Directors Review Report – September 2026

I am pleased to present on behalf of the Board of Directors, the unaudited *unconsolidated* condensed interim Financial Statements of Saudi Pak Industrial and Agricultural Investment Company Limited, for 9-months period ending as on 30th September 2026 with the Directors' Review.

During the July–September 2026 quarter, Pakistan's macroeconomic environment remained cautiously stable but faced renewed external pressures. Escalating geopolitical tensions in the Gulf and the broader Middle East drove volatility in international oil prices, disrupted supply routes, and increased freight and insurance costs, adding to inflationary pressures and dampening investment sentiment.

The State Bank of Pakistan maintained the policy rate at 11.5%, balancing inflation risks against the need to preserve macroeconomic stability. Meanwhile, Pakistan's external position remained relatively resilient, supported by improved foreign exchange reserves, which reached USD 21.454 billion as of 25 September 2026, and renewed access to international capital markets through a USD 3 billion sovereign Eurobond issuance in September 2026.

Despite these positive developments, geopolitical uncertainty, elevated energy costs, domestic political challenges, and subdued global demand continued to pose risks to exports, investment, and economic growth. Sustaining macroeconomic stability will depend on continued structural reforms, prudent economic management, and a favourable external environment.

Salient features of Saudi Pak's Financial Statements for the period ending 30 September 2026 are:

Performance for the Period ended 30 September 2026 PKR M

Item	September 26	September 25	Variance	% Change
Net Interest Income	1,024.78	1,188.57	(163.79)	-14%
Non-Interest Income	186.40	570.26	(383.86)	-67%
Credit loss allowance-Provision/(Reversal)	(229.88)	(408.25)	178.11	-44%
Profit before tax	786.04	1,501.85	(715.81)	-48%
Profit after tax	424.47	957.33	(532.86)	-56%

During the nine-month period ended 30 September 2026, the Company pursued a prudent and disciplined business strategy, prioritizing asset quality, risk mitigation, and financial resilience amid a challenging economic environment. Management maintained a selective lending approach,

focusing on blue-chip borrowers and ensuring that new business opportunities met the Company's risk-return parameters.

As a result of the prevailing interest rate environment and a cautious investment strategy, profit before tax stood at PKR 786.04 million, compared with PKR 1,501.85 million in the corresponding period last year, while profit after tax amounted to PKR 424.47 million, compared with PKR 957.33 million.

Net interest income declined by 14%, reflecting a lower average SBP policy rate of approximately 10.5%, compared with 12.3% in the corresponding period last year, as well as the non-recurrence of PKR 132 million in interest income from short-term deals recognized in the previous period.

Amid heightened geopolitical tensions and capital market volatility, the Company adopted a defensive investment strategy, divesting its market-risk portfolio to protect capital and mitigate potential losses. Consequently, non-interest income declined to PKR 186.40 million from PKR 570.26 million last year, reflecting subdued market conditions and reduced market exposure. This approach reflects management's commitment to prudent risk management and sustainable, risk-adjusted returns.

The net reversal of credit loss allowance amounted to PKR 229.88 million, compared with PKR 408.25 million in the corresponding period last year, providing a partial offset to the decline in revenues.

Looking ahead, the Company remains focused on strengthening its core development finance business, pursuing quality lending opportunities within its risk appetite, enhancing credit discipline and internal controls, and intensifying SAM recoveries. Through prudent risk management and selective business growth, the Company aims to strengthen its financial resilience and achieve sustainable growth.

On behalf of the Board, I express my sincere gratitude to the Governments of the Islamic Republic of Pakistan and the Kingdom of Saudi Arabia for their continued support, and to the State Bank of Pakistan for its professional guidance. I also commend the management and staff for their dedication and commitment in navigating a challenging operating environment and encourage them to maintain this momentum in pursuit of the Company's strategic objectives.



The Chairman

Saudi Pak Industrial & Agricultural Investment Company