfer to stage 3	-	-	-	-	(315,472,973)	315,472,973
	6,308,380,556	(484,442,081)	(213,312,209)	5,687,310,994	684,545,027	(1,270,297,845)
Amounts written off / charged Off	-	-	-	-	-	-
Closing balance - current year	18,037,573,116	961,131,419	2,262,709,386	11,729,192,560	1,445,573,500	2,476,021,595

10.4.2 Advances - Credit loss allowance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees			Rupees		
Opening balance	323,796,207	128,397,583	2,474,059,583	116,499,781	175,564,694	2,917,889,923
IFRS-9 adjustment	-	-	-	(6,843,800)	(24,800,010)	76,600,534
New advances	85,046,886	1,864,683	-	125,685,258	5,984,582	-
Advances derecognized or repaid	(130,721,169)	(85,721,175)	(92,806,925)	(32,774,913)	(171,611,863)	(692,038,202)
Transfer to stage 1	74,400,229	(74,400,229)	-	-	-	-
Transfer to stage 2	(8,151,350)	111,276,350	(103,125,000)	(16,432,082)	164,022,879	(147,590,798)
Transfer to stage 3	-	-	-	-	(102,527,803)	102,527,803
	20,574,596	(46,980,371)	(195,931,925)	76,478,264	(104,132,204)	(737,101,196)
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(63,450,027)	50,420,066	(50,173,660)	14,382,417	66,349,962	216,670,322
General provision	61,159,525	(2,979,127)	-	123,279,546	15,415,141	-
Transfers - net	-	-	-	-	-	-
Closing balance	342,080,301	128,858,150	2,227,953,998	323,796,207	128,397,583	2,474,059,583

9

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

10.4.3 Advances - Credit loss allowance details Internal / External rating / stage classification	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	----- Rupees -----			----- Rupees -----		
Outstanding gross exposure						
Performing - Stage 1	18,037,573,116	-	-	11,729,192,560	-	-
Under Performing - Stage 2	-	961,131,419	-	-	1,445,573,500	-
Non-performing - Stage 3						
Other Assets Especially Mentioned	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	2,262,709,386	-	-	2,476,021,595
	-	-	2,262,709,386	-	-	2,476,021,595
Total	18,037,573,116	961,131,419	2,262,709,386	11,729,192,560	1,445,573,500	2,476,021,595
Corresponding ECL						
Stage 1 and stage 2	(157,641,229)	(116,422,137)	-	(200,516,661)	(112,982,442)	-
Stage 3	-	-	(2,227,953,998)	-	-	(2,474,059,583)
General	(184,439,072)	(12,436,013)	-	(123,279,546)	(15,415,141)	-
	17,695,492,815	832,273,269	34,755,388	11,405,396,353	1,317,175,918	1,962,011

10.5 Advances include Rs. 2,262,709,386 (2024: Rs. 2,476,021,595) which have been placed under non-performing / stage 3 status as detailed below:-

Category of Classification in Stage 3	2025		2024	
	Non Performing Loans	Credit Loss Allowance	Non Performing Loans	Credit Loss Allowance
	----- Rupees -----		----- Rupees -----	
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,262,709,386	(2,227,953,998)	2,476,021,595	(2,474,059,583)
Total	2,262,709,386	(2,227,953,998)	2,476,021,595	(2,474,059,583)

16

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

10.6 Particulars of credit loss allowance / provision against advances

Note	2025				2024			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	Rupees				Rupees			
Opening balance	2,474,059,583	128,397,583	323,796,207	2,926,253,373	2,917,889,923	175,564,694	116,499,781	3,209,954,398
IFRS-9 adjustment	-	-	-	-	76,600,534	(24,800,010)	(6,843,800)	44,956,724
Charge for the year	-	67,390,659	145,065,205	212,455,864	293,270,856	62,949,675	256,503,421	612,723,953
Reversals	(246,105,585)	(66,930,091)	(126,781,112)	(439,816,788)	(813,701,731)	(85,316,777)	(42,363,194)	(941,381,701)
Amounts written off	-	460,568	18,284,093	(227,360,924)	(520,430,874)	(22,367,101)	214,140,227	(328,657,749)
Closing balance	2,227,953,998	128,858,150	342,080,301	2,698,892,449	2,474,059,583	128,397,583	323,796,207	2,926,253,373

10.6.1 Particulars of Credit loss allowance / provision against advances

	2025				2024			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	Rupees				Rupees			
In local currency	2,227,953,998	128,858,150	342,080,301	2,698,892,449	2,474,059,583	128,397,583	323,796,207	2,926,253,373
In foreign currencies	-	-	-	-	-	-	-	-
	2,227,953,998	128,858,150	342,080,301	2,698,892,449	2,474,059,583	128,397,583	323,796,207	2,926,253,373

10.6.2 The net FSV benefit availed during the year amounted to Rs. 12,545,874 (2024: Rs. 67,578,185), resulting in a corresponding reduction in the charge for the period. In the absence of this availed benefit, the profit before and after tax for the year would have been lower by Rs. 12,545,874 (2024: Rs. 67,578,185) and Rs. 7,652,983 (2024: Rs. 41,222,693), respectively. As of December 31, 2025, the accumulated availed FSV benefit stands at Rs. 12,545,874 (2024: Rs. 67,578,185). This amount is not available for distribution as cash or stock dividends.

۹۱

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025	2024
	Note	-----Rupees-----	
10.7 Particulars of write offs:			
10.7.1 Against credit loss allowance / provisions	10.6	-	-
Directly charged to Profit & Loss account		-	-
		<u>-</u>	<u>-</u>
10.7.2 Write Offs of Rs. 500,000 and above	10.8		
- Domestic		-	-
- Overseas		-	-
Write Offs of Below Rs. 500,000		-	-
		<u>-</u>	<u>-</u>

10.8 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2025 is given at Annexure I.

10.9 Particulars of loans and advances to staff included in advances

	2025	2024
	-----Rupees-----	
Opening balance	105,996,640	131,177,985
IFRS - 9 adjustment	(13,613,516)	(46,853,265)
Amount disbursed during the year	129,170,977	72,716,397
Amount received during the year	(58,329,979)	(51,044,477)
Amount written off	-	-
Closing balance	<u>163,224,122</u>	<u>105,996,640</u>

11 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Fair value less cost to sell	65,000,000	-
Less: Amounts received till 31 December	<u>(15,000,000)</u>	-
	<u>50,000,000</u>	-

11.1 The Company's ownership interest in Lakson Square Building, Karachi has been classified as a non-current asset held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." Accordingly, the asset is measured at the lower of its carrying amount at the date of classification and its fair value less costs to sell.

		2025	2024
	Note	-----Rupees-----	
12.1 PROPERTY AND EQUIPMENT			
Capital work-in-progress	12.1.1	6,065,810	5,336,814
Property and equipment	12.1.2	5,317,817,477	5,518,082,486
		<u>5,323,883,287</u>	<u>5,523,419,300</u>
12.1.1 Capital work-in-progress			
Civil works		6,065,810	5,336,814
Equipment		-	-
		<u>6,065,810</u>	<u>5,336,814</u>

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

12.1.2 Property and equipment

	2025										
	Leasehold land	Building - Karachi office	Building on Leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems*	Electrical fittings, fire fighting equipment and others **	Total
	Rupees										
At January 1, 2025											
Cost / Revalued amount	3,336,300,000	69,286,000	1,613,572,655	32,477,132	79,880,354	98,040,331	116,849,765	59,650,000	5,181,966	249,255,630	5,660,493,833
Accumulated depreciation	-	-	(1)	15,514,391	58,541,315	51,466,150	-	-	110,021	16,779,471	142,411,347
Net book value	3,336,300,000	69,286,000	1,613,572,656	16,962,741	21,339,039	46,574,181	116,849,765	59,650,000	5,071,945	232,476,159	5,518,082,486
Year ended December 31, 2025											
Opening net book value	3,336,300,000	69,286,000	1,613,572,656	16,962,741	21,339,039	46,574,181	116,849,765	59,650,000	5,071,945	232,476,159	5,518,082,486
Additions	-	-	5,888,951	3,296,358	16,571,050	17,177,311	16,298,938	3,511,260	2,529,810	21,799,905	87,073,583
Disposals											
- Cost / Revalued amount	-	-	-	(34,867)	(1,221,938)	(19,733,970)	(237,184)	-	-	-	(21,227,959)
- Accumulated depreciation	-	-	-	34,864	965,650	19,417,486	768	-	-	-	20,418,768
Transfer to non current assets available for sale	-	(66,633,762)	-	(125)	-	(316,484)	(236,416)	-	-	(61,965)	(66,695,852)
Depreciation charge	(57,117,456)	(2,652,238)	(64,608,245)	(4,141,316)	(13,077,477)	(13,060,259)	(18,575,653)	(9,147,726)	(886,150)	(36,567,028)	(219,833,548)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-
Closing net book value	3,279,182,544	-	1,554,853,362	16,117,655	24,576,324	50,374,749	114,336,633	54,013,534	6,715,605	217,647,071	5,317,817,477
At December 31, 2025											
Cost / Revalued amount	3,336,300,000	-	1,619,461,606	34,086,648	95,229,167	95,483,672	132,911,519	63,161,260	7,711,776	269,764,333	5,654,109,981
Accumulated depreciation	57,117,456	-	64,608,245	17,968,993	70,652,843	45,108,923	18,574,885	9,147,726	996,171	52,117,262	336,292,504
Net book value	3,279,182,544	-	1,554,853,361	16,117,655	24,576,324	50,374,749	114,336,634	54,013,534	6,715,605	217,647,071	5,317,817,477
Rate of depreciation (percentage)	1.71	4.00	4.00	20.00	33.33	20.00	15.00	15.00	15.00	15.00	
	2024										
	Leasehold land	Building - Karachi office	Building on Leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems *	Electrical fittings, fire fighting equipment and others **	Total
	Rupees										
At January 1, 2024											
Cost / Revalued amount	2,578,050,000	52,282,000	1,251,267,553	18,450,124	64,965,920	82,115,723	103,095,162	56,854,055	5,557,748	186,459,703	4,399,097,988
Accumulated depreciation	86,175,688	4,185,892	89,734,035	13,945,382	53,081,468	45,686,340	30,552,786	15,616,514	1,556,854	60,709,977	411,244,936
Net book value	2,491,874,312	48,096,108	1,151,533,518	4,504,742	11,884,452	36,429,383	72,542,376	41,237,541	4,000,894	125,749,726	3,987,853,052
Year ended December 31, 2024											
Opening net book value	2,491,874,312	48,096,108	1,151,533,518	4,504,742	11,884,452	36,429,383	72,542,376	41,237,541	4,000,894	125,749,726	3,987,853,052
Additions	-	-	7,305,247	14,072,696	17,828,416	27,325,125	12,089,658	1,312,160	2,064,958	80,010,005	162,008,265
Movement in surplus on assets revalued during the year	887,479,132	23,281,168	504,861,337	-	-	-	48,500,462	25,672,810	(37,874)	56,632,729	1,546,389,764
Revaluation adjustment	(129,229,132)	(6,277,168)	(149,861,483)	-	-	-	(46,835,516)	(24,189,028)	(2,402,866)	(73,562,358)	(432,357,551)
Disposals											
- Cost / Revalued amount	-	-	-	(45,688)	(2,913,982)	(11,400,517)	-	-	-	(284,449)	(14,644,636)
- Accumulated depreciation	-	-	-	45,682	2,783,005	6,535,643	-	-	-	284,445	9,648,775
	-	-	-	(6)	(130,977)	(4,864,874)	-	-	-	(4)	(4,995,861)
Depreciation charge	(43,053,444)	(2,091,276)	(50,127,447)	(1,614,691)	(8,242,852)	(12,315,453)	(16,282,730)	(8,572,514)	(956,033)	(29,916,297)	(173,172,737)
Revaluation adjustment	129,229,132	6,277,168	149,861,483	-	-	-	46,835,516	24,189,028	2,402,866	73,562,358	432,357,551
Closing net book value	3,336,300,000	69,286,000	1,613,572,655	16,962,741	21,339,039	46,574,181	116,849,765	59,650,000	5,071,945	232,476,159	5,518,082,486
At December 31, 2024											
Cost / Revalued amount	3,336,300,000	69,286,000	1,613,572,655	32,477,132	79,880,354	98,040,331	116,849,765	59,650,000	5,181,966	249,255,630	5,660,493,833
Accumulated depreciation	-	-	(1)	15,514,391	58,541,315	51,466,150	-	-	110,021	16,779,471	142,411,346
Net book value	3,336,300,000	69,286,000	1,613,572,656	16,962,741	21,339,039	46,574,181	116,849,765	59,650,000	5,071,945	232,476,159	5,518,082,486
Rate of depreciation (percentage)	1.67	4.00	4.00	20.00	33.33	20.00	15.00	15.00	15.00	15.00	

* This represent security system at Islamabad and Karachi office. Security system of Islamabad office are revalued only, as they form an integral part of building structure.

** This represents electrical fittings, fire fighting equipment, telephone installation, leasehold improvements, electrical appliances, loose tools & miscellaneous item at Islamabad, Lahore and Karachi office. The Company revalues electrical fittings, fire fighting equipment and telephone installation for its Islamabad office only, as they form an integral part of building structure.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

12.1.3 Details of disposal of property & equipment

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
----- Rupees -----						
Furniture and fixture						
Furniture items - Islamabad office	34,867	34,864	3	4,000	Auction	Abdul Sadiq
Heating and air conditioning						
Fan Coil Units	237,184	768	236,416	487,818	Auction	Abdul Sadiq
Office equipment						
XIOMI-III Mobile	67,500	67,499	1	1	As per policy *	Ali Imran
Redmi note 4 Pro	61,875	4,012	57,863	57,863	As per policy *	Mahtab Alam
Samsung A24 mobile	67,500	32,059	35,441	35,441	As per policy *	Shuja Ali
Iphone SE	100,000	99,999	1	1	As per policy *	Fateh Tariq
Laptop HP Probook 450 G9	317,098	154,118	162,980	162,982	As per policy *	Fateh Tariq
Laptop HP Probook 850 G8	343,965	343,964	1	1	As per policy *	Ali Imran
Laptop HP Probook 850 G8	264,000	263,999	1	1	As per policy *	Arif Majeed Butt
	1,221,938	965,650	256,288	256,290		
Vehicles						
Kia Picanto APY-832	2,057,502	2,057,501	1	1	As per policy *	Umair Hashim
Suzuki Cultus VXL AQB-196	1,886,962	1,886,961	1	1	As per policy *	Arif Majeed Butt
Toyota Corolla GLI 1.3 CC ANH-627	2,523,636	2,523,635	1	3,864,000	Auction	Syed Faisal Zafar
Honda CD 70 AYN-814	72,500	72,499	1	76,700	Auction	Syed Faisal Zafar
Honda CD 70 AUR-193	64,000	63,999	1	77,850	Auction	Suleman Khan
Kia Picanto AQT-843	2,057,502	2,057,501	1	1	As per policy *	Muhammad Azam
Kia Picanto AQT-847	2,058,302	2,058,301	1	1	As per policy *	Muhammad Yousaf Kharal
Kia Picanto Aqv-422	2,059,512	2,059,511	1	1	As per policy *	Babar Ejaz
Suzuki Cultus ATT-980	1,932,412	1,615,938	316,474	316,474	As per policy *	Muhammad Faisal Israr
Honda Civic 1.8i Vetech Oriel BNP-	2,964,140	2,964,139	1	4,452,000	Auction	Muhammad Jhangir Khan
KIA PICANTO Aqv-842	2,057,502	2,057,501	1	1	As per policy *	Sannaan Aqil
	19,733,970	19,417,486	316,484	8,787,030		
Total	21,227,959	20,418,768	809,191	9,535,138		

* These items were sold to employees including key management personnel in accordance with policy of the Company.

41

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

12.1.4 Revaluation of property and equipment

The property and equipment of the Company were revalued by independent professional valuers on a market value/depreciated replacement cost basis as of December 31, 2024. The revaluation of the Karachi office was conducted by AXIS Consultants, while the revaluation of the Head Office was carried out by Impulse (Private) Limited. Both firms are members of the Pakistan Engineering Council and are on the panel of the Pakistan Banking Association. The valuation resulted in an increase in the revaluation surplus by Rs. 23.281 million for the Karachi office and Rs. 1,523.108 million for the Head Office.

The total surplus arising from the revaluation of fixed assets as of December 31, 2024, amounted to Rs. 5,151.775 million. Had the revaluation not been carried out, the carrying amount of the revalued assets as of December 31, 2025, would have been as follows:

	2025	2024
	-----Rupees-----	
Leasehold Land	25,987,456	26,437,190
Building - Karachi office	-	308,081
Building	35,806,602	48,184,998
Heating and air-conditioning system	26,246,743	24,249,970
Elevators	9,022,367	11,830,345
Security system	5,206,793	3,634,790
Electrical fittings, fire fighting equipment and others	105,897,257	166,785,987
	<u>208,167,218</u>	<u>281,431,361</u>

12.1.5 Cost / revalued amount of fully depreciated assets that are still in use:

Furniture and fixture	11,554,191	13,099,230
Office equipment	55,134,140	46,670,023
Vehicles	19,718,097	27,399,875
Electrical fittings, fire fighting equipment and others	11,920,936	10,053,567
	<u>98,327,364</u>	<u>97,222,695</u>

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	-----Rupees-----	
12.2 Right-of-use assets		
At January 1		
Cost	136,808,201	46,380,627
Accumulated depreciation	55,533,305	21,831,689
Net Carrying amount at January 1	<u>81,274,896</u>	<u>24,548,938</u>
Additions	119,782,325	89,540,534
Reassessment of the lease liability	-	887,040
Depreciation charge	40,641,351	33,701,616
Net Carrying amount at period end	<u>160,415,870</u>	<u>81,274,896</u>
At period end		
Cost	209,322,860	136,808,201
Accumulated depreciation	48,906,990	55,533,305
Net Carrying amount at period end	<u>160,415,870</u>	<u>81,274,896</u>
Rate of amortisation (percentage)		
- Lahore office	22.12	36.36
- Karachi office	20.00	20.00
- Karachi office	28.01	-
Useful life (years)		
- Lahore office	4.52	2.75
- Karachi office	5.00	5.00
- Karachi office	3.57	-
13 INTANGIBLE ASSETS		
(Licences & softwares)		
Cost	41,138,159	38,900,865
Accumulated amortisation and impairment	36,032,793	32,443,819
Net book value	<u>5,105,366</u>	<u>6,457,046</u>
Year ended December 31		
Opening net book value	5,105,366	6,457,046
Additions - directly purchased	5,369,111	2,237,294
Amortisation charge	3,210,731	3,588,974
Other adjustments	-	-
Closing net book value	<u>7,263,746</u>	<u>5,105,366</u>
At December 31		
Cost	46,507,270	41,138,159
Accumulated amortisation and impairment	39,243,524	36,032,793
Net book value	<u>7,263,746</u>	<u>5,105,366</u>
Rate of amortisation (percentage)	<u>33.33</u>	<u>33.33</u>
Useful life (years)	<u>3.00</u>	<u>3.00</u>

13.1 Cost of fully amortized intangible assets still in use amount to Rs. 31,947,460 (2024: Rs. 30,203,575).

9

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

14 OTHER ASSETS	Note	2025	2024
		-----Rupees-----	
Income/ mark-up accrued in local currency			
On investments		808,211,588	2,828,221,500
On advances		772,044,949	983,074,556
On lending to financial institutions		1,098,340	1,347,985
		<u>1,581,354,877</u>	<u>3,812,644,042</u>
Advances, deposits, advance rent and other prepayments		50,967,193	33,786,178
Advance taxation (payments less provisions)		2,512,750,568	2,383,548,970
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	14.1	45,634,864	47,347,144
Dividend receivable		56,678,542	133,886,607
Deferred employee benefit		80,989,804	65,511,250
Trading transaction in process		89,641,601	-
Other receivables		173,515,316	18,464,737
		<u>4,670,350,660</u>	<u>6,574,006,823</u>
Less: Credit loss allowance held against other assets	14.2	<u>(3,685,786)</u>	<u>(256,792)</u>
Other Assets (Net of credit loss allowance)		4,666,664,874	6,573,750,031
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1.1	13,451,633	13,956,356
Other assets - total		<u>4,680,116,507</u>	<u>6,587,706,387</u>

14.1 The non-banking asset acquired from Irfan Textile represents office area on 8th floor of Famous Mall, Lahore and was initially recorded in the financial statements in June 2007. This asset was revalued by independent professional valuer AXIS Consultants; member of Pakistan Engineering Council and on panel of Pakistan Banking Association; on the basis of professional assessment of present market value on 31 December 2024 at Rs. 61.303 million. Business activity could not be started since the building was constructed due to pending approval of building map and the issuance of completion certificate from Lahore Development Authority (LDA). During the year on November 26, 2025, the Company entered into an agreement with a buyer for the sale of the asset on an "as is where is" basis. Under the terms of the agreement, the buyer has agreed to pay consideration of Rs. 62.5 million, against which an advance of Rs. 20 million has been received. In addition, all operational charges, maintenance dues, utility bills, mall administration charges and any other occupational liabilities payable to Famous Mall Private Limited whether accruing before or after the date of transfer to be borne and discharge by the buyer.

14.1.1 Non-banking assets acquired in satisfaction of claims	Note	2025	2024
		-----Rupees-----	
Opening balance		61,303,500	71,439,012
Revaluation during the year		-	(7,029,468)
Disposals during the year		-	-
Depreciation		(2,217,003)	(3,106,044)
Impairment		-	-
Closing balance		<u>59,086,497</u>	<u>61,303,500</u>
14.2 Credit Loss Allowance held against other assets			
Advances, deposits, advance rent & other prepayments	14.2.1	<u>3,685,786</u>	<u>256,792</u>
14.2.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		256,792	256,792
Charge for the year		3,428,994	-
Reversals / transfer		-	-
Amount Written off		-	-
Closing balance		<u>3,685,786</u>	<u>256,792</u>

96

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		-----Rupees-----	
15	BORROWINGS		
	Secured		
	State Bank of Pakistan (SBP) refinance scheme		
	Long term financing facility	15.1	721,899,918
	Temporary economic relief facility	15.2	269,903,963
			991,803,881
	Repurchase agreement borrowings	15.3	2,700,000,000
	Against Government securities	15.4	-
	Against book debts / receivables	15.5	11,020,833,333
	Total secured		14,712,637,214
	Unsecured		
	Call borrowings	15.6	14,401,062,835
	Total unsecured		14,401,062,835
			29,113,700,049

15.1 These represent facilities obtained against State Bank of Pakistan refinance schemes under LTFF. The mark up is charged at the rates ranging from 2.00% to 14.00% (2024: 2.00% to 14.00%) per annum. These facilities will mature during March 2028 to August 2031 (2024: January 2025 to June 2032).

15.2 These represent facilities obtained against State Bank of Pakistan refinance schemes under TERF. The mark up is charged at the rate of 1.00% (2024: 1.00%) per annum. These facilities will mature during January 2031 (2024: January 2025 to January 2031).

15.3 These facilities were secured against government securities (PIBs and T-bills). These carry markup at rates 10.75% (2024: 13.09% to 13.25%) per annum having maturity during January 2026 (2024: January 2025).

15.4 These represent facilities obtained from banks against charge on government securities (PIBs and TBILLS). These carry markup at rate of nil (2024: 10.78% to 15%) per annum having maturity nil (2024: March 2025).

15.5 These represent facilities obtained from various banks against charge on book debts/receivables valuing Rs. 16,314 million (2024: Rs. 10,267 million). The mark up is charged at varying rates ranging from 10.80% to 11.42% (2024: 12.39% to 23.28%) per annum. These facilities will mature during January 2026 to May 2029 (2024: January 2025 to May 2029).

15.6 These facilities were unsecured and carrying markup at rate of 10.85% to 10.90% (2024: 12.1% to 12.6%) per annum having maturity in January 2026 to March 2026 (2024: March 2025).

	Note	2025	2024
		-----Rupees-----	
15.7	Particulars of borrowings with respect to Currencies		
	In local currency	29,113,700,049	145,684,365,780
	In foreign currencies	-	-
		29,113,700,049	145,684,365,780

16 DEPOSITS AND OTHER ACCOUNTS

	Customers		
	- Term deposits (local currency)	16.1	3,238,406,212
16.1	Composition of deposits		
	- Public Sector Entities	16.1.1	298,681,679
	- Non-Banking Financial Institutions	16.1.2	887,850,000
	- Private Sector	16.1.3	2,051,874,533
			3,238,406,212

16.1.1 These Certificate of Investments (COIs) carry mark up at the rates 11.00% to 19.00% (2024: 13.68% to 19.00%) per annum with maturity during February 2026 (2024: January 2025 to June 2025).

16.1.2 These Certificate of Investments (COIs) carry mark up at the rate of 8.60% to 16.00% (2024: 12.25% to 16.00%) per annum with maturity during February 2026 to June 2026 (2024: January 2025 to June 2025).

16.1.3 These Certificate of Investments (COIs) carry mark up at the rates ranging from 11.66% to 19.43% (2024: 12.00% to 19.43%) per annum with maturity during January 2026 to September 2026 (2025: January 2025 to December 2025).

7

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	-----Rupees-----	
17 LEASE LIABILITIES		
Outstanding amount at January 1	79,861,456	17,520,021
Additions during the period/year	119,782,325	89,540,534
Reassessment of the lease liability	-	887,039
Lease payments including interest	(47,773,317)	(39,515,258)
Interest expense	16,064,486	11,429,120
Outstanding amount at the end of the period	<u>167,934,950</u>	<u>79,861,456</u>
17.1 Contactual maturity of lease liabilities		
Short-term lease liabilities - within one year	52,550,650	20,870,309
Long-term lease liabilities		
- 1 to 5 years	115,384,300	58,991,147
- 5 to 10 years	-	-
- More than 10 years	-	-
	<u>115,384,300</u>	<u>58,991,147</u>
Total lease liabilities	<u>167,934,950</u>	<u>79,861,456</u>

17.2 This represent office space for Lahore and Karachi offices from Saudi Pak Real Estate (Pvt) Limited which is wholly owned subsidiary of Company. These are discounted using incremental borrowing rate ranging from 11.98% to 15.85% (2024: 14.50% to 15.85%).

	2025			
	At January 1, 2025	Recognised in P&L	Recognised in OCI	At December 31, 2025
	-----Rupees-----			
18 DEFERRED TAX LIABILITIES				
Deductible temporary differences on				
Surplus / (deficit) on revaluation of securities - FVOCI	274,893,968	-	(274,893,968)	-
Deficit on revaluation of securities - FVTPL	76,019,122	474,813	-	76,493,934
Right of Use Assets	-	2,932,441	-	2,932,441
Provision / Credit loss allowance against advances, investment, off balance sheet etc	1,233,266,176	(56,800,483)	-	1,176,465,693
	<u>1,584,179,265</u>	<u>(53,393,229)</u>	<u>(274,893,968)</u>	<u>1,255,892,069</u>
Taxable temporary differences on				
Accelerated tax depreciation	(43,648,701)	21,698,143	-	(21,950,558)
Dividend receivable	(33,471,652)	19,302,016	-	(14,169,636)
Net investment in leases	-	(25,798,398)	-	(25,798,398)
Right of Use Assets	(551,271)	551,271	-	-
Surplus on revaluation of securities - FVOCI	-	-	(62,015,352)	(62,015,352)
Surplus on revaluation of operating fixed assets	(2,009,192,309)	61,085,020	-	(1,948,107,289)
	<u>(2,086,863,932)</u>	<u>76,838,052</u>	<u>(62,015,352)</u>	<u>(2,072,041,232)</u>
	<u>(502,684,667)</u>	<u>23,444,823</u>	<u>(336,909,320)</u>	<u>(816,149,163)</u>

	2024			
	At January 1 2024 (Adjusted)	Recognised in P&L	Recognised in OCI	At December 31 2024
	-----Rupees-----			
DEFERRED TAX LIABILITIES				
Deductible temporary differences on				
Surplus / (deficit) on revaluation of securities - FVOCI	400,741,412	-	(125,847,444)	274,893,968
Deficit on revaluation of securities - FVTPL	(63,030,182)	139,049,304	-	76,019,122
Provision / Credit loss allowance against advances, investment, off balance sheet etc	1,388,920,522	(155,654,346)	-	1,233,266,176
Impairment loss on quoted securities - FVPL	20,859,917	(20,859,917)	-	-
	<u>1,747,491,669</u>	<u>(37,464,960)</u>	<u>(125,847,444)</u>	<u>1,584,179,265</u>
Taxable temporary differences on				
Accelerated tax depreciation	(54,858,458)	11,209,757	-	(43,648,701)
Dividend receivable	(20,938,817)	(12,532,835)	-	(33,471,652)
Right of use assets - net of lease liabilities	(2,741,278)	2,190,007	-	(551,271)
Surplus on revaluation of operating fixed assets	(1,453,282,886)	47,182,585	(603,092,008)	(2,009,192,309)
	<u>(1,531,821,439)</u>	<u>48,049,515</u>	<u>(603,092,008)</u>	<u>(2,086,863,932)</u>
	<u>215,670,230</u>	<u>10,584,555</u>	<u>(728,939,452)</u>	<u>(502,684,667)</u>

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		-----Rupees-----	
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		586,099,555	2,357,317,023
Accrued expenses		148,655,532	96,861,428
Advance rental income	19.1	226,616,008	214,195,224
Security deposits against rented properties	19.1	44,848,149	42,961,563
Payable to defined benefit plan	37.4	13,521,083	11,208,944
Provision for compensated absences		13,681,379	11,731,732
Contract liability	19.2	173,109,354	31,163,839
Credit loss allowance against off-balance sheet obligations	19.3	22,333,533	60,738,573
		<u>1,228,864,593</u>	<u>2,826,178,326</u>

19.1 This relate to premises let out in the Saudi Pak Tower, Jinnah Avenue, Blue Area, Islamabad.

19.2 This includes advance of Rs. 20 million (2024: Rs. nil) received against the sale of the non-banking asset.

	2025	2024	
		-----Rupees-----	
19.3 Credit loss allowance against off-balance sheet obligations			
Opening balance	60,738,573	43,642,361	
Charge for the year	-	17,096,212	
Reversals	(38,405,040)	-	
	<u>(38,405,040)</u>	<u>17,096,212</u>	
Closing balance	<u>22,333,533</u>	<u>60,738,573</u>	

20 SHARE CAPITAL

20.1 Authorized Capital

	2025	2024		2025	2024
		-----Number of shares-----			
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>	

20.2 Issued, subscribed and paid up share capital

	2025	2024		2025	2024
		-----Number of shares-----			
			<u>Ordinary shares</u>		
400,000,000	400,000,000	Fully paid in cash	4,000,000,000	4,000,000,000	
276,500,000	276,500,000	Issued as bonus shares	2,765,000,000	2,765,000,000	
<u>676,500,000</u>	<u>676,500,000</u>		<u>6,765,000,000</u>	<u>6,765,000,000</u>	

20.3 State Bank of Pakistan on behalf of the Government of Pakistan and Ministry of Finance, KSA on behalf of Kingdom of Saudi Arabia are equal shareholders of the Company.

9

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		-----Rupees-----	
21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of			
- Securities measured at FVOCI	9.1	271,065,619	(746,796,603)
- Property and equipment	21.1	4,995,048,443	5,151,775,164
- Non-banking assets acquired in satisfaction of claims		13,451,631	13,956,356
		5,279,565,693	4,418,934,917
Deferred tax on (deficit) / surplus on revaluation of:			
- Securities measured at FVOCI	18	(62,015,352)	274,893,968
- Property and equipment	21.1	(1,949,803,143)	(2,009,192,310)
		(2,011,818,495)	(1,734,298,342)
		3,267,747,198	2,684,636,575
21.1 Surplus on revaluation of property & equipment			
Surplus on revaluation of property & equipment as at January 1		5,151,775,164	3,726,366,387
Recognised during the year		-	1,546,389,765
Realised on disposal during the year		-	-
Related deferred tax liability on surplus realised on disposal		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(95,641,702)	(73,798,404)
Related deferred tax liability on incremental depreciation charged during the year		(61,085,020)	(47,182,584)
Surplus on revaluation of property & equipment as at December 31		4,995,048,443	5,151,775,164
Less: related deferred tax liability on:			
- revaluation as at January 1		2,009,192,310	1,453,282,886
- revaluation recognised during the year		-	603,092,008
- surplus realised on disposal during the year		1,695,853	-
- incremental depreciation charged during the year		(61,085,020)	(47,182,584)
		1,949,803,143	2,009,192,310
		3,045,245,299	3,142,582,854
22 CONTINGENCIES AND COMMITMENTS			
-Guarantees	22.1	5,288,029,000	4,505,100,000
-Commitments	22.2	8,255,037,932	1,452,289,505
		13,543,066,932	5,957,389,505
22.1 Guarantees:			
Financial guarantees		5,288,029,000	4,505,100,000
22.2 Commitments:			
Commitments for acquisition of:			
- Operating fixed assets		12,517,098	8,188,848
- Intangible assets		15,331,834	5,880,657
		27,848,932	14,069,505
Non disbursed commitment for term and working capital finance		8,227,189,000	1,438,220,000
		8,255,037,932	1,452,289,505

٩١

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

22.3 Other contingent liabilities

22.3.1 Tax contingencies

- i) The Appellate Tribunal Inland Revenue (ATIR) Islamabad did not accept the Company's contention on certain matters in appeals relating to tax years 2004 to 2006, 2008 to 2010 vide order dated December 7, 2015 and 2012 to 2014 vide order dated November 7, 2017. These issues mainly relate to disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The Company has filed tax references before the Islamabad High Court. For tax years 2004 to 2006 and 2008 to 2010 the Islamabad High Court (IHC) remanded back the matters of disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime to the assessing officer. However, appeal effect proceedings yet to commence. For tax year 2012 to 2014, cases are still pending adjudication. The Company however, accounted for the impact of tax of Rs. 617.237 million on provision for non performing loans & advances by routing it through Profit & Loss in the year 2018. The related tax demands for all the aforesaid tax years aggregate to Rs 1,091.694 million, out of which Rs 635.194 million has been paid by / recovered from the Company.
- ii) For the tax years 2015 to 2019, the assessing officer amended the Company's assessment under section 122(5A) of the Income Tax Ordinance 2001 and created an aggregate tax demand of Rs. 1,592.976 million by making various add backs and disallowances in terms of orders DCR No. 14/108 dated March 18, 2019 for tax year 2015, DCR No. 15/108 dated March 18, 2019 for tax year 2016, DCR No. 16/108 dated March 18, 2019 for tax year 2017, DCR No. 05/61 dated March 14, 2019 for tax year 2018 and January 18, 2024 for tax year 2019. The Company preferred appeals before Commissioner Inland Revenue - Appeals [CIR(A)] who in terms of separate appellate orders remanded majority of the matters to the assessing officer and on certain matters upheld the actions of assessing officer. The Company has preferred separate appeals before ATIR for aforesaid cases which are pending adjudication.
- iii) For tax years 2015 to 2017 proceedings under section 161 were initiated vide order dated October 30, 2018 all of the tax years under consideration, and cumulative demand of Rs. 276.482 million was created on account of alleged default in withholding of tax in respect of payment of mark-up to Microfinance and Investment banks out of which Rs 26.034 million has been paid by / recovered from the Company. The Company preferred appeal before the CIR(A) who remanded certain issues and upheld certain matters. The Company preferred further appeal before ATIR which is pending adjudication.
- iv) For the tax year 2022, the assessing officer passed an order under section 4C of the Income Tax Ordinance 2001 levying super tax on the company and created demand of Rs. 59.230 million. The Company preferred appeal before the CIR(A) who remanded the matter to the assessing officer. The Company preferred further appeal before ATIR which is pending adjudication. Meanwhile, the company has already accounted for an impact of super tax to the extent of Rs 47.752 million out of such demand in the year 2022.

The management, believes that the above mentioned matters are likely to be decided in favour of the Company at superior appellate forums and therefore no further charge is required to be recognised in these unconsolidated financial statements.

22.3.2 Other contingencies

i) MACPAC Films Limited (Suit No. B-24/2014 of Rs. 1,040.623 million)

Macpac Films Limited Karachi ("Customer") availed a Term Finance of Rs.125.00 million in 2003/04 and then defaulted. In 2011, a settlement package was approved by Saudi Pak containing waiver/write-off of Rs.72.659 million on account of markup and liquidated damages subject to payment of Rs.100.141 million. The Customer accepted and paid Rs.100.141 million. The write off/waiver was reported to the State Bank of Pakistan (SBP) in compliance with regulatory requirements. The Customer had requested Saudi Pak and SBP to remove its name from CIB of SBP as it was allegedly impacting the customer's business which was neither accepted by SBP nor Saudi Pak. The Customer filed the instant suit in the Sindh High Court, Karachi which is being contested on merit. Upon Court's direction, SBP had also filed comments endorsing regulatory compliance by Saudi Pak. Evidence of the customer was recorded and part evidence of Saudi Pak's witness is also recorded. Now case will be fixed for recording of remaining evidence of Saudi Pak's witnesses. Prima facie, there is no substance in this frivolous suit, therefore, it is expected that it will be dismissed on merits after due process of law.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

ii) Muhammad Zafar Sultan Paracha Vs. Saudi Pak, Federation of Pakistan, DHA, Mukhtiarkar Gadap Town, Karachi (Suit No.1065/2014 of Rs. 200 million)

On April 27, 2014, the Company invited bids for the sale of four properties i.e.farm house at Gadap Town and three plots (DHA Plots No.9-C, 17-C, 20-C) at Karachi. The highest bid of Rs.134.500 million offered by Mr. Mudassir for only three plots at DHA was accepted. Down payment was received and sale agreement dated June 2, 2014 was executed between Saudi Pak and the highest bidder through his nominee. Mr. Zafar Sultan Paracha had offered a lower bid of Rs. 93 million against all the four properties therefore his bid was rejected. He filed the subject suit in the Sindh High Court, Karachi and obtained an interim stay on July 5, 2014 restraining sale of the above mentioned plots. Saudi Pak contested and got the stay vacated through Court as a result, three plots at DHA were transferred to the successful bidder/buyer after receipt of balance sale consideration. Mr. Piracha then filed an Appeal in the Court against the Stay Vacation Order which was also contested by Saudi Pak, separately. While vacating the stay order, the learned Judge of the Sindh High Court had observed that remaining suit to the extent of damages claimed against alleged loss of business opportunity etc, will separately be heard and decided. Appeal was fixed for hearing on 20 April 2022 but neither the counsel nor the Appellant attended the hearing, therefore, the Division Bench of the Sindh High Court dismissed the appeal for non-prosecution. Saudi Pak has filed its reply in the suit proceeding and filed application for rejection of plaint being without any merits having no cause of action. The case will be fixed for settling the issues for evidence of parties and arguments on Saudi Pak's application seeking out-right rejection of the plaint. Prima facie, the suit is baseless, as no cause of action is accrued to the Plaintiff, therefore, it is expected that it will be dismissed after due process of law.

iii) Kohinoor Spinning Mills Limited and its Guarantors Vs. Saudi Pak (Suite No.258676/2018 of Rs. 600 million)

The Customer availed disbursement of TFF of Rs.400 million from Saudi Pak on 11.12.2014 via RTGS but defaulted after part payments whereof Saudi Pak filed a recovery suit COS No.17/2017 of Rs.396.085 million against the Customer and its directors/guarantors in the Lahore High Court, Lahore which was decreed to extent of Rs.388.738 in favor of Saudi Pak and execution proceedings are continued against the Customer.

As a counter-blast, the Customer subsequently filed a frivolous damages suit of Rs.600 million against Saudi Pak in the same Court, during 2018, alleging therein that: (i) TFF of Rs.400.00 million not disbursed to the Customer; & (ii) Customer suffered business losses of Rs.200.00 million which may also be granted to the Customer. Its reply (PLA) was filed by Saudi Pak. It is still at evidence stage. The Customer has filed affidavits in evidence of its witnesses. It will be fixed for cross examination of customer's witnesses. Saudi Pak's evidence will be recorded after completion of customer's evidence. Prima facie suit of the Customer is baseless/frivolous having no substance. It is therefore expected that it will be dismissed on merits after due process of law.

23 Presently, the Company does not deal in derivative products.

	2025	2024
	-----Rupees-----	
24 MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	2,373,649,996	2,071,635,290
Investments	3,938,580,245	8,790,057,871
Lendings to financial institutions	91,820,905	86,090,168
Balances with banks	16,049,582	14,165,354
	<u>6,420,100,728</u>	<u>10,961,948,684</u>
24.1 Interest income (calculated using effective interest rate method) recognised on :		
Financial assets measured at amortised cost	2,626,614,412	2,370,183,505
Financial assets measured at fair value through OCI	3,793,486,316	8,591,765,179
	<u>6,420,100,728</u>	<u>10,961,948,684</u>

۶

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025	2024
		-----Rupees-----	
25 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		468,000,377	1,006,089,582
Borrowings			
Securities purchased under repurchase agreements		1,111,901,786	3,769,243,420
Other short term borrowings		2,139,252,133	3,963,638,152
Long term finance for export oriented projects from SBP		362,206,178	229,631,330
Long term borrowings		793,753,147	889,855,629
		4,407,113,244	8,852,368,531
Interest expense on lease liability against ROU assets		16,064,486	11,429,120
Brokerage fee		3,944,199	4,725,796
		<u>4,895,122,306</u>	<u>9,874,613,029</u>
25.1	Interest expense calculated using effective interest rate method	4,891,178,107	9,869,887,233
	Brokerage fee	3,944,199	4,725,796
		<u>4,895,122,306</u>	<u>9,874,613,029</u>
25.2	The markup expensed amounting to Rs. 584,046 (2024: Rs. 2,069,1482) relates to Saudi Pak Employees Contributory Fund.		
		2025	2024
		-----Rupees-----	
26 FEE & COMMISSION INCOME			
Credit related fees		22,374,000	28,925,650
Commission on guarantees		94,438,104	55,962,661
		<u>116,812,104</u>	<u>84,888,311</u>
27 GAIN / (LOSS) ON SECURITIES			
Realised	27.1	103,084,881	141,179,691
Unrealised - measured at FVPL	9.1	10,572,493	69,366,507
		<u>113,657,374</u>	<u>210,546,198</u>
27.1 Realised gain / (loss) on:			
Federal Government securities		(78,929,240)	22,460,769
Shares		181,633,446	118,718,922
Other debt securities		380,675	-
		<u>103,084,881</u>	<u>141,179,691</u>
28 OTHER INCOME			
Rent on property- net	28.1	317,423,483	304,333,504
Gain on sale of property & equipment - net		8,725,947	3,779,067
Other rental		1,505,467	1,902,526
		<u>327,654,897</u>	<u>310,015,097</u>

9.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		-----Rupees-----	
28.1 Rent on property - net			
Rental income		631,212,808	551,610,888
Less: property expense			
Salaries, allowances and employee benefits		41,658,781	38,279,388
Traveling and conveyance		162,510	8,700
Medical		909,005	779,291
Janitorial services		21,120,471	16,217,486
Security services		25,537,761	20,275,043
Insurance		4,356,233	2,384,972
Postage, telegraph, telegram and telephone		40,072	8,657
Printing and stationery		179,100	205,150
Utilities		30,964,321	6,729,106
Consultancy and professional charges		166,569	42,750
Repairs and maintenance		24,820,139	29,916,647
Rent, rates and taxes		2,677,054	2,665,609
Depreciation		156,831,689	127,198,952
Office general expenses		4,365,620	2,565,633
		<u>313,789,325</u>	<u>247,277,384</u>
		<u>317,423,483</u>	<u>304,333,504</u>
29 OPERATING EXPENSES			
Total compensation expense	29.1	432,932,997	341,496,166
Property expense			
Rent & taxes		739,216	570,798
Insurance		622,319	340,710
Utilities cost		28,638,555	34,110,810
Security (including guards)		4,742,684	4,346,350
Repair and maintenance (including janitorial charges)		6,550,025	6,591,749
Depreciation on ROU assets		40,641,351	33,701,541
Depreciation		22,404,527	18,171,279
		<u>104,338,676</u>	<u>97,833,238</u>
Information technology expenses			
Software maintenance		15,780,647	15,346,841
Hardware maintenance		4,018,847	2,866,870
Amortisation		3,210,740	3,588,966
Network charges		4,558,901	4,533,337
		<u>27,569,135</u>	<u>26,336,014</u>
Other operating expenses			
Directors' fees and allowances		22,720,000	23,840,000
Legal and professional charges		20,672,909	5,048,667
Consultancy, custodial and rating services		27,641,143	11,266,689
Outsourced services costs		47,647,855	42,036,574
Travelling and conveyance		45,190,489	34,082,957
Depreciation		42,814,335	30,908,637
Training and development		6,106,138	4,567,170
Postage and courier charges		670,339	959,382
Communication		7,024,798	5,155,505
Stationery and printing		6,801,910	5,544,872
Marketing, advertisement and publicity		11,503,422	13,530,705
Donations	29.2	2,000,000	3,000,000
Auditors' remuneration	29.3	8,400,000	2,500,000
Repair and maintenance		11,393,140	8,845,719
Insurance		4,235,509	2,699,156
Office and general expenses		27,754,911	15,773,685
Bank charges		266,336	124,109
		<u>292,843,234</u>	<u>209,883,827</u>
		<u>857,684,042</u>	<u>675,549,245</u>

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		Rupees	
29.1 Total compensation expense			
Fees and allowances etc.			
Managerial remuneration			
i) Fixed		127,693,030	110,120,674
ii) Variable		-	-
of which;			
a) Cash bonus / awards etc.		70,354,453	42,000,000
b) Bonus & awards in shares etc.		-	-
Charge for defined benefit plan	37.7	10,339,234	7,301,419
Contribution to defined contribution plan		12,584,440	10,496,561
Compensated absences		6,916,478	6,513,620
Leave fare assistance		6,880,889	4,927,655
Exgratia		10,701,811	8,950,921
Rent & house maintenance		75,866,449	62,658,645
Utilities		14,041,382	11,931,109
Medical		28,112,053	22,293,970
Conveyance		48,604,778	36,719,541
Grant to employee		-	-
Deferred employee benefit - amortization		17,719,826	13,688,623
Others	29.1.1	3,118,174	3,893,428
Sub-total		432,932,997	341,496,166
Sign-on bonus		-	-
Severance allowance		-	-
Grand total		432,932,997	341,496,166
29.1.1 This includes mainly group life insurance for permanent employees.			
29.2 Donations			
Noon Educational Services (Pvt) Ltd		2,000,000	2,000,000
Hrd Network		-	1,000,000
		2,000,000	3,000,000
29.3 Auditors' remuneration			
Audit fee		1,914,500	1,695,000
Half yearly review		885,500	805,000
Fee for other statutory certifications		-	-
Out of pocket expenses		-	-
		2,800,000	2,500,000
Fee for other certifications		-	-
Special review - IFRS 9		5,600,000	-
		8,400,000	2,500,000
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		-	5,126,000
31 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance against lending to financial institutions	8.3	(150,212)	176,467
Credit loss allowance for diminution in value of investments - net	9.4.2	(69,589,023)	(203,580,419)
Credit loss allowance against loans and advances - net	10.6	(227,360,924)	(238,732,856)
Other credit loss allowance / write offs		(267,389,285)	184,955,387
		(564,489,444)	(169,660,890)

W

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		-----Rupees-----	
32 Levy differential			
Minimum Tax	33.1	(19,964,787)	(1,525,997)
Final tax	33.2	(29,429,568)	(19,062,063)
		<u>(49,394,355)</u>	<u>(20,588,060)</u>

33.1 This represents portion of super tax paid under section 4C of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

33.2 This represents portion of alternate tax on dividend paid under section 5 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

		2025	2024
		-----Rupees-----	
33 TAXATION			
Current tax			
Current year		(548,033,827)	(459,191,984)
Prior year		(14,624,292)	5,166,707
		<u>(562,658,119)</u>	<u>(454,025,277)</u>
Deferred tax			
Current year		23,444,823	10,584,555
Prior year		-	-
		<u>23,444,823</u>	<u>10,584,555</u>
		<u>(539,213,295)</u>	<u>(443,440,722)</u>

33.1 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2025	2024
	-----Rupees-----	
Current tax liability for the year as per applicable tax laws	597,428,182	479,780,043
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(548,033,827)	(459,191,983)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	(49,394,355)	(20,588,060)
Difference	<u>-</u>	<u>-</u>

33.2 The aggregate of minimum / final tax and income tax, amounting to Rs. 597.428 million (2024: 479.780 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

	2025	2024
	-----Rupees-----	
33.3 Relationship between tax expense and accounting profit		
Accounting profit for the year	<u>1,912,314,649</u>	<u>1,383,849,890</u>
Tax Rate	<u>29%</u>	<u>-</u>
Tax on accounting profit	554,571,248	-
Tax effect on income subject to lower rate of taxation	(57,920,221)	-
Tax effect of prior years	14,624,292	-
Impact of super tax for current year	162,478,700	-
Impact of permanent differences - disallowance of penalties imposed by the SBP	-	-
Others	(93,414,936)	-
	<u>580,339,084</u>	<u>-</u>

4'

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

34 BASIC EARNINGS PER SHARE	2025	2023
Profit for the period - Rupees	<u>1,323,706,999</u>	<u>919,821,109</u>
Weighted average number of ordinary shares	<u>676,500,000</u>	<u>676,500,000</u>
Basic earnings per share - Rupee	<u>1.957</u>	<u>1.360</u>

35 CASH AND CASH EQUIVALENTS		
Cash and Balance with Treasury Banks	257,902,472	224,987,485
Balance with other banks	<u>666,747,319</u>	<u>82,124,879</u>
	<u>924,649,791</u>	<u>307,112,364</u>

36 STAFF STRENGTH	2025	2024
	----- (Number) -----	----- (Number) -----
Permanent	73	73
On Company's contract	1	1
Company's own staff strength at the end of the year	<u>74</u>	<u>74</u>

36.1 In addition to the above, 68 (2024: 76) employees of outsourcing services companies were assigned to the Company as at the end of the year to perform services other than security and janitorial services. No employee was working abroad.

37 DEFINED BENEFIT PLAN

37.1 General description

The Company operates an approved funded gratuity scheme for all its regular employees and GM/CEO. Contributions are made in accordance with the actuarial recommendations. The benefits under the gratuity fund are payable in lump sum on retirement at the age of 60 years or earlier cessation of service, subject to minimum service period of three years. The benefit is equal to month's last drawn basic salary for each completed year of eligible service and on pro-rata basis for the incomplete year. The latest actuarial valuation of defined benefit plan was conducted at December 31, 2025 using the projected unit credit method. Detail of the defined benefit plan are:

37.2 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2025	2024
	----- (Number) -----	----- (Number) -----
Gratuity fund	<u>74</u>	<u>74</u>

37.3 Principal actuarial assumptions

The latest actuarial valuations was carried out as at December 31, 2025 using the following significant assumptions:

	2025	2024
Discount rate	11.00% per annum	12.25% per annum
Expected rate of return on plan assets	12.02% per annum	20.82% per annum
Expected rate of salary increase	10.00% per annum	11.25% per annum
Expected rate of increase in pension		
Expected rate of increase in medical benefit		
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Moderate	Moderate

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		Rupees	
37.4 Reconciliation of payable to defined benefit plans			
Present value of obligations		71,472,696	64,228,226
Fair value of plan assets		(57,951,613)	(53,019,282)
Net liability		<u>13,521,083</u>	<u>11,208,944</u>
37.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		64,228,226	53,812,472
Current service cost		9,023,010	7,024,022
Interest cost		7,726,500	8,285,959
Benefits paid by the Company		(12,567,072)	(10,700,794)
Re-measurement loss		3,062,032	5,806,567
Obligations at the end of the year		<u>71,472,696</u>	<u>64,228,226</u>
37.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		53,019,282	51,889,109
Interest income on plan assets		6,410,276	8,008,562
Contributions by Company		11,208,944	1,941,476
Benefits paid by the Fund to the Company		(12,567,072)	(10,700,794)
Re-measurements: Actuarial gain / (loss) on plan assets	37.8.2	(119,817)	1,880,929
Fair value at the end of the year		<u>57,951,613</u>	<u>53,019,282</u>
37.7 Movement in payable under defined benefit schemes			
Opening balance		11,208,944	1,923,363
Charge for the year		10,339,234	7,301,419
Benefits paid to outgoing members		(12,567,072)	(10,700,794)
Contribution by the Company		(11,208,944)	(1,941,476)
Re-measurement loss recognised in OCI during the year	37.8.2	3,181,849	3,925,638
Amount paid by the fund to the Company		12,567,072	10,700,794
Closing balance		<u>13,521,083</u>	<u>11,208,944</u>
37.8 Charge for defined benefit plans			
37.8.1 Cost recognised in profit and loss			
Current service cost		9,023,010	7,024,022
Net interest on defined benefit liability		1,316,224	277,397
		<u>10,339,234</u>	<u>7,301,419</u>

41

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	----- Rupees -----	
37.8.2 Re-measurements recognised in OCI during the year		
Loss / (gain) on obligation		
- Demographic assumptions	-	-
- Financial assumptions	(470,925)	3,817,656
- Experience adjustments	3,532,957	1,988,911
Total actuarial loss on obligation	3,062,032	5,806,567
Net return on plan assets over interest income / (loss)	119,817	(1,880,929)
Total re-measurements recognised in OCI	<u>3,181,849</u>	<u>3,925,638</u>

37.9 Components of plan assets

Cash and cash equivalents	7,951,613	31,300,298
Term deposit receipts (TDR) / Certificate of Investment - unquoted	50,000,000	24,381,953
Payable to the company by the fund	-	(2,662,969)
	<u>57,951,613</u>	<u>53,019,282</u>

37.9.1 There is no significant risk associated with the plan assets, as it consists of fixed interest rate bearing TDR's and saving accounts with financial institutions having satisfactory credit ratings.

37.10 Sensitivity analysis

A sensitivity analysis is performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the gratuity scheme. The increase in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2025	2024
	----- Rupees -----	
Discount rate +0.5%	68,637,412	61,865,338
Discount rate -0.5%	74,476,544	66,735,423
Long term salary increase +0.5%	74,659,643	66,896,806
Long term salary increase -0.5%	68,443,602	61,695,169
		2026
		---- Rupees ----

37.11 Expected contributions to be paid to the fund in the next financial year 11,740,723

37.12 Expected charge for next financial year

Current service cost	10,310,135
Net interest on defined benefit asset / liability	1,430,588
	<u>11,740,723</u>

94

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2025 2024
 ----- Rupees -----

37.13 Maturity profile

Distribution of timing of benefit payments (years)

-	1	3,050,170	11,401,210
-	2	5,496,466	3,033,837
-	3	3,932,840	5,435,751
-	4	8,779,498	3,814,835
-	5	4,693,739	8,897,198
-	6-10	107,964,714	91,242,992

Weighted average duration of the PBO (years)

8.16

7.57

37.14 Funding Policy

An implicit, though not formally expressed objective is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.

37.15 Significant risk associated with the staff retirement benefit schemes

Asset volatility	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Changes in bond yields	Not applicable as underlying interest rate on bonds is fixed.
Inflation risk	The investment and bank balances may lose its value due to the increase of general inflation rate.
Life expectancy	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and
Withdrawal rate	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

38 DEFINED CONTRIBUTION PLAN (UN-AUDITED)

The Company operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Company and by the employees to the Fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the Fund. As per latest available unaudited financial statements of the Fund, total assets of the Fund as at December 31, 2025 were Rs. 171,814,306 (2024: Rs. 155,273,501).

11

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total compensation expense

Items	2025				
	Chairman	Directors Executives (other than CEO)	Non- Executives	GM / CEO	Key Management Personnel
	Rupees				
Fees and allowances etc.	3,750,000	-	18,970,000	-	-
Managerial remuneration					
i) Fixed	-	-	-	12,025,068	37,483,260
ii) Total variable	-	-	-	-	-
of which					
a) Cash bonus / awards	-	-	-	15,500,000	18,829,604
b) Bonus & awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	-	3,075,417	2,143,441
Contribution to defined contribution plan	-	-	-	1,202,507	4,084,976
Compensated absences	-	-	-	1,670,150	3,853,940
Leave fare assistance	-	-	-	1,002,089	3,635,300
Exgratia	-	-	-	1,002,089	3,179,160
Rent & house maintenance	-	-	-	7,575,041	22,489,956
Utilities	-	-	-	1,202,507	3,748,326
Medical	-	-	-	408,000	6,240,796
Conveyance	-	-	-	-	-
Deferred employee benefit - amortization	-	-	-	6,434,982	23,273,555
Others	-	-	-	2,953,402	19,994,974
Total	3,750,000	-	18,970,000	54,051,252	148,957,288
Number of persons	1	-	5	1	10

In addition to above, the GM / CEO of the Company and certain other key management personnel are provided with Company maintained vehicles and club membership in accordance with their terms of employment.

۹۶

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

For the purposes of the foregoing, the term "Key Management Personnel" as per BPRD Circular No. 2 dated January 25, 2018 means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to GM, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the GM / Chief Executive or the person mentioned in (a) above.

Items	2024				
	Directors			GM / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
-----Rupees-----					
Fees and Allowances etc. Managerial Remuneration	4,050,000	-	19,790,000	-	-
i) Fixed	-	-	-	12,025,068	35,871,392
ii) Total Variable of which	-	-	-	-	-
a) Cash Bonus / Awards	-	-	-	13,838,613	12,776,505
b) Bonus & Awards in Shares	-	-	-	-	-
Charge for defined benefit plan	-	-	-	2,171,816	1,651,273
Contribution to defined contribution plan	-	-	-	1,202,508	3,568,461
Compensated absences	-	-	-	935,283	1,631,172
Leave fare assistance	-	-	-	1,002,089	3,397,556
Exgratia	-	-	-	1,002,088	2,992,307
Rent & house maintenance	-	-	-	7,575,047	21,250,531
Utilities	-	-	-	1,202,509	3,541,765
Medical	-	-	-	408,000	5,947,405
Conveyance	-	-	-	-	-
Deferred employee benefit - amortization	-	-	-	1,007,665	6,036,422
Others	-	-	-	2,008,486	17,937,399
Total	4,050,000	-	19,790,000	44,379,172	116,602,187
Number of Persons	1	-	5	1	12

16

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2025					
		Meeting Fees and Allowances Paid					
Sr. No.	Name of Directors	For Board Meetings	For Annual General Meeting	For Board Committees			Total Amount Paid
				Audit Committee	Risk Management Committee	Human Resource Committee	
		-----Rupees-----					
1	Sultan Mohammed Hasan Abdulrauf	3,000,000	150,000	-	-	600,000	3,750,000
2	Majid Misfer J. Alghamdi	1,400,000	80,000	950,000	450,000	-	2,880,000
3	Ghanem Alghanem	2,500,000	80,000	950,000	450,000	450,000	4,430,000
4	Awais Manzur Sumra	2,500,000	-	1,000,000	-	500,000	4,000,000
5	Qumar Sarwar Abbasi	2,500,000	80,000	1,000,000	500,000	-	4,080,000
6	Ali Tahir	2,500,000	80,000	-	500,000	500,000	3,580,000
	Total Amount Paid	<u>14,400,000</u>	<u>470,000</u>	<u>3,900,000</u>	<u>1,900,000</u>	<u>2,050,000</u>	<u>22,720,000</u>

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the Company and are included in traveling expenses under other operating expenses.

		2024					
		Meeting Fees and Allowances Paid					
Sr. No.	Name of Directors	For Board Meetings	For Annual General Meeting	For Board Committees			Total Amount Paid
				Audit Committee	Risk Management Committee	Human Resource Committee	
		-----Rupees-----					
1	Sultan Mohammed Hasan Abdulrauf	3,000,000	150,000	-	-	900,000	4,050,000
2	Majid Misfer J. Alghamdi	1,900,000	80,000	950,000	400,000	-	3,330,000
3	Ghanem Alghanem	2,200,000	-	950,000	450,000	700,000	4,300,000
4	Awais Manzur Sumra	2,500,000	-	1,000,000	-	750,000	4,250,000
5	Qumar Sarwar Abbasi	2,500,000	80,000	1,000,000	500,000	-	4,080,000
6	Ali Tahir	2,500,000	80,000	-	500,000	750,000	3,830,000
	Total Amount Paid	<u>14,600,000</u>	<u>390,000</u>	<u>3,900,000</u>	<u>1,850,000</u>	<u>3,100,000</u>	<u>23,840,000</u>

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the Company and are included in traveling expenses under other operating expenses.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

40 FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for securities classified by the Company as 'amortised cost'. Securities classified as amortised cost are carried at amortized cost. Fair value of unquoted equity investments, other than subsidiary and associates, is determined on the basis of valuation techniques as defined in IFRS 13. Furthermore, financial information for several unquoted equity investments is unavailable, either due to liquidation or ongoing litigation. As a result, the fair value of these investments cannot be determined. However, these investments have been fully provided for, and there is no expectation of recoverability in the near future.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Company's accounting policy.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

40.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at Mutual Fund Association of Pakistan (MUFAP), Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Carrying value	2025			Total
		Level 1	Level 2	Level 3	
----- Rupees -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government Securities	18,959,220,440	-	18,959,220,440	-	18,959,220,440
- Shares					
Listed companies	728,023,466	728,023,466	-	-	728,023,466
Unlisted companies	719,054,819	-	-	719,054,819	719,054,819
- Non-Government Debt Securities	689,385,421	-	-	689,385,421	689,385,421
	<u>21,095,684,146</u>	<u>728,023,466</u>	<u>18,959,220,440</u>	<u>1,408,440,240</u>	<u>21,095,684,146</u>
Financial assets disclosed but not-measured at fair value					
Investments					
- Federal Government Securities	-	-	-	-	-
- Non-Government Debt Securities	1,140,848,185	-	-	-	1,140,848,185
	<u>1,140,848,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,848,185</u>
Off-balance sheet financial instruments - measured at fair value					
	-	-	-	-	-

96

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Carrying value	2024			Total
		Level 1	Level 2	Level 3	
Rupees					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government Securities	141,405,279,374	-	141,405,279,374	-	141,405,279,374
- Shares	-				
Listed companies	681,503,297	681,503,297	-	-	681,503,297
Unlisted companies	540,671,358	-	-	540,671,358	540,671,358
- Non-Government Debt Securities	685,158,852	-	-	685,158,852	685,158,852
	<u>143,312,612,881</u>	<u>681,503,297</u>	<u>141,405,279,374</u>	<u>1,225,830,210</u>	<u>143,312,612,881</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	-	-	-	-	-
Non-Government Debt Securities	1,205,130,717	-	-	-	1,205,130,717
	<u>1,205,130,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,205,130,717</u>
Off-balance sheet financial instruments - measured at fair value					
	-	-	-	-	-

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Non-Government Debt Securities	Investment in Non-Government Debt Securities determined in Rupees are valued on the basis of rates announced by MUFAP. These are classified in level 2. Where market rates of these securities are not available on MUFAP as at December 31, 2025, therefore, these securities are classified level 3.
Unquoted Investment	The fair value of investments in unquoted equity securities are valued on the basis of dividend discount model / price to book multiple.

40.2 The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

40.3 Fair value of non-financial assets

	Carrying value	2025			Total
		Level 1	Level 2	Level 3	
Rupees					
Non-financial assets					
Property and equipment (lease hold land, building and others)	5,317,817,477	-	-	5,317,817,477	5,317,817,477
Non banking assets acquired in satisfaction of claims	59,086,497	-	-	59,086,497	59,086,497
	Carrying value	2024			Total
		Level 1	Level 2	Level 3	
Rupees					
Non-financial assets					
Property and equipment (lease hold land, building and others)	5,518,082,486	-	-	5,518,082,486	5,518,082,486
Non banking assets acquired in satisfaction of claims	61,303,500	-	-	61,303,500	61,303,500

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

21

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

41 Segment Details with respect to Business Activities

41.1 Segment details with respect to business activities

	2025			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Profit & Loss				
Net mark-up/return/profit	868,732,138	656,246,284	-	1,524,978,422
Non mark-up / return / interest income	125,538,051	236,063,824	318,928,950	680,530,825
Total income	994,270,189	892,310,108	318,928,950	2,205,509,247
Segment direct expenses	452,018,753	405,665,289	-	857,684,042
Total expenses	452,018,753	405,665,289	-	857,684,042
Credit loss allowance	(407,989,594)	(156,499,850)	-	(564,489,444)
Profit before tax	950,241,030	643,144,669	318,928,950	1,912,314,649
Balance Sheet				
Cash and bank balances	-	923,206,267	-	923,206,267
Lendings to financial institutions	-	84,812,758	-	84,812,758
Investments	977,416,204	21,759,116,127	-	22,736,532,331
Advances - performing	18,527,766,084	-	-	18,527,766,084
- non-performing net	34,755,389	-	-	34,755,389
Others	1,770,977,078	2,782,817,625	5,667,884,707	10,221,679,410
Total assets	21,310,914,755	25,549,952,777	5,667,884,707	52,528,752,239
Borrowings	12,012,637,215	17,101,062,834	-	29,113,700,049
Deposits & other accounts	3,238,406,212	-	-	3,238,406,212
Others	846,540,650	1,198,473,106	167,934,950	2,212,948,706
Total liabilities	16,097,584,077	18,299,535,940	167,934,950	34,565,054,967
Equity	-	-	-	#NAME?
Total equity & liabilities	16,097,584,077	18,299,535,940	167,934,950	#NAME?
Contingencies and commitments	13,515,218,000	-	27,848,932	13,543,066,932

	2024			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Profit & Loss				
Net mark-up/return/profit	253,388,085	833,947,569	-	1,087,335,655
Non mark-up / return / interest income	82,438,611	418,853,949	306,236,030	807,528,590
Total Income	335,826,696	1,252,801,519	306,236,030	1,894,864,245
Segment direct expenses	142,807,152	537,868,093	-	680,675,245
Total expenses	142,807,152	537,868,093	-	680,675,245
Credit loss allowance	(169,660,890)	-	-	(169,660,890)
Profit before tax	362,680,435	714,933,426	306,236,030	1,383,849,890
Balance Sheet				
Cash and bank balances	-	300,916,450	-	300,916,450
Lendings to financial institutions	-	384,209,641	-	384,209,641
Investments	1,665,239,324	143,352,504,273	-	145,017,743,598
Advances - performing	12,722,572,269	-	-	12,722,572,269
- non-performing net	1,962,012	-	-	1,962,012
Others	1,635,198,928	4,864,159,878	5,698,147,142	12,197,505,949
Total assets	16,024,972,534	148,901,790,243	5,698,147,142	170,624,909,919
Borrowings	14,156,091,577	131,528,274,203	-	145,684,365,780
Deposits & other accounts	514,683,580	4,782,071,571	-	5,296,755,151
Others	118,172,997	909,172,981	2,381,378,471	3,408,724,449
Total liabilities	14,788,948,155	137,219,518,754	2,381,378,471	154,389,845,380
Equity	-	-	-	16,235,064,539
Total equity & liabilities	14,788,948,155	137,219,518,754	2,381,378,471	170,624,909,918
Contingencies and commitments	4,640,180,439	1,255,070,787	62,138,279	5,957,389,505

90

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

41.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2025		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & loss			
Net mark-up/return/profit	1,524,978,422	-	1,524,978,422
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	#NAME?	-	#NAME?
Total income	#NAME?	-	#NAME?
Segment direct expenses	#NAME?	-	#NAME?
Inter segment expense allocation	-	-	-
Total expenses	#NAME?	-	#NAME?
Provisions	(564,489,444)	-	(564,489,444)
Profit before income tax and minimum tax differential	#NAME?	-	#NAME?
Balance sheet			
Cash & bank balances	923,206,267	-	923,206,267
Investments	22,736,532,331	-	22,736,532,331
Net inter segment lendings	-	-	-
Lendings to financial institutions	84,812,758	-	84,812,758
Advances - performing	18,527,766,084	-	18,527,766,084
- non-performing net of provision	34,755,389	-	34,755,389
Others	10,221,679,410	-	10,221,679,410
Total assets	52,528,752,239	-	52,528,752,239
Borrowings	29,113,700,049	-	29,113,700,049
Deposits & other accounts	3,238,406,212	-	3,238,406,212
Net inter segment borrowing	-	-	-
Others	2,212,948,706	-	2,212,948,706
Total liabilities	34,565,054,967	-	34,565,054,967
Equity	#NAME?	-	#NAME?
Total equity & liabilities	#NAME?	-	#NAME?
Contingencies & commitments	13,543,066,932	-	13,543,066,932
	2024		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & loss			
Net mark-up/return/profit	1,087,335,655	-	1,087,335,655
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	807,528,590	-	807,528,590
Total Income	1,894,864,245	-	1,894,864,245
Segment direct expenses	680,675,245	-	680,675,245
Inter segment expense allocation	-	-	-
Total expenses	680,675,245	-	680,675,245
Provisions	(169,660,890)	-	(169,660,890)
Profit before income tax and minimum tax differential	1,383,849,890	-	1,383,849,890
Balance sheet			
Cash & bank balances	300,916,450	-	300,916,450
Investments	145,017,743,598	-	145,017,743,598
Net inter segment lendings	-	-	-
Lendings to financial institutions	384,209,641	-	384,209,641
Advances - performing	12,722,572,269	-	12,722,572,269
- non-performing net of provision	1,962,012	-	1,962,012
Others	12,197,505,949	-	12,197,505,949
Total assets	170,624,909,919	-	170,624,909,919
Borrowings	145,684,365,780	-	145,684,365,780
Deposits & other accounts	5,296,755,151	-	5,296,755,151
Net inter segment borrowing	-	-	-
Others	3,408,724,449	-	3,408,724,449
Total liabilities	154,389,845,380	-	154,389,845,380
Equity	16,235,064,539	-	16,235,064,539
Total equity & liabilities	170,624,909,919	-	170,624,909,919
Contingencies & commitments	5,957,389,505	-	5,957,389,505

W

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

42 RELATED PARTY TRANSACTIONS

The Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Company. Therefore, all entities owned by and controlled by these governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances etc.

Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Company have been provided with Company maintained car.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2025						2024					
	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties
	Rupees						Rupees					
Lendings to financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	3,250,155,700
Addition during the year	-	-	-	-	-	54,325,251,284	-	-	-	-	-	35,380,627,193
Repaid during the year	-	-	-	-	-	(54,240,251,284)	-	-	-	-	-	(38,630,782,893)
Closing balance	-	-	-	-	-	85,000,000	-	-	-	-	-	-
ECL held against Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	500,000,000	576,676,075	-	-	-	-	500,000,000	576,676,075	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	500,000,000	576,676,075	-	-	-	-	500,000,000	576,676,075	-
ECL for diminution in value of investments	-	-	-	-	(576,676,075)	-	-	-	-	-	(576,676,075)	-
Advances												
Opening balance	-	-	74,284,300	-	-	-	-	-	63,642,786	-	-	-
Addition during the year	-	-	47,208,903	-	-	-	-	-	45,450,984	-	-	-
Repaid during the year	-	-	(28,588,410)	-	-	-	-	-	(34,809,470)	-	-	-
Closing balance	-	-	92,904,793	-	-	-	-	-	74,284,300	-	-	-
ECL held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	34,620	-	73,956
Security deposit	-	-	-	4,584,480	-	-	-	-	-	1,602,775	-	-
Borrowings												
Opening balance	-	-	-	-	-	1,976,082,000	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	34,945,405,158	-	-	-	-	-	66,130,396,033
Settled during the year	-	-	-	-	-	(36,921,487,158)	-	-	-	-	-	(64,154,314,033)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	1,976,082,000
Deposits and other accounts												
Opening balance	-	-	-	-	-	3,029,800,000	-	-	-	-	-	3,065,000,000
Received during the year	-	-	-	-	-	-	-	-	-	-	-	1,807,800,000
Withdrawn during the year	-	-	-	-	-	(3,029,800,000)	-	-	-	-	-	(1,943,000,000)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	3,029,800,000
Other Liabilities												
Interest / mark-up payable	-	-	-	-	-	-	-	-	-	-	-	16,242,057
Payable to staff retirement fund	-	-	-	-	-	13,521,063	-	-	-	-	-	11,208,944
Dividend payable to foreign shareholder	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit	-	-	-	605,610	-	2,988,372	-	-	-	545,049	-	2,988,372
Rent received in advance	-	-	-	1,514,025	-	39,773,574	-	-	-	1,362,623	-	36,712,597
	2025						2024					
	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties	Shareholders	Directors	Key management personnel	Subsidiary	Associate	Other related parties
	Rupees						Rupees					
Income												
Mark-up / return / interest earned	-	-	8,730,042	-	-	24,384,945	-	-	2,871,660	-	-	29,716,150
Rental income	-	-	-	6,934,235	-	42,539,299	-	-	-	6,195,165	-	39,265,087
Expense												
Mark-up / return / interest expensed	-	-	-	-	-	156,003,592	-	-	-	-	-	868,862,262
Contribution to employees' funds	-	-	-	-	-	22,923,674	-	-	-	-	-	6,898,649
Directors' fees and allowances	-	22,720,000	-	-	-	-	-	23,840,000	-	-	-	-
Shareholders' fee	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	-	-	203,008,541	-	-	-	-	-	160,981,359	-	416,380	-

7

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	----- Rs '000' -----	
43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,765,000</u>	<u>6,765,000</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>14,688,686</u>	<u>13,545,327</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>14,688,686</u>	<u>13,545,327</u>
Eligible Tier 2 Capital	<u>3,671,214</u>	<u>3,027,175</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>18,359,900</u>	<u>16,572,502</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>36,947,401</u>	<u>30,649,209</u>
Market Risk	<u>1,956,493</u>	<u>7,766,946</u>
Operational Risk	<u>4,195,707</u>	<u>2,999,559</u>
Total	<u>43,099,601</u>	<u>41,415,714</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>34.08%</u>	<u>32.71%</u>
Tier 1 Capital Adequacy Ratio	<u>34.08%</u>	<u>32.71%</u>
Total Capital Adequacy Ratio	<u>42.60%</u>	<u>40.02%</u>

As of December 31, 2025, the Company must meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 11.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

	2025	2024
	----- Rs '000' -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>14,688,686</u>	<u>13,545,327</u>
Total Exposures	<u>66,071,819</u>	<u>176,582,299</u>
Leverage Ratio	<u>22.23%</u>	<u>7.67%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>17,598,000</u>	<u>15,930,000</u>
Total Net Cash Outflow	<u>12,984,000</u>	<u>14,642,000</u>
Liquidity Coverage Ratio	<u>135.54%</u>	<u>108.80%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>35,189,000</u>	<u>93,831,000</u>
Total Required Stable Funding	<u>25,222,000</u>	<u>48,968,000</u>
Net Stable Funding Ratio	<u>139.52%</u>	<u>191.62%</u>

96

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44 RISK MANAGEMENT

Saudi Pak Industrial & Agricultural Investment Co. Ltd. (the Company) defines risk as the possibility that an action or event could have adverse outcomes, which could either result in a direct loss of earnings / capital, or the imposition of constraints on the ability to meet objectives. In the normal course of business, the Company is exposed to various risks, including, but not limited to, credit, market, liquidity, and operational risks. The Company recognizes that management of these risks is essential for maintaining financial viability and achieving objectives. In this regard, the Company's approach to risk management is to ensure the ongoing alignment of its risk levels with its risk appetite through a coordinated set of activities that direct and control the Company with regard to risk.

The Company's overall appetite for risk is governed by its Board of Directors (Board) approved "Risk Management Policy", which delineates key definitions, roles and responsibilities, risk appetite / risk limits, and principles for managing risk across the Company. The Company's Risk Management Framework, comprising of the Risk Management Policy, other Board-approved policies, procedural manuals, sound management information system (MIS) and reporting, and clearly articulated roles, responsibilities and accountabilities, is fundamental to the Company's overall risk management culture and awareness.

The Company recognizes that responsibility for risk management resides at all levels, since the risk management processes rely on individual responsibility and independent oversight. The Board, duly supported by its Risk Management Committee, is accountable for ensuring that adequate and sound structures and policies are in place for risk management. The Management's role is to transform strategic decisions and risk appetite set by the Board into effective processes and systems, and to institute an appropriate hierarchy to execute and implement the approved policies and procedures. In this regard, the Company has implemented a three-line-of-defense approach, wherein as a first line of defense, risk management activities are performed in the business units and functional support units, with the Divisional Heads being accountable for managing risk in their area of operations in accordance with the Risk Management Framework, as well as for the results (both positive and negative) of taking these risks.

To assist in discharge of these responsibilities and accountabilities, various cross-functional committees have been constituted at the Senior Management level, and delegation of authority in financial / operational powers for the Divisions / Regional Offices has been clearly defined. The Risk Management Division (RMD) and Compliance Division (CD) serve as second-line of defense by providing independent oversight of the Company's risk-taking activities and regulatory compliance respectively. The RMD's responsibilities include the design of a clear, transparent and well-aligned Risk Management Policy, independent pre-approval risk reviews of proposals and policies, and ongoing assessment, monitoring and reporting of risks at the portfolio and enterprise level through a broad spectrum of techniques.

The second-line-of-defense is further strengthened through the presence of cross-functional committees such as Risk Review Committee, Operational Risk Management Committee and Compliance Committee. The Internal Audit Division functions as the third-line-of-defense, with direct reporting to the Audit Committee of the Board and independently carrying out internal audits in line with its approved roles and responsibilities.

On an enterprise level, risk monitoring results for the year revealed that the Company's Capital Adequacy Ratio (CAR) remained well above both the internal as well as the regulatory requirements throughout the year, and that the capital and liquidity position remained resilient even under stress.

7

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44.1 Credit Risk

Credit risk is the risk of loss to the Company's earnings or capital arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform on such obligation is impaired. Credit risk arises primarily from the Company's advances / debt investments portfolio and lending to financial institutions (FIs) portfolio. Credit risk may also arise at the portfolio level in case of inadequate diversification of the advances portfolio, in terms of industrial sectors, regions, products, or clients.

Pursuit of credit risk is essential to fulfilling the corporate objectives of the Company, and is a primary source of income, conversely, also constituting one of the greatest risk of losses. In this regard, focus is primarily on bankable transactions, offering adequate risk & reward relationship with satisfactory security support. The Company's credit risk management process encompasses identification, assessment, monitoring and control of credit risk exposures. As part of this process, obligor risk, facility risk and environmental risk are carefully evaluated using internal risk rating methodologies, as articulated in the Company's Internal Credit Risk Rating Policy.

Advances exposures are invariably secured by credit risk mitigants in the form of various types of collateral / security with adequate margins. Readily marketable / liquid securities / urban properties are preferred over other forms of collateral. Credit risk stress testing is regularly carried out to identify vulnerable areas for initiating corrective action, if necessary. Regular assessment, monitoring and reporting of the performing & non-performing credit risk portfolio in terms of trends & concentrations, is made by the Risk Management Division (RMD) to the Risk Review Committee and Risk Management Committee of the Board. Board-approved Credit Policy, Credit Risk Policy, Credit Administration Policy, and Special Asset Management Policy are in place, clearly establishing relevant roles and responsibilities, selection criteria, principles and limits for credit risk.

Specific norms for appraisal, sanctioning, documentation, inspections and monitoring, maintenance, rehabilitation and management of assets have been stipulated. Internal controls and processes in place for credit risk management also include:

- Well-defined credit approval and disbursement mechanism, with deliberation at cross-functional committee, and review by independent functions;
- Post-disbursement credit administration, monitoring and review, including review of credit ratings;
- Board-approved borrower / group limits well within those prescribed in terms of Prudential Regulations, along with other limits on portfolio concentration, e.g. sectoral limits;
- Board-approved counterparty limits for lendings to FIs in place and regularly reviewed;
- Clear lines of authority for Treasury transactions, and independent Back Office / Settlement Division in place to process deals;
- Independent Middle Office in place at RMD to monitor lending to FIs limit compliance;
- Credit Risk Management Committee-approved insurer-wise limits and eligible valuers in place and reviewed annually;
- Policies & procedures circulated amongst concerned functionaries through the Company's intranet; and
- Various training initiatives to enhance credit risk knowledge for concerned personnel.

Dedicated Special Asset Management Division (SAMD) and Law Division (LD) are in place to manage past due and impaired assets through litigation, workout or other remedial measures, as appropriate. The Company adheres to the SBP instructions for definitions of past due and impaired assets in the Corporate / Commercial, SME-Medium Enterprise, and SME-Small Enterprise categories respectively.

۹

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

The Company employs the Basel Standardized Approach to determine capital requirements for credit risk. As per SBP Guidelines, the Company recognizes VIS and PACRA as approved rating agencies and applies their ratings where available to determine appropriate risk weight by using mapping criteria prescribed by SBP. Also the Company developed its internal credit rating policy for assigning obligor risk rating (ORR) as per SBP guidelines. ORR are assigned based on a time horizon that covers the life of the credit. ORR is assigned on a scale of 12 grades, with the first 4 grades (I-IV) representing stage 1 borrowers and afterword 5 grades (V-IX) representing stage 2 in increasing order of riskiness and the last 3 grades (X-XII) representing stage 3/non-performing borrowers. In absence of risk ratings, the exposures are treated as unrated and relevant risk weights are applied. The Company follows Simple Approach for credit risk mitigation in its Basel capital calculation. Under Simple Approach, the risk weight of the mitigant is substituted for the risk weight of the counterparty to the extent coverage is provided by the mitigant, provided the former risk weight is lower than the latter.

The Company is presently not involved in securitization activities.

The Company's maximum credit risk exposure as at December 31, 2025 amounted to:

	2025 Without benefit of collateral	2025 With benefit of collateral
	-----Rupees-----	
Lending to financial institutions	-	85,000,000
Debt investments (excluding Government of Pakistan local currency denominated debt)	-	1,830,233,606
Advances	-	18,562,521,473
	<u>-</u>	<u>20,477,755,079</u>

PK

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Particulars of Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.1 Lendings to financial institutions

Credit risk by public / private sector	2025	2024	2025	2024	2025			2024		
	Gross lendings		Non-performing lendings		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees									
Public / Government	85,000,000	384,547,095	-	-	187,242	-	-	337,454	-	-
Private	-	-	-	-	-	-	-	-	-	-
	<u>85,000,000</u>	<u>384,547,095</u>	<u>-</u>	<u>-</u>	<u>187,242</u>	<u>-</u>	<u>-</u>	<u>337,454</u>	<u>-</u>	<u>-</u>

44.1.2 Investment in debt securities

Credit risk by industry sector	2025	2024	2025	2024	2025			2024		
	Gross investments		Non-performing investments		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees									
Textile	665,016,571	805,347,500	67,500,000	67,500,000	11,467,564	-	67,500,000	8,837,133	13,358,658	67,500,000
Chemical and Pharmaceuticals	89,105,000	9	89,105,000	9	-	-	89,105,000	-	-	9
Construction	-	-	-	-	-	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary	-	-	-	-	-	-	-	-	-	-
Transport, Storage and Communication	37,964,468	37,964,468	37,964,468	37,964,468	-	-	37,964,468	-	-	37,964,468
Financial	1,255,965,902	1,250,518,202	3,748,500	3,748,500	7,501,776	5,769,280	3,748,500	821,844	71,309,998	3,748,500
	<u>2,048,051,941</u>	<u>2,093,830,179</u>	<u>198,317,968</u>	<u>109,212,977</u>	<u>18,969,339</u>	<u>5,769,280</u>	<u>198,317,968</u>	<u>9,658,977</u>	<u>84,668,656</u>	<u>109,212,977</u>
Credit risk by public / private sector										
Public / Government	199,480,000	199,480,000	-	-	-	-	-	-	-	-
Private	1,848,571,941	1,972,471,938	198,317,968	109,212,977	18,969,339	5,769,280	198,317,968	9,658,977	84,668,656	109,212,977
	<u>2,048,051,941</u>	<u>2,171,951,938</u>	<u>198,317,968</u>	<u>109,212,977</u>	<u>18,969,339</u>	<u>5,769,280</u>	<u>198,317,968</u>	<u>9,658,977</u>	<u>84,668,656</u>	<u>109,212,977</u>

94

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

44.1.3 Advances

Credit risk by industry sector

	2025		2024		2025			2024		
	Gross advances		Non-performing advances		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees									
Textile	4,721,312,793	3,319,484,508	1,023,421,800	1,144,571,299	74,903,755	2,488,696	988,666,411	72,351,461	4,546,547	1,054,783,600
Chemical and Pharmaceuticals	1,985,819,354	940,038,708	-	-	32,630,860	-	-	29,960,826	-	-
Cement	116,206,923	766,079,362	116,206,923	116,206,923	-	-	116,206,923	13,897,434	-	116,206,923
Sugar	1,309,541,641	614,025,423	221,557,236	243,114,473	24,576,705	-	221,557,236	13,999,855	-	243,114,473
Automobile and transportation equipment	1,304,023,579	708,247,973	395,500,000	357,847,973	18,900,586	-	395,500,000	8,535,114	-	445,673,660
Electronics and electrical appliances	1,421,090,713	456,115,950	-	-	31,262,951	-	-	14,639,771	-	-
Construction	357,080,094	357,080,094	57,080,094	57,080,094	-	55,592,289	57,080,094	8,151,350	-	57,080,094
Power (electricity), Gas, Water, Sanitary	3,274,774,199	4,626,474,776	165,028,752	268,153,752	53,447,688	701,670	165,028,752	87,818,530	34,286,892	268,153,752
Transport, Storage and Communication	4,395,974,739	1,748,913,043	-	-	77,172,157	1,864,683	-	47,893,744	-	-
Financial	73,500,000	73,500,000	73,500,000	73,500,000	-	-	73,500,000	-	-	73,500,000
Services	1,325,546,104	1,139,820,383	15,000,000	-	15,811,728	68,210,813	15,000,000	16,578,227	50,125,774	-
Paper board and products	253,413,261	4,203,851	4,203,851	4,203,851	3,852,219	-	4,203,852	-	-	4,203,851
Rubber and plastic products	-	577,523,579	-	-	-	-	-	8,148,097	39,438,369	-
Basic metals	63,960,730	69,093,230	63,960,730	69,093,230	-	-	63,960,730	-	-	69,093,230
Dairy & Poultry	-	-	-	-	-	-	-	-	-	-
Others	659,169,791	250,186,775	127,250,000	142,250,000	9,521,652	-	127,250,000	1,821,797	-	142,250,000
	<u>21,261,413,921</u>	<u>15,650,787,655</u>	<u>2,262,709,386</u>	<u>2,476,021,595</u>	<u>342,080,301</u>	<u>128,858,150</u>	<u>2,227,953,998</u>	<u>323,796,208</u>	<u>128,397,583</u>	<u>2,474,059,583</u>

Credit risk by public / private sector

	2025		2024		2025			2024		
	Gross advances		Non-performing advances		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	21,261,413,921	15,650,787,655	2,262,709,386	2,476,021,595	342,080,301	128,858,150	2,227,953,998	323,796,208	128,397,583	2,474,059,583
	<u>21,261,413,921</u>	<u>15,650,787,655</u>	<u>2,262,709,386</u>	<u>2,476,021,595</u>	<u>342,080,301</u>	<u>128,858,150</u>	<u>2,227,953,998</u>	<u>323,796,208</u>	<u>128,397,583</u>	<u>2,474,059,583</u>

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	-----Rupees-----	
44.1.4 Contingencies and Commitments		
Commitments: credit risk by industry sector		
Textile	-	500,000,000
Chemical and Pharmaceuticals	700,000,000	75,000,000
Cement	-	-
Sugar	322,000,000	-
Automobile and transportation equipment	400,000,000	-
Electronics and electrical appliances	500,000,000	350,000,000
Power (electricity), Gas, Water, Sanitary	4,923,189,000	2,145,146,686
Transport, Storage and Communication	1,252,025,000	76,086,957
Financial	3,663,100,000	2,735,100,000
Services	-	72,798,000
Others	1,782,752,932	3,257,862
	<u>13,543,066,932</u>	<u>5,957,389,505</u>
Credit risk by public / private sector		
Public / Government	1,000,000,000	5,015,100,000
Private	12,543,066,932	942,289,505
	<u>13,543,066,932</u>	<u>5,957,389,505</u>

44.1.5 Concentration of Advances

Top 10 exposures of the Company on the basis of total (funded and non-funded exposures) aggregated to Rs. 13,519 million (2024: Rs. 9,454 million) as follows:

	2025	2024
	-----Rupees-----	
Funded	7,796,128,236	5,754,031,530
Non Funded	5,723,188,711	3,700,000,000
Total Exposure	<u>13,519,316,947</u>	<u>9,454,031,530</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 14,265,000,000 (2024: Rs. 7,730,000,000).

	2025		2024	
	Amount	Credit loss allowance held	Amount	Provision held
	-----Rupees-----			
Total funded classified therein				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

۹۰

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVI
NOTES TO THE UNCONSOLIDATED FINANCIAL ST.
FOR THE YEAR ENDED DECEMBER 31, 2025

44.1.6 Advances - Province/Region-wise Disbursements

Province/Region	Disbursements
Punjab	-
Sindh	28,674,365,829
KPK including FATA	-
Baluchistan	-
Islamabad	-
AJK including Gilgit-Baltistan	-
Total	<u>28,674,365,829</u>

Province/Region	Disbursements
Punjab	-
Sindh	14,758,376,315
KPK including FATA	-
Baluchistan	-
Islamabad	-
AJK including Gilgit-Baltistan	-
Total	<u>14,758,376,315</u>

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44.2 Market Risk

Market risk is the risk of loss to the Company's earnings or capital arising from potential movements in market risk factors, such as interest rates, equity prices and foreign exchange rates. The Company is exposed to market risk from its banking book as well as trading book exposures, the latter of which includes FVOCI & FVPL investments in debt & listed equity instruments. The Company uses Basel Standardized Approach to assess the market risk for its trading book exposures. The portfolios covered under the approach include the FVOCI & FVPL investments in debt and listed equity instruments. The capital charge required there against is presented in Note 43.

The market risk strategy of the Company is to maximize returns while keeping exposure to market risk at or below the approved levels, provided in the shape of market risk limits. Board-approved Treasury Policy, PMD Investment Policy and Market Risk Policy are in place with defined market risk management parameters / limits to control market risk levels. The Treasury Division (TD) and Portfolio Management Division (PMD) consider economic and market conditions, along with the Company's portfolio mix, diversification and expertise when setting and executing annual business strategy and reviewing policy.

Assets / Liability Management Committee (ALCO) meets monthly, and evaluates liquidity, market and interest rate risk as part of its approved Terms of Reference. An independent Market & Liquidity Risk /Middle Office Unit housed in RMD is tasked to, inter alia, independently monitor, measure and analyze market risk of the Company on daily basis, perform risk review of day-to-day PMD & TD activities, escalate any limit breaches or exceptions on the same working day of identification, review the Company's interest rate risk management framework & methodology, and prepare risk reports for ALCO and RMCB, including review of performance of the investment portfolio.

The Company uses a comprehensive suite of risk measurement techniques to assess market risk in the trading book, which includes monitoring levels and trends in mark-to-market, price value of basis point (PVBP), beta, and Value-at-Risk (VaR) metrics, as well as stress tests and sensitivity analyses based on these measures. VaR is calculated for all trading book positions and portfolios on a daily basis, and measures the estimated maximum loss over a defined horizon based on historical

The Company calculates its VaR with a 1-day, 10-day and 30-day horizon period using a one-tail, 99% confidence interval in accordance with Basel specifications. The 1-day VaR is further back tested on daily basis against next day's P&L based on actual observed movements in market risk factors. Back testing results suggest that the model is currently providing an appropriate estimate of the risk. For interest rate risk in the banking book, the Company primarily relies on gap analysis & static simulation model. Stress tests are carried out for traded & non-traded market risks on the basis of extreme, yet plausible, stress scenarios. Results produced by the aforementioned models are included in management and Board-committee reporting.

۹۸

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

44.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	-----Rupees-----			-----Rupees-----		
Cash and balances with treasury banks	257,902,472	-	257,902,472	224,987,485	-	224,987,485
Balances with other banks	665,303,795	-	665,303,795	75,928,965	-	75,928,965
Lendings to financial institutions	84,812,758	-	84,812,758	384,209,641	-	384,209,641
Investments	2,992,198,425	19,744,333,906	22,736,532,331	2,875,394,420	142,142,349,178	145,017,743,598
Advances	18,562,521,473	-	18,562,521,473	12,724,534,281	-	12,724,534,281
Non-current asset classified as held for sale	50,000,000	-	50,000,000	-	-	-
Fixed assets	5,323,883,287	-	5,323,883,287	5,523,419,300	-	5,523,419,300
Right-of-use asset	160,415,870	-	160,415,870	81,274,896	-	81,274,896
Intangible assets	7,263,746	-	7,263,746	5,105,366	-	5,105,366
Deferred tax assets	-	-	-	-	-	-
Other assets	4,680,116,507	-	4,680,116,507	6,587,706,387	-	6,587,706,387
	<u>32,784,418,333</u>	<u>19,744,333,906</u>	<u>52,528,752,239</u>	<u>28,482,560,741</u>	<u>142,142,349,178</u>	<u>170,624,909,919</u>

44.2.2 Foreign Exchange Risk

The Company does not actively deal in foreign currency. Its aggregate foreign currency exposure is limited to USD-denominated bank balance, as represented in the table below. As such, the Company's direct exposure to foreign currency risk is minimal, with a favourable impact in case of PKR depreciation.

The foreign exchange exposures during the year of the Company is given as follows:

	2025			2024				
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	-----Rupees-----			-----Rupees-----				
United States Dollar	<u>38,431,981</u>	<u>-</u>	<u>-</u>	<u>38,431,981</u>	<u>36,527,091</u>	<u>-</u>	<u>-</u>	<u>36,527,091</u>

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	-----Rupees-----		-----Rupees-----	
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	<u>384,320</u>	<u>-</u>	<u>365,271</u>	<u>-</u>
- Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

K

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44.2.3 Equity position Risk

The Company's objective regarding trading in equities is to maximize the return on equity investment by acquiring fundamentally strong shares at appropriate levels and maintaining such a balance between short term and long term investment that can provide maximum possible opportunities to avail both capital gains and dividend income. The Company's maximum exposure to the stock market is constrained in terms of the single-stock and aggregate limits prescribed under the SBP Prudential Regulations. Prime responsibility for managing the Company's equity positions rests with the Portfolio Management Division (PMD). The Board of Directors has approved sectoral limits, as well as portfolio limits that fall within the SBP-prescribed aggregate limit for DFIs. ALCO reviews investment climate and stock market investment strategy & portfolio, and reviews & approves listed stock investment / divestment recommendations by PMD, and stop loss decision where required. ALCO also monitor and manage investments in unquoted companies. The Market & Liquidity Risk /Middle Office Unit housed in RMD independently monitors PMD deals, policy / limit compliance, broker usage, realized/unrealized gain/loss, and generates market risk metrics such as beta, Value-at-Risk, sensitivity analyses and stress tests. The Unit is responsible for escalation of any limit breaches to concerned authorities, and also provides monthly / need basis summary reports to ALCO and periodic performance reports to the Risk Management Committee of the Board. PMD performance is also regularly reviewed by ALCO through regular reporting by the former, with the latter also serving as approving authority for the broker panel.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	-----Rupees-----		-----Rupees-----	
Impact of 5% change in equity prices on				
- Profit and loss account	-	3,961,400	-	9,322,825
- Other comprehensive income	-	35,294,273	-	27,530,665

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

The Company's interest rate risk arises from its trading book and banking book. Interest rate risk in the trading book is a result of FVPL & OCI investments in debt instruments that are reported at fair value, and whose value is influenced by prevailing interest rates. The Company's interest rate risk exposures in the banking book originate from financial assets & liabilities that are exposed to different points in the yield curve, and are not matched in terms of repricing / maturity dates or interest rate basis. Since the Company does not take non-maturity deposits and bulk of its loans are floating-rate in nature, optionality/prepayment-related interest rate risk is insignificant.

The primary objective of interest rate risk management is to control exposure to interest rate risk, within approved limits. The Company has Board-approved Treasury Policy and Interest Rate Risk Management Framework in place that govern the interest rate risk management process. The Treasury Division directly functions to manage interest rate risks through diversification of exposures and structuring matching asset/liability transactions. The ALCO provides oversight of interest rate risk, including articulating interest rate view, deciding on future business strategy, monitoring interest rate risk and deliberating on mitigation measures. To control interest rate risk in the trading book, duration limits are in place for the fixed income investment portfolio, in terms of the Treasury Policy. To control interest rate risk in the banking book, target levels have been established on the repricing/ maturity gaps in each time band, as determined through slotting of interest-rate sensitive assets and liabilities according to contractual repricing / maturity dates, whichever is earlier, and ALCO-approved earnings at risk tolerance limit is also in place. The Market & Liquidity Risk / Middle Office Unit monitors limit compliance, reviews the interest rate risk management framework, develops interest rate risk measurement methodology, and provides monthly & quarterly reports to ALCO. Interest rate risk measurement methodology currently employed by the Company for the trading book includes marking-to-market, price value of basis point (PVBVP), sensitivity analyses / stress testing and Value-at-Risk. For the banking book, methodology is based on gap analysis and static simulation, with an earnings and economic value perspective, as well as stress testing.

41

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

Impact of 1% change in interest rates on
 - Profit and loss account
 - Other comprehensive income

2025		2024	
Banking book	Trading book	Banking book	Trading book
Rupees		Rupees	
87,862,817	-	35,472,935	-

44.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield/Interest rate	Total	2025								Non-interest bearing financial instruments	
			Exposed to Yield/Interest risk									
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
Rupees												
On-balance sheet financial instruments												
<i>Assets</i>												
Cash and balances with treasury banks	-	257,902,472	-	-	-	-	-	-	-	-	-	257,902,472
Balances with other banks	9.50	665,303,795	665,303,795	-	-	-	-	-	-	-	-	-
Lending to financial institutions	10.50	84,812,758	84,812,758	-	-	-	-	-	-	-	-	-
Investments	12.59	22,736,532,331	38,431,981	518,058,690	575,467,671	133,002,500	253,505,000	1,680,284,500	17,190,800,000	451,755,452	-	1,895,226,537
Advances	11.79	18,562,521,473	6,075,874,972	2,861,469,068	8,999,337,175	466,021,088	8,180,780	-	-	161,638,390	-	0
Other assets	-	1,978,494,354	89,641,601	695,630,241	785,271,842	-	120,417,377	-	-	-	-	287,533,295
		44,286,567,183	6,954,055,107	4,075,157,999	10,360,076,688	599,023,588	382,103,157	1,680,284,500	17,190,800,000	603,393,842	-	2,440,562,304
<i>Liabilities</i>												
Borrowings	11.63	29,113,700,049	7,795,619,958	10,563,776,209	844,854,956	1,449,501,578	3,261,503,156	2,158,711,489	1,632,793,642	1,406,939,061	-	(0)
Deposits and other accounts	12.67	3,238,406,212	500,000,000	1,145,611,001	790,770,211	802,025,000	-	-	-	-	-	-
Other liabilities	-	975,046,123	146,524,889	293,049,778	146,524,889	-	120,417,377	-	-	-	-	268,529,192
		33,327,152,384	8,442,144,847	12,002,436,988	1,782,150,055	2,251,526,578	3,381,920,533	2,158,711,489	1,632,793,642	1,406,939,061	-	268,529,191
On-balance sheet gap		10,958,414,799	(1,488,079,740)	(7,927,278,989)	8,577,926,632	(1,652,502,990)	(2,999,817,376)	(478,426,989)	15,558,006,358	(803,545,219)	-	2,172,133,113
Off-balance sheet financial instruments												
Off-balance sheet gap												
Total Yield/Interest Risk Sensitivity Gap			(1,488,079,740)	(7,927,278,989)	8,577,926,632	(1,652,502,990)	(2,999,817,376)	(478,426,989)	15,558,006,358	(803,545,219)	-	2,172,133,113
Cumulative Yield/Interest Risk Sensitivity Gap			(1,488,079,740)	(9,415,358,729)	(837,432,087)	(2,489,935,087)	(5,489,752,463)	(5,968,179,452)	9,589,826,906	8,786,281,687	8,786,281,687	-
2024												
	Effective Yield/Interest rate	Total	Exposed to Yield/Interest risk								Non-interest bearing financial instruments	
			Rupees									
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
On-balance sheet financial instruments												
<i>Assets</i>												
Cash and balances with treasury banks	-	224,987,485	-	-	-	-	-	-	-	-	-	224,987,485
Balances with other banks	13.50	75,928,965	74,879,436	-	-	-	-	-	-	-	-	1,049,529
Lending to financial institutions	17.94	384,209,641	384,209,641	-	-	-	-	-	-	-	-	-
Investments	18.18	145,017,743,598	20,245,022,346	20,237,676,947	25,520,658,649	-	-	-	37,404,236,296	38,993,410,127	-	2,616,739,233
Advances	16.35	12,724,534,281	3,120,732,184	3,217,840,939	5,932,699,345	347,265,165	5,258,609	-	54,570,894	46,167,145	-	(0)
Other assets	-	3,964,995,386	-	-	-	-	-	-	-	-	-	3,964,995,386
		162,392,399,356	23,824,843,607	23,455,517,885	31,453,357,994	347,265,165	5,258,609	-	37,458,807,190	39,039,577,272	-	6,807,771,633
<i>Liabilities</i>												
Borrowings	18.17	145,684,365,780	76,667,570,999	62,949,662,194	815,359,245	786,672,534	1,639,022,182	1,451,522,182	773,956,699	600,599,745	-	-
Deposits and other accounts	19.99	5,296,755,151	2,212,000,151	18,105,000	2,466,650,000	600,000,000	-	-	-	-	-	-
Other liabilities	-	2,497,140,014	-	-	-	-	-	-	-	-	-	2,497,140,014
		153,478,260,945	78,879,571,150	62,967,767,194	3,282,009,245	1,386,672,534	1,639,022,182	1,451,522,182	773,956,699	600,599,745	-	2,497,140,014
On-balance sheet gap		8,914,138,412	(55,054,727,543)	(39,512,249,309)	28,171,348,749	(1,039,407,369)	(1,633,763,573)	(1,451,522,182)	36,684,850,491	38,438,977,527	-	4,310,631,620
Off-balance sheet financial instruments												
Off-balance sheet gap												
Total Yield/Interest Risk Sensitivity Gap			(55,054,727,543)	(39,512,249,309)	28,171,348,749	(1,039,407,369)	(1,633,763,573)	(1,451,522,182)	36,684,850,491	38,438,977,527	-	4,310,631,620
Cumulative Yield/Interest Risk Sensitivity Gap			(55,054,727,543)	(94,566,976,852)	(66,395,628,102)	(67,435,035,471)	(69,068,799,044)	(70,520,321,226)	(33,835,470,735)	4,603,506,792	4,603,506,792	-

44.2.6 Yield Risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

44.2.7 Assets do not include fixed assets of Rs. 5,484,299,157 (2024: Rs. 5,604,694,196), non-current asset held for sale Rs. 50,000,000 (2024: Rs. nil). Intangible assets of Rs. 7,263,746 (2023: Rs. 5,105,366) and other assets consisting of Advances, deposits, advance rent and other prepayments, advance taxation, excise duty, non-banking assets acquired in satisfaction of claims of Rs. 2,701,622,153 (2024: Rs. 2,557,199,751).

44.2.8 Liabilities do not include other liabilities consisting of advance rental income, Payable to defined benefit plan, Provision for compensated absences, lease liabilities and deferred tax liabilities of Rs. 1,237,902,583 (2024: Rs. 268,269,739).

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. Types of events that can lead to operational risk include:

- Internal / external fraud events
- Employment practices & workplace safety events
- Clients, products & business practices events
- Damage to physical assets events
- Business disruption and system failures events
- Execution, delivery & process management events

Types of operational risk losses can include monetary, regulatory, client, or health & safety loss, or legal liability / inability to enforce legal claim, and measures that may be taken to mitigate losses include improving underlying processes through enhanced internal controls, having contingency plan / backup arrangements in place, and ensuring adequate insurance coverage.

The Company's operational risk management process is governed by the Operational Risk Management Framework ("ORMF") and Operational Risk Policy which have been duly approved by the Board of Directors. The operational risk management structure comprises the line management as first line of defense, an independent Operational Risk Management Unit ("ORMU") operating under the Risk Management Division ("RMD") as second line of defense, and independent Internal Audit as third line of defense. An organizational culture of integrity and discipline built through trainings and appropriate hiring, and separation of duties and principles of internal control as embedded in relevant policies and procedures, are key principles for operational risk management. Operational Risk Coordinators ("ORCs") that have been established from each division work with the ORMU to identify, analyze, explain and mitigate operational issues within their respective areas of expertise. The ORMU develops and updates the ORMF, implements operational risk measurement and reporting, and coordinates with ORCs to source necessary information and promote sound operational risk management. Senior management-level Operational Risk Management Committee ("ORMC") meets quarterly / need basis with the goal to assure that actions are being taken to meet the stated objective of operational risk management in the Company. Presently loss data, key risk indicators, risk & control self-assessments, and scenario analysis are being used to assess operational risk. Operational risk reports on the basis of these tools, along with suggested risk mitigants where required, are presented by ORMU to the ORMC. Operational risk reports are also discussed as part of the agenda of meetings of Risk Management Committee of the Board ("RMCB").

In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Company has a robust Business Continuity Plan / Disaster Recovery Plan in place, with off-site backup and regular testing carried out. The Company also has a Technology Governance Framework & IT Security Policy in place, addressing issues such as incident reporting, risk identification, IT controls and systems security, with added oversight provided by regular meetings of the IT Steering Committee of management. KYC / AML Policies are also in place for Credit and Treasury activities.

Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years has been applied for Operational Risk. Loss data process has been fully implemented, with ORCs providing details for events / near misses / potential losses through an in-house software.

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
 NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Total	2024												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Rupees														
Assets														
Cash and balances with treasury banks	224,987,485	224,987,485	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	75,928,965	75,928,965	-	-	-	-	-	-	-	-	-	-	-	
Lending to financial institutions	384,209,641	-	384,209,641	-	-	-	-	-	-	-	-	-	-	
Investments	145,017,743,598	-	180,000	20,211,275,675	33,386,671	20,223,425,037	36,251,746	25,304,367,399	216,291,250	685,544,547	266,085,000	658,185,000	37,404,236,296	39,978,514,978
Advances	12,724,534,281	9,988,792	414,206,273	1,043,612,528	1,002,224,591	631,405,675	207,957,166	2,770,275,584	998,742,473	792,827,498	2,283,471,958	1,779,633,716	667,039,697	123,148,440
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property And Equipment	5,523,419,300	567,522	3,405,134	3,972,656	7,659,478	15,604,790	15,604,791	46,814,372	46,814,372	46,814,374	187,257,564	187,256,981	374,080,011	4,587,567,254
Right of Use Asset	81,274,896	138,190	829,141	967,331	2,211,042	4,145,703	4,145,702	12,437,109	12,437,109	12,437,108	31,526,460	-	-	-
Intangible assets	5,105,366	4,727	28,360	33,087	75,628	141,802	141,802	425,405	425,405	425,404	1,701,619	1,702,128	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	6,587,706,387	-	-	-	1,611,909,210	1,335,641,449	1,060,721,674	-	2,579,434,054	-	-	-	-	
	170,624,909,919	311,615,681	802,858,549	21,259,861,277	2,657,466,620	22,210,364,457	1,324,822,881	28,134,319,869	3,854,144,663	1,538,048,921	2,770,042,500	2,626,777,824	38,445,356,005	44,689,230,672
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	145,684,365,780	-	61,667,570,998	-	15,000,000,000	47,118,180,921	15,831,481,273	815,359,245	96,313,289	690,359,245	1,639,022,182	1,451,522,162	773,956,699	600,599,745
Deposits and other accounts	5,296,755,151	-	500,000,000	-	1,712,000,151	2,000,000	16,105,000	2,466,650,000	400,000,000	200,000,000	-	-	-	-
Liabilities against assets subject to finance lease	79,861,456	-	-	-	-	-	-	-	-	79,861,456	-	-	-	
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	502,684,667	-	-	-	4,189,298	12,567,283	12,567,283	25,133,945	50,268,506	50,268,506	100,537,017	125,670,962	121,481,867	
Other liabilities	2,826,178,326	20,882,977	146,180,839	292,361,677	167,063,815	417,659,539	835,319,077	700,809,413	162,881,223	83,019,767	-	-	-	
	154,389,845,380	20,882,977	62,313,751,838	292,361,677	16,883,253,264	47,550,407,743	16,695,472,633	4,007,952,603	709,463,018	1,103,508,974	1,739,559,199	1,577,193,144	895,438,566	600,599,745
Net assets	16,235,064,539	290,732,704	(61,510,893,289)	20,967,499,600	(14,225,786,644)	(25,340,043,286)	(15,370,649,752)	24,126,367,267	3,144,681,645	434,539,947	1,030,483,301	1,049,584,680	37,549,917,438	44,088,630,927
Share capital/ Head office capital account	6,765,000,000													
Reserves	2,075,625,895													
Surplus/(Deficit) on revaluation of assets	2,684,636,575													
Unappropriated/ Unremitted profit	4,709,802,069													
	<u>16,235,064,539</u>													

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44.4.2 Assets and liabilities - based on expected maturities

	Total	2025								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
-----Rupees-----										
Assets										
Cash and balances with treasury banks	257,902,472	257,902,472	-	-	-	-	-	-	-	-
Balances with other banks	665,303,795	665,303,795	-	-	-	-	-	-	-	-
Lending to financial institutions	84,812,758	84,812,758	-	-	-	-	-	-	-	-
Investments	22,736,532,331	42,433,231	514,057,440	575,467,671	861,025,966	253,505,000	1,680,284,500	17,190,800,000	1,118,958,523	500,000,000
Advances	18,562,521,473	4,258,071,596	2,114,449,241	2,509,246,235	2,470,330,438	2,983,142,897	1,879,091,351	1,748,495,376	599,694,338	-
Non-current asset classified as held for sale	50,000,000	50,000,000	-	-	-	-	-	-	-	-
Property And Equipment	5,323,883,287	21,452,031	43,371,551	71,123,137	(37,820,296)	268,410,370	184,112,630	346,718,805	1,511,396,026	2,915,119,033
Right of Use Asset	160,415,870	6,343,117	12,686,234	19,029,351	38,058,702	84,298,466	-	-	-	-
Intangible assets	7,263,746	201,751	403,501	605,252	1,210,503	2,421,007	2,421,733	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	(42,278,117)	42,278,117
Other assets	4,680,116,507	544,588,770	1,106,520,673	-	2,908,589,689	120,417,376	-	-	-	-
	52,528,752,239	5,931,109,521	3,791,488,640	3,175,471,645	6,241,395,001	3,712,195,117	3,745,910,213	19,286,014,181	3,187,770,770	3,457,397,150
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	29,113,700,049	7,795,619,958	10,563,776,209	844,854,956	1,449,501,578	3,261,503,156	2,158,711,489	1,632,793,642	1,406,939,061	-
Deposits and other accounts	3,238,406,212	500,000,000	1,145,611,001	790,770,211	802,025,000	-	-	-	-	-
Liabilities against assets subject to finance lease	167,934,950	-	-	-	167,934,950	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	815,149,163	6,801,673	40,808,066	40,807,056	163,230,228	163,230,236	204,037,293	197,234,611	-	-
Other liabilities	1,228,864,593	187,786,995	375,573,991	270,311,208	274,775,023	120,417,377	-	-	-	-
	34,565,054,967	8,490,208,627	12,125,769,267	1,946,743,431	2,857,466,779	3,545,150,769	2,362,748,782	1,830,028,253	1,406,939,061	-
Net assets	17,963,697,272	(2,559,099,106)	(8,334,280,627)	1,228,728,214	3,383,928,223	167,044,348	1,383,161,431	17,455,985,928	1,780,831,709	3,457,397,150
Share capital/ Head office capital account	6,765,000,000									
Reserves	2,340,367,295									
Surplus/(Deficit) on revaluation of assets	3,267,747,198									
Unappropriated/ Unremitted profit	5,590,582,779									
	<u>17,963,697,272</u>									

91

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

44.5 Derivative Risk

Presently the Company does not have exposure in derivative products, and consequently is not exposed to derivatives-related risk.

45 DATE OF AUTHORIZATION

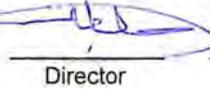
These unconsolidated financial statements were authorized for issue by the Board of Directors of the Saudi Pak Industrial and Agricultural Investment Company Limited on 28 FEB 2026



GM/Chief Executive



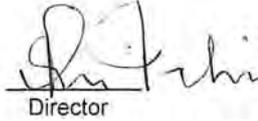
Chief Financial Officer



Director



Director



Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE,
PROVIDED DURING THE YEAR JANUARY - DECEMBER 31, 2025

(Rupee in million)

S. No.	Name and address	Name of individual / Partners / Directors	CNIC No.	Fathers' / Husband Name	Outstanding liabilities at the beginning of the year				Principal written off	Mark up waived	Other financial relief provided	Total
					Principal	Mark up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13
1	N/A	N/A	N/A	N/A	---	---	---	---	---	---	---	---
					0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

%

%