

## SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

### Analyst:

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### RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-Term	Short Term	Long-Term	Short Term
ENTITY	AAA	A1+	AAA	A1+
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Upgrade	
RATING DATE	June 24, 2026		June 28, 2025	

### Shareholding (5% or More)

Government of Pakistan – 50%  
 Kingdom of Saudi Arabia – 50%

### Other Information

Incorporated in 1981  
 Public Unlisted Company  
 Chairman of the Board: Sultan M. Hasan Abdulrauf  
 Chief Executive Officer: Rizwan Ahmed Sheikh  
 External Auditor: Grant Thornton Anjum Rahman-Chartered Accountants

### Applicable Rating Methodology

Government Supported Entities  
<https://docs.vis.com.pk/Methodologies-2025/GSEntities.pdf>

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

### Rating Scale

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

### Rating Rationale

The assigned ratings to Saudi Pak Industrial and Agricultural Investment Company Limited reflect its strong ownership structure, with equal shareholding by the Governments of Pakistan and the Kingdom of Saudi Arabia, providing a high degree of sovereign linkage and support. The ratings continue to draw strength from the Kingdom of Saudi Arabia's strong sovereign credit profile, with S&P reaffirming the Kingdom's long-term sovereign rating at 'A+' in March 2026. Governance indicators remain sound, supported by balanced board representation from both sponsors and oversight through established board committees.

During CY25, Saudi Pak Industrial and Agricultural Investment Company undertook a significant balance sheet rebalancing, reducing investment-led treasury operations and increasing focus on core lending activities. While the asset base contracted following the winding down of spread-based transactions, advances registered strong growth and outpaced industry trends, continuing into Q1. The rest of the year is likely to witness cautious growth. The credit portfolio is concentrated in a number of sectors and obligors and asset quality indicators improved, supported by lower non-performing loans, strong provisioning coverage and manageable stress-testing outcomes under adverse geopolitical scenarios.

Profitability strengthened during CY25, driven by higher net markup income arising from lower funding costs and improved spreads despite a decline in gross markup income. Operating efficiency also improved, while capitalization remained strong, supported by internal capital generation, high capital adequacy levels and substantial buffers above regulatory requirements.

Saudi Pak Industrial and Agricultural Investment Company's investment portfolio continues to be conservatively structured, with a significant proportion invested in Federal Government Securities. Liquidity indicators remain adequate, supported by compliance with regulatory liquidity requirements and access to secured funding sources, although the funding profile remains predominantly borrowings based.

The ratings also incorporate Saudi Pak Industrial and Agricultural Investment Company's continued focus on technology modernization, digitalization and operational resilience through upgrades to core systems, cybersecurity infrastructure and enterprise platforms. Going forward, the ratings will remain dependent on Saudi Pak Industrial and Agricultural Investment Company's ability to sustain asset quality, profitability and capitalization metrics while maintaining prudent risk management practices and further expanding its core development finance activities.

## Company Profile

Saudi Pak Industrial and Agricultural Investment Company Limited was incorporated in 1981 as a development financial institution, with primary objective of investing and financing in industrial and agro-based industrial projects in Pakistan. The institution is a joint venture agreement between its two sponsors, the Government of Kingdom of Saudi Arabia (KSA) and the Government of Islamic Republic of Pakistan (GoP).

### AUDITOR'S OPINION

The CY25 financial statements were audited by Grant Thornton Anjum Rahman-Chartered Accountants, which is a QCR Rated Firm and categorized as 'Category A' on the SBP's Panel of Auditors. The auditor issued an unqualified opinion on the financial statements.

### IT DEVELOPMENTS

During 2025, Saudi Pak Industrial and Agricultural Investment Company continued strengthening its Information Technology infrastructure and operating capacity through modernization of core enterprise platforms and enhancement of technology controls. Key developments included migration of the legacy Human Resource Management System (HRMS) to Smart HCM on a private virtual cloud environment, upgrade of the General Ledger and Fixed Asset systems, and acquisition of an Enterprise Resource Planning (ERP) solution covering expense management and inventory controls, with implementation targeted in 2026.

Saudi Pak Industrial and Agricultural Investment Company also progressed automation initiatives relating to the Internal Audit Division and accelerated User Acceptance Testing cycles. On the infrastructure side, storage capacity was expanded, network modernization across LAN and WAN environments was undertaken, and Virtual Private Network (VPN) services were implemented to strengthen secure connectivity. Cybersecurity posture was further enhanced through firewall upgrades and related perimeter control improvements. In addition, information governance initiatives included implementation of a Document Management System and a structured digitization Programme for physical records, while collaboration controls were strengthened through deployment of Microsoft Outlook and SharePoint.

### STRATEGIC INVESTMENTS

Saudi Pak Industrial and Agricultural Investment Company Limited has a strategic investment in Saudi Pak Real Estate Limited (SPR) worth PKR 500mn. SPR is a wholly owned subsidiary and is involved in the real estate business. SPR has two offices at Tricon Center, Lahore and one office in Balad Trade Centre-III, Clifton Karachi. SPR reported a profit of PKR 72.1mn (CY24: PKR 61.3mn) during the outgoing year.

## Sponsor Profile

NAME	SHAREHOLDING (In %)	PROFILE
State Bank of Pakistan	50%	The Government of Pakistan retains board representation rights through the appointment of three nominee directors. Pakistan operates as a federal parliamentary republic with an economy supported by the services, agriculture, and industrial sectors. The sovereign's fiscal and external profile has historically remained exposed to refinancing and

		external funding pressures; however, recent stabilization measures, supported by multilateral financing arrangements and fiscal consolidation efforts, have contributed toward improving macroeconomic indicators. In July 2025, S&P Global Ratings upgraded Pakistan's long-term foreign currency sovereign credit rating to 'B-' from 'CCC+', with a Stable Outlook.
Ministry of Finance, KSA	50%	The Government of the Kingdom of Saudi Arabia exercises governance oversight through the appointment of three nominee directors on the Board. Saudi Arabia is the largest economy in the GCC region, supported by substantial hydrocarbon reserves, strong fiscal buffers, and sizeable foreign exchange reserves. The sovereign continues to pursue economic diversification initiatives under Vision 2030, with increasing contribution from non-oil sectors and infrastructure-related investments. In March 2025, S&P Global Ratings upgraded Saudi Arabia's long-term sovereign credit rating to 'A+' from 'A', with a Stable Outlook

## Management and Governance

### BOARD OF DIRECTORS OVERVIEW

The Board of Directors (BoD) of Saudi Pak Industrial and Agricultural Investment Company Limited comprises six members including 3 nominees each of the GoP and the KSA. Exemptions have been obtained from the State Bank of Pakistan (SBP) regarding the appointment of an independent director. Regarding female directors, no nominations have been received from the Governments of Pakistan and KSA. No casual vacancy has occurred or arisen during the review period. During the year 2025, three Directors representing Kingdom of Saudi Arabia (KSA) were reappointed. The Directors nominated by the Government of Pakistan also remained unchanged during the period.

Saudi Pak Industrial and Agricultural Investment Company Limited confirms that all requirements under Regulations of the Code of Corporate Governance have been duly complied with as of CY25.

**Table 1: Board of Directors**

NAME	CATEGORY	REPRESENTATIVE
Mr. Sultan Abdulrauf	Chairman	
Mr. Majid Misfer J. Alghamdi	Non-Executive Director	Government of KSA
Mr. Ghanem Al Ghanem		
Mr. Awais Manzur Sumra		
Mr. Qumar Sarwar Abbasi		Government of Pakistan
Mr. Ali Tahir		

### BOARD COMMITTEES

To maintain effective oversight, the BOD has three committees in place namely Board Audit Committee (BAC), Board Human Resource & Remuneration Committee (BHRC) and Board Risk Management Committee (BRMC); attendance track record of BoD members in committee meetings is considered satisfactory.

**Table 2: Board Committees**

BOARD COMMITTEE	MEETINGS 2025
Board Audit Committee (BAC)	4

Board Human Resource & Remuneration Committee (BHRC)	2
Board Risk Management Committee (BRMC)	2

## CHAIRMAN/CEO PROFILE

**Profile of Chairman:** Mr. Sultan Abdulrauf, a nominee of KSA, has more than 26 years of experience in corporate finance and equity management

**Profile of CEO:** Mr. Rizwan Sheikh is a seasoned professional with more than 27 years of experience in driving portfolio strategy for local and international banks and rolling out innovative responsible finance initiatives for corporate and MSME customers.

## Business Risk

### INDUSTRY UPDATE

The Development Finance Institutions (DFIs) sector continued to contract in FY25, with total assets declining to PKR 1,488bn (FY24: PKR 2,460bn), reflecting a 39.5% contraction. Consequently, the sector's share in total financial system assets declined to 2.0% from 3.8% (6.0% in FY23), while assets-to-GDP ratio reduced to 1.3% from 2.3%. This contraction continued in 1HFY26, with total assets recorded at PKR 1,352bn. Around 75% (FY25: 77%) of the sector's assets are vested in investments, of which 95% are allocated to government securities. However, the share of investments has reduced lately; with growth seen in advances that reached PKR 235.3bn (FY25: PKR 217.6bn) by end-Dec'25 and comprised 17.4% (FY25: 14.6%) of the asset base.

The large proportion of investments on the balance sheet signify limited role in developmental lending by the sector players. In periods of high interest rates, the DFIs had larger balance sheets featuring high volumes of treasury operations. However, with changing interest rate trends, the DFIs' Net Interest Margin (NIM) turned negative in 1HFY24, creating an incentive for DFIs to reduce investments and expensive borrowings. This portfolio rebalancing resulted in reduced investments of PKR 1,185bn (FY24: PKR 2,134bn) as of end-FY25. Investments continued to decline and reached PKR 1,013bn as of Dec'25.

Profitability improved during FY25, with after-tax profit rising to PKR 42bn (FY24: PKR 13bn), supported by lower funding costs, reduced borrowings, and higher dividend income. Additionally, profitability improved further and reached PKR 35.6bn as opposed to PKR 27.3bn in the Same Period Last Year (SPLY) driven by improvement in the Net markup income to PKR 41.4bn (Dec'24: PKR 24.9bn).

The decline in NPLs to total loans indicates improved asset quality, while higher provisioning coverage reflects strengthened loss absorption capacity; the negative net NPLs-to-capital position further suggests negligible residual credit risk and adequate capital protection against impaired exposures. Additionally, solvency profile of the sector remained strong, despite some moderation in risk-weighted capital indicators. The Total Capital to Total Risk-Weighted Assets (RWA) ratio declined slightly to 56.7% (FY25: 58.1%) at Dec-25, while Tier-1 Capital to Total RWA ratio also moderated to 52.5% (FY25: 54.2%) over the same period, indicating a marginal reduction in capital buffers against risk-weighted exposures; however, both ratios remained at elevated levels, suggesting substantial capacity to absorb unexpected losses. In contrast, the Capital to Total Assets ratio strengthened to 16.2% (FY25: 13.3%) at Dec-25, reflecting improved overall capitalization and reduced leverage at the balance sheet level.

Market risk exposure in the DFI sector remained largely contained at end-Jun'25, supported by minimal equity exposure of 0.6% of the capital base, thereby limiting vulnerability to equity market volatility. However, interest rate risk remains a relevant consideration given the sector's significant exposure to government securities classified under FVOCI. Within the FVOCI portfolio, floating-rate securities constituted a dominant share of 83.4% at Jun'25, increasing from 56.9% at Jun'24, while the share of fixed-rate securities declined to 7.9% from 39.5%, indicating a shift toward instruments with relatively lower repricing risk. Notwithstanding this favorable shift, duration risk remains present, as the weighted average duration of fixed-rate FVOCI securities increased to 1.66 years at Jun'25 from 1.31 years at Jun'24, indicating heightened sensitivity to valuation changes in response to interest rate movements. In comparison, floating-rate FVOCI securities exhibited a shorter duration of 0.78 years at Jun'25, reflecting relatively lower duration exposure.

DFIs in Pakistan continue to be taxed under the general corporate taxation framework applicable to companies. As of CY25, DFIs are subject to corporate income tax at the standard rate of 29%, along with the applicable Super Tax under Section 4C of the Income Tax Ordinance, 2001, where taxable income exceeds the prescribed thresholds. Unlike banking companies, which are taxed at a higher rate of 39%, DFIs are not subject to the banking-sector specific tax regime.

### ASSET MIX

**Table 3: Asset Mix (In PKR Millions)**

ASSET MIX (In PKR million)	Dec-24	%	Dec'25	%	Mar-26	%
Cash and balances with treasury banks	225.0	0.1%	257.9	0.5%	226.5	0.4%
Balances with other banks	75.9	0.0%	665.3	1.3%	157.9	0.3%
Lending to financial institutions	384.2	0.2%	84.8	0.2%	59.9	0.1%
Investments	145,017.7	85.0%	22,736.5	43.3%	21,906.4	42.0%
Advances	12,724.5	7.5%	18,562.5	35.3%	20,164.7	38.7%
Fixed assets	5,523.4	3.2%	5,323.9	10.1%	5,285.3	10.1%
Intangible assets	5.1	0.0%	7.3	0.0%	6.8	0.0%
Deferred tax assets	0.0	0.0%	0.0	0.0%	0.0	0.0%
Other assets	6,587.7	3.9%	4,680.1	8.9%	4,193.9	8.0%
Assets classified as held-for-sale	81.3	0.0%	210.4	0.4%	149.2	0.3%
<b>Total</b>	<b>170,624.9</b>	<b>100.0%</b>	<b>52,528.75</b>	<b>100.0%</b>	<b>52,150.5</b>	<b>100.0%</b>

Saudi Pak Industrial and Agricultural Investment Company Limited asset base declined by 69.2% to PKR 52.5bn as at end-Dec'25 (CY24: PKR 170.6bn), compared to an industry-wide contraction of 39.5%. The reduction primarily stemmed from a significant winding down of spread-based transactions and moderation in the investment portfolio amid the declining interest rate environment and lower arbitrage opportunities. Concurrently, Saudi Pak Industrial and Agricultural Investment Company Limited increased focus on core lending activities, resulting in higher funds being deployed toward the advances portfolio. Accordingly, advances increased to PKR 18.6bn, constituting 35.3% of the asset base (CY24: 7.5%). Meanwhile, the proportion of investments within the asset mix declined to 43.3% (CY24: 85.0%), with the investment portfolio reducing to PKR 22.7bn (CY24: PKR 145.0bn) as at end-Dec'25, reflecting portfolio rebalancing and lower reliance on investment-led balance sheet expansion.

The asset base declined marginally further to PKR 52.2bn as at end-March'26. The portfolio composition remained dominated by investments amounting to PKR 21.9bn, representing 42.0% of total assets, followed by advances which increased to PKR 20.1bn and constituted 38.7% of the asset base.

## CREDIT RISK

Saudi Pak Industrial and Agricultural Investment Company Limited's gross advances portfolio increased by 35.9% to PKR 21.3bn as at end-Dec'25 (CY24: PKR 15.6bn), outpacing the industry growth rate of 8.1%. The portfolio remained concentrated in the Textile sector at 22.2% (CY24: 21.2%), followed by Transport, Storage & Communication at 20.7% (CY24: 11.2%), Power sector, which constituted 15.4% of gross advances (CY24: 29.6%), followed by Chemical & Pharmaceuticals at 9.3% (CY24: 6.0%). Sector-wise analysis of non-performing loans indicated concentration primarily in the Textile sector, followed by Automobile & Transportation Equipment and Sugar. The growth in gross advances continued during the ongoing year, as gross advances reached PKR 22.8bn at end-March'26. As per management, future growth in advances will be driven by Agriculture sector and preference will be given to sectors such as solar and sectors that not heavily reliant on fossil fuels.

Furthermore, Saudi Pak Industrial and Agricultural Investment Company Limited top 10 funded and non-funded exposures aggregated to PKR 13.5bn as at end-Dec'25 (CY24: PKR 9.5bn), representing 63.6% of the gross advances portfolio (CY24: 60.4%), indicating a relatively concentrated credit exposure profile.

Saudi Pak Industrial and Agricultural Investment Company Limited made disbursements of PKR 28.7bn, which were significantly higher than the previous year's disbursement of PKR 14.8bn as at CY24. The bank disbursed majority of its loans in the Sindh and Punjab regions.

## PROFITABILITY

**Table 4: Profitability Metrics (In PKR Millions)**

PROFITABILITY METRICS	2023	2024	2025	1QCY26
Return on markup bearing assets	21.35%	12.98%	9.98%	11.38%
Cost of funding	19.80%	12.56%	8.81%	10.62%
<b>Spread</b>	<b>1.30%</b>	<b>0.42%</b>	<b>1.17%</b>	<b>0.77%</b>

Net Interest Margin (In PKR Millions)	334.1	1087.3	1525.0	348.9
Efficiency	97.6%	93.8%	86.4%	84.2%
ROAA	0.9%	0.97%	1.8%	1.1%
ROAE	4.0%	7.1%	9.4%	3.9%

Saudi Pak Industrial and Agricultural Investment Company Limited's markup income declined by 41.4% to PKR 6.4bn during CY25 (CY24: PKR 11.0bn), primarily due to lower income generated from investments amounting to PKR 3.9bn (CY24: PKR 8.8bn). The decline was attributable to contraction in the average markup-bearing asset base to PKR 100.6bn, alongside the lower interest rate environment, resulting in a reduced yield on earning assets of 6.4%. Concurrently, markup expense declined significantly to PKR 4.9bn (CY24: PKR 9.9bn), mainly due to lower repo borrowings and reduced funding costs, translating into a lower cost of funding of 5.3% (CY24: 10.3%). Consequently, despite the decline in markup earned, the proportionately larger reduction in markup expenses supported an increase in net markup income to PKR 1.5bn (CY24: PKR 1.1bn), with Net Interest Margin (NIM) improving to 1.04% in CY25.

Total non-markup income declined to PKR 680.5mn (CY24: PKR 807.5mn), due to lower realized gains on securities amounting to PKR 103.1mn (CY24: PKR 141.2mn), alongside reduced dividend income. Meanwhile, operating expenses increased to PKR 857.7mn (CY24: PKR 675.5mn). Nevertheless, the decline in recurring expenses remained lower than the contraction in recurring income, resulting in an improvement in the efficiency ratio to 86.4% (CY24: 93.8%). Accordingly, Saudi Pak Industrial and Agricultural Investment Company Limited's profit before tax increased to PKR 1.9bn during CY25 (CY24: PKR 1.4bn), supported by higher net markup income.

During 1QCY26, net markup income declined to PKR 348.9mn (1QCY25: PKR 572.1mn), reflecting pressure on spreads and weakening in NIM amid the lower interest rate environment. Operating expenses remained broadly stable at PKR 208.9mn (1QCY25: PKR 214.6mn), with the efficiency ratio remaining largely unchanged at 84.2% (1QCY25: 84.0%). Profit after tax declined to PKR 143.6mn during 1QCY26 (1QCY25: PKR 319.8mn) as provisioning reversals normalized. Going forward, sustained improvement in core profitability would remain dependent on growth in the advances portfolio and development of a comparatively stable and cost-efficient funding base. In the near-term there is some pressure on margins, particularly in case of any deterioration in asset quality.

## Financial Risk

### ASSET QUALITY

Table 5: Asset Quality Indicators

ASSET QUALITY INDICATORS	2024	2025	1QCY26
Gross Advances	15,650.8	21,261.4	22,826.9
Stage 2	113.0	116.2	120.2
NPLs	2,476.0	2,262.7	2,185.8
Specific Provision (ECL for stage 3)	2,474.1	2,228.0	2,185.8
General Provision (ECL Stage 1&2 + General Provision)	452.2	470.9	476.5
Net Advances (With specific provisioning)	12,724.5	18,562.5	20,164.7
Gross Infection	15.8%	10.6%	9.6%
Net Infection	0.0%	0.2%	0.0%
Specific Provisioning Coverage	99.9%	98.5%	100.0%
General Provisioning Coverage	3.4%	2.5%	2.3%
Tier 1 Equity	13,545.3	14,688.7	14,731.2
Net NPLs/Tier 1 Equity (Adj. for general provision)	0.0%	0.2%	0.0%

Saudi Pak Industrial and Agricultural Investment Company Limited Non-Performing Loans (NPLs) decreased marginally to PKR 2.2bn (CY25: PKR 2.3bn; CY24: 2.5bn) at end-1QCY25. These NPLs (Stage 3 advances) pertained to clients in the spinning and textile sector in addition to engineering automobile and transportation and sugar sectors. Against these non-performing exposures, Saudi Pak Industrial and Agricultural Investment Company Limited maintained provisioning of PKR 2.2bn, translating into a provisioning coverage ratio of 100% as at end-March'26. In addition, general provisions stood at PKR 476.5mn (CY25: PKR 470.9mn), providing coverage equivalent to 2.3% of gross advances (CY25: 2.5%; CY24: 3.4%). The marginal reduction in non-performing loans, alongside growth in the gross advances portfolio, resulted in an

improvement in the gross infection ratio to 9.6% as at end-March'26 (CY25: 10.6%; CY24: 15.8%). Meanwhile, the net infection ratio remained negligible, reflecting adequate provisioning buffers and sufficient embedded loss absorption capacity.

During 1QCY26, Saudi Pak Industrial and Agricultural Investment Company Limited conducted a portfolio-wide stress assessment to evaluate the impact of adverse geopolitical and trade disruption scenarios on credit quality. The exercise incorporated assumptions relating to lower export sales and higher input costs, particularly for obligors with GCC-linked trade exposure. Based on the stressed assumptions, management estimated an incremental ECL requirement of approximately PKR 300mn. While the exercise identified Textile, Electronics, Telecom, Tyres, and Transport as relatively more vulnerable sectors, the estimated provisioning impact remains manageable relative to Saudi Pak Industrial and Agricultural Investment Company Limited's existing provisioning buffers and capitalization levels.

## INVESTMENT PORTFOLIO

Table 6: Investment Portfolio (Amount in Millions)

INVESTMENT MIX	CY24	%	CY25	%	1QCY26	%
Listed Companies	681.5	0.5%	728.0	3.2%	494.0	2.3%
Unlisted Companies	540.7	0.4%	719.1	3.2%	665.4	3.0%
PIBs	85,882.1	59.2%	18,153.1	79.8%	17,999.2	82.2%
Market T-Bills	55,523.2	38.3%	806.1	3.5%	491.1	2.2%
Term Finance Certificates TFCs/Sukuk	1,854.0	1.3%	1,667.2	7.3%	1,601.5	7.3%
Term Deposit	36.3	0.0%	163.1	0.7%	155.2	0.7%
Subsidiary	500.0	0.3%	500.0	2.2%	500.0	2.3%
Total	145,017.7	1.0	22,736.5	1.0	21,906.4	1.0

Saudi Pak Industrial and Agricultural Investment Company Limited investment portfolio decreased to PKR 21.9bn (CY25: PKR 22.7bn; CY24: 145.0bn) as at 1QCY26 following the uncertainty around policy rates. From a credit risk perspective, the investment book remains conservatively structured, with 84.4% (CY25: 83.4%; CY24: 97.5%) of total investments placed in Federal Government Securities—sovereign instruments considered low-risk within the domestic financial system, offering high capital preservation and minimal default risk.

Within federal government securities, Pakistan Investment Bonds (PIBs) constitute approximately 82.2% of the investment portfolio. Within the PIBs portfolio, fixed rate PIBs accounted for approximately PKR 1.9b, while floating rate PIBs constituted the remainder. The average weighted duration of PIBs and T-Bills was 0.25 and 0.26 respectively. The elevated exposure to short-tenor floating-rate instruments during the review period led to a weighted average duration of less than one year for both the PIB portfolio and the overall investment book, indicating low sensitivity to interest rate movements.

## LIQUIDITY

Table 7: Liquidity Indicators (All Amounts in PKR Millions)

LIQUIDITY	CY24	CY25	1QCY26
<b>Liquid Assets to Deposits &amp; Borrowings - Adjusted</b>	<b>11.90%</b>	<b>64.13%</b>	<b>28.57%</b>
Liquid Assets (Adjusted for Collateral)	17,267.5	19,015.4	4,862.6
Borrowings	145,684.4	29,113.7	28,657.4
Deposits	5,296.8	3,238.4	3,727.4
Repo Borrowings	5,919.3	2,700.0	15,362.0
Adjusted Borrowings & Deposits	145,061.8	29,652.1	17,022.8
<b>Liquidity Coverage Ratio (LCR)</b>	<b>108.8%</b>	<b>135.5%</b>	<b>702.0%</b>
<b>Net Stable Funding Ratio (NSFR)</b>	<b>191.6%</b>	<b>139.5%</b>	<b>130.1%</b>

Saudi Pak Industrial and Agricultural Investment Company Limited's deposits increased to PKR 3.7bn as at end-March'26 (CY25: PKR 3.2bn), primarily driven by higher mobilization from private sector entities, which constituted 75.8% of the deposit base, followed by Non-Banking Financial Institutions (24.2%).

Accordingly, Saudi Pak Industrial and Agricultural Investment Company Limited funding profile remained predominantly reliant on borrowings, which stood at PKR 28.7bn (CY25: PKR 29.1bn). The borrowing mix was primarily composed of repo borrowings amounting to PKR 15.4bn (CY25: PKR 2.7bn), followed by borrowings against book debts/receivables of PKR 10.8bn (CY25: PKR 11.0bn). Meanwhile, liquid assets, adjusted for pledged collateral, declined to PKR 4.9bn as at end-March'26 (CY25: PKR 19.0bn), resulting in a reduction in coverage of adjusted borrowings and deposits by liquid assets to 28.6% (CY25: 64.1%).

### CAPITALIZATION

**Table 8: Capitalization Indicators (Amounts in PKR Millions)**

CAPITALIZATION	CY24	CY25	1QCY26
Tier I Equity	13,550.4	14,696.0	14,739.5
Share capital	6,765.0	6,765.0	6,765.0
Reserves	2,075.6	2,340.4	2,340.4
Unappropriated profit	4,709.8	5,590.6	5,634.1
Surplus on revaluation of assets	2,684.6	3,267.7	2,967.8
Total Eligible Capital	16,572.5	18,359.9	18,119.7
Eligible Tier I Capital	13,545.3	14,688.7	14,731.2
Eligible Tier II Capital	3,027.2	3,671.2	3,388.5
Risk Weighted Assets (RWA)	41,415.7	43,099.6	43,942.2
Total CAR	40.0%	42.6%	41.2%
Tier I CAR	32.7%	34.1%	33.5%
Leverage	7.7%	22.2%	22.0%

Saudi Pak Industrial and Agricultural Investment Company Limited Tier I Capital increased to PKR 14.7bn as at end-Dec'25 (CY24: PKR 13.6bn), supported by higher profit retention during the year. Eligible Tier I Capital stood at PKR 14.7bn (CY24: PKR 13.5bn). Meanwhile, Tier II Capital rose to PKR 3.7bn (CY24: PKR 3.0bn), primarily due to a gain of PKR 209.1mn on Available-for-Sale (AFS) securities compared to a loss of PKR 471.9mn in the preceding year, along with an increase in eligible general provisions/reserves to PKR 416.9mn (CY24: PKR 356.5mn). Consequently, total eligible capital improved to PKR 18.4bn (CY24: PKR 16.6bn).

Saudi Pak Industrial and Agricultural Investment Company Limited's Risk Weighted Assets (RWAs) increased to PKR 43.1bn as at end-Dec'25 (CY24: PKR 41.4bn), mainly due to growth in Operational RWAs, which rose to PKR 4.2bn (CY24: PKR 3.0bn). The increase was attributable to a higher operational risk capital charge under the Basic Indicator Approach (BIA), stemming from growth in average gross income to PKR 2.24bn (CY24: PKR 1.60bn). As at end-March'26, total eligible capital declined marginally to PKR 18.1bn due to lower Tier II Capital, while RWAs increased to PKR 43.9bn on account of a higher credit risk component.

Despite the increase in RWAs, Saudi Pak Industrial and Agricultural Investment Company Limited maintained a strong capitalization profile, with the Capital Adequacy Ratio (CAR) reported at 42.6% as at end-Dec'25 (CY24: 41.2%), remaining significantly above the minimum regulatory requirement of 11.5%. The CAR moderated slightly to 41.2% as at end-March'26 due to lower eligible capital and higher RWAs. Additionally, Saudi Pak Industrial and Agricultural Investment Company Limited's leverage ratio improved to 22.2% as at end-Dec'25 (CY24: 7.7%) and remained broadly stable at 22.0% as at end March 26, well above the regulatory minimum threshold of 3.0%.

FINANCIAL SUMMARY		(in PKR million)				
<b>BALANCE SHEET</b>		<b>Dec-22</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Mar-26</b>
Total Investments		36,321.0	35,336.5	145,017.7	22,736.5	21,906.4
Net Advances		9,119.3	8,262.2	12,724.5	18,562.5	20,164.7
Total Assets		53,606.4	56,137.4	170,624.9	52,528.8	52,150.5
Borrowings		36,774.9	37,199.3	145,684.4	29,113.7	28,657.4
Deposits & other accounts		1,953.0	3,665.0	5,296.8	3,238.4	3,727.4
Total Liabilities		39,563.1	41,958.5	154,389.8	34,565.1	34,443.3
Paid-Up Capital		6,765.0	6,765.0	6,765.0	6,765.0	6,765.0
Tier-1 Equity		12,253.6	12,299.9	13,545.3	14,688.7	14,731.2
Net Worth (Exc. Surplus on Reval.)		12,730.8	12,599.5	13,550.4	14,696.0	14,739.5
<b>INCOME STATEMENT</b>		<b>Dec-22</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Mar-26</b>
Net Mark-up Income		499.3	334.1	1,087.3	1,525.0	348.9
Net Provisioning / (Reversal)		319.0	467.4	-169.7	-564.5	-70.5
Non-Markup Income		740.2	1,252.7	807.5	680.5	32.8
Operating Expenses		527.5	561.4	675.5	857.7	208.9
Profit Before Tax		394.0	557.9	1,383.9	1,912.3	243.3
Profit After Tax		310.7	507.6	919.8	1,373.1	143.6
<b>RATIO ANALYSIS</b>		<b>Dec-22</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25</b>	<b>Mar-26</b>
Gross Infection (%)		24.2%	22.4%	15.8%	10.6%	9.6%
Net Infection (%)		5.5%	-4.1%	0.0%	0.2%	0.0%
Specific Provisioning / ECL Stage 3 Coverage (%)		81.7%	113.6%	99.9%	98.5%	100.0%
General Provisioning (ECL Stage 1&2 + General Provision) Coverage (%)		1.0%	3.3%	3.4%	2.5%	2.3%
Net NPLs to Tier-1 Capital (%) (adj. for general prov.)		4.1%	-2.8%	0.0%	0.2%	0.0%
Cost of funds* (%)		12.0%	19.8%	12.6%	8.8%	10.62%
Markup Spreads* (%)		-0.6%	1.3%	0.4%	1.2%	0.77%
Efficiency* (%)		93.2%	97.6%	93.8%	86.4%	84.2%
ROAA* (%)		0.6%	0.9%	1.0%	1.8%	1.1%
ROAE* (%) (Exc. Surplus on Reval.)		2.5%	4.0%	7.1%	9.4%	3.9%
Liquid Coverage Ratio (%)		140.8%	164.1%	108.8%	135.5%	702.0%
Net Stable Funding Ratio (%)		169.0%	154.6%	191.6%	139.5%	130.1%
Liquid Assets to Deposits & Borrowings** (%)		68.1%	46.2%	11.9%	64.1%	28.6%
Gross Advances to Deposits Ratio*** (%)		450.0%	244.7%	265.9%	625.9%	587.6%
Capital Adequacy Ratio (%)		42.9%	42.4%	40.0%	42.6%	41.2%

\*Annualized

\*\*Adjusted for repo and collateral

\*\*\*Adjusted for SBP refinancing scheme

## REGULATORY DISCLOSURES Appendix II

<b>Name of Rated Entity</b>	Saudi Pak Industrial and Agricultural Investment Company Limited				
<b>Sector</b>	Development Finance Institution (DFI)				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	<b>Entity Ratings</b>				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Short-Term</b>	<b>Outlook/ Rating Watch</b>	<b>Rating Action</b>
	<b>RATING TYPE: ENTITY</b>				
	06/24/2026	AAA	A1+	Stable	Reaffirmed
	06/28/2025	AAA	A1+	Stable	Upgrade
	06/28/2024	AA+	A1+	Stable	Reaffirmed
	06/23/2023	AA+	A1+	Stable	Reaffirmed
	06/28/2022	AA+	A1+	Stable	Reaffirmed
	06/11/2021	AA+	A1+	Stable	Reaffirmed
	06/10/2020	AA+	A1+	Stable	Reaffirmed
	05/31/2019	AA+	A1+	Stable	Reaffirmed
	06/12/2018	AA+	A1+	Stable	Reaffirmed
	06/19/2017	AA+	A1+	Stable	Reaffirmed
	06/17/2016	AA+	A1+	Stable	Reaffirmed
	06/09/2015	AA+	A1+	Stable	Reaffirmed
	12/12/2014	AA+	A1+	Stable	Upgrade
	07/02/2014	AA	A1+	Positive	Reaffirmed
	06/29/2013	AA	A1+	Positive	Maintained
06/29/2012	AA	A1+	Stable	Downgrade	
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
<b>Probability of Default</b>	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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<b>Due Diligence Meetings Conducted</b>	<b>Name</b>	<b>Designation</b>		<b>Date</b>	
	Usman Manzoor	CFO		17 <sup>th</sup> May, 2026	
	Umair Hashim	CRO			