

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:

2.

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.

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

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.

9

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 consolidated 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 consolidated 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.

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

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.

26

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.

91

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.

21

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.

91

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. | | | |

7

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

| 8 | LENDINGS TO FINANCIAL INSTITUTIONS | Note | 2025 | 2024 |
|---|--|------|------------------|-------------|
| | | | -----Rupees----- | |
| | 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 | 85,000,000 | 187,242 | 384,547,095 | 337,454 |
| Under performing | - | - | - | - |
| Non-performing | | | | |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | - | - | - | - |
| Total | 85,000,000 | 187,242 | 384,547,095 | 337,454 |

| | 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 |

W

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 | | | | |
|-----|--|--|--------------------------|------------------------|----------------|---------------------------------------|--------------------------|------------------------|----------------|-----------------|
| | | Fair value / Cost / Amortised cost | Credit loss allowance | Surplus / (deficit) | Carrying value | Fair value / Cost / Amortised cost | Credit loss allowance | Surplus / (deficit) | Carrying value | |
| 9.1 | Investments by type: | | | | | | | | | |
| | | Note | | | | | | | | |
| | | | -----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 |

۹۶

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

| | 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

| | 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 | 861,597,387 |
| 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) |
| Provision (Note 9.1.1) | 18,969,339 | 5,769,280 | 198,317,968 | 9,658,977 | 84,668,656 | 109,212,977 |
| 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

| | | 2025 | | 2024 | |
|-----------------------------------|---------|----------------------|-----------------------|----------------------|-----------------------|
| | | Outstanding amount | Credit Loss Allowance | Outstanding amount | Credit Loss Allowance |
| | | -----Rupees----- | | | |
| Other assets especially mentioned | | | | | |
| 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 | 666,992,921 | 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> |

11

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.

91

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----- | |
| Federal Government Securities - Government guaranteed | | |
| Pakistan Investment Bonds | - | - |
| | - | - |
| | 199,440,000 | - |
| | 18,703,884 | 18,703,884 |
| | 218,143,884 | 18,703,884 |
| Non Government Debt Securities | | |
| Listed | | |
| - AA+, AA, AA- | - | 199,480,000 |
| - Unrated | 200,000,000 | 100,000,000 |
| | 159,902,051 | - |
| | - | 299,760,000 |
| | 594,179,520 | 727,225,750 |
| | 954,081,571 | 1,326,465,750 |
| | 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).

2

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 |

22

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 |

96

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) |

96

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.

12

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 | (15,000,000) | - |
| | <u>50,000,000</u> | <u>-</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> |

96

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 | <u>3,336,300,000</u> | <u>69,286,000</u> | <u>1,613,572,656</u> | <u>16,962,741</u> | <u>21,339,039</u> | <u>46,574,181</u> | <u>116,849,765</u> | <u>59,650,000</u> | <u>5,071,945</u> | <u>232,476,159</u> | <u>5,518,082,486</u> |
| 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) | - | (3) | (256,288) | (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 | <u>3,279,182,544</u> | <u>-</u> | <u>1,554,853,362</u> | <u>16,117,655</u> | <u>24,576,324</u> | <u>50,374,749</u> | <u>114,336,633</u> | <u>54,013,534</u> | <u>6,715,605</u> | <u>217,647,071</u> | <u>5,317,817,477</u> |
| 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 | 5,654,109,984 |
| 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 | <u>3,279,182,544</u> | <u>-</u> | <u>1,554,853,361</u> | <u>16,117,655</u> | <u>24,576,324</u> | <u>50,374,749</u> | <u>114,336,634</u> | <u>54,013,534</u> | <u>6,715,605</u> | <u>217,647,071</u> | <u>5,317,817,477</u> |
| Rate of depreciation (percentage) | <u>1.71</u> | <u>4.00</u> | <u>4.00</u> | <u>20.00</u> | <u>33.33</u> | <u>20.00</u> | <u>15.00</u> | <u>15.00</u> | <u>15.00</u> | <u>15.00</u> | |
| | 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 | 99,734,035 | 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 | <u>2,491,874,312</u> | <u>48,096,108</u> | <u>1,151,533,518</u> | <u>4,504,742</u> | <u>11,884,452</u> | <u>36,429,383</u> | <u>72,542,376</u> | <u>41,237,541</u> | <u>4,000,894</u> | <u>125,749,726</u> | <u>3,987,853,052</u> |
| 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 |
| 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 | <u>3,336,300,000</u> | <u>69,286,000</u> | <u>1,613,572,655</u> | <u>16,962,741</u> | <u>21,339,039</u> | <u>46,574,181</u> | <u>116,849,765</u> | <u>59,650,000</u> | <u>5,071,945</u> | <u>232,476,159</u> | <u>5,518,082,486</u> |
| 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 | <u>3,336,300,000</u> | <u>69,286,000</u> | <u>1,613,572,656</u> | <u>16,962,741</u> | <u>21,339,039</u> | <u>46,574,181</u> | <u>116,849,765</u> | <u>59,650,000</u> | <u>5,071,945</u> | <u>232,476,159</u> | <u>5,518,082,486</u> |
| Rate of depreciation (percentage) | <u>1.67</u> | <u>4.00</u> | <u>4.00</u> | <u>20.00</u> | <u>33.33</u> | <u>20.00</u> | <u>15.00</u> | <u>15.00</u> | <u>15.00</u> | <u>15.00</u> | |

* 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 / | Accumulated | Net book | Sale proceeds | Mode of disposal | Particulars of buyer |
|-------------------------------------|-------------------|-------------------|----------------|------------------|------------------|------------------------|
| | revalued amount | depreciation | value | | | |
| ----- 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.

26

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> |

PK

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).

PK

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 |
| | | 1,581,354,877 | 3,812,644,042 |
| 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 |
| | | 4,670,350,660 | 6,574,006,823 |
| Less: Credit loss allowance held against other assets | 14.2 | (3,685,786) | (256,792) |
| 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 | | 4,680,116,507 | 6,587,706,387 |

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 | | 59,086,497 | 61,303,500 |
| 14.2 Credit Loss Allowance held against other assets | | | |
| Advances, deposits, advance rent & other prepayments | 14.2.1 | 3,685,786 | 256,792 |
| 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 | | 3,685,786 | 256,792 |

PK

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 |
| | | | <u>29,113,700,049</u> |

- 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 | - | - |
| | | <u>29,113,700,049</u> | <u>145,684,365,780</u> |

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 |
| | | | <u>3,238,406,212</u> |

- 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).

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----- | |
| 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> |

K

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----- | | | -----Rupees----- | |
| | <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----- | | | -----Rupees----- | |
| | <u>400,000,000</u> | <u>400,000,000</u> | <u>Ordinary shares</u> | | |
| | | | Fully paid in cash | 4,000,000,000 | 4,000,000,000 |
| | <u>276,500,000</u> | <u>276,500,000</u> | 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.

91

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 |

9'

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> |

yk

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 | Note | | |
| 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> |

11

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> |

21

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) |

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 ----- | |
| 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 |
| | | (562,658,119) | (454,025,277) |
| 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> |

7

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 | <u>257,902,472</u> | <u>224,987,485</u> |
| 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) ----- | ----- |
| Permanent | <u>73</u> | <u>73</u> |
| On Company's contract | <u>1</u> | <u>1</u> |
| 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) ----- | ----- |
| 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 |

21

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> |

↑

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 | <u>11,740,723</u> |

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> |

PK

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).

q'

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 | | | | |
|---|------------------|-----------------------------|-------------------|-------------------|--------------------------|
| | Directors | | Non-Executives | GM / CEO | Key Management Personnel |
| | Chairman | Executives (other than CEO) | | | |
| -----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.

91

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. | 4,050,000 | - | 19,790,000 | - | - |
| Managerial Remuneration | | | | | |
| 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 |

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.

Handwritten mark

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 | | | | | |
| | - | - | - | - | - |

7

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 |
| | | | | | |
| ----- Rupees ----- | | | | | |
| | Carrying value | 2024 | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| 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. |

91

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 | - | - | - | 17,963,697,272 |
| Total equity & liabilities | 16,097,584,077 | 18,299,535,940 | 167,934,950 | 52,528,752,239 |
| 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 |

92

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 | - | - | - | - | - | - | - | - | - | - | - | 1,907,800,000 |
| 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 | - | - | - | - | - | 13,521,083 | - | - | - | - | - | 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 | - | - | 2,871,680 | - | - | 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 | - |

96

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

| | 2025 ----- Rs '000' ----- | 2024 ----- |
|---|------------------------------|------------------|
| 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> | 13,545,327 |
| Eligible Additional Tier 1 (ADT 1) Capital | <u>-</u> | - |
| Total Eligible Tier 1 Capital | <u>14,688,686</u> | 13,545,327 |
| Eligible Tier 2 Capital | <u>3,671,214</u> | 3,027,175 |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>18,359,900</u> | 16,572,502 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | <u>36,947,401</u> | 30,649,209 |
| Market Risk | <u>1,956,493</u> | 7,766,946 |
| Operational Risk | <u>4,195,707</u> | 2,999,559 |
| Total | <u>43,099,601</u> | 41,415,714 |
| Common Equity Tier 1 Capital Adequacy ratio | <u>34.08%</u> | 32.71% |
| Tier 1 Capital Adequacy Ratio | <u>34.08%</u> | 32.71% |
| Total Capital Adequacy Ratio | <u>42.60%</u> | 40.02% |

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

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.

W

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.



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 | 2025 |
|--|-------------------|-----------------------|
| | Without | With |
| | benefit of | benefit of |
| | collateral | 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>20,477,755,079</u> |

91

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> |

9.

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 | 1,309,641,641 | 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> |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Credit risk by public / private sector | 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> |

96

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> |

91

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.

91

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 | 384,320 | - | 365,271 | - |
| - Other comprehensive income | - | - | - | - |

ۛ

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 (PVBP), 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.

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 | 2025 | | 2024 | |
|--|--------------|--------------|--------------|--------------|
| | Banking book | Trading book | Banking book | Trading book |
| | Rupees | | Rupees | |
| - Profit and loss account | 87,862,817 | - | 36,472,935 | - |
| - Other comprehensive income | - | - | - | - |

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 | |
| Rupees | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| 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 | - | - | 151,638,390 | 0 |
| Other assets | - | 1,978,494,354 | 89,641,601 | 695,630,241 | 785,271,842 | - | 120,417,377 | - | - | - | 287,533,295 |
| | | 44,285,567,183 | 6,954,065,107 | 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 | 2,440,662,304 |
| Liabilities | | | | | | | | | | | |
| 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) | (837,432,097) | (2,489,935,087) | (5,489,752,463) | (5,968,179,452) | 9,589,826,906 | 8,786,281,687 | 8,786,281,687 |

| | Effective Yield/ Interest rate | Total | 2024 | | | | | | | | 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 | |
| Rupees | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| 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 |
| Liabilities | | | | | | | | | | | |
| 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. 268,299,739).

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.

v


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 2028.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

28 FEB 2028

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 |

9/