

# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025



	Note	December 31, 2025	December 31, 2024 Restated	January 1, 2024 Restated
(Rupees)				
<b>ASSETS</b>				
Property and equipment	6	142,268,465	115,379,916	75,697,353
Intangible assets	7	610,242	496,333	-
Investment properties	8	177,296,197	168,875,569	167,050,569
Investments				
Equity securities	9	143,198,161	389,249,173	115,018,363
Debt securities	10	320,531,242	378,240,488	119,292,049
Term deposits	11	80,000,000	2,780,000	448,879,290
Advances, deposits and other receivables	12	38,317,263	30,434,180	22,617,001
Insurance / re-insurance receivables	13	449,418,969	409,234,224	241,444,093
Re-insurance recoveries against outstanding claims	26	50,795,345	11,809,349	8,006,239
Salvage recoveries accrued		404,063	327,470	28,200
Deferred commission expense	27	54,220,150	85,065,952	38,205,966
Prepayments	25	131,441,616	51,782,176	48,477,102
Deferred taxation - net	14	9,203,408	-	-
Bank deposits subject to margin and encumbrances	4.24 & 15	756,299,543	35,967,143	51,993,778
Cash and bank	16	123,667,196	234,157,570	200,195,012
		<u>2,477,671,860</u>	<u>1,913,799,542</u>	<u>1,536,905,014</u>
Total assets of window takaful operations - Operator's Fund	17	170,424,428	120,211,125	83,724,066
Total assets of window takaful operations - Participants' Takaful Fund	4.24 & 18	268,245,892	150,061,590	80,673,254
<b>Total Assets</b>		<u>2,916,342,180</u>	<u>2,184,072,256</u>	<u>1,701,302,334</u>
<b>EQUITY AND LIABILITIES</b>				
Capital and reserves attributable to Company's equity holders				
Share capital	19	806,250,000	645,000,000	600,000,000
Reserves	20	20,150,794	33,059,831	20,237,792
Unappropriated profit		320,723,478	329,637,419	224,368,048
		<u>1,147,124,272</u>	<u>1,007,697,250</u>	<u>844,605,840</u>
<b>Total Equity</b>				
<b>Liabilities</b>				
<b>Underwriting provisions</b>				
Outstanding claims including IBNR	26	253,243,101	196,681,260	207,559,987
Unearned premium reserves	25	406,464,566	473,265,299	249,264,266
Premium deficiency reserves	28	337,245	337,245	337,245
Unearned reinsurance commission	27	11,203,180	2,991,559	2,880,777
Lease liabilities	21	46,564,270	16,389,527	19,415,330
Premium received in advance		22,645,356	2,332,085	11,144,220
Insurance / re-insurance payables	22	102,706,148	55,429,758	32,297,866
Other creditors and accruals	23	553,426,188	200,641,703	206,837,955
Unclaimed dividend		3,178,301	3,178,301	1,823,901
Taxation - provision less payments		11,373,351	26,082,865	22,003,845
		<u>1,411,141,706</u>	<u>977,329,602</u>	<u>753,565,392</u>
Total liabilities of window takaful operations - Operator's Fund		89,830,310	48,983,815	22,457,848
Total liabilities and fund of window takaful operations - Participants' Takaful Fund	4.24 & 18	268,245,892	150,061,590	80,673,254
<b>Total Liabilities</b>		<u>1,769,217,908</u>	<u>1,176,375,006</u>	<u>856,696,494</u>
<b>Total Equity and Liabilities</b>				
		<u>2,916,342,180</u>	<u>2,184,072,256</u>	<u>1,701,302,334</u>
<b>Contingencies and commitments</b>				
	24			

The annexed notes from 1 to 49 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2025



	Note	2025	2024
		(Rupees)	
Net insurance premium	25	<b>1,125,503,487</b>	921,355,903
Net insurance claims	26	<b>(588,235,850)</b>	(444,013,082)
Net commission expense / acquisition cost	27	<b>(180,177,723)</b>	(156,728,274)
Insurance claims and acquisition expenses		<b>(768,413,573)</b>	(600,741,356)
Management expenses	29	<b>(279,630,703)</b>	(254,267,958)
Underwriting results		<b>77,459,211</b>	66,346,589
Investment income	30	<b>94,111,172</b>	96,580,859
Unrealised gain on investment properties		<b>8,420,628</b>	1,825,000
Rental income	31	<b>2,594,756</b>	2,389,364
Other income	32	<b>50,658,072</b>	72,630,298
Other expenses	33	<b>(37,967,496)</b>	(10,924,422)
Results of operating activities		<b>195,276,343</b>	228,847,688
Finance charges		<b>(7,182,743)</b>	(3,117,458)
Profit before tax from window takaful operations - OPF	34	<b>13,068,011</b>	13,074,252
Profit before tax		<b>201,161,611</b>	238,804,482
Taxation	35	<b>(48,825,552)</b>	(73,535,110)
Profit for the year		<b>152,336,059</b>	165,269,371
Earnings per share - basic and diluted - (restated)	36	<b>1.89</b>	2.05

The annexed notes from 1 to 49 form an integral part of these financial statements.

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Director

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Chief Executive Officer

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Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2025



	2025	2024
	(Rupees)	
Profit for the year	<b>152,336,059</b>	165,269,371
<b>Other comprehensive loss</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Unrealised gain / (loss) on available for sale investments - net of tax	<b>54,245</b>	12,822,039
Reclassification adjustments relating to available-for-sale investments disposed of during the year	<b>(12,963,282)</b>	-
Other comprehensive (loss) / income	<b>(12,909,037)</b>	12,822,039
<b>Total comprehensive income for the year</b>	<b>139,427,022</b>	178,091,410

The annexed notes from 1 to 49 form an integral part of these financial statements.

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Chief Executive Officer

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Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025



## Attributable to equity holders of the Company

	Share capital	General reserves	Unrealised (loss) / gain on available-for-sale investments	Unappropriated (loss) / profit	Total Equity
	(Rupees)				
<b>Balance as at January 01, 2024</b>	600,000,000	20,000,000	237,792	224,368,048	844,605,840
Total comprehensive income for the year					
Profit for the year	-	-	-	165,269,371	165,269,371
Other comprehensive income for the year	-	-	12,822,039	-	12,822,039
	-	-	12,822,039	165,269,371	178,091,410
<b>Transactions with owners:</b>					
Bonus shares issued for the year ended December 31, 2023 @ 7.5%	45,000,000	-	-	(45,000,000)	-
Dividend for the year ended December 31, 2023 @ 2.5 rupees per share	-	-	-	(15,000,000)	(15,000,000)
	45,000,000	-	-	(60,000,000)	(15,000,000)
<b>Balance as at December 31, 2024</b>	645,000,000	20,000,000	13,059,831	329,637,419	1,007,697,250
<b>Total comprehensive income for the year</b>					
<b>Profit for the year</b>	-	-	-	152,336,059	152,336,059
<b>Other comprehensive (loss) for the year</b>	-	-	(12,909,037)	-	(12,909,037)
	-	-	(12,909,037)	152,336,059	139,427,022
<b>Transactions with owners:</b>					
Bonus shares issued for the year ended December 31, 2024 @ 25%	161,250,000	-	-	(161,250,000)	-
<b>Balance as at December 31, 2025</b>	806,250,000	20,000,000	150,794	320,723,478	1,147,124,272

The annexed notes from 1 to 49 form an integral part of these financial statements.

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Air Vice Marshal Muhammad Qaiser Janjua (Retd.) - Director

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Chief Executive Officer

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Chief Financial Officer

# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED DECEMBER 31, 2025



	2025	2024 Restated
Note	(Rupees)	
<b>OPERATING CASHFLOW</b>		
<b>a) Underwriting activities</b>		
Insurance premium received	1,409,449,185	1,452,164,023
Reinsurance premium paid	(403,000,955)	(463,582,534)
Claims paid	(609,961,851)	(474,072,021)
Reinsurance and other recoveries received	39,301,846	15,377,102
Commission paid	(136,426,131)	(215,673,120)
Commission received	56,814,787	21,880,042
Management expenses paid	(262,242,122)	(207,760,419)
Net cash generated from underwriting activities	<u>93,934,759</u>	<u>128,333,072</u>
<b>b) Other operating activities</b>		
Income tax paid	(68,354,154)	(46,486,424)
Net cash (used in) other operating activities	<u>(68,354,154)</u>	<u>(46,486,424)</u>
<b>Total cash (used in) / generated from operating activities</b>	<b><u>25,580,605</u></b>	<b><u>81,846,648</u></b>
<b>INVESTMENT ACTIVITIES</b>		
Investment income received	95,907,583	168,546,985
Rentals received	2,686,372	2,503,144
Bank deposits subject to margin and encumbrances	(720,332,400)	16,026,635
Security deposits against suretyship policies - net	348,804,147	(16,026,635)
Investments - net	258,252,140	(597,164,743)
Fixed capital expenditure	(32,760,390)	(61,698,746)
Proceeds from disposal of property and equipment	10,573,168	12,991,011
<b>Total cash (used in) investing activities</b>	<b><u>(36,869,379)</u></b>	<b><u>(474,822,349)</u></b>
<b>FINANCING ACTIVITIES</b>		
Financial charges paid	(7,182,743)	(3,117,458)
Principal repayment of lease liabilities against right-of-use assets	(14,798,857)	(16,043,573)
<b>Total cash (used in) financing activities</b>	<b><u>(21,981,600)</u></b>	<b><u>(19,161,031)</u></b>
<b>Net cash (used in) all activities</b>	<b><u>(33,270,374)</u></b>	<b><u>(412,136,731)</u></b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>236,937,570</u></b>	<b><u>649,074,302</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>203,667,196</u></b>	<b><u>236,937,570</u></b>

# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED DECEMBER 31, 2025



	2025	2024 Restated
	(Rupees)	
<b>Reconciliation to condensed interim profit and loss account</b>		
Operating cash flows	25,580,605	81,846,648
Depreciation	(36,153,843)	(21,374,025)
Finance charges against lease liabilities	(7,182,743)	(3,117,458)
Gain on disposal of property and equipment	2,909,939	8,466,107
Unrealised gain on investment properties	8,420,628	1,825,000
Rental income	2,594,756	2,389,364
Provision for impairment	(2,041,024)	-
(Increase) / decrease in assets - PTF	(118,184,303)	(69,388,336)
Increase / (decrease) in liabilities and fund - PTF	118,184,303	69,388,336
(Increase) / decrease in assets other than cash	177,380,566	232,380,165
Increase / (decrease) in liabilities	(126,352,009)	(246,801,541)
Investment income	94,111,173	96,580,859
Profit from window takaful operations - OPF	13,068,011	13,074,252
<b>Profit after tax</b>	<b>152,336,059</b>	<b>165,269,371</b>

### Definition of cash

Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash and cash equivalents for the purpose of the condensed interim cash flow statement include the following:

	2025	2024 Restated
	(Rupees)	
<b>Cash and other equivalents</b>		
Cash in hand	122,387	52,960
Policy stamps in hand	265,753	359,411
	<b>388,140</b>	<b>412,371</b>
<b>Cash at bank</b>		
Current accounts	21,281,402	48,963,327
Savings accounts	101,997,654	184,781,872
	<b>123,279,056</b>	<b>233,745,199</b>
<b>Deposits maturing within 3 month</b>		
Term deposits - local currency	80,000,000	2,780,000
	<b>203,667,196</b>	<b>236,937,570</b>

The annexed notes from 1 to 49 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed  
Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser  
Janjua (Retd.) - Director

Adeel Ali  
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Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 in Pakistan. The Company is a public limited company listed on Pakistan Stock Exchange and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, health, etc. On March 14, 2018 the Company was awarded license to commence Window Takaful Operations. Its registered office is located at 10th Floor, Shaheen Complex, Karachi. The Company operates only in Pakistan through 13 Branches. Shaheen Foundation (the parent) holds approximately 69.28% (2024: 69.28%) shares in the Company.

Following are the geographical location and address of all the business units of the Company:

#### Head office - registered office

10th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi, Province of Sindh, Pakistan.

#### Branches

- Office 1001 & 1014, Block B 10th Floor Saima Tower ,I.I Chundrigar Road, Karachi.
- Upper 2nd floor, House # 75, Soldier Bazar, Hyderabad, Sindh, Pakistan.
- Office 4-B, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan.
- Office No. 6, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan.
- Office No. 4, Mezzanine Floor Black Horse Plaza, Fazal-e-Haq Road Blue Area, Islamabad.
- Office 2, 4th Floor, Ahmed Plaza, Bilal Road, Civil Lines, Faisalabad, Punjab, Pakistan.
- Office 21 , 1st Floor Anali Arcade Near Chowk Kachary LMQ Road, Multan , Pakistan.
- Office C3, Jasmine Arcade Fakhr-e-Alam Road Peshawar Cantt, Khyber Pakhtunkhwa, Pakistan.
- Office 210, Karim Plaza, Defence Road, Near Allama Iqbal Town, Sialkot, Punjab, Pakistan.
- Office 63, 1st Floor, Advance Book Shop, Rehman Complex, Ibne Seena Hospital Market, Kanchi More, Sarghoda Punjab, Pakistan.
- Ghousia Sultania Town, Sakhi Sarwar Colony, Rahim Yar Khan, Punjab, Pakistan.
- Banglow no# 498. Block.a revenue employees co-operatives housing society, Lahore.
- Office no # 110, 1st floor, falak corporate opp. Chamber of commerce, talpur road, Karachi.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

#### 2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of, directives and notifications issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019.

In case requirements differ, the provision of, directives and notifications issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) wide the Insurance Rules, 2017 dated February 9, 2017 has prescribed the format of presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the held for trading investments, available for sale investments and investment properties that have been measured at fair value.

### 2.3 Functional and presentation currency

These financial statements have been prepared and presented in Pakistani Rupees ("rupees" or "Rupees"), which is the Company's functional and presentation currency.

## 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2025

The following standards, amendments and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements.

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability

January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements.

### 3.2 New accounting standards, amendments and interpretations that are not yet effective.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

#### Effective date (annual periods beginning on or after)

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)

January 01, 2026

#### Effective date (annual periods beginning on or after)

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)

January 01, 2026

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency

January 01, 2027

IFRS 17 Insurance Contracts

January 01, 2027

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### Effective date (annual periods beginning on or after)

IFRS 18 'Presentation and Disclosures in Financial Statements'	January 01, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 01, 2027

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the revised timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. Fair value measurement of financial instruments as at December 31, 2025 is presented in note 41 of these financial statements.

### 3.3 Temporary exemption from IFRS 17

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I) / 2023 dated November 21, 2023, SRO 506/(1)/2024 dated March 29, 2024 and SRO 1336(1)/2025 dated 23rd July, 2025 the IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance / takaful and re-insurance / re-takaful business from financial years commencing on or after January 01, 2027.

IFRS 17, replaces IFRS 4 "Insurance Contracts". The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This standard requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition / derecognition of IFRS 17. Companies subject to the requirement of SRO 1715 will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP vide letter no. ID/MDPRD/IFRS-17/2021/176 dated 15 June 2021 initiated a four-phase approach towards implementation of IFRS 17 "Insurance Contracts" out of which three phases are completed as at reporting date.

### 3.4 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted for temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. This deferment is in line with the transition of IFRS 17.

Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 given below:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



		2025			
		Fail the SPPI test		Pass the SPPI test	
		Fair value	Change in unrealised gain / (loss) during the year	Fair value	Change in unrealised gain / (loss) during the year
		----- (Rupees) -----			
Cash and bank balances	16	21,669,542	-	101,997,654	-
Equity securities	9	706,460	706,460	-	-
Debt securities	10	-	-	320,531,242	-
Term deposits	11	-	-	80,000,000	-
Mutual funds	9	142,491,701	54,245	-	-
Insurance / re-insurance receivables		449,418,969	-	-	-
Re-insurance recoveries against outstanding claims		50,795,345	-	-	-
Bank deposits subject to encumbrances		-	-	756,299,543	-
Loan and other receivable	12	38,317,263	-	-	-
		<u>703,399,280</u>	<u>760,705</u>	<u>1,258,828,439</u>	<u>-</u>

		2024			
		Fail the SPPI test		Pass the SPPI test	
		Fair value	Change in unrealised gain / (loss) during the year	Fair value	Change in unrealised gain / (loss) during the year
		----- (Rupees) -----			
Cash and bank balances	16	49,375,698	-	220,749,015	-
Equity securities	9	321,671	44,913	-	-
Debt securities	10	-	-	331,326,640	-
Term deposits	11	-	-	2,780,000	-
Mutual funds	9	388,927,502	12,822,039	-	-
Insurance / re-insurance receivables		409,234,224	-	-	-
Re-insurance recoveries against outstanding claims		11,809,349	-	-	-
Bank deposits subject to encumbrances		-	-	35,967,143	-
Loan and other receivable	12	30,434,180	-	-	-
		<u>890,102,624</u>	<u>12,866,952</u>	<u>590,822,798</u>	<u>-</u>

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements have been consistently applied to all the periods presented, with the exception of note 4.24.1 to these financial statements.

### 4.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (the insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



- Fire and property
- Marine, aviation and transport
- Motor
- Accident and health
- Miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class, where the coverage period varies. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts is of one month time.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organisations.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalisation.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

### 4.1.1 Premium income and provision for unearned premiums

Premium under a policy is recognised at the time of the issuance of insurance policy.

The unearned portion of premium written (including administrative surcharge) is set aside as a reserve. It is recognized as a liability and is calculated by applying 1/365 days method except for marine insurance for which unearned premium is calculated by applying 1/6th method as specified in the Insurance Rules, 2017.

### 4.1.2 Reinsurance contracts held

These are contracts entered into by the Company with re-insurers for compensation of losses suffered on insurance contracts issued. These re-insurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contracts as various re-insurance assets and liabilities. re-insurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of re-insurance premium is recognised as a prepayment. The deferred portion of re-insurance premium ceded is calculated by using 1/365th method.

### 4.1.3 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognised in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and are measured at the undiscounted value of expected future payments.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

#### 4.1.4 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognised as an asset and measured at the amount expected to be received.

#### 4.1.5 Commission expense and deferred commission expense

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue.

#### 4.1.6 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from the previous years.

The Company recognises liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the actuarial valuation which takes in to account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the reporting date.

#### 4.1.7 Expenses of management

All expenses of management have been allocated between business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis.

#### 4.1.8 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognised when due. The claim provision is recorded when intimation is recorded. These include premiums due but unpaid, premiums received in advance and claims payable to insurance contract holders. These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recorded as liability till the time of issuance of insurance contract there against.

If there is an objective evidence that any premiums due but unpaid are impaired, the Company reduces the carrying amount of the insurance receivable and recognises the loss in the profit and loss account.

#### 4.1.9 Reinsurance expense and prepaid reinsurance premium ceded

Reinsurance premium is recognized as an expense after taking into account the proportion of deferred contribution expense which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The deferred portion of premium ceded is recognized as a prepayment.

#### 4.1.10 Commission income and unearned commission income

Commission from re-insurers is recognised as income after taking into account the unearned portion of commission which is recognized in accordance with the policy of recognizing reinsurance premium expense. The unearned portion of commission is recognised as liability.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 4.1.11 Premium deficiency reserve

The Company is required under the Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve (PDR) is recognised in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The actuary determines adequacy of liability of premium deficiency after working out 'Loss Ratio', 'Expense Ratio' and 'Combined Ratio'.

### 4.1.12 Claim and salvage recoveries

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised and are measured at the amount expected to be received. Claims expenses are reported net-off reinsurance in the statement of profit and loss account.

Salvage value recoverable is recognised only if a firm and irrevocable contract and price thereon have been agreed with the buyer.

### 4.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 4.3 Property and equipment

#### 4.3.1 Operating fixed assets

##### Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to workable condition.

Depreciation is charged using reducing balance method at the rates specified in note 6.1 to these financial statements.

Depreciation on additions is charged from the month the asset is available for use till the date the asset is disposed off.

Gains and losses on disposal of fixed assets are taken to profit and loss account.

Expenditure incurred subsequent to the initial recognition of asset is capitalised only when it increases the future economic benefits embodied in the items of operating fixed assets. All other expenditure is recognised in the profit and loss account as an expense.

Depreciation methods and useful lives are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date.

#### 4.3.2 Right-of-use assets and related lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### 4.3.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. Advances given to supplier / vendor are classified within capital work in progress.

### 4.4 Intangible assets

Computer software licenses acquired are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years using the straight-line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortisation on additions to intangibles is charged from the month in which an asset is available for use, while no amortisation is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software is recognised as an expense when incurred.

The assets' residual values, useful lives and method for amortisation are reviewed at each financial year end and adjusted if impact on amortisation is significant.

### 4.5 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

The investment properties are initially recognised at cost and subsequently at fair value model with any changes therein to be recognised in the profit and loss account.

### 4.6 Investments

#### 4.6.1 Classification and recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case the transaction costs are charged to the profit and loss account.

These are recognised and classified as follows:

- Held for trading
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

#### 4.6.2 Measurement

##### 4.6.2.1 Held for trading

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



Investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit and loss account of the period in which it arises.

### 4.6.2.2 Held to maturity

Investments with fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses if any. Premium paid or discount availed on the acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield method.

Profit on held to maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the statement of profit and loss account of the period in which they arise.

### 4.6.2.3 Available for sale

Investments which are not eligible to be classified as at fair value through profit or loss or held to maturity are classified as available for sale for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available for sale. These are valued as follows:

#### Quoted

Subsequent to initial recognition at cost, these investments are measured at fair value. Gains or losses on remeasure of these investments are recognised in statement of comprehensive income.

#### Unquoted

Unquoted investments are recognised at fair value of the consideration paid less accumulated impairment losses, if any.

### 4.6.3 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

### 4.6.4 Date of recognition / de-recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

### 4.6.5 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the financial statements and continue to be recognised as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 4.7 Other receivables

These are stated at cost less impairment losses, if any. Full provision is made against the impaired amounts.

### 4.8 Retirement benefits

#### (Defined Contribution Plan - Provident Fund)

The Company contributes to a provident fund scheme for its permanent employees. Contribution to the fund is made by the employees and the Company at the rate of 10% of their basic salaries.

### 4.9 Taxation and levy

#### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

#### Deferred

Deferred tax is accounted for using the statement of financial position liability method, in respect of temporary differences arising at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of comprehensive income except in the case of items credited or charged to equity in which case it is included in equity.

#### Levy

The Company accounts for current tax calculated on taxable income using the notified tax rate as an income tax and any tax charged under the income tax laws which is not based on the taxable income recorded as a levy in accordance with the Guidance on Accounting for Minimum Taxes and Final taxes issued by the Institute of Chartered Accountants of Pakistan. The minimum tax and final taxes which are not calculated on the 'taxable profit' but calculated on turnover or other basis are recognized as a levy in the of profit and loss account under the scope of IFRIC 21/IAS37.

### 4.10 Revenue recognition

#### i) Premium

Premium including administrative surcharge under all types of insurance contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability.

Re-insurance premium is recognised as an expense after taking into account the proportion of deferred premium expense. The deferred portion of premium expense is recognised as a prepayment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### ii) Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium expense.

### iii) Rental income

Rental income from investment properties is recognised as a revenue on a straight line basis over the period of the lease agreement.

### iv) Investment income

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the instruments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the right to receive the same is established.

Return on term deposits and government securities is recognised using the effective interest method.

Gains / losses on sale of investments are recognised in the profit and loss account at the time of sale.

### v) Other income

Gain or loss on sale of operating fixed assets, intangible assets and investment properties is recognised when the asset is derecognised.

Profit on bank balances using the effective interest method.

## 4.11 Off setting of financial assets and liabilities

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

## 4.12 Impairment of assets

### Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

### Non financial assets

The carrying amounts of Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

## 4.13 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the reporting date. Gains and losses on translations are taken to income currently.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

#### 4.14 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other segments. All operating segments results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company accounts for segments reporting of operating results using the classes of business as specified under the Insurance Rules 2017. The performance of segment is evaluated on the basis of underwriting results of each segment. All the company's business segments operate in Pakistan only.

The Company has five primary business segments for reporting purposes namely fire, marine, motor aviation and transport, accident and health and miscellaneous.

Fire insurance segment provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor aviation and transport insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health insurance provides cover against loss due to accidental injury or sickness.

Miscellaneous insurance provides cover against loss of cash in safe and cash in transit, money, engineering losses and others coverage.

Assets and liabilities that are directly attributable to segments have been assigned to them while the assets and liabilities pertaining to two or more segments have been allocated to segments on a premium written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium written.

#### 4.15 Cash and bank balance

Cash and bank balances include cash, cheques and policy stamps in hand and balance with banks in current, saving and deposit accounts.

#### 4.16 Amount due to other insurers / re-insurers

Liabilities for other insurers / re-insurers are carried at cost which is the fair value of consideration to be paid in the future for services.

#### 4.17 Premiums due but not received

These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

#### 4.18 Amount due from other insurers / re-insurers

Amount due from other insurers / re-insurers are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in future under re-insurance contracts.

#### 4.19 Dividend distributions and other appropriations

Dividend distribution to the Company's shareholders and other appropriations are recognized in the Company's financial statements in the period in which these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

#### 4.20 Share capital

Ordinary shares are classified as equity and recognised at their face value.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 4.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 4.22 Related parties transactions

All transactions with related parties are carried out by the Company at mutually agreed terms.

### 4.23 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2025.

### 4.24 RESTATEMENTS

#### 4.24.1 CHANGE IN ACCOUNTING POLICY - S.R.O 311(I)/2025 - AMENDMENTS TO THE GENERAL TAKAFUL ACCOUNTING REGULATIONS, 2019

Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 311(I)/2025 dated March 03, 2025, made amendments to the General Takaful Accounting Regulations, 2019 whereby Insurers whose window takaful operations form twenty-five percent (25%) or more of their overall operations based on gross contribution, may as an alternative to disclose their Takaful results in their published financial statements as follows:

- (a) the assets and liabilities of the conventional operations shall be consolidated with the assets and liabilities of window general takaful operations (i.e. OPF and PTF) in the statement of financial position of the insurer;
- (b) the incomes and expenses of the conventional operations shall be consolidated with the incomes and expenses of the window general takaful operations (i.e. OPF and PTF) in the profit and loss account or the statement of comprehensive income, as the case may be, of the insurer;
- (c) supporting notes to the financial statements shall provide complete breakup of conventional and window takaful operations and the statement of financial position and the profit and loss account or the statement of comprehensive income, as the case may be, shall in footnote state that for breakup of conventional and window takaful operations, detailed notes to the financial statements may be referred; and
- (d) segment disclosures for General Takaful Operations in accordance with the requirements of IFRS 8 – Operating Segments, shall be included in the published financial statements.

In view of the above amendments, during the year the Company has reassessed its operations and concluded that presently its Window Takaful Operations do not exceed twenty-five percent (25%) of its overall operations based on gross contribution. Resultantly, consolidation of window general takaful operations (i.e. OPF and PTF) in the financial position of the Company and detailed segment reporting are not required to be followed. However, due the amendments in sub-regulations of regulation 6 of the Accounting Regulations, the Company has presented the total assets and total liabilities in addition to the OPF (the Window Takaful Operations) as a single line item in the statement of financial position. Total liabilities comprising of liabilities and fund balance of PTF as the Company considered that the Company does not have any residual interest in the PTF, since surplus in the PTF is available only to the participants of the Fund.

#### 4.24.2 CLASSIFICATION OF BANK DEPOSITS HELD AS MARGIN AGAINST SURETYSHIP POLICIES

Up to December 2024, the Company had classified amount of bank deposits held as margin against suretyship policies as cash and bank considering that these deposits met the definition of 'cash' as per IAS 7 'Statement of Cash Flows'. However, Credit and Suretyship (Conduct of Business) Rules, 2018 requires that the collateral / deposits shall be held in trust and shall be recorded as liability of that insurer until policy is either called (i.e. claim is lodged) or the underlying policy expires, therefore, deposits that cannot be accessed on demand should have been presented in statement of financial position as other financial assets. Accordingly, bank deposits held as margin against suretyship policies have been reclassified from "Cash and bank" to "Bank deposits subject to encumbrances" in the statement of financial position.

#### 4.24.3 Effect of changes

The above changes have been made in accordance with the requirements of IAS-8, 'Accounting Policies, Changes in Accounting Estimates and Errors' in these financial statements with retrospective effect and restatement of amounts reported in the financial statements for the year ended December 31, 2024 and January 01, 2024 are given below:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	As previously reported	Adjustment increase / (decrease) (Rupees)	As restated
<b>As at December 31, 2024</b>			
<b>Effect on statement of financial position:</b>			
Total assets of WTO - PTF	-	150,061,590	150,061,590
Total liabilities and fund of WTO - PTF	-	150,061,590	150,061,590
Bank deposits subject to margin	-	35,967,143	35,967,143
Cash and bank	270,124,713	(35,967,143)	234,157,570

<b>As at January 1, 2024</b>			
<b>Effect on statement of financial position:</b>			
Total assets of WTO - PTF	-	80,673,254	80,673,254
Total liabilities and fund of WTO - PTF	-	80,673,254	80,673,254
Bank deposits subject to margin	-	51,993,778	51,993,778
Cash and bank	252,188,790	(51,993,778)	200,195,012

	As previously reported	Adjustment increase / (decrease) (Rupees)	As restated
<b>For the year ended December 31, 2024</b>			
<b>Effect on cash flow statement:</b>			
Net cash (used in) from all activities	(428,163,367)	16,026,636	(412,136,731)
Cash and cash equivalents at beginning of year	701,068,080	(51,993,778)	649,074,302
Cash and cash equivalents at end of year	272,904,713	(35,967,143)	236,937,570
Increase in assets of WTO - PTF	-	(118,184,303)	(118,184,303)
Increase in liabilities and fund of WTO - PTF	-	118,184,303	118,184,303

The above change has no effect on statement of profit and loss account, statement of comprehensive income, and statement of changes in equity in prior year.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments were exercised in application of accounting policies, are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



- Provision for outstanding claims (including IBNR)	4.1.3
- Re-insurance recoveries against outstanding claims	4.1.4
- Provision for premium deficiency reserves	4.1.11
- Operating fixed assets and depreciation	4.3.1
- Right of use assets and lease liability	4.3.2
- Classification of investments	4.6.1
- Investment properties	4.5
- Taxation	4.9
- Provision against premium due but unpaid	4.17
- Impairment of assets	4.12

		2025	2024
	Note	(Rupees)	
<b>6. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>99,235,355</b>	98,327,564
Right-of-use assets	6.2	<b>41,486,716</b>	15,684,942
Capital work in progress	6.3	<b>1,546,394</b>	1,367,410
		<b><u>142,268,465</u></b>	<u>115,379,916</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 6.1 Operating fixed assets

Particulars	----- Cost -----					----- Accumulated Depreciation -----					Written down value as at December 31	Depreciation rate (%)
	As at January 01	Additions	Adjustment	Disposals	As at December 31	As at January 01	Depreciation For the Year	Adjustment	Disposals	As at December 31		
Leasehold Improvements	2,659,693	46,700	(212,105)	-	2,494,288	285,634	438,094	(25,000)	-	698,728	1,795,560	20
Furniture and fixtures	20,032,892	441,618	-	(41,960)	20,432,550	14,702,986	559,315	-	(2,014)	15,260,287	5,172,263	10
Office and electrical equipment	15,345,743	1,928,786	-	(137,556)	17,136,973	11,322,794	911,080	-	-	12,233,874	4,903,099	15 - 20
Computer equipment	21,927,642	2,991,899	(730,615)	(6,000)	24,182,926	18,196,990	1,601,729	(261,007)	(5,000)	19,532,712	4,650,214	33.3
Motor vehicles	129,881,592	26,891,321	-	(13,044,922)	143,727,991	47,011,594	19,562,373	-	(5,560,195)	61,013,772	82,714,219	20
	<b>189,847,562</b>	<b>32,300,324</b>	<b>(942,720)</b>	<b>(13,230,438)</b>	<b>207,974,728</b>	<b>91,519,988</b>	<b>23,072,591</b>	<b>(286,007)</b>	<b>(5,567,209)</b>	<b>108,739,373</b>	<b>99,235,355</b>	
Particulars	----- Cost -----					----- Accumulated Depreciation -----					Written down value as at December 31	Depreciation rate (%)
	As at January 01	Additions	Adjustment	Disposals	As at December 31	As at January 01	Depreciation For the Year	Adjustment	Disposals	As at December 31		
Leasehold Improvements	-	2,659,693	-	-	2,659,693	-	285,634	-	-	285,634	2,374,059	20
Furniture and fixtures	17,929,600	2,103,290	-	-	20,032,892	14,249,781	453,205	-	-	14,702,986	5,329,906	10
Office and electrical equipment	13,274,796	2,147,952	-	(77,005)	15,345,743	10,803,869	595,930	-	(77,005)	11,322,794	4,022,949	15 - 20
Computer equipment	18,875,421	3,071,299	-	(19,078)	21,927,642	17,110,867	1,105,201	-	(19,078)	18,196,990	3,730,653	33.3
Motor vehicles	91,307,350	52,928,916	-	(14,354,674)	129,881,592	40,195,958	16,577,680	-	(9,762,044)	47,011,594	82,869,997	20
	<b>141,387,167</b>	<b>62,911,150</b>	<b>-</b>	<b>(14,450,757)</b>	<b>189,847,562</b>	<b>82,360,475</b>	<b>19,017,650</b>	<b>-</b>	<b>(9,858,127)</b>	<b>91,519,998</b>	<b>98,327,564</b>	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 6.1.1 Disposal of operating fixed assets - 2025

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	(Loss) / gain on disposal	Mode of disposal	Particulars of buyers along with relationship
Computer Equipment	6,000	5,000	1,000	-	(1,000)	Scrap	Damaged
Office Equipment	137,566	-	137,566	128,520	(9,046)	Negotiated	Azher
Motor	700,000	700,000	-	350,000	350,000	Negotiated	Niazi (CNIC 35200-1440128-1)
Motor	95,550	30,109	65,441	85,000	19,559	Insurance claim	IGI General Insurance Limited
Motor	349,362	290,170	59,192	100,873	41,681	Negotiated	Asif Ashraf (CNIC: 42301-1288579-1)
Motor	4,000,000	1,953,169	2,046,831	4,000,000	1,953,169	Insurance claim	IGI General Insurance Limited
Motor	4,100,000	1,353,562	2,746,438	3,300,000	553,562	Insurance claim	IGI General Insurance Limited
Motor	3,800,000	1,233,185	2,566,815	2,566,815	-	Transfer	Transfer to Window Takaful Operations
Furniture & Fixture	41,960	2,014	39,946	41,960	2,014	Negotiated	Hassan 42101163771867
	<b>13,230,438</b>	<b>5,567,209</b>	<b>7,663,229</b>	<b>10,573,168</b>	<b>2,909,939</b>		

### Disposal of operating fixed assets - 2024

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	(Loss) / gain on disposal	Mode of disposal	Particulars of buyers along with relationship
Computer Equipment	15,428	15,428	-	7,000	7,000	Negotiated	Asghar Ali Enterprises
Computer Equipment	3,650	3,650	-	2,000	2,000	Negotiated	Computer master & Rechno Zone
Electrical Equipment	77,005	77,005	-	15,000	15,000	Negotiated	Falak Sher
Motor	4,158,000	1,794,684	2,363,316	5,500,000	3,136,684	Negotiated	Sohaib Ansar Khan
Motor	2,560,000	364,726	2,195,274	2,195,274	-	Negotiated	Muhammad Umer
Motor	381,500	381,500	-	390,000	390,000	Negotiated	Ch. Adeel Masood
Motor	2,512,700	2,512,700	-	2,500,000	2,500,000	Negotiated	Ch. Adeel Masood
Motor	20,000	20,000	-	20,000	20,000	Negotiated	Refund
Motor	45,000	45,000	-	-	-	Negotiated	Theft
Motor	2,837,500	2,837,500	-	1,500,000	1,500,000	Negotiated	Ch. Muhammad Anwar
Motor	1,785,974	1,751,933	34,041	857,737	823,696	Negotiated	Nisar Ahmed
Motor	54,000	54,000	-	28,000	28,000	Negotiated	Zulqarnain Hyder
	<b>14,450,757</b>	<b>9,858,126</b>	<b>4,592,631</b>	<b>13,015,011</b>	<b>8,422,380</b>		

6.1.2 Fixed assets include fully depreciated items having cost of Rs. 55.58 million ( (December 31, 2024: Rs. 55.58 million).

	Note	2025 ----- (Rupees) -----	2024
<b>6.2 Right-of-use assets</b>			
Premises			
Opening balance		<b>15,684,942</b>	16,515,657
Addition	21.1	<b>31,189,561</b>	8,959,657
Impact of modification of leases		-	4,058,113
Adjustment		<b>14,573,248</b>	-
Depreciation expense		<b>(19,961,035)</b>	(13,848,485)
Closing balance		<b>41,486,716</b>	15,684,942

6.2.1 Leased assets comprise of branches with a lease term of 3 to 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	2025	2024
	----- (Rupees) -----	
<b>6.3 Capital work in progress</b>		
Advances to suppliers	<u>1,546,394</u>	<u>1,367,410</u>

## 7. INTANGIBLE ASSETS

2025								
Description	Cost			Amortisation			Written down value as at December 31	Useful life
	As at January 01	Additions	As at December 31	As at January 01	For the year	As at December 31		
----- (Rupees) -----								
Computer software	744,500	394,991	1,139,491	248,167	281,082	529,249	610,242	3 Years

  

2024								
Description	Cost			Amortisation			Written down value as at December 31	Useful life
	As at January 01	Additions	As at December 31	As at January 01	For the year	As at December 31		
----- (Rupees) -----								
Computer software	-	744,500	744,500	-	248,167	248,167	496,333	3 Years

	2025	2024
	----- (Rupees) -----	
<b>8. INVESTMENT PROPERTIES</b>		
Balance as at January 01	<b>168,875,569</b>	167,050,569
Unrealised gain on remeasurement of fair value	8.1 <b>8,420,628</b>	1,825,000
Balance as at December 31	<u><b>177,296,197</b></u>	<u>168,875,569</u>

### 8.1 Investment properties consists of the following:

Particulars	Location	Fair Value as at December 31, 2025	Unrealised Gain for December 31, 2025	Fair value as at December 31, 2024	Unrealised gain for December 31, 2024
----- (Rupees) -----					
Freehold land	Islamabad	22,800,000	1,200,000	21,600,000	1,825,000
Shop premises	Lahore	95,295,707	4,401,557	90,894,150	-
Office premises	Karachi	59,200,490	2,819,071	56,381,419	-
		<u>177,296,197</u>	<u>8,420,628</u>	<u>168,875,569</u>	<u>1,825,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



- 8.2** The fair value of the investment properties was determined by Saduddin Associates (Private) Limited, an external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.
- 8.3** The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation techniques used. The inputs used to the valuation techniques are average rental growth rate, yield on property, current market rates, occupancy rate and rent free period of the properties.
- 8.4** The Company earned rental income from the above mentioned properties amounting to Rs.2.595 million (2024: Rs. 2.389 million).
- 8.5** The covered area of the freehold land, shops and office premises is 5400 sq. ft., 2,187 sq. ft. and 1,676 sq. ft. respectively.

### Valuation technique

The valuer has arranged enquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilisation, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value.

- 8.6** The cost of freehold land, shop premises and office premises is amounting to Rs. 14.02 million (2024: Rs. 14.02 million), Rs. 33.95 million (2024: Rs. 33.95 million) and Rs. 2.85 million (2024: Rs. 2.85 million) respectively.
- 8.7** The forced sales values of freehold land, shop premises and office premises are amounting to Rs. 18.24 million (2024: Rs. 17.28 million), Rs. 76.23 million (2024: Rs. 72.72 million) and Rs. 47.36 million (2024: Rs. 45.10 million) respectively.

## 9 INVESTMENT IN EQUITY SECURITIES

	Note	2025			2024		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
		----- (Rupees) -----			----- (Rupees) -----		
<b>Available for sale</b>							
<i>Listed shares</i>							
- First Capital Equities Limited	9.1	188,000,000	(188,000,000)	-	188,000,000	(188,000,000)	-
<b>Held for trading</b>	9.2	<b>142,274,731</b>	<b>-</b>	<b>142,491,701</b>	372,239,265	-	388,927,502
		<b>330,274,731</b>	<b>(188,000,000)</b>	<b>142,491,701</b>	560,239,265	(188,000,000)	388,927,502
<i>Listed shares</i>							
- Bank Makramah Limited		321,671	-	706,460	276,758	-	321,671
		<b>330,596,402</b>	<b>(188,000,000)</b>	<b>143,198,161</b>	560,516,023	(188,000,000)	389,249,173

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



**9.1** On November 29, 2012, the Company through an agreement settled balance of 'reverse repo' and 'premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively, against 4.7 million shares of First Capital Equities Limited (FCEL) calculated at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on March 07, 2013 to make the clause of restriction on holding period and swap against property null and void.

The Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs.188 million and cancellation of documents. Company is aggressively following up the case, and regular hearings are taking place. Further, management strongly believe that the Company has irrefutable evidences / arguments to win this litigation, and is deploying every possible resource for expeditious disposal of the case. However, being prudent an impairment provision equal to the carrying value is included in these financial statements.

### 9.2 Mutual funds

Name of Fund	Units		2025		2024	
	2025	2024	Cost	Carrying Value	Cost	Carrying Value
	----- (Number) -----		----- (Rupees) -----			
HBL Government Securities Fund	-	391,355	-	-	50,000,000	50,084,963
ABL Government Securities Fund - B	<b>1,398,680</b>	6,298,921	<b>14,945,595</b>	<b>14,951,330</b>	68,000,000	70,885,536
MCB Pakistan Sovereign Fund	<b>1,151,480</b>	1,516,939	<b>66,762,827</b>	<b>66,797,371</b>	90,000,000	91,441,092
Meezan Sovereign Fund	-	1,597,773	-	-	90,000,000	91,578,280
HBL Cash Fund (HBL-CF)	<b>605</b>	546	<b>67,368</b>	<b>65,708</b>	55,442	61,302
ABL Income Fund	<b>261</b>	227	<b>2,696</b>	<b>2,792</b>	2,542	2,542
Al Hamra Ismaic Stock Fund	<b>414</b>	406	<b>8,959</b>	<b>12,638</b>	8,619	8,907
Pakistan Cash Management Optimizer Fund	<b>203</b>	179	<b>20,712</b>	<b>21,786</b>	19,921	19,943
Pakistan Cash Management Fund	<b>376</b>	349	<b>18,991</b>	<b>18,991</b>	17,603	17,614
HBL Islamic Money Market Fund (ISMMF)	<b>568,612</b>	774,269	<b>60,424,438</b>	<b>60,596,678</b>	78,135,138	84,827,323
MCB Pakistan Income Fund	<b>346</b>	-	<b>18,980</b>	<b>20,033</b>	-	-
HBL Money Market Fund (MMF)	<b>40</b>	-	<b>4,165</b>	<b>4,374</b>	-	-
	<b>3,121,017</b>	10,580,964	<b>142,274,731</b>	<b>142,491,701</b>	376,239,265	388,927,502

### 10 INVESTMENTS IN DEBT SECURITIES

	2025			2024		
	Cost	Impairment	Carrying Value	Cost	Impairment	Carrying Value
	----- (Rupees) -----					
<b>Held to maturity</b>						
Government Securities / Treasury Bills						
Pakistan Investment Bonds						
- Pledged	<b>93,757,407</b>	-	<b>96,193,723</b>	93,757,407	-	94,496,671
- Non Pledged	<b>224,996,779</b>	-	<b>224,337,519</b>	272,238,388	-	283,743,817
	<b>318,754,186</b>	-	<b>320,531,242</b>	365,995,795	-	378,240,488

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



Name of investment	Face value	Number of certificates	Profit rate	Profit payment	Maturity date	2025		2024	
						Cost	Carrying Value	Cost	Carrying Value
	(Rupees)		(%)			----- (Rupees) -----			
<b>Held to maturity</b>									
3 Years Pakistan Investment Bonds	98,100,000	981,000	16.17	Semi annually	15-Feb-27	93,757,407	96,193,723	93,757,407	94,496,671
3 Years Pakistan Investment Bonds	62,000,000	620,000	19.01	Semi annually	04-Aug-25	-	-	52,587,656	59,388,837
3 Years Pakistan Investment Bonds	168,500,000	168,500	11.70	Semi annually	20-Sept-27	177,650,898	173,980,051	177,650,898	177,170,191
Treasury Bills	49,630,000	496,300	19.00	Annually	29-May-25	-	-	41,999,834	47,184,789
Treasury Bills	52,450,000	524,500	10.90	Annually	29-Dec-26	47,345,881	50,357,468	-	-
	<u>430,680,000</u>					<u>318,754,186</u>	<u>320,531,242</u>	<u>365,995,795</u>	<u>378,240,488</u>

**10.2** Pakistan Investment Bond with face value of Rs. 98.10 million (December 31, 2024: Rs. 98.10 million) is placed with the State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

	2025	2024
Note	-----	-----
	(Rupees)	(Rupees)

### 11. INVESTMENT IN TERM DEPOSITS

Held to maturity

Deposits maturing within one month

11.1	<u>80,000,000</u>	<u>2,780,000</u>
------	-------------------	------------------

**11.1** The balance represents term deposit with Bank Makramah Limited having maturity within 01 month (i.e. upto January 30, 2026). The rate of return on this term deposit is 9% (2024: 15%-20.25%) per annum.

	2025	2024
Note	-----	-----
	(Rupees)	(Rupees)

### 12. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Unsecured, considered good

Accrued investment income

Other receivables

Security deposits

Advances

	12.1 & 12.2	12,697,567	14,493,977
	12.1 & 12.2	14,873,348	4,476,503
	12.3 & 12.4	7,456,814	9,583,944
		3,289,534	1,879,756
		<u>38,317,263</u>	<u>30,434,180</u>

**12.1** This includes balances receivable from Window takaful operations against common expenses and Shaheen Tracking Services (Pvt) Ltd (associated company) against payment of expenses on its behalf amounting to Rs. 10.138 million (2024: Rs. 3.183 million) and Rs. 0.250 million (2024: Rs. 0.100 million) respectively.

**12.2** This also includes receivable against legal claim amounting to Rs. 2.041 million which has been fully provided.

**12.3** This includes Rs. 3.33 million (2024: Rs. 3.33 million) in respect of security deposits paid against rental arrangements to Shaheen foundation (the Parent Undertaking).

**12.4** This includes a sum of Rs 3.027 million deposited with the District and Session Judge, Multan as security deposit, in respect of an insurance appeal filed by the Company in the Lahore High Court Multan Bench.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



		2025	2024
	Note	(Rupees)	
<b>13</b>	<b>INSURANCE / RE-INSURANCE RECEIVABLES</b>		
Unsecured, considered good			
Due from insurance contract holders	13.1	41,053,115	23,326,089
Less: Provision for impairment	13.2	(96,219)	(96,219)
		<u>40,956,896</u>	<u>23,229,870</u>
Due from other insurers / re-insurers		435,075,947	412,618,228
Less: Provision for impairment	13.3	(26,613,874)	(26,613,874)
		<u>408,462,073</u>	<u>386,004,354</u>
		<u>449,418,969</u>	<u>409,234,224</u>
<b>13.1</b>	This includes premium due but unpaid from Shaheen Foundation (parent undertaking) amounting to 38.17 million (2024: Rs. 18.779 million).		
		2025	2024
		(Rupees)	
<b>13.2</b>	<b>Reconciliation of provision against doubtful receivables from insurance contract holders</b>		
Opening balance		96,219	96,219
Charge for the year		-	-
Balance written off during the year		-	-
Closing balance		<u>96,219</u>	<u>96,219</u>
		2025	2024
		(Rupees)	
<b>13.3</b>	<b>Reconciliation of provision against doubtful receivables from other insurers / re-insurers</b>		
Opening balance		26,613,874	26,613,874
Charge for the year		-	-
Balance written off during the year		-	-
Closing balance		<u>26,613,874</u>	<u>26,613,874</u>
<b>13.4</b>	The maximum amount outstanding at the end of any month during the year from Shaheen Foundation (parent undertaking) aggregated to Rs. 32.52 million (December 31, 2024: 24.10 million).		
		2025	2024
		(Rupees)	
<b>14</b>	<b>DEFERRED TAXATION - NET</b>		
Deferred taxation - net		<u>9,203,408</u>	-
<b>14.1</b>	The net balance for the deferred taxation in respect of following temporary differences:		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	2025	2024
	(Rupees)	
<b>Deferred tax liabilities</b>		
Right of use assets	7,249,037	-
Mutual funds	30,760	-
	<u>7,279,797</u>	<u>-</u>
<b>Deferred tax liabilities</b>		
Operating fixed assets	(2,079,582)	-
Provision for impairment	(8,117,232)	-
Lease liability	(6,286,391)	-
	<u>(16,483,205)</u>	<u>-</u>
Deferred tax asset - net	<u>(9,203,408)</u>	<u>-</u>

14.2 The gross movement in the deferred taxation during the year is as follows:

	2025	2024
	(Rupees)	
Opening balance	-	-
Charge to the profit and loss account		
Right-of-use asset - net	962,646	-
Provision for impairment	(8,117,232)	-
Accelerated accounting depreciation	(2,079,582)	-
	<u>(9,234,168)</u>	<u>-</u>
Charge to in other comprehensive income		
Unrealised gain on revaluation of available-for-sale investments	30,760	-
	<u>30,760</u>	<u>-</u>
Closing balance	<u>(9,203,408)</u>	<u>-</u>

14.3 The Company has recognised deferred tax assets and liabilities at enacted applicable rate.

		2025	2024 (Restated)
		(Rupees)	
<b>15. BANK DEPOSITS SUBJECT TO MARGIN AND ENCUMBRANCES</b>			
Saving accounts under lien	15.1	371,528,253	-
Margin against credit and suretyship policies	15.2	384,771,290	35,967,143
		<u>756,299,543</u>	<u>35,967,143</u>

15.1 This represents lien marked on savings accounts maintained with commercial banks against international guarantees issued by the banks on behalf of the Company. These guarantees are provided to facilitate the issuance of insurance guarantee policies to travel agents.

15.2 This represents bank deposits held as margin in respect of credit and suretyship policies issued by the Company, which are maintained in a separate bank account on behalf of policy holders. However, bank deposits amounting to Rs. 319.025 million have been placed under lien-mark for obtaining international bank guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	Note	2025 ————— (Rupees) —————	2024 (Restated) —————
<b>16 CASH AND BANK</b>			
Cash and cash equivalents			
- Cash in hand		122,387	52,960
- Policy stamps and bond papers in hand		265,753	359,411
		<u>388,140</u>	<u>412,371</u>
Cash at bank			
- Current accounts		21,281,402	48,963,327
- Saving accounts	16.1	101,997,654	184,781,872
		<u>123,279,056</u>	<u>233,745,199</u>
		<u>123,667,196</u>	<u>234,157,570</u>
<b>16.1</b>	These carry interest rates ranging from 5.00% to 9.85% (2024: 15% to 20.25%) per annum.		
		<u>2025</u>	<u>2024</u>
		————— (Rupees) —————	—————
<b>17 WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND</b>			
<b>Assets</b>			
Cash and bank		24,010,714	22,089,595
Investments		57,263,289	56,143,372
Property and equipment		6,318,591	410,899
Other assets		82,831,834	41,567,259
<b>Total assets</b>		<u>170,424,428</u>	<u>120,211,125</u>
<b>Total liabilities</b>		<u>89,830,310</u>	<u>48,983,815</u>
		<u>2025</u>	<u>2024</u>
		————— (Rupees) —————	—————
<b>18. WINDOW TAKAFUL OPERATIONS - PARTICIPANTS' TAKAFUL FUND</b>			
<b>Assets</b>			
Cash and bank		51,593,923	33,940,368
Investments		24,691,602	3,830,000
Property and equipment		191,960,367	41,567,259
Other assets		268,245,892	150,061,590
<b>Total assets</b>		<u>628,491,784</u>	<u>329,399,217</u>
Total liabilities		200,840,048	121,717,164
Fund attributable to PTF		67,405,844	28,344,426
<b>Total fund and liabilities</b>		<u>268,245,892</u>	<u>150,061,590</u>
<b>19 SHARE CAPITAL</b>			
<b>19.1 Authorised share capital</b>			
		<u>2025</u>	<u>2024</u>
		----- (Number of shares) -----	----- (Rupees) -----
		<u>250,000,000</u>	<u>100,000,000</u>
		<u>2,500,000,000</u>	<u>1,000,000,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 19.2 Issued, subscribed and paid - up share capital

2025 ----- (Number of shares) -----	2024		2025 ----- (Rupees) -----	2024
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	80,000,000	80,000,000
32,625,000	16,500,000	Ordinary shares of Rs. 10 each, issued as bonus shares	326,250,000	165,000,000
25,000,000	25,000,000	Ordinary shares of Rs. 10 each, issued as right shares	250,000,000	250,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued	150,000,000	150,000,000
<u>80,625,000</u>	<u>64,500,000</u>		<u>806,250,000</u>	<u>645,000,000</u>

### 19.3 As at December 31, 2025, details of shares held by the related parties undertaking are as follows:

Related party name	Basis of relationship	Percentage (%)		
Shaheen Foundation	Parent Undertaking	69.28%	55,854,875	44,683,420
Central non public fund	Associate	3.97%	3,202,500	2,668,750
			<u>59,057,375</u>	<u>47,352,170</u>
			----- % -----	
	Percentage of shareholding held by related parties		<u>73.25%</u>	<u>73.42%</u>

### 19.4 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	2025	2024 (Restated)
Note	----- (Rupees) -----	-----
<b>20. RESERVES</b>		
General reserves	20,000,000	20,000,000
Unrealised gain on available-for-sale investments	150,794	13,059,831
	<u>20,150,794</u>	<u>33,059,831</u>
<b>21. LEASE LIABILITIES</b>		
Lease liabilities - premises	21.1 <u>46,564,270</u>	<u>16,389,527</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	2025	2024 (Restated)
	(Rupees)	
<b>21.1</b>		
Opening balance	16,389,527	19,415,330
Increase / (decrease) in lease liability	31,189,561	8,959,657
Impact of adjustment / modification of leases	13,784,039	4,058,113
Repayments	(21,981,600)	(19,161,031)
Interest expense	7,182,743	3,117,458
Closing balance	<u>46,564,270</u>	<u>16,389,527</u>
<b>21.2 Tenure analysis</b>		
Current	19,354,611	7,135,368
Non-current	27,209,659	9,254,159
	<u>46,564,270</u>	<u>16,389,527</u>

**21.3** The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2025			2024		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees)					
Not later than one year	23,422,801	4,752,984	18,669,817	21,841,425	5,451,898	16,389,527
Later than one year and not later than five years	32,280,882	4,386,429	27,894,453	-	-	-
Later than five years	-	-	-	-	-	-
Total lease liability	<u>55,703,683</u>	<u>9,139,413</u>	<u>46,564,270</u>	<u>21,841,425</u>	<u>5,451,898</u>	<u>16,389,527</u>

## 22. INSURANCE / RE-INSURANCE PAYABLES

Due to other insurers / re-insurers	<u>102,706,148</u>	<u>55,429,758</u>
-------------------------------------	--------------------	-------------------

	2025	2024 (Restated)
	(Rupees)	
Note		

## 23 OTHER CREDITORS AND ACCRUALS

Agent commission payable	82,805,555	21,296,602
Provincial service taxes	29,829,004	94,256,324
Federal insurance fee payable	11,307,525	10,952,854
Workers' welfare fund payable	21,048,913	16,570,264
Accrued expenses	13,540,385	12,886,714
Withholding tax payable	5,351,460	3,706,215
Unearned rental income	1,343,189	1,251,573
Payable to provident fund	1,673,183	493,837
Security deposits against credit and suretyship policies		
Others	384,771,290	35,967,143
	<u>1,755,684</u>	<u>3,260,177</u>
	<u>553,426,188</u>	<u>200,641,703</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



**23.1** In accordance with the rule 5(1) of the Rules and section 217 of the Companies Act, 2017, such security deposits are maintained in a separate bank account.

### **24 CONTINGENCIES AND COMMITMENTS**

#### **24.1 Contingencies**

**24.1.1** During the prior period, the Assistant Commissioner – Sindh Revenue Board (SRB) issued an Order no. 3280 of 2023 under section 3,8,9,17,30,43 and 44 of Sindh Sales Tax on Services Act, 2011 and 11,12,13,14 and 31 of the Sindh Sales Tax on Services Rules, 2011 and has created a demand of Rs. 9.232 million by charging sales tax on re-insurance premium ceded and commission received by the Company during the period from January 2015 to December 2015. The Company filed an appeal against the order no 3280/2013 with Commissioner – SRB, the judgement of which is reserved, an interim stay was granted by the Commissioner Appeal. Based on the tax advisor's opinion, the management is confident of a favorable outcome of the appeal. Hence, no provision has been made in these financial statements.

**24.1.2** M/s. New Lal Enterprise (Private) Limited and M/s. Zahid Enterprises (Private) Limited have filed four suits against the Company in the Insurance Tribunal, Karachi on March 10, 2016. Three suits pertain to claim of damages on delayed claims settlement, while one suit relates to recovery of marine claim. Total amount involved is approximately Rs. 28 million. The management based on its legal advisor opinion, is confident of a favorable outcome. The management based on its legal advisor opinion, is confident of a favorable outcome.

**24.1.3** The income tax assessments of the Company have been finalized up to and including the assessment year 2023-24 (financial year ended December 31, 2023), unless amended. However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) maintained the order of taxation officer, against which the Company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favor of the Company. Case was decided in favor of the Company in High Court as well, through the order dated September 05, 2013. However, in January 02, 2014, taxation officer filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rs 2.045 million for the tax year 2004, Rs. 8.220 million for the tax year 2006, and Rs 9.689 million for tax year 2007 against apportionment of expenditure. Based on the tax advisor's opinion, the management is confident of a favorable outcome of the appeal. Hence, no provision has been made in these financial statements.

**24.1.4** Proceedings were initiated by the taxation officer during prior period for the rectification of mistakes under section (u/s) 221 of the Income Tax Ordinance 2001 (Ordinance) in respect of tax years 2017, 2018 and 2019 by determining tax liabilities of Rs. 0.31 million, Rs. 6.12 million and Rs 13.59 million respectively, through disallowing refund adjustment from prior years in the deemed assessment order. Aggrieved with the orders of the taxation officer, the Company filed an appeal before Commissioner Inland Revenue, Appeals(CIR-A). CIR(A) however, remanded back the orders with strict direction to the taxation officer for processing the application(s) under section 170(1) of the Ordinance.

**24.1.5** Taxation officer issued Notice for amendment of assessment for tax year 2018 u/s 122(9)/122(5A) of Income Tax Ordinance. In response thereof, certain information, details, documents and explanations were provided. Despite our above submissions, ADCIR passed the amended order and raised the tax demand. Against the order passed, rectification application has been filed which is pending. However, the taxation officer issued a recovery notice during the current year, under Section 138 of the Income Tax Ordinance. Against the recovery notice, stay application was filed before Appellate Tribunal Inland Revenue (ATIR). The ATIR granted a stay for 30 days or till the decision of the main appeal, whichever is earlier. However, based on the opinion of the tax advisor, the Company has strong grounds to believe that the aforesaid issues will be decided in favor of the Company and accordingly no provision has been made in these financial statements.

**24.1.6** During the current year, Taxation officer issued notice amending the assessment for tax year 2019 u/s122(9)/122(5A) of Income Tax Ordinance 2001. In response thereof, the Company fully responded through various submissions. Despite compliance, ADCIR passed an order under section 122(4)/122(5A), treating the assessment under section 120(1) as erroneous. Taxable income was revised to Rs. 212.87 million, and a demand of Rs. 59.94 million was raised. Aggrieved with the order passed, Company filed an appeal before the Commissioner (Appeals) on July 25, 2025. The appeal was heard before the Commissioner (Appeals) on October 08, 2025. Based on the grounds of the appeal and written arguments, the Commissioner (Appeals) passed a favorable order, remanding the matter back to the ADCIR vide order no. 1000025885465 dated October 27 2025. However, based on the opinion of the tax advisor, the Company has strong grounds to believe that the aforesaid issues will be decided in favor of the Company and accordingly no provision has been made in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



- 24.1.7** On December 03, 2025, the income tax department issued a notice for the tax year 2024 under section 147 and 205 of the income tax ordinance, 2001, proposing levy of default surcharge under section 205(1B) amounting Rs. 1,105,758 on account of alleged short payment of advance tax under section 147 up to prescribed 90% threshold, as compared to the tax declared in the annual return. The management has not made any payment and awaiting the passing of a formal order by the department.
- 24.1.8** In 2024, proceedings were initiated by the DCIR u/s 161(1A) of the Ordinance for monitoring of withholding of taxes relating to tax years 2022 and 2023. The matters are in compliance stage.
- 24.1.9** The matter pertains to challenging the constitutionality of the charging provincial sales tax on reinsurance premiums and commissions received there against. Company was part of the petition no. D-1347/2021 titled Insurance Association of Pakistan (IAP) & Ors Vs. Province of Sindh & Others filed by IAP on behalf of insurance companies. This petition was argued at length and reserved by the regular bench of the High Court of Sindh (SHC). Subsequently, after the Constitution (26th Amendment) Act, 2024 was passed, the petition was heard by Constitution Bench formed for tax cases during the year. Bench, after inquiring as to whether there are injunctive orders and after questioning the maintainability of the petition in view of the departmental remedy being available against Show Cause Notices disposed of / dismissed the petition with directions to approach the department.

IAP after deliberations, decided to challenge the order of SHC at Supreme Court in which Company has also given its consent to participate. Based on lawyers opinion, Company has not made any provision in the financial statements.

### 24.2 Commitments

There are no commitments as at reporting date (2024: Nil).

	2025	2024
	(Rupees)	
<b>25. NET INSURANCE PREMIUM</b>		
Written gross premium	1,406,862,940	1,463,485,743
Add: Unearned premium reserve opening	473,265,299	249,264,266
Less :Unearned premium reserve closing	406,464,566	473,265,299
Premium earned	<u>1,473,663,673</u>	<u>1,239,484,710</u>
Re-insurance premium ceded	427,819,627	321,433,880
Add: Prepaid reinsurance premium opening	51,782,175	48,477,102
Less: Prepaid reinsurance premium closing	131,441,616	51,782,175
Reinsurance expense	<u>348,160,186</u>	<u>318,128,807</u>
	<u>1,125,503,487</u>	<u>921,355,903</u>
<b>26. NET INSURANCE CLAIMS</b>		
Claims paid	609,961,851	474,072,021
Less: Outstanding claims including IBNR opening	196,681,260	207,559,987
Add: Outstanding claims including IBNR closing 26.1 & 26.2	253,243,101	196,681,260
Claims expense	<u>666,523,692</u>	<u>463,193,294</u>
Re-insurance and other recoveries received	39,301,846	15,377,102
Less: Re-insurance and other recoveries receivable in respect of outstanding claims opening	11,809,349	8,006,239
Add: Re-insurance and other recoveries receivable in respect of outstanding claims closing	50,795,345	11,809,349
Re-insurance and other recoveries revenue	<u>78,287,842</u>	<u>19,180,212</u>
Net claims expense	<u>588,235,850</u>	<u>444,013,082</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



**26.1** Outstanding claims include amounts in relation to unpaid reported claims, provision for claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for IBNR to account for the cost of settling claims incurred but not reported as at reporting date on the basis of actuarial valuation amounts to Rs.16.25 million (2023: Rs. 15.45 million). The latest valuation was carried out as of December 31, 2025.

**26.2** This includes outstanding claims to Shaheen Foundation (parent undertaking) amounting to 0.121 million (December 31, 2024: Rs. 0.04 million).

### 26.3 Claim development

The following table shows the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

Accident year	2020 & Prior	2021	2022	2023	2024	2025	Total
----- (Rupees) -----							
Gross estimate of ultimate claims cost At the end of accident year	106,853,217	78,832,482	178,879,045	233,442,499	443,806,408	543,778,341	1,585,591,992
One year later	138,255,199	71,712,939	133,394,075	223,657,583	506,142,726	543,778,341	1,616,940,862
Two years later	138,255,199	71,712,939	133,394,075	223,657,583	506,142,726	-	1,073,162,521
Three years later	138,255,199	71,712,939	133,394,075	223,657,583	-	-	567,019,795
Four years later	138,255,199	71,712,939	133,394,075	-	-	-	343,362,213
Five years later	138,255,199	71,712,939	-	-	-	-	209,968,138
Six years later	138,255,199	-	-	-	-	-	138,255,199
Current estimate of cumulative claims	138,255,199	71,712,939	133,394,075	223,657,583	506,142,726	543,778,341	1,616,940,862
Less: cummulative payments to date	138,255,199	71,712,939	133,165,360	210,540,940	486,091,470	323,931,853	1,363,697,761
<b>Liability recognised in the statement of financial position</b>	-	-	<b>228,715</b>	<b>13,116,643</b>	<b>20,051,256</b>	<b>219,846,488</b>	<b>253,243,101</b>

### 27. NET COMMISSION EXPENSE / ACQUISITION COST

	2025	2024
----- (Rupees) -----		
Commission paid or payable	<b>197,935,084</b>	225,357,523
Add: Deferred commission expense opening	<b>85,065,955</b>	38,205,966
Less: Deferred commission expense closing	<b>54,220,150</b>	85,065,955
Net Commission	<b>228,780,889</b>	178,497,534
Less: Commission received or recoverable	<b>56,814,787</b>	21,880,042
Add: Unearned reinsurance commission opening	<b>2,991,559</b>	2,880,777
Less: Unearned reinsurance commission closing	<b>11,203,180</b>	2,991,559
Commission from reinsurers	<b>48,603,166</b>	21,769,260
	<b>180,177,723</b>	156,728,274

### 28. PREMIUM DEFICIENCY - NET

Premium deficiency reserve - opening	<b>337,245</b>	337,245
Premium deficiency reserve - closing	<b>337,245</b>	337,245
Premium deficiency reserve	<b>-</b>	-

**28.1** The independent actuary has determined the closing premium deficiency reserve of Rs. 0.34 million as at reporting date (2024 : Rs. 0.34 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	Note	2025	2024
		(Rupees)	
<b>29. MANAGEMENT EXPENSES</b>			
Employee benefit cost	29.1	135,554,442	115,670,387
Travelling and entertainment		42,401,571	23,965,702
Advertisement and sales promotion		2,774,382	36,605,327
Printing and stationery		4,251,541	2,673,111
Depreciation	29.2	42,910,420	33,094,750
Legal and professional charges		9,742,036	6,943,340
Provision for impairment		2,041,024	-
Utilities		9,225,384	10,326,305
Repair and maintenance		7,750,670	8,503,410
Bank charges		9,738,082	448,440
Insurance expense		5,163,128	6,235,912
Software maintenance		1,619,075	1,695,955
Co insurance surcharge		1,287,253	2,127,760
Directors meeting fee		1,650,000	250,000
Miscellaneous		3,521,695	5,727,559
		<u>279,630,703</u>	<u>254,267,958</u>
<b>29.1</b>	This amount includes Rs. 2.69 million (2024: Rs. 2.03 million) of provident fund contribution.		
<b>29.2</b>	This includes depreciation on operating fixed assets and right of use assets amounting to Rs. 23.072 and Rs. 19.961 million (2024: Rs. 19.246 million and Rs. 13.848 million) respectively.		
		2025	2024
		(Rupees)	
<b>30. INVESTMENT INCOME</b>			
<b>Income from equity securities</b>			
Available for sale investments			
Dividend income		29,731,995	15,073,764
Realized gain on sale of investments		10,176,691	-
		<u>39,908,686</u>	15,073,764
<b>Income from debt securities</b>			
Held to maturity			
Income from term deposits		3,819,010	55,857,080
Return on government securities		42,071,882	25,605,102
Return on treasury bills		7,926,805	-
		<u>53,817,697</u>	81,462,182
Unrealised gain on revaluation of held for trading investments		384,789	44,913
		<u>94,111,172</u>	<u>96,580,859</u>
<b>31. RENTAL INCOME</b>			
Rental income		2,594,756	2,389,364

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



	Note	2025 (Rupees)	2024
<b>32. OTHER INCOME</b>			
Return on bank balances		41,057,024	63,858,193
Gain on sale of operating fixed assets		2,909,939	8,466,107
Reversal of liabilities no longer payable		3,043,938	-
Miscellaneous		3,647,171	305,998
		<u>50,658,072</u>	<u>72,630,298</u>
<b>33. OTHER EXPENSES</b>			
Fee and subscription		30,405,277	4,678,426
Auditor's remuneration	33.1	3,083,598	1,469,906
Workers' welfare fund		4,478,621	4,776,090
		<u>37,967,496</u>	<u>10,924,422</u>
<b>33.1 AUDITORS' REMUNERATION</b>			
Annual audit fee		1,036,665	719,906
Interim review fee		252,000	175,000
Certification fees and review of statement of compliance with the Code of Corporate Governance		324,000	225,000
Other professional services		1,213,200	100,000
Out of pocket expenses		257,733	250,000
		<u>3,083,598</u>	<u>1,469,906</u>
<b>34. PROFIT BEFORE TAX FROM WINDOW TAKAFUL OPERATIONS - OPF</b>			
Wakala fee		59,130,494	31,579,750
Investment Income		3,684,586	5,955,447
Other income		1,664,641	3,082,258
Management expenses		(24,800,453)	(7,623,484)
Commission expenses		(24,453,778)	(16,401,380)
Direct expenses		(2,221,452)	(3,723,409)
Modarib's share		206,420	203,070
Finance charges		(142,446)	-
Profit before tax		<u>13,068,011</u>	<u>13,072,252</u>
<b>35. TAXATION</b>			
Current		58,052,765	73,535,110
Deferred		(9,227,213)	-
		<u>48,825,552</u>	<u>73,535,110</u>
<b>35.1 Relationship between tax expense and accounting profit:</b>			

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



	2025	2024
	(Rupees)	
Profit before taxation	<b>201,161,611</b>	238,804,482
Tax at the applicable rate of 29% (2024: 29%)	<b>58,336,867</b>	69,253,300
Super tax	<b>3,017,424</b>	4,305,679
Unrealized gain not charged to tax	<b>(2,441,982)</b>	(542,275)
Deferred tax recognized	<b>(9,227,213)</b>	-
Effect of others	<b>(859,544)</b>	518,406
	<b>48,825,552</b>	73,535,110

	2025	2024
	(Rupees)	
		(Restated)
<b>36. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after tax (Rupees)	<b>152,336,059</b>	165,269,371
Weighted average number of ordinary shares (Numbers)	<b>80,625,000</b>	80,625,000
Basic earnings per share (Rupees)	<b>1.89</b>	2.05

**36.1** No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

### 37. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive officer		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	(Rupees)					
Fees	-	-	<b>1,650,000</b>	250,000	-	-
Managerial remuneration	<b>10,297,077</b>	9,361,399	-	-	<b>62,874,360</b>	53,660,820
Rent and house maintenance	<b>1,048,500</b>	1,008,000	-	-	<b>13,085,940</b>	9,774,552
Utilities	<b>146,250</b>	-	-	-	<b>3,916,824</b>	3,126,384
Medical	<b>447,000</b>	336,000	-	-	<b>3,973,440</b>	2,899,668
Conveyance	<b>840,000</b>	-	-	-	<b>18,654,744</b>	14,317,200
Special allowance	<b>2,772,000</b>	3,696,000	-	-	<b>2,339,349</b>	2,319,132
Defined contribution plan	<b>383,900</b>	336,000	-	-	<b>1,060,356</b>	961,606
	<b>15,934,727</b>	14,737,399	<b>1,650,000</b>	250,000	<b>105,905,013</b>	87,059,362
	(Numbers)					
Number of persons	<b>1</b>	1	<b>7</b>	7	<b>33</b>	26

The Chief Executive Officer (CEO) and executives have been provided with the Company maintained vehicles.

### 38. RELATED PARTY TRANSACTIONS

Related parties comprise of directors, parent undertaking, key management personnel, employees' provident funds and companies with common directors. The transactions and balances with related parties, other than those disclosed elsewhere, are summarised as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



Name and relationship	Nature of transaction	2025	2024
		----- (Rupees) -----	
<b>Parent understaking</b>			
Shaheen Foundation	Premium written	<b>117,017,805</b>	49,683,109
Shaheen Foundation	Claim expense	<b>17,558,006</b>	772,334
Shaheen Foundation	Lease rentals	<b>15,774,339</b>	12,203,467
Shaheen Foundation	Advertisement expense	<b>592,643</b>	109,200
<b>Associated companies / undertakings</b>			
Air Eagle (Private) Limited	Premium written	<b>142,369,429</b>	154,742,065
Air Eagle Aviation Academy (Private) Limited	Premium written	<b>2,732,202</b>	2,595,339
Shaheen Security Services (Pvt) Ltd	Claim expense	<b>9,300</b>	-
Shaheen Tracking Services (Pvt) Ltd	Expenses paid on its behalf	<b>150,675</b>	100,000
<b>Others</b>			
Remuneration of key management personnel		<b>21,771,177</b>	20,743,330
Contribution to provident fund		<b>2,694,717.00</b>	2,120,553

- 38.1** Insurance and claim related transactions with related parties have been carried in normal course of business.
- 38.2** Other transaction are executed at agreed terms.
- 38.3** Contribution to the provident fund is in accordance with the Company's staff service rules.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 39. SEGMENT INFORMATION

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

	2025					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total
	----- (Rupees) -----					
Premium receivable / received ( inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	289,946,680	391,528,422	407,198,326	170,122,287	276,108,987	1,534,904,702
Less: Federal excise duty	(18,539,861)	(46,079,510)	(36,933,313)	(10,375)	(14,240,097)	(115,803,156)
Less: Federal insurance fee	(1,195,602)	(3,023,471)	(2,347,767)	(168,741)	(918,145)	(7,653,726)
Less: Other	(753,099)	(2,976,545)	(333,756)	(500)	(520,980)	(4,584,880)
Gross written premium ( inclusive of administrative Surcharge)	269,458,118	339,448,896	367,583,490	169,942,671	260,429,765	1,406,862,940
Gross direct premium	117,212,840	301,534,092	228,998,434	16,916,519	90,243,946	754,905,831
Facultative inward premium	150,152,592	36,882,848	134,102,081	153,023,885	168,614,570	642,775,976
Administrative surcharge	2,092,686	1,031,956	4,482,975	2,267	1,571,249	9,181,133
	269,458,118	339,448,896	367,583,490	169,942,671	260,429,765	1,406,862,940
Insurance premium earned	327,480,642	287,669,791	364,304,315	216,404,870	277,804,054	1,473,663,673
Less: Insurance premium ceded to reinsurers	80,828,730	203,554,170	46,112,743	-	17,664,542	348,160,186
Net insurance premium	246,651,913	84,115,620	318,191,572	216,404,870	260,139,511	1,125,503,487
Add: Commission income	390,844	41,597,761	6,402,487	-	212,074	48,603,166
Net underwriting income (A)	247,042,757	125,713,381	324,594,059	216,404,870	260,351,585	1,174,106,652
Insurance claims	195,793,162	84,272,414	150,257,154	160,572,902	75,628,060	666,523,692
Less: Insurance claims recovered from reinsurance	43,875,084	9,502,389	24,312,178	-	598,191	78,287,842
Net claim	151,918,078	74,770,025	125,944,976	160,572,902	75,029,869	588,235,850
Commission expense	75,495,198	34,536,188	53,059,747	28,082,283	37,607,473	228,780,889
Management expenses	62,140,123	54,585,933	69,127,491	41,063,268	52,713,889	279,630,703
Net insurance claims and expenses (B)	289,553,399	163,892,146	248,132,214	229,718,453	165,351,221	1,096,647,442
Underwriting result C=A-B	(42,510,643)	(38,178,764)	76,461,845	(13,313,583)	95,000,365	77,459,210
Net investment income						94,111,172
Rental income						2,594,756
Other income						50,658,072
Other expenses						(37,967,496)
Unrealised gain on investment properties						8,420,628
Finance charges on right-of-use assets						(7,182,743)
Profit before tax from window takaful operations - OPF						13,068,011
Profit before tax						201,161,611

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



Prior year

2024

	Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total (Restated)
	----- (Rupees) -----					
Premium receivable / received (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	422,256,439	386,845,242	370,468,962	220,321,487	192,552,523	1,592,444,653
Less: Federal excise duty	(24,405,923)	(41,021,600)	(29,449,997)	-	(23,111,362)	(117,988,882)
Less: Federal insurance fee	(1,887,354)	(3,581,855)	(2,131,997)	-	(3,368,822)	(10,970,028)
Gross written premium (inclusive of administrative Surcharge)	395,963,162	342,241,787	338,886,968	220,321,487	166,072,339	1,463,485,743
Gross direct premium	393,679,520	341,577,487	334,399,779	220,319,487	164,377,541	1,454,353,814
Facultative inward premium	2,282,807	664,300	4,487,189	2,000	1,695,633	9,131,929
Administrative surcharge	395,962,327	342,241,787	338,886,968	220,321,487	166,073,174	1,463,485,743
Insurance premium earned	337,770,225	318,609,615	280,382,768	170,156,904	132,565,198	1,239,484,710
Less: Insurance premium ceded to reinsurers	52,550,991	225,473,147	27,405,290	-	12,699,379	318,128,807
Net insurance premium	285,219,234	93,136,468	252,977,478	170,156,904	119,865,819	921,355,903
Add: Commission income	1,046,368	15,855,370	4,759,282	-	108,240	21,769,260
Net underwriting income (A)	286,265,602	108,991,838	257,736,760	170,156,904	119,974,059	943,125,163
Insurance claims	123,555,047	40,646,011	134,813,818	106,034,528	58,143,890	463,193,294
Less: Insurance claims recovered from reinsurance	(6,632,623)	-	(12,547,589)	-	-	(19,180,212)
Net claim	116,922,424	40,646,011	122,266,229	106,034,528	58,143,890	444,013,082
Commission expense	78,123,511	8,400,313	40,827,775	29,964,329	21,181,606	178,497,534
Management expenses	68,915,154	62,792,154	57,046,989	39,502,736	31,526,489	254,267,958
Net insurance claims and expenses (B)	263,961,089	111,838,478	220,140,993	175,501,593	110,851,985	876,778,574
Underwriting result C=A-B	22,304,513	(2,846,640)	37,595,767	(5,344,689)	9,122,074	66,346,589
Net investment income						96,580,859
Rental income						2,389,364
Other income						72,630,298
Other expenses						(10,924,422)
Unrealised gain on investment properties						1,825,000
Finance charges on right-of-use assets						(3,117,458)
Profit before tax from window takaful operations - OPF						13,074,252
Profit before tax						238,804,482

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



The class wise assets and liabilities are as follows:

As at December 31, 2025

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
<b>SEGMENT ASSETS</b>						
Segment assets	124,307,170	154,054,033	166,935,824	98,580,127	142,402,989	686,280,143
Segment assets - Takaful OPF	21,608,635	5,308,341	24,137,565	15,478,408	4,970,529	71,503,478
Unallocated assets - Takaful OPF						98,920,950
Unallocated corporate assets						2,059,637,609
Total assets						<u>2,916,342,180</u>

## SEGMENT LIABILITIES

Segment liabilities	140,126,653	173,659,137	188,180,282	111,125,555	160,525,368	773,616,995
Segment liabilities - Takaful OPF	11,495,166	835,317	13,025,280	3,572,693	1,847,939	30,776,395
Unallocated liabilities - Takaful OPF						59,053,915
Unallocated corporate liabilities						905,770,603
Total liabilities						<u>1,769,217,908</u>

As at December 31, 2024

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
<b>SEGMENT ASSETS</b>						
Segment assets	151,031,794	130,541,185	129,261,557	84,037,160	63,347,472	558,219,168
Segment assets - Takaful OPF	13,873,850	2,041,459	20,547,316	-	2,716,811	39,179,436
Unallocated assets - Takaful OPF						81,031,689
Unallocated corporate assets						1,505,641,963
Total assets						<u>2,184,072,256</u>

## SEGMENT LIABILITIES

Segment liabilities	197,067,234	170,330,957	168,661,291	109,652,214	82,656,180	728,367,876
Segment liabilities - Takaful OPF	3,256,549	447,979	5,450,372	99,624	1,103,439	10,357,962
Unallocated liabilities - Takaful OPF						38,625,853
Unallocated corporate liabilities						399,023,316
Total liabilities						<u>1,176,375,006</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 40. PROVIDENT FUND RELATED DISCLOSURE

The Company operates contributory provident fund scheme for its permanent employees. All investment are made in accordance with section 218 of Companies Act 2017. Breakup of the fund is as follows:

	2025	2024
Size of the fund - net assets (Rupee)	<b>33,054,526</b>	33,284,086
Cost of the investment made (Rupee)	<b>36,792,258</b>	31,123,415
Percentage of the investment made (%)	<b>100.00%</b>	100.00%
Fair value of the investment made (Rupee)	<b>36,792,258</b>	31,123,415

The breakup of fair value of the investment is:

	2025		2024	
	(Rupees)	(%)	(Rupees)	(%)
Bank balances	<b>36,792,258</b>	100	31,123,415	100
	<b>36,792,258</b>	100	31,123,415	100

### 41. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
----- (Rupees) -----				
<b>At beginning of previous year</b>	568,171,339	114,741,705	276,758	683,189,802
Additions / re-investment - net	270,934,336	261,363,758	-	532,298,094
Disposals (sale and redemptions)	(463,440,429)	-	-	(463,440,429)
Amortisation of premium / discount	5,355,341	-	-	5,355,341
Fair value gains - net of loss	-	12,822,039	44,913	12,866,952
<b>At beginning of current year</b>	<b>381,020,588</b>	<b>388,927,502</b>	<b>321,671</b>	<b>770,269,761</b>
Additions / re-investment - net	<b>513,401,953</b>	<b>248,826,549</b>	-	<b>762,228,502</b>
Disposals (sale and redemptions)	<b>(502,840,000)</b>	<b>(495,340,399)</b>	-	<b>(998,180,399)</b>
Amortisation of premium / discount	<b>8,948,702</b>	-	-	<b>8,948,702</b>
Fair value gains - net	-	<b>78,050</b>	<b>384,789</b>	<b>462,839</b>
<b>At end of current year</b>	<b>400,531,242</b>	<b>142,491,701</b>	<b>706,460</b>	<b>543,729,403</b>

### 42. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

#### 42.1 INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

**a) Geographical concentration of insurance risk**

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is entered into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the non-proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

**b) Frequency and severity of claims**

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, and quota arrangement. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the Company's net retentions. As all the reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against the Company's risk exposures is not quantifiable.

**c) Uncertainty in the estimation of future claims payment**

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims, hence actual amount of IBNR may differ from the amount estimated.

### Key assumptions

The principal assumption underlying the liability estimation of IBNR and PDR is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net off reinsurance loss ratios taken on the basis of current year analysis for each class of business are as follows:

Class	2025	2024
	Assumed net loss ratio	
	----- (%) -----	
Fire and property	<b>61.59</b>	40.99
Marine, aviation and transport	<b>88.89</b>	43.64
Motor	<b>39.58</b>	48.33
Accident and health	<b>74.20</b>	62.32
Miscellaneous	<b>28.84</b>	48.51

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Company's class wise major gross risk exposure is as follows:

Class	2025	2024
	Assumed net loss ratio	
	----- (Rupees) -----	
Fire and property	<b>1,641,280,000</b>	1,633,780,000
Marine, aviation and transport	<b>269,612,000,000</b>	420,000,000
Motor	<b>631,623,870</b>	3,250,000
Accident and health	<b>1,281,255,000</b>	2,730,911,885
Miscellaneous	<b>1,575,000,000</b>	1,637,500,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



## Change in assumption:

The Company did not change its assumptions for the insurance contracts.

## d) Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

	Pre tax profit / (loss)		Pre tax profit / (loss)	
	2025	2024	2025	2024
<b>Impact of change in claim liabilities by +10 %</b>				
Fire and property damage	(12,150,026)	(11,692,242)	(8,626,518)	(11,692,242)
Marine, aviation and transport	(5,651,636)	(4,064,601)	(4,012,662)	(4,064,601)
Motor	(6,609,189)	(12,226,623)	(4,692,524)	(12,226,623)
Accident and Health	(326,698)	(10,603,453)	(231,956)	(10,603,453)
Miscellaneous	(586,761)	(5,814,389)	(416,600)	(5,814,389)
	<u>(25,324,310)</u>	<u>(44,401,308)</u>	<u>(17,980,260)</u>	<u>(44,401,308)</u>

	Pre tax profit / (loss)		Pre tax profit / (loss)	
	2025	2024	2025	2024
<b>Impact of change in claim liabilities by -10 %</b>				
Fire and property damage	12,150,026	11,692,242	8,626,518	11,692,242
Marine, aviation and transport	5,651,636	4,064,601	4,012,662	4,064,601
Motor	6,609,189	12,226,623	4,692,524	12,226,623
Accident and Health	326,698	10,603,453	231,956	10,603,453
Miscellaneous	586,761	5,814,389	416,600	5,814,389
	<u>25,324,310</u>	<u>44,401,308</u>	<u>17,980,260</u>	<u>44,401,308</u>

## 42.2 REINSURANCE RISK

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognised by the rating of the entity from which it is due are as follows:

Rating	Amount due from	Reinsurance	Salvage	Prepaid reinsurance	2025	2024
	other insurers / reinsurers	recoveries against outstanding claims	recoveries accrued	premium ceded		
A- or above including Pakistan Reinsurance Company Limited	449,418,969	50,795,345	404,063	131,441,616	632,059,993	464,522,762
	<u>449,418,969</u>	<u>50,795,345</u>	<u>404,063</u>	<u>131,441,616</u>	<u>632,059,993</u>	<u>464,522,762</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 42.3 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

#### 42.3.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to any single customer.

Credit risk of the Company arises principally from deposits, insurance/reinsurance receivables, loans and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2025	2024
	(Rupees)	
Investment in debt securities	320,531,242	378,240,488
Advances, deposits and other receivables	38,317,263	28,554,424
Insurance/ re-insurance receivables	449,418,969	435,944,317
Term deposits	80,000,000	2,780,000
Reinsurance recoveries against outstanding claims	50,795,345	11,809,349
Salvage recoveries accrued	404,063	327,470
Bank deposits subject to margin and encumbrances	756,299,543	35,967,143
Bank balances	123,279,056	233,745,199
	<b>1,819,045,481</b>	<b>1,127,368,390</b>

The credit quality of loans, advances and other receivables can be assessed with reference to the historical performance and there are no defaults in recent history. General provision is made for receivables according to the Company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / re-insurers for whom there is no history of default.

The age analysis of insurance receivables (gross) from related parties is as follows:

	2025	2024
	(Rupees)	
Upto 1 year	40,342,155	22,862,632
1 - 2 years	(261,005)	463,457
2 - 3 years	971,965	-
Over 3 years	-	-
	<b>41,053,115</b>	<b>23,326,089</b>
Less: Provision for impairment	(96,219)	(96,219)
	<b>40,956,896</b>	<b>23,229,870</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



The age analysis of insurance receivables (gross) from other than related parties is as follows:

	2025	2024
	----- (Rupees) -----	
Upto 1 year	288,770,167	285,484,099
1 - 2 years	120,085,481	71,360,146
2 - 3 years	18,160,110	55,324,805
Over 3 years	8,060,189	449,178
	<u>435,075,947</u>	<u>412,618,228</u>
Less: Provision for impairment	<u>(26,613,874)</u>	<u>(26,613,874)</u>
	<u>408,462,073</u>	<u>386,004,354</u>

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	2025		2025	2024
		Short term	Long term	----- (Rupees) -----	
JS Bank Limited	PACRA	A-1+	AA-	107,198,801	139,048,601
Bank Alfalah Limited	PACRA	A-1+	AA+	18,810,553	5,831,059
Bank Al Habib Limited	PACRA	A-1+	AAA	324,464,481	490,218
MCB Bank Limited	PACRA	A-1+	AAA	2,027,346	2,280,109
Allied Bank Limited	PACRA	A-1+	AAA	290,154	272,520
Soneri Bank Limited	PACRA	A-1+	AA-	93,208	93,208
Bank of Punjab	PACRA	A-1+	AA+	3,463	2,763
Faysal Bank Limited	PACRA	A-1+	AA	25,562	24,454
Bank Makramah Limited	PACRA	A3	BBB-	386,143,070	-
Summit Bank Limited	VIS	Nil	Nil	-	123,706
Dubai Islamic Bank	VIS	A-1+	AA	-	16,694,206
National Bank of Pakistan	PACRA	A-1+	AAA	5,500,774	1,957,989
Bank Islami Pakistan Limited	PACRA	A1	AA-	9,144,482	95,779,466
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	3,138,139	7,113,343
Habib Bank Limited	VIS	A-1+	AAA	22,738,566	700
				<u>879,578,599</u>	<u>269,712,342</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 13.

The credit quality of amount due from insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed from external rating disclosed in note 42.2.

### 42.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	2025			Total
	Within one year	One year to five years	Over five years	
----- (Rupees) -----				
<b>Financial liabilities</b>				
Outstanding claims including IBNR	253,243,101	-	-	253,243,101
Insurance/ reinsurance payables	102,706,148	-	-	102,706,148
Lease liabilities	19,354,611	27,209,659	-	46,564,270
Other creditors and accruals	480,742,853	-	-	480,742,853
Unclaimed dividend	3,178,301	-	-	3,178,301
	<u>859,225,014</u>	<u>27,209,659</u>	<u>-</u>	<u>886,434,673</u>
----- (Rupees) -----				
----- (Rupees) -----				
	2024			Total
	Within one year	One year to five years	Over five years	
----- (Rupees) -----				
<b>Financial liabilities</b>				
Outstanding claims including IBNR	196,681,260	-	-	196,681,260
Insurance/ reinsurance payables	55,429,758	-	-	55,429,758
Lease liabilities	7,135,368	9,254,159	-	16,389,527
Other creditors and accruals	73,410,636	-	-	73,410,636
Unclaimed dividend	3,178,301	-	-	3,178,301
	<u>335,835,323</u>	<u>9,254,159</u>	<u>-</u>	<u>345,089,482</u>

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and term deposit receipts.

### 42.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The Company manages the market risk exposures by following internal risk policies.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
----- (Rupees) -----							
<b>FINANCIAL ASSETS</b>							
Investments	400,531,242	-	400,531,242	143,198,161	-	143,198,161	543,729,403
Advances, deposits and other receivables	-	-	-	38,317,263	-	38,317,263	38,317,263
Insurance/ reinsurance receivables	-	-	-	449,418,969	-	449,418,969	449,418,969
Reinsurance recoveries against outstanding claims	-	-	-	50,795,345	-	50,795,345	50,795,345
Salvage recoveries accrued	-	-	-	404,063	-	404,063	404,063
Cash and bank balances	101,997,654	-	101,997,654	21,669,542	-	21,669,542	123,667,196
December 31, 2025	<u>502,528,896</u>	<u>-</u>	<u>502,528,896</u>	<u>703,803,343</u>	<u>-</u>	<u>703,803,343</u>	<u>1,206,332,239</u>
<b>FINANCIAL LIABILITIES</b>							
Outstanding claims including IBNR	-	-	-	253,243,101	-	253,243,101	253,243,101
Lease liabilities	19,354,611	27,209,659	46,564,270	-	-	-	46,564,270
Insurance/ reinsurance payables	-	-	-	102,706,148	-	102,706,148	102,706,148
Other creditors and accruals	-	-	-	553,426,188	-	553,426,188	553,426,188
Unclaimed dividend	-	-	-	3,178,301	-	3,178,301	3,178,301
December 31, 2025	<u>19,354,611</u>	<u>27,209,659</u>	<u>46,564,270</u>	<u>912,553,738</u>	<u>-</u>	<u>912,553,738</u>	<u>959,118,008</u>
Interest risk sensitivity gap	<u>483,174,285</u>	<u>(27,209,659)</u>	<u>455,964,626</u>	<u>(208,750,395)</u>	<u>-</u>	<u>(208,750,395)</u>	<u>247,214,231</u>

### 42.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The Company manages the market risk exposures by following internal risk policies.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

#### Cash flow sensitivity analysis for variable rate instruments

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
		----- (Rupees) -----	
<b>December 31, 2025</b>	100	1,819,977	1,292,183
	(100)	(1,819,977)	(1,292,183)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 42.3.4 Currency risk

Foreign currency risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

### 42.3.5 Other price risk

Other price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities and units. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and mutual funds. In addition, the Company actively monitors the key factors that affect stock market.

The following table summarises the Company's other price risk as of December 31, 2025 and December 31, 2024. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
	%	(Rupees)	
December 31, 2025	5%	143,198,161	7,159,908
December 31, 2024	5%	389,249,173	19,462,459

### 42.4 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company's manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with the requirements of the Insurance Rules, 2017 issued by the SECP, minimum paid up capital requirement to be complied with by insurance/ takaful companies as at December 31, 2025 is Rs. 500 million. As at December 31, 2025, the Company's paid up capital is in excess of the prescribed limit.

### 43. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 43.
- **Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
  - **Level 2:** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
  - **Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



December 31, 2025									
Carrying value						Fair value measurement			
Held for trading	Available for-sale	Held-to maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
Equity securities / mutual funds	706,460	142,491,701	-	-	-	143,198,161	706,460	142,491,701	-
<b>Financial assets not measured at fair value</b>									
Debt securities	-	-	320,531,242	-	-	320,531,242	-	331,819,941	-
Term deposits*	-	-	80,000,000	-	-	80,000,000	-	-	-
Advances, deposits and other receivables*	-	-	-	38,317,263	-	38,317,263	-	-	-
Insurance / re-insurance receivables*	-	-	-	449,418,969	-	449,418,969	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	-	50,795,345	50,795,345	-	-	-
Salvage recoveries accrued*	-	-	-	-	404,063	404,063	-	-	-
Deferred commission expense*	-	-	-	-	54,220,150	54,220,150	-	-	-
Prepayments*	-	-	-	-	131,441,616	131,441,616	-	-	-
Bank deposits subject to encumbrances*	-	-	-	-	756,299,543	756,299,543	-	-	-
Cash and bank*	-	-	-	-	123,667,196	123,667,196	-	-	-
	706,460	142,491,701	400,531,242	487,736,232	1,116,827,913	-	2,148,293,548	706,460	474,311,642
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*	-	-	-	-	(253,243,101)	(253,243,101)	-	-	-
Insurance / re-insurance payables*	-	-	-	-	(102,706,148)	(102,706,148)	-	-	-
Other creditors and accruals*	-	-	-	-	(553,426,188)	(553,426,188)	-	-	-
	-	-	-	-	(909,375,437)	(909,375,437)	-	-	-
----- (Rupees) -----									
December 31, 2024									
Carrying value						Fair value measurement			
Held for trading	Available for-sale	Held-to maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
Equity securities / mutual funds	321,671	388,927,502	-	-	-	389,249,173	321,671	388,927,502	-
<b>Financial assets not measured at fair value</b>									
Debt securities	-	-	378,240,488	-	-	378,240,488	-	391,561,632	-
Term deposits*	-	-	2,780,000	-	-	2,780,000	-	-	-
Advances, deposits and other receivables*	-	-	-	30,434,180	-	30,434,180	-	-	-
Insurance / re-insurance receivables*	-	-	-	409,234,224	-	409,234,224	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	-	11,809,349	11,809,349	-	-	-
Salvage recoveries accrued*	-	-	-	-	327,470	327,470	-	-	-
Deferred commission expense*	-	-	-	-	85,065,952	85,065,952	-	-	-
Prepayments*	-	-	-	-	51,782,176	51,782,176	-	-	-
Bank deposits subject to encumbrances*	-	-	-	-	35,967,143	35,967,143	-	-	-
Cash and bank*	-	-	-	-	234,157,570	234,157,570	-	-	-
	321,671	388,927,502	381,020,488	439,668,404	419,109,659	-	1,629,047,724	321,671	780,489,134
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*	-	-	-	-	(196,681,260)	(196,681,260)	-	-	-
Insurance / re-insurance payables*	-	-	-	-	(55,429,758)	(55,429,758)	-	-	-
Other creditors and accruals*	-	-	-	-	(200,641,703)	(200,641,703)	-	-	-
	-	-	-	-	(452,752,721)	(452,752,721)	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



\* The Company has not disclosed fair values of above mentioned financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

### Valuation techniques used in determination of fair values within Level 1

Items	Valuation technique
Shares of listed company	The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

### Valuation techniques used in determination of fair values within Level 2

Items	Valuation technique
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Debt securities	The fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates on the Mutual Funds Association of Pakistan's website.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring Level 3 fair value

Description	Fair value	Unobserved-able inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties	177,296,197	Yield	5% to 6%	The higher the terminal yield, the higher the fair value
		Expected rent growth rate	10%	The higher the rental growth rate, the higher the fair value
		Occupancy rate	90% to 95%	The higher the occupancy rate, the higher the fair value
		Rent free period	1 year on new leases	The higher the rent free period, the lower the fair value

The Company engages external, independent and qualified valuers to determine the fair value of the investment properties at the end of every financial year. The latest independent valuation exercise of these land and buildings has been undertaken by Sadruddin Associates (Pvt.) Ltd as at December 31, 2025.

Available for sale investments are stated at market value as disclosed in note 4.6 to these financial statements. Fair value through profit or loss investments are stated at quoted market prices as disclosed in note 4.6 Further, investment properties are stated at market value as disclosed in note 4.5 to these financial statements.

	2025	2024
	(Rupees)	
<b>44. STATEMENT OF SOLVENCY</b>		
<b>Total assets</b>		
Property and equipment	142,268,465	115,379,916
Intangibles assets	610,242	496,333
Investment properties	177,296,197	168,875,569
Investments		
Equity securities	143,198,161	389,249,173
Debt securities	320,531,242	378,240,488
Term deposits	80,000,000	2,780,000
Loans and other receivables	38,317,263	30,434,180
Insurance / Reinsurance receivables	449,418,969	409,234,224
Reinsurance Recoveries against O/S claims	50,795,345	11,809,349
Salvage recoveries accrued	404,063	327,469
Deferred Commission Expense	54,220,150	85,065,952
Prepayments	131,441,616	51,782,175
Bank deposits subject to encumbrances	756,299,543	35,967,143
Cash & Bank	123,667,196	234,157,570
Total assets of takaful operations - PTF	268,245,892	150,061,590
Total assets of takaful operations - OPF	170,424,428	120,211,125
Total assets (A)	<b>2,907,138,772</b>	<b>2,184,072,255</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025



	2025	2024
	----- (Rupees) -----	
<b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000.</b>		
(h) Insurance/ reinsurance receivables	40,956,896	23,229,870
(U)-(iii) Leasehold improvements	396,505	2,374,059
(k) Security deposits & other receivables	18,162,882	6,356,259
(U)-(i) Vehicles	83,429,283	82,869,997
(U)-(ii) Office Equipments	5,019,139	4,022,949
(U)-(iii) Furniture and fixture which are not immovable property	5,255,125	5,329,909
Advance to Suppliers	3,587,418	1,367,410
(U)-(iv) Computer equipment	4,012,535	3,730,653
(i) Computer software	610,242	687,265
(l) Assets subject to encumbrances	690,553,882	-
(v)-(ii) ROUA	23,767,710	15,684,942
Total of In-admissible assets (B)	875,751,618	145,653,313
Total admissible assets (C=A-B)	2,031,387,154	2,038,418,942

## Total Liabilities

Underwriting Provisions		
Outstanding claims including IBNR	253,243,101	196,681,260
Unearned premium reserves	406,464,566	473,265,299
Premium deficiency reserves	337,245	337,245
Unearned commission income	11,203,180	2,991,559
Lease liabilities	46,564,270	16,389,527
Premium received in advance	22,645,356	2,332,085
Insurance / Reinsurance Payables	102,706,148	55,429,758
Other Creditors and Accruals	553,426,188	200,641,703
Unclaimed dividend	3,178,301	3,178,301
Taxation - provision less payments	11,373,351	26,082,864
Total liabilities of takaful operations - PTF	268,245,892	150,061,590
Total liabilities of takaful operations - OPF	89,830,310	48,983,815
Total liabilities (D)	1,769,217,908	1,176,375,005
Total net admissible assets (E=C-D)	262,169,246	862,043,936
Minimum Solvency Requirement (higher of following)	246,706,375	184,271,181
Method A - U/s 36(3)(a)	150,000,000	150,000,000
Method B - U/s 36(3)(b)	246,706,375	184,271,181
Method C - U/s 36(3)(c)	144,939,515	121,271,007
Surplus in net admissible assets over minimum solvency requirement	15,462,871	677,772,756

## 45. NUMBER OF EMPLOYEES

At the year end	144	135
Average during the year	127	119

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2025



### 46. CORRESPONDING FIGURES

Corresponding figures and balances have been reclassified, wherever considered necessary, for the purpose of comparison.

### 47. SUBSEQUENT EVENTS

Subsequent to the year end, Board of Director's in their meeting held on 31 march 2026 has proposed 30% Bonus Shares i.e 3 ordinary shares for every 10 ordinary shares held. (2024: 25% bonus shares)

47.1 Subsequent the year end, geopolitical situation in the Middle East escalated significantly following the outbreak of war which is seriously effecting economy of the world. Pakistan the inflation is increasing due to increase in prices which has adverse effect on economy. As Pakistan Stock Exchange (PSX) reacted to increased uncertainty, equity markets experienced volatility, with declines observed across several scrips and sectors. The Company holds investments in publicly listed companies, that are exposed to market conditions. Preliminary assessments indicates that the fair value of certain investments may have declined after the reporting date. Management continues to monitor the situation closely and is undertaking a detailed assessment of the financial statements. As these developments arose from circumstances not existing at the balance sheet date, they represent non adjusting events as defined under IAS 10 Events after the Reporting Period.

### 48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **March 31, 2026** by the Board of Directors of the Company.

### 49. GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

Air Vice Marshal Junaid Ahmed  
Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser  
Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer



SHAHEEN FOUNDATION  
PAKISTAN AIR FORCE



تکافل  
SHAHEEN

WINDOW TAKAFUL OPERATIONS

# Window Takaful Operations Financial Statements



# WINDOW TAKAFUL OPERATIONS

Shaheen Insurance commenced its Window Takaful Operations which has been widely appreciated by the business fraternity, Islamic banks and financial institutions.

“**Shaheen Takaful**” is operating under the guidance of Shariah Board. Shariah Board consist of Mufti Bilal & Mufti Zahid - renowned, qualified and certified Sharia Scholars. Our Takaful model is WAQF based; the concept of brotherhood and mutual solidarity in Islam and its operations are being managed by a team of well experienced, dedicated & competent professionals.

**Shaheen Takaful** is offering a wide range of Shariah Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Private / Commercial Vehicles Takaful, Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful. A short brief of major takaful products is as under:-

**Fire Takaful** provides loss or damage to the property caused by Fire &/or duly extended allied perils. The basic Fire takaful extendable to cover allied / special perils such as Riots & Strikes Damage, Malicious Damage, Atmospheric Damage, Earthquake Fire & Shock, Explosions, Aircraft Damages and Impact Damages etc.

**Marine Takaful** covers losses to cargo during transit as per Institute Caro Clauses ‘A’, ‘B’ or ‘C’ by all means of transport like by Sea, by Air or by Road/Rail. Usually marine cargo takaful provides coverage of goods from warehouse (of departure) to warehouse (of arrival) but can also be from port of departure to port of arrival.

**Motor Takaful** provides coverage against any loss / damage to motor vehicles (private & commercial) due to road accidents, Theft & Burglary, Snatching by violent means, Riot & Strike damage, Loss or damage due to natural calamities and Third party liability (Bodily Injury and property damage). This cover can be extended to include accidental injuries and death of Driver and Passenger(s).

**Engineering Takaful** mainly covers plant & machinery and projects and provides coverage for Contractor’s All Risks, Contractor’s Plant & Machinery, Erection All Risks, Machinery Breakdown Insurance and Comprehensive Machinery Insurance etc.

**Miscellaneous & Others:** A wide range of products available under Miscellaneous Takaful which includes, but not limited to, Products Liability, Professional Indemnity, Group / Personal Accident, Employer’s Legal Liability, Workmen Compensation, Public Liability, Third Party Liability, Directors & Officers Liability, Travel, All Risks Takaful, House-breaking & Burglary, Money (Cash in Safe & Cash in transit), Plate Glass takaful and Baggage takaful etc.

### **Mufti Muhammad Hanif**

(Shariah Advisor-SA)

Mufti Muhammad Hanif completed his M.Phil degree from Karachi University and his Takhassus Fi-Al Iftaa (specialization) in Islamic jurisprudence and Fatawa from Jamia Dar-ul-Uloom Karachi. He successfully passed his CSAA (certified Shariah Advisor and Auditor) from AAOIFI Bahrain.

Besides being the “Shari’ah Advisor” at Shaheen insurance – Window Takaful Operations he also serves as “Shari’ah Advisor” at TPL Life Insurance Company Limited – window Takaful Operations, as well as the Shari’ah Advisor at Security Investment Bank Limited.

Mufti Muhammad Hanif is associated with Takaful industry since 2015. He is also a Visiting Faculty of Al-Emaan Institute. He has rich experience of teaching various courses in Quran, Hadith, Fiqh, and Islamic Finance & Takaful. He has worked for over Seven years in the Fatwa department.

### **Mufti Muhammad Zahid**

(Shariah Board Member-SBM)

Mufti Muhammad Zahid has attained remarkable achievements in his academic journey, particularly in Islamic Jurisprudence, where he excelled consistently, earning numerous accolades. His educational milestones include obtaining an Al-Aalamiyyah degree in Arabic and Islamic Studies in 2005 from Jamia Darul Uloom Karachi, recognized as a Masters by the Higher Education Commission Pakistan. Further specializing in Islamic Jurisprudence (Al-Takhassuss Fil Iftaa), he completed his studies in 2008 at the same institution.

Continuing his pursuit of knowledge, Mufti Muhammad Zahid recently achieved an M.Phil. Degree in Islamic Studies at Karachi University's Quran-o-Sunnah Department and is currently dedicated to his doctoral studies in Islamic Studies at Karachi University.

Before joining Soneri Bank Limited Islamic Banking, Mufti Muhammad Zahid served as the Head of Shariah Compliance at Pak-Qatar Family Takaful Ltd. from 2008 until October 2016, maintaining his role as a Shariah Board Member until September 2018.

In addition to his corporate responsibilities, Mufti Muhammad Zahid shares his expertise as a visiting faculty member at the Institution of Business Administration-IBA and Al-Emaan & Al-Hikmah Institute, Karachi. His focus lies in offering Islamic solutions to contemporary challenges, bridging the gap between the modern world and Shariah principles. Mufti Muhammad Zahid actively conducts training sessions on Islamic Finance, Takaful, and Risk Management on various platforms.

Presently, Mufti Muhammad Zahid serves as the Resident Shariah Board Member (RSBM) at Soneri Bank, Islamic Banking, and holds the position of Shariah Board Member at TPL Life & Shaheen, Window Takaful Operations.

## STATEMENT OF COMPLIANCE WITH THE SHAHRIAH PRINCIPLES FOR THE YEAR ENDED DECEMBER 31, 2025



The financial arrangements, contracts and transactions, entered into by Shaheen Insurance Company Ltd (the Operator) for the year ended 31 December 2025 are in compliance with the Takaful Rules, 2012 and the Shariah Rules and Principles determined by the Shariah Advisor /Shariah Advisory Board of the Window Takaful Operator.

### **Further, we confirm that:**

- The Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor /Shariah Advisory Board along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor /Shariah Advisory Board and the Board of Directors have been implemented;
- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisory Board / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor /Shariah Advisory Board and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor /Shariah Advisory Board;
- The assets and liabilities of Operator are segregated from the Shaheen Insurance Company Limited's other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor/ Shariah Advisory Board of the Operator.

**Rizwan Akhter**  
Chief Executive Officer

Karachi: March 16, 2026

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025



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Pakistan

## **INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF THE COMPANY ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012 - FOR THE YEAR ENDED DECEMBER 31, 2023**

### **Scope**

We have been engaged by Shaheen Insurance Company Limited (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended December 31, 2023 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

### **Criteria applied by the management**

In preparing the Subject Matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

### **The Management's responsibilities**

The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### **BDO's responsibilities**

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this

**STATEMENT OF COMPLIANCE WITH THE SHAHRIAH PRINCIPLES**  
FOR THE YEAR ENDED DECEMBER 31, 2023



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engagement as agreed with the Operator on June 20, 2023. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

#### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Description of procedures performed**

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.
- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.
- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.
- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2025



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Takaful Rules, 2012 and Shariah Rules and Principles:

- We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor;
- We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions;
- We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012; and
- We re-calculated Operator's profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

### Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of December 31, 2023 is presented, in all material respects, in accordance with Takaful Rules, 2012.

**Place:** Karachi  
**Dated:** March 26, 2024

**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Zulfikar Ali Causer

# SHARIAH REVIEW REPORT TO THE BOARD OF DIRECTORS

## FOR THE YEAR ENDED DECEMBER 31, 2025



In the name of Allah, the Beneficent, the Merciful

During the year under review, the Shariah Advisory Board reviewed the General Takaful products along with all related ancillary documentation. Furthermore, we examined the Participant Takaful Fund, Investment Policy, Retakaful arrangements, and all related transactions of Shaheen Insurance Company Limited - Window Takaful Operations (hereinafter referred to as the “Company” or the “Window Takaful Operator”) for the year ended 31 December 2025. This review was conducted to assess compliance with the Takaful Rules, 2012, and the Shariah guidelines issued by the Company’s Shariah Advisory Board.

The primary objective of this report is to express an opinion on the Company’s compliance with the Takaful Rules, 2012 and the Shariah Guidelines. The report also includes an analysis of relevant evidence pertaining to the transactions undertaken by the Company during the year ended 31 December 2025.

As the Shariah Advisory Board, our responsibility is to ensure that the financial arrangements, contracts, and transactions undertaken by the Window Takaful Operator with its participants and other stakeholders are in compliance with the requirements of the Takaful Rules, 2012, as well as the applicable Shariah rules and principles. Furthermore, it is the responsibility of the Shariah Advisory Board to review these transactions and express an independent opinion regarding their Shariah compliance.

It is the responsibility of the Window Takaful Operator to ensure that the rules, principles, and guidelines established by the Shariah Advisory Board are duly complied with. Furthermore, the Window Takaful Operator must ensure that all General Takaful products, policies, and services offered are properly reviewed and approved by the Shariah Advisory Board.

The Shariah Advisory Board acknowledges the management’s full support in enabling it to fulfill its responsibilities and in promoting continuous improvement in the Company’s Shariah compliance framework. During the year, the Shariah Advisory Board provided ongoing Shariah guidance and assistance to the Company. Based on the information and explanations provided, and to the best of our knowledge and understanding, we are of the view that:

- Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2025 were in accordance with guidelines issued by the Shariah Advisory Board as well as Takaful Rules 2012.
- The Shariah screening criteria outlined in the Investment Guidelines were duly adhered to in all investment and financial transactions of both the Window Takaful Operator Fund and the Participant Takaful Fund (PTF).
- During the year under review, no non-Shariah-compliant income was earned; therefore, no amount was required to be transferred to the charity account for purification purposes.

# SHARIAH REVIEW REPORT TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2025



- Training sessions were conducted for the distribution force as well as back-office staff. However, it is recommended that such training sessions be conducted on a regular basis to ensure continuous enhancement of Takaful knowledge and to maintain an upward learning curve.
- The Window Operator has diligently fulfilled its duties in accordance with the Takaful Rules 2012 and the Shariah Guidelines issued by the Shariah Advisory Board.
- Consequently, we have found the Company is in accordance with the Takaful Rules 2012 and Shariah rules & principles with respect to all relevant transactions.

“And Allah knows best “

“اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه”

**Mufti Muhammad Hanif**  
Shariah Advisor & Shariah Board Member  
Shaheen Insurance Company Ltd.  
Window Takaful Operations

**Mufti Muhammad Zahid**  
Shariah Board Member  
Shaheen Insurance Company Ltd.  
Window Takaful Operations



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## INDEPENDENT AUDITOR'S REPORT

**To the members of Shaheen Insurance Company Limited – Window Takaful Operations**

### Opinion

We have audited the annexed financial statement of SHAHEEN INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATION) ("the Operator") as at December 31, 2025, which comprise the statement of financial position as at December 31, 2025, and the profit and loss account, the statement of comprehensive income, the statement of changes in Operator's fund and Participants' takaful fund, the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in Operator's fund and Participants' takaful fund and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2025 and of the profit, other comprehensive income, the changes in funds and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operator's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in Operator's fund and Participants' takaful fund and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nadeem.

**BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS**

**Date:**  
**Place:** Karachi  
**UDIN:**



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025



# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025



Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
----- (Rupees) -----				
<b>ASSETS</b>				
Property and equipment	6	6,318,591	410,899	-
Investments	8	59,328,546	56,143,372	24,691,602
Advances and other receivables	9	9,892,158	1,862,813	11,439,723
Takaful / retakaful receivables	10	-	-	142,054,490
Retakaful recoveries against outstanding / benefits	22	-	-	2,205,559
Salvage recoveries accrued		-	-	2,004,920
Deferred commission expense	26	15,118,365	8,375,714	-
Receivable from PTF	11	55,756,056	31,328,732	-
Deferred wakala fee	20	-	-	30,776,394
Taxation less provision		-	-	2,780,982
Prepaid retakaful contribution ceded	12	-	-	698,300
Cash and bank	13	24,010,714	22,089,595	52,596,235
<b>TOTAL ASSETS</b>		<b>170,424,430</b>	<b>120,211,125</b>	<b>269,248,205</b>
<b>FUNDS AND LIABILITIES</b>				
<b>Operator's Fund</b>				
Statutory fund		50,000,000	50,000,000	-
Accumulated profit		29,424,435	20,548,938	-
Unrealized gain / (loss) available-for-sale investments		1,169,684	678,372	-
		<b>80,594,119</b>	<b>71,227,310</b>	<b>-</b>
<b>WAQF / PARTICIPANTS' TAKAFUL FUND</b>				
Ceded money		-	-	500,000
Accumulated surplus		-	-	66,276,787
Unrealized gain / (loss) available-for-sale investments		-	-	629,057
		<b>-</b>	<b>-</b>	<b>67,405,844</b>
<b>LIABILITIES</b>				
PTF Underwriting provisions				
Outstanding claims including IBNR	22	-	-	29,865,867
Unearned contribution reserve	19	-	-	88,124,946
Reserve for unearned retakaful rebate	21	-	-	239,787
Lease liabilities	14	3,008,679	-	-
Contribution received in advance		-	-	2,800,089
Takaful / retakaful payables	15	-	-	9,518,230
Unearned wakala fee		30,776,394	16,585,028	-
Payable to OPF	11	-	-	55,756,056
Deferred taxation - net	16	388,529	-	-
Other creditors and accruals	17	53,846,167	29,194,915	15,537,386
Taxation less provision		1,810,542	3,203,872	-
<b>TOTAL LIABILITIES</b>		<b>89,830,311</b>	<b>48,983,815</b>	<b>201,842,361</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>170,424,430</b>	<b>120,211,125</b>	<b>269,248,205</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	18			

The annexed notes from 1 to 41 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2025



	Note	2025	2024
		----- (Rupees) -----	
<b>PARTICIPANT'S TAKAFUL FUND (PTF)</b>			
Contributions earned		108,028,390	62,634,786
Less: Re-takaful contribution ceded		(16,651,279)	(11,313,964)
Net contributions revenue	19	91,377,111	51,320,822
Retakaful rebate earned	21	55,817	98,557
Net underwriting income		91,432,928	51,419,380
Net claims reported / settled - IBNR	22	(51,516,205)	(30,484,947)
Other direct expenses	23	(4,781,563)	(681,152)
Surplus before investment income		35,135,160	20,253,281
Investment income	24	412,841	2,030,697
Other income	25	3,090,780	2,881,902
Less: Modarib's share of PTF's investment income	29	(206,420)	(203,070)
Surplus for the year		38,432,361	24,962,810
<b>OPERATOR'S FUND (OPF)</b>			
Wakala fee		59,130,493	31,579,750
Commission expense	26	(28,401,948)	(16,401,380)
Management expense	27	(24,800,453)	(7,623,484)
Net revenue		5,928,092	7,554,886
Modarib's share of PTF investment income	29	206,420	203,070
Investment income	24	3,684,586	5,955,447
Direct expenses	28	(2,221,452)	(3,723,409)
Other income	25	5,612,811	3,082,258
Profit before interest and taxation		13,210,457	13,072,252
Finance charges		(142,446)	-
<b>Profit before taxation</b>		13,068,011	13,072,252
Taxation	30	(4,192,514)	(3,791,532)
<b>Profit for the year</b>		8,875,497	9,282,720

The annexed notes from 1 to 41 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025



	2025	2024
	----- (Rupees) -----	
<b>PARTICIPANTS' TAKAFUL FUND</b>		
Surplus for the year	<b>38,432,361</b>	24,962,810
Other comprehensive income for the year	<b>629,057</b>	-
Total comprehensive income / (loss) for the year	<b>39,061,418</b>	24,962,810

## OPERATORS' FUND

Profit for the year	<b>8,875,497</b>	9,282,720
Other comprehensive income for the year - net of tax	<b>491,312</b>	678,372
Total comprehensive income for the year	<b>9,366,809</b>	9,961,092

The annexed notes from 1 to 41 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed  
Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser  
Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

FOR THE YEAR ENDED DECEMBER 31, 2025



## Operator's Fund

	Statutory fund	Unrealized gain available-for-sale investments	Accumulated Profit / (loss)	Total
	----- (Rupees) -----			
<b>Balance as at January 01, 2024</b>	50,000,000	-	11,266,218	61,266,218
Profit for the year	-	-	9,282,720	9,282,720
Other comprehensive income for the year	-	678,372	-	678,372
<b>Balance as at December 31, 2024</b>	50,000,000	678,372	20,548,938	71,227,310
Profit for the year	-	-	8,875,497	8,875,497
Other comprehensive income for the year	-	491,312	-	491,312
<b>Balance as at December 31, 2025</b>	50,000,000	1,169,684	29,424,435	80,594,119

## Participants' Takaful Fund

	Ceded money	Unrealized gain available-for-sale investments	Accumulated surplus	Total
	----- (Rupees) -----			
<b>Balance as at January 01, 2024</b>	500,000	-	2,881,617	3,381,617
Profit for the year	-	-	24,962,809	24,962,809
Other comprehensive income for the year	-	-	-	-
<b>Balance as at December 31, 2024</b>	500,000	-	27,844,426	28,344,426
Profit for the year	-	-	38,432,361	38,432,361
Other comprehensive income for the year	-	629,057	-	629,057
<b>Balance as at December 31, 2025</b>	500,000	629,057	66,276,787	67,405,844

The annexed notes from 1 to 41 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed  
Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser  
Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED DECEMBER 31, 2025



	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	2025	2024	2025	2024
	(Rupees)			
<b>OPERATING ACTIVITIES</b>				
<b>a) Takaful activities</b>				
Contribution received	-	-	143,634,652	61,822,527
Re-takaful contributions paid	-	-	(16,035,803)	(7,973,525)
Claims paid / benefits paid	-	-	(50,719,607)	(21,712,969)
Commissions paid	(22,291,181)	(9,134,125)	-	-
Re-takaful rebate / commissions received	-	-	275,307	50,296
Re-takaful and other recoveries received	-	-	2,761,935	2,709,819
Wakala fees received	41,664,057	19,160,000	-	-
Wakala fees paid	-	-	(41,664,057)	(19,160,000)
Net cash generated from underwriting activities	19,372,876	10,025,875	38,252,427	15,736,148
<b>b) Other operating activities</b>				
Management and other expenses paid	(14,402,837)	(4,909,613)	(1,916,674)	(701,961)
Taxes paid	(5,412,926)	(764,190)	(715,551)	(2,569,521)
Net cash used in other operating activities	(19,815,763)	(5,673,803)	(2,632,225)	(3,271,482)
Total cash paid / generated from operating activities	(442,887)	4,352,072	35,620,202	12,464,666
<b>INVESTING ACTIVITIES</b>				
Investment and other income received	8,102,579	9,589,323	3,500,755	5,441,089
Payments for investments - net	-	(33,678,372)	(20,232,545)	-
Addition to equipment	(3,705,714)	-	-	-
Total cash generated from investing activities	4,396,865	(24,089,049)	(16,731,790)	5,441,089
<b>FINANCING ACTIVITIES</b>				
Qrad-e-hasna received / (repaid)	-	12,500,000	-	(12,500,000)
Financial charges paid	(142,446)	-	-	-
Principal repayment of lease liabilities against right-of-use assets	(573,436)	-	-	-
Total cash inflows / outflows from financing activities	(715,882)	12,500,000	-	(12,500,000)
Net increase/(decrease) in cash and cash equivalents	3,238,096	(7,236,977)	18,888,412	5,405,755
Cash and cash equivalents at the beginning of the year	44,554,595	51,791,571	37,770,368	32,364,610
Cash and cash equivalents at end of the year	47,792,691	44,554,595	56,658,780	37,770,368
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(442,887)	4,352,073	35,620,202	12,464,667
Decrease in assets other than cash	39,381,387	22,568,326	79,037,222	64,511,068
(Decrease) in liabilities	(38,122,710)	(26,525,966)	(79,728,685)	(56,925,527)
Depreciation / amortisation expense	(1,095,244)	(149,418)	-	-
Finance charges	(142,446)	-	-	-
Investment and other income - net	9,297,397	9,037,705	3,503,622	4,912,603
Profit / surplus for the year	8,875,497	9,282,720	38,432,361	24,962,810
Cash for the purpose of the cash flow statement consists of:				
<b>Cash and other equivalents</b>				
Savings accounts	24,010,714	22,089,595	52,596,235	33,940,368
<b>Deposits maturing within 1 month</b>				
Term deposits - local currency	23,781,977	22,465,000	4,062,545	3,830,000
	47,792,691	44,554,595	56,658,780	37,770,368

The annexed notes from 1 to 41 form an integral part of these financial statements.

Air Vice Marshal Junaid Ahmed Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser Janjua (Retd.) - Director

Adeel Ali Director

Rizwan Akhtar Chief Executive Officer

Syed Kamran Ali Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 1. LEGAL STATUS AND NATURE OF BUSINESS

Shaheen Insurance Operator Limited (the Operator) has been authorised to undertake Window Takaful Operations (WTO) on March 14, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on March 20, 2018 under the Waqf Deed with a Cede money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of, directives and notifications issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019.

In case requirements differ, the provision of, directives and notifications issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 1416(I)/2019 dated November 20, 2019 has prescribed format of the presentation of published financial statements for general takaful operator for takaful business.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

#### 2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis, except available-for-sale investments that have been stated at fair value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ('Rupees' or 'Rs.') which is also the Operator's functional and presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

#### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2025

The following standards, amendments and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are either not relevant to the Operator's operations or are not expected to have significant impact on the financial statements.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements.

#### 3.2 New accounting standards, amendments and interpretations that are not yet effective.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Operator's operations or are not expected to have significant impact on the Operator's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
IFRS 17 Insurance Contracts	January 01, 2027
IFRS 18 'Presentation and Disclosures in Financial Statements'	January 01, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 01, 2027

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by SECP.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

IFRS 9 - Financial Instruments

January 01, 2027

### 3.3 Temporary exemption from application of IFRS 9

IFRS 9 'Financial Instruments' and amendment replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until January 01, 2027.

For the companies adopting the temporary exemption, IFRS 4 requires certain disclosures which have been disclosed as follows:

**3.3.1** As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance.

Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9.

The tables below set out the fair values as at the end of reporting year and the amount of change in the fair value during that year for the following two groups of financial assets separately:

- Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets:

	2025			
	(Operator's Fund)			
	Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised gain or (loss) during the year	Fair value	Change in unrealised gain or (loss) during the period	
----- (Rupees) -----				
Term deposits receipts	-	-	23,781,977	-
Mutual funds	35,546,569	491,312	-	-
Accrued profit on bank deposits	171,523	-	-	-
Other receivables	9,720,635	-	-	-
Receivable from PTF	55,756,056	-	-	-
Cash and bank	-	-	24,010,714	-
	<b>101,194,782</b>	<b>491,312</b>	<b>47,792,691</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025



2025			
(Participants' Takaful Fund)			
Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised gain or (loss) during the year	Fair value	Change in unrealised gain or (loss) during the period
----- (Rupees) -----			
Term deposits receipts	-	4,062,545	-
Mutual funds	20,629,057	629,057	-
Accrued profit on bank deposits	29,300	-	-
Other receivables	11,410,423	-	-
Cash and bank	-	52,596,235	-
<b>32,068,780</b>	<b>-</b>	<b>56,658,780</b>	<b>-</b>

**Gross carrying amounts of debt instruments that pass the SPPI test**

	Rating	(Rupees)
Investments - OPF	A+	23,781,977
Investments - PTF	A+	4,062,545

#### 4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the periods presented.

##### 4.1 Takaful contracts

Takaful contracts are based on the principles of Wakala. Takaful contracts so agreed usually inspire concept of tabarru (to donate benefits to others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Takaful contracts are those contracts whereby the PTF has accepted significant takaful risk from the participants' by agreeing to compensate the participants' if a specified uncertain future event (the takaful event) adversely affects the participants'. Once a contract has been classified as a Takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

These contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal Takaful contracts e.g. vehicle, personal accident, etc. are provided to individual customers, whereas, Takaful contracts of Fire & property, marine aviation & transport, accident & health and other commercial line products are provided to commercial organizations.

Takaful contracts issued by the PTF are generally classified in five basic categories i.e. Fire & property, Marine aviation and transport, Motor, Accident & health and Miscellaneous.

- Fire & property Takaful contracts generally cover the assets of the participants against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc. Customers who undertake commercial activities on their premises could also receive compensation for the loss of

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



earnings caused by the inability to use the takaful properties in their business activities.

- Marine aviation and transport Takaful contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.
- Motor Takaful contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Accident & health Takaful contracts mainly compensate hospitalization and out-patient medical coverage to the participant.
- Miscellaneous Takaful contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

In addition to direct takaful, the PTF also participates in risks under co-takaful contracts from other takaful funds and also accepts risks through re-takaful inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the Operator. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

### 4.2 Revenue recognition

#### 4.2.1 Contribution

Contribution including administrative surcharge under a Takaful contracts are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note.

Revenue from contribution is determined after taking into account the unearned portion of contribution. The unearned portion of contribution income is recognized as a liability and is determined as disclosed in note. 4.3.

#### 4.2.2 Rebate from re-takaful

Rebate from re-takaful operators is deferred and recognised as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates.

#### 4.2.3 Wakala fee

The Operator manages the general takaful operations for the participants and charge 40% for all class of contribution except contribution from health. For health maximum 20% charge on yearly gross contribution written as wakala fee to meet the general and administrative expenses of the operator including commission to agents.

Wakala fee is recognized on issuance of takaful contract. Wakala fee is recognized as income in OPF on the same basis on which the related contribution revenue is recognized in PTF. Unearned portion of Wakala fee is recognized as a liability in OPF and an asset in PTF.

#### 4.2.4 Investment income

Following are recognized as investment income:

- Profit on term deposits is recognised on a time proportion basis taking into account the effective yield.
- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale.
- Dividend income is recognized when the Operator's right to receive the dividend is established.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.2.5 Mudarib's fee

The Operator manages the participants' investments as a Mudarib and charge 50% as Mudarib's share of PTF investment income.

### 4.3 Unearned contribution reserve

The unearned portion of contribution written net of Wakala (including administrative surcharge) is set aside as a reserve. It is recognized as a liability and is calculated by applying 1/365 days method except for marine takaful for which unearned contribution is calculated by applying 1/6th method as specified in the Insurance Rules, 2017.

### 4.4 Receivables and payables related to takaful contracts

Receivables and payables, other than claim payables, relating to takaful contracts are recognized when due. The claim payable is recorded when an intimation is received. These include contributions due but unpaid, contribution received in advance, contributions due and claims payable to participants. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that contribution receivable and recognize the impairment loss in the profit and loss account.

### 4.5 Re-takaful contracts held

These are contracts entered into by the Operator with re-takaful operators for compensation of losses suffered on Takaful contracts issued. These retakaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of Takaful contracts for the purpose of these financial statements. The Operator recognizes the entitled benefits under the contracts as various re-takaful assets and liabilities.

Re-takaful contribution is recognized as expense after taking into account the proportion of deferred contribution expense which is recognized as a proportion of the gross re-takaful contribution of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The deferred portion of contribution ceded is recognized as a prepayment. Rebate from re-takaful is recognized in accordance with the policy of recognizing re-takaful contribution expense.

Retakaful assets represent balances due from re-takaful operators and re-takaful recoveries against outstanding claims. Due from re-takaful operators are carried at cost less any provision for impairment, if any. Cost represents the fair value of the consideration to be received. Re-takaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful liabilities represent balances due to re-takaful operators and are primarily re-takaful contributions payable for re-takaful contracts and are recognized at the same time when re-takaful contributions are recognized as an expense.

Retakaful assets are not offset against related takaful liabilities. Income or expense from Re-Takaful contracts are not offset against expenses or income from related Takaful contracts.

Retakaful assets/liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of re-takaful assets is performed at each statement of financial position date. If there is an objective evidence that the asset is impaired, the Operator reduces the carrying amount of that re-takaful asset to its receivable amount and recognize the impairment loss in profit and loss account.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.6 Provision for outstanding claims including incurred but not reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in the Takaful contract(s). The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, and any adjustments to claims outstanding from previous years.

The Securities and Exchange Commission of Pakistan (SECP) through its circular 9 of 2016, dated March 09, 2016, issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' ('Guidelines') and the Operator is required to comply with all provisions of these guidelines with effect from July 01, 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed method "Chain Ladder Method (CLM)" and other alternate method as allowed under the provisions of the Guidelines. The CLM involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

As required under the guidelines, the Operator uses CLM by involving an actuary for determination of provision against IBNR. Accordingly, the actuarial valuation as at 31 December 2025 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceding paragraph) that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

### 4.7 Claims

Claims are charged to PTF as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

All claims incurred up to the reporting date is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract.

### 4.8 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognised as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

### 4.9 Commission expense

Commission expense and other acquisition costs are charged to the profit and loss account (OPF) over the period of policy to which it relates. These are deferred and brought to account as expense in accordance with the pattern of recognition of the contribution to which they relate.

### 4.10 Management expenses

Expenses allocated to PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.11 Segment information

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Takaful Rules, 2012 and the Insurance Rules, 2017, the General Takaful Accounting Regulations, 2019 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 33.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned accordingly while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on premium written basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

Further, the management expense are allocated to each segment on the basis disclosed in note 4.10.

### 4.12 Creditors, accruals and provisions and contingencies

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Operator.

Provisions are recognised when the Operator has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

### 4.13 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves. Allocation to the participants, if applicable, is made after adjustment of claims paid to them during the year.

### 4.14 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in PTF, the Operator from the Operators Fund may provide Qard-e-Hasna to PTF so that PTF may become solvent as per Takaful Rules, 2012. Qard-e-Hasna from PTF can be recovered by the Operator over any period of time without charging any profit.

### 4.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, policy stamps, bank balances and term deposits maturing within one month of the year end.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.16 Financial instruments

All the financial assets and liabilities are recognised at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognised when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to the profit and loss account.

### 4.17 Investments

#### 4.17.1 Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for held-for-trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment.

#### 4.17.2 Measurement

##### 4.17.2.1 Held for trading

These are classified as held-for-trading if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).

Subsequent to initial recognition, these are remeasured to fair value. Gains or losses on remeasurement of these investments are recognized in the profit and loss account.

##### 4.17.2.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at held-for-trading investments, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortised cost using the effective interest method.

##### 4.17.2.3 Available for sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

#### Quoted

Subsequent to initial recognition, these are remeasured to fair value. Gains or losses on remeasurement of these investments are recognized in the other comprehensive income.

#### Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. Where fair value cannot be measured reliably, these are carried at cost.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.17.3 De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

### 4.18 Impairment of assets

#### Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

#### Non financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

### 4.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

### 4.20 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged using reducing balance method at the rates specified in note 6 to these financial statements. Depreciation on additions is charged from the month the asset is available for use till the date the asset is disposed off.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred; major renewals and replacements are capitalised.

Gain or loss on disposal is taken to the profit and loss account.

### 4.21 Intangibles assets

These are stated at cost less accumulated amortisation and impairment loss, if any.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.22 Leases

As a lessee, the Company recognizes right of use asset and lease liability at the lease commencement date.

#### 4.22.1 Right of use assets

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and less any lease incentives received.

The right of use assets are subsequently depreciated using the straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for the certain remeasurement of the lease liability.

#### 4.22.2 Lease liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments , including in-substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit and loss account if the carrying amount of the right of use asset has been reduced to zero.

### 4.23 Contribution deficiency reserve

The Operator maintains a provision in respect of contribution deficiency (also called unexpired risk reserve) for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after re-takaful, from claims and other supplementary expenses expected to be incurred after the date of financial statements in respect of the unexpired takaful policies in that class of business at the statement of financial position date. For this purpose, contribution deficiency reserve is determined by an independent actuary. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned contributions and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with Unearned Contribution Reserve (UCR) shows whether UCR is adequate to cover the unexpired risks. If these ratios are adverse, contribution deficiency is determined.

Based on actuary's advice, the management has created a reserve for the same in these financial statements. The movement in the contribution deficiency reserve is recorded as an expense / income in profit and loss account for the year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 4.24 Deferred commission expense

Commission expense incurred in obtaining and recording takaful policies are deferred and recognised as an asset. These costs are charged to the profit and loss account on the pattern of recognition of contribution revenue.

### 4.25 Taxation

#### Levy

The Operator accounts for current tax calculated on taxable income using the notified tax rate as an income tax and any tax charged under the income tax laws which is not based on the taxable income recorded as a levy in accordance with the Guidance on Accounting for Minimum Taxes and Final taxes issued by the Institute of Chartered Accountants of Pakistan. The minimum tax and final taxes which are not calculated on the 'taxable profit' but calculated on turnover or other basis are recognized as a levy in the of profit and loss account under the scope of IFRIC 21/IAS37.

#### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

#### Deferred

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred taxation is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

### 5. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

	<b>Note</b>
- Provision for outstanding claims including incurred but not reported (IBNR)	<b>4.6</b>
- Impairment of assets	<b>4.18</b>
- Property and equipment - useful lives and salvage value	<b>4.20</b>
- Contribution deficiency reserve	<b>4.23</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



	Note	OPF	
		2025	2024
		(Rupees)	
<b>6. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>3,567,951</b>	410,899
Right-of-use assets	6.2	<b>2,750,640</b>	-
		<b>6,318,591</b>	<b>410,899</b>

### 6.1 Operating fixed assets

Particulars	Operator's Fund - 2025							
	----- Cost -----			----- Depreciation -----				
	As at January 01	Additions	As at December 31	As at January 01	for the period	As at December 31	Written down value as at December 31	Rate
----- (Rupees) -----								
Lease hold improvements	-	49,873	49,873	-	-	-	49,873	20
Furniture and fixture	-	239,917	239,917	-	11,995	11,995	227,922	10
Office Equipments	-	529,138	529,138	-	52,471	52,471	476,667	20
Motor Vehicle	790,000	2,687,449	3,477,449	379,101	452,029	831,130	2,646,319	20
Computer hardware	25,000	199,337	224,337	25,000	32,167	57,167	167,170	33.33
	<u>815,000</u>	<u>3,705,714</u>	<u>4,520,714</u>	<u>404,101</u>	<u>548,662</u>	<u>952,763</u>	<u>3,567,951</u>	

Particulars	Operator's Fund - 2024							
	----- Cost -----			----- Depreciation -----				
	As at January 01	Additions	As at December 31	As at January 01	For the period	As at December 31	Written down value as at December 31	Rate
----- (Rupees) -----								
Motor Vehicle	790,000	-	790,000	229,684	149,417	379,101	410,899	20
Computer hardware	25,000	-	25,000	25,000	-	25,000	-	33.33
	<u>815,000</u>	<u>-</u>	<u>815,000</u>	<u>254,684</u>	<u>149,417</u>	<u>404,101</u>	<u>410,899</u>	

### 6.2 Right-of-use assets

	OPF	
	2025	2024
		(Rupees)
Premises		
Opening balance	-	-
Addition	<b>3,297,222</b>	-
Depreciation expense	<b>(546,582)</b>	-
Closing balance	<b>2,750,640</b>	-

### 7. INTANGIBLE ASSETS

Cost and accumulated amortization in respect of fully amortized intangible assets is still in use at the end of the year amounts to Rs. 0.2 million (2024: Rs. 0.2 million).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



	Note	OPF		PTF	
		2025	2024	2025	2024
----- (Rupees) -----					
<b>8. INVESTMENTS</b>					
<b>Held to maturity</b>					
Deposits maturing within 1 month	8.1	<b>23,781,977</b>	22,465,000	<b>4,062,545</b>	3,830,000
<b>Available for sale</b>					
Mutual funds	8.2	<b>35,546,569</b>	33,678,372	<b>20,629,057</b>	-
		<b>59,328,546</b>	56,143,372	<b>24,691,602</b>	3,830,000

**8.1** This includes term deposits with an Bank Islami Limited having maturities within 1 month (i.e. upto January 04, 2026). The rate of return on these term deposits is 9.5% (2024: 11.45%) per annum.

### 8.2 Mutual funds

Name of fund	Units		2025		2024	
	2025	2024	Cost	Carrying Value	Cost	Carrying Value
----- (Rupees) -----						
<b>Operator's Fund</b>						
Meezan Sovereign Fund	614,207	652,119	34,161,708	35,546,569	33,000,000	33,678,372
<b>Participants' Takaful Fund</b>						
HBL Islamic Money Market Fund	193,574	-	20,000,000	20,629,057	-	-
	<b>807,781</b>	<b>652,119</b>	<b>54,161,708</b>	<b>56,175,626</b>	<b>33,000,000</b>	<b>33,678,372</b>

	Note	OPF		PTF	
		2025	2024	2025	2024
----- (Rupees) -----					

### 9. ADVANCES AND OTHER RECEIVABLES

Unsecured, Considered good

Sindh sales tax receivable	<b>801,304</b>	740,910	-	-
Punjab sales tax on services	<b>9,805</b>	-	-	-
Accrued profit on bank deposits	<b>171,523</b>	155,039	<b>29,300</b>	26,432
Federal sales tax receivable	-	-	<b>873,005</b>	697,714
Advances	<b>8,650,990</b>	948,690	-	-
Others	<b>258,535</b>	18,174	<b>10,537,418</b>	5,209,888
	<b>9,892,157</b>	1,862,813	<b>11,439,723</b>	5,934,034

### 10. TAKAFUL / RETAKAFUL RECEIVABLES

Unsecured, Considered good

Due from takaful participant holders	-	-	-	1,942,858
Due from other takaful / retakaful	-	-	<b>143,529,666</b>	84,600,280
Less: Provision for impairment	10.1	-	<b>(1,475,176)</b>	-
	-	-	<b>142,054,490</b>	84,600,280
	-	-	<b>142,054,490</b>	86,543,138

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025



	OPF		PTF	
	2025	2024	2025	2024
	----- (Rupees) -----			
<b>10.1 Reconciliation of provision against doubtful receivables from other takaful / retakaful</b>				
Opening balance	-	-	-	-
Charge for the year	-	-	1,475,176	-
Balance written off during the year	-	-	-	-
Closing balance	-	-	1,475,176	-
<b>11. RECEIVABLE / PAYABLES FROM / TO PTF/OPF</b>				
Wakala fee	55,013,472	30,792,568	55,013,472	30,792,568
Modarib fee	742,584	536,164	742,584	536,164
	<u>55,756,056</u>	<u>31,328,732</u>	<u>55,756,056</u>	<u>31,328,732</u>
<b>12. PREPAID RETAKAFUL CONTRIBUTION CEDED</b>				
Prepaid re-takaful contribution ceded	-	-	698,300	150,516
<b>13. CASH AND BANK</b>				
Savings accounts	<u>24,010,714</u>	<u>22,089,595</u>	<u>52,596,235</u>	<u>33,940,368</u>
<b>13.1</b> The rate of return on saving accounts from various banks ranging from 5% to 8% per annum (2024: 10% to 18.5% per annum).				
	OPF		PTF	
	2025	2024	2025	2024
<b>14. LEASE LIABILITIES</b>				
Lease liabilities - premises	<u>3,008,679</u>	-	-	-
<b>14.1</b> Opening balance	-	-	-	-
Increase / (decrease) in lease liability	3,297,222	-	-	-
Repayments	(430,989)	-	-	-
Interest expense	142,446	-	-	-
Closing balance	<u>3,008,679</u>	-	-	-
<b>14.2 Tenure analysis</b>				
Current	971,383	-	-	-
Non-current	2,037,296	-	-	-
	<u>3,008,679</u>	-	-	-
<b>14.3</b> The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:				

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



	OPF					
	2025			2024		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees)					
Not later than one year	1,234,346	262,963	971,383	-	-	-
Later than one year and not later than five years	2,310,416	273,120	2,037,296	-	-	-
Later than five years	-	-	-	-	-	-
Total lease liability	<u>3,544,762</u>	<u>536,083</u>	<u>3,008,679</u>	<u>-</u>	<u>-</u>	<u>-</u>

	OPF		PTF	
	2025	2024	2025	2024

### 15. TAKAFUL / RETAKAFUL PAYABLES

Due to re-takaful operators	-	-	<u>9,518,230</u>	8,447,862
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### 16. Deferred taxation - net

Deferred taxation - net	<u>388,529</u>	-	-	-
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#### 16.1 The net balance for the deferred taxation in respect of following temporary differences:

##### Deferred tax liabilities

Operating fixed assets	44,848	-	-	-
Right of use assets	838,945	-	-	-
Mutual funds	422,383	-	-	-
	<u>1,306,176</u>	-	-	-

##### Deferred tax assets

Lease liability	(917,647)	-	-	-
	<u>(917,647)</u>	-	-	-

Deferred tax liability - net	<u>388,529</u>	-	-	-
------------------------------	----------------	---	---	---

#### 16.2 The gross movement in the deferred taxation during the year is as follows:

Opening balance	-	-	-	-
Effect to statement of profit and loss	172,918	-	-	-
Charge recognised in other comprehensive income	215,612	-	-	-
Closing balance	<u>388,529</u>	-	-	-

#### 16.3 The Company has recognised deferred tax assets and liabilities at enacted applicable rate.

### 17. OTHER CREDITORS AND ACCRUALS

Federal insurance fee payable	-	-	1,020,139	372,354
FED payable	-	-	11,214,812	5,909,166
Sales tax on services	614,050	635,530	-	-
Commission payable	29,875,666	18,319,148	-	-
Auditors fee	1,839,426	694,412	-	-
Others creditors	11,378,520	6,278,175	3,302,435	437,546
Payable against common expenses - conventional	10,138,505	3,267,650	-	-
	<u>53,846,167</u>	<u>29,194,915</u>	<u>15,537,386</u>	<u>6,719,066</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 18. CONTINGENCIES AND COMMITMENTS

- 18.1 There are no contingencies as at reporting date (2024: Nil).
- 18.2 There are no commitments as at reporting date (2024: Nil).

	Note	PTF	
		2025	2024
		(Rupees)	
<b>19. CONTRIBUTION EARNED</b>			
Written gross contribution		205,206,648	114,989,398
Wakala fee	20	(59,130,491)	(31,579,750)
Contribution net of wakala fee		146,076,157	83,409,648
Unearned contribution reserve opening		50,077,179	29,302,317
Unearned contribution reserve closing		(88,124,946)	(50,077,179)
Contribution earned		108,028,390	62,634,786
Less: Re-takaful contribution ceded		17,199,063	11,178,529
Prepaid re-takaful contribution opening		150,516	285,951
Prepaid re-takaful contribution closing		(698,300)	(150,516)
Re-takaful expense		16,651,279	11,313,964
Net contribution revenue		91,377,111	51,320,823
<b>20. WAKALA FEE</b>			
Gross wakala fee		73,321,859	37,806,816
Add: Deferred wakala opening		16,585,028	10,357,962
Less: Deferred wakala closing		(30,776,396)	(16,585,028)
Wakala expense		59,130,491	31,579,750
<b>21. RE-TAKAFUL REBATE EARNED</b>			
Re-takaful rebate received		275,307	50,296
Add: Unearned re-takaful rebate opening		20,297	68,558
Less: Unearned re-takaful rebate closing		(239,787)	(20,297)
Re-takaful rebate earned		55,817	98,557
<b>22. NET CLAIMS REPORTED / SETTLED - IBNR</b>			
Claims paid		50,719,607	21,712,969
Less: Outstanding claims including IBNR opening balance		(24,494,927)	(12,792,819)
Add: Outstanding claims including IBNR closing balance		29,865,867	24,494,927
Claims expense		56,090,547	33,415,076
Less:			
Re-takaful and other recoveries received		2,761,935	2,709,818
Less: Re-takaful and other recoveries receivable in respect of outstanding claims opening balance		(393,152)	(172,841)
Add: Re-takaful and other recoveries receivable in respect of outstanding claims closing balance		2,205,559	393,152
Re-takaful and other recoveries revenue		4,574,342	2,930,129
Net claims expense		51,516,205	30,484,947

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 22.1 Benefit / claim development

The Operator maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before re-takaful.

	2020 & Prior	2021	2022	2023	2024	2025	Total
	----- (Rupees) -----						
<b>Accident year</b>							
Gross estimate of ultimate claims cost	2,957,320	5,648,683	12,070,791	20,111,405	33,275,903	543,778,342	617,842,443
At the end of accident year							
One year later	2,957,320	5,648,683	12,070,791	20,111,405	33,275,903	543,778,342	617,842,443
Two years later	2,957,320	5,648,683	12,070,791	20,111,405	-	-	40,788,199
Three years later	2,957,320	5,648,683	12,070,791	-	-	-	20,676,794
Four years later	2,957,320	5,648,683	-	-	-	-	8,606,003
Five years later	2,957,320	-	-	-	-	-	2,957,320
Current estimate of cumulative claims	2,957,320	5,648,683	12,070,791	20,111,405	33,275,903	543,778,342	617,842,443
Less: cumulative payments to date	2,700,956	5,635,622	11,641,398	18,143,065	29,594,790	520,260,745	587,976,576
Liability recognised in the statement of financial position	256,363	13,061	429,393	1,968,340	3,681,113	23,517,597	29,865,867

22.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2025 amounted to Rs. 12.569 million (2024: Rs. 10.313 million).

Note	OPF		PTF	
	2025	2024	2025	2024

### 23. OTHER DIRECT EXPENSES

Co-insurance surcharge	23.1	-	-	781,305	628,720
Provision for impairment	10.1	-	-	1,475,176	-
Others		-	-	2,525,082	52,432
		-	-	4,781,563	681,152

23.1 This is the service charges deducted by coinsurers at 2.5% of gross premium revenue on policies in which the Operator is a coinsurer.

	OPF		PTF	
	2025	2024	2025	2024

### 24. INVESTMENT INCOME

Return on term deposits	2,135,642	5,955,447	412,841	2,030,697
Dividend Income	1,548,944	-	-	-
	3,684,586	5,955,447	412,841	2,030,697



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



	<b>OPF</b>	
	<b>2025</b>	<b>2024</b>
	(Rupees)	
<b>30. TAXATION</b>		
Current	<b>4,019,596</b>	3,791,532
Deferred	<b>172,918</b>	-
	<b>4,192,514</b>	<b>3,791,532</b>

### 30.1 Relationship between tax expense and accounting profit:

Profit before taxation	<b>13,068,011</b>	13,072,252
Tax at the applicable rate of 29% (2024: 29%)	<b>3,789,723</b>	3,791,532
Super tax	<b>196,020</b>	-
Deffered tax recognized	<b>172,918</b>	-
Others	<b>33,853</b>	-
	<b>4,192,514</b>	<b>3,791,532</b>

### 31. COMPENSATION OF HEAD OF WINDOW TAKAFUL AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the head of window takaful operations and executives of the Operator are as follows:

	<b>Head of WTO</b>	
	<b>2025</b>	<b>2024</b>
	(Rupees)	
Managerial remuneration	<b>586,560</b>	612,000
Rent and house maintenance	<b>318,240</b>	520,200
Utilities	<b>93,600</b>	-
Medical	<b>93,600</b>	118,700
Conveyance	<b>468,000</b>	103,215
Defined contribution plan	<b>31,188</b>	27,385
	<b>1,591,188</b>	<b>1,381,500</b>
Number of persons	<b>1</b>	<b>1</b>

### 32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit scheme. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	<b>Head of WTO</b>	
	<b>2025</b>	<b>2024</b>
	(Rupees)	

#### 32.1 Transactions during the year

##### Others

Remuneration of key management personnel	<b>1,591,188</b>	1,381,500
Contribution to provident fund	<b>33,023</b>	23,659

#### 32.2 There are no related party balances as at reporting date (2024: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 33. SEGMENT REPORTING

Segment information is prepared in accordance with the requirements of Insurance Ordinance, 2000 and General Takaful Accounting Regulations, 2019 for class wise revenues, results, assets and liabilities.

The class wise revenues and results are as follows:

	December 31, 2025 - PTF					Aggregate
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	
----- (Rupees) -----						
<b>Participants' Takaful Fund</b>						
Written gross contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	67,904,716	16,957,235	77,369,038	48,764,094	16,492,073	227,487,156
Less : Federal excise duty	(5,513,226)	(1,187,363)	(7,528,667)	(3,804,954)	(1,951,810)	(19,986,020)
Less : Federal insurance fee	(357,665)	(80,561)	(483,971)	(528,537)	(128,096)	(1,578,830)
Less : Others	(19,561)	(454,992)	(84,400)	(9,375)	(147,330)	(715,658)
Gross written contribution (inclusive of Administrative Surcharges)	62,014,264	15,234,319	69,272,000	44,421,228	14,264,837	205,206,648
Gross contribution direct	61,591,165	14,932,628	68,212,348	44,383,956	13,911,616	203,031,713
Admin surcharge	423,099	301,691	1,059,652	37,272	353,221	2,174,935
Written gross contribution	62,014,264	15,234,319	69,272,000	44,421,228	14,264,837	205,206,648
Takaful contribution earned	48,262,765	14,253,141	64,671,864	28,179,823	11,791,288	167,158,881
Wakala expense	(18,759,406)	(5,893,018)	(25,126,539)	(5,666,956)	(3,684,572)	(59,130,491)
	29,503,359	8,360,123	39,545,325	22,512,867	8,106,717	108,028,390
Re-takaful contribution ceded	(8,626,831)	(2,440,722)	(4,664,545)	-	(919,181)	(16,651,279)
Net takaful contribution	20,876,527	5,919,401	34,880,780	22,512,867	7,187,537	91,377,111
Re-takaful rebate earned	39,450	-	16,367	-	-	55,817
Operation income	20,915,977	5,919,401	34,897,147	22,512,867	7,187,537	91,432,928
Claim expense	(5,005,110)	(11,514,196)	(20,998,521)	(17,784,712)	(788,008)	(56,090,547)
Re-takaful & other recoveries revenue	71,842	-	4,502,500	-	-	4,574,342
Net claims reported / settled - IBNR	(4,933,268)	(11,514,196)	(16,496,021)	(17,784,712)	(788,008)	(51,516,205)
Other expenses	(1,380,552)	(407,710)	(1,849,932)	(806,081)	(337,289)	(4,781,563)
Surplus/(deficit) before investment income	15,028,075	(5,876,721)	17,121,923	4,170,761	6,166,298	35,135,160
Net investment income						412,841
Other income						3,090,780
Less: Modarib's share of investment income						(206,420)
Surplus/Deficit for the period						38,432,361
The following presents segments assets and liabilities as at December 31, 2025:						
Segment assets	54,753,980	11,462,205	61,346,817	34,559,268	11,798,552	173,920,822
Unallocated assets						95,327,383
						269,248,205
Segment liabilities	48,776,607	7,178,504	55,241,807	32,054,654	10,391,476	153,643,048
Unallocated liabilities						48,199,313
						201,842,361

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



	December 31, 2025 - OPF					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
<b>Operator's Fund</b>						
Wakala fee income	18,759,406	5,893,018	25,126,539	5,666,956	3,684,575	59,130,494
Commission expense	(9,551,813)	(3,463,128)	(10,464,494)	(3,280,038)	(1,642,475)	(28,401,948)
Management expense	(7,062,038)	(2,085,588)	(9,463,096)	(4,123,406)	(2,066,325)	(24,800,454)
						5,928,092
Modarib's share of PTF investment income						206,420
Investment income						3,684,586
Direct expenses						(2,221,452)
Other Income						5,612,811
Profit before interest and taxation						13,210,457
Finance charges						(142,446)
Profit before taxation						13,068,011
Provision for taxation						(4,192,514)
Profit after tax						8,875,497
The following presents segments assets and liabilities as at December 31, 2025:						
<b>Segment assets</b>	21,608,635	5,308,341	24,137,565	15,478,408	4,970,529	71,503,478
<b>Unallocated assets</b>						98,920,952
						170,424,430
<b>Segment liabilities</b>	11,495,166	835,317	13,025,280	3,572,693	1,847,939	30,776,395
<b>Unallocated liabilities</b>						59,053,916
						89,830,311

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## FOR THE YEAR ENDED DECEMBER 31, 2025



	December 31, 2024 - PTF					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
<b>Participants' Takaful Fund</b>						
Contribution written (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	37,198,513	10,864,370	57,888,552	7,968,192	12,036,930	125,956,557
Less : Federal excise duty	(2,594,730)	(649,759)	(5,064,012)	(595,719)	(1,106,945)	(10,011,165)
Less : Federal insurance fee	(177,502)	(176,642)	(339,742)	(78,251)	(183,857)	(955,994)
Gross written contribution (inclusive of Administrative Surcharges)	34,426,281	10,037,969	52,484,798	7,294,222	10,746,128	114,989,398
Gross contribution direct	34,081,191	9,878,139	51,828,609	7,264,551	10,450,763	113,503,253
Admin surcharge	345,090	159,830	656,189	29,671	295,365	1,486,145
Written gross contribution	34,426,281	10,037,969	52,484,798	7,294,222	10,746,128	114,989,398
Takaful contribution earned	29,147,586	9,291,431	39,570,687	6,163,557	10,041,275	94,214,536
Wakala expense	(10,249,585)	(3,451,763)	(13,783,199)	(1,226,948)	(2,868,255)	(31,579,750)
	18,898,002	5,839,668	25,787,488	4,936,609	7,173,020	62,634,786
Re-takaful contribution ceded	(4,964,542)	(1,339,602)	(4,166,082)	-	(843,739)	(11,313,964)
Net takaful contribution	13,924,185	4,500,066	21,495,245	4,936,609	6,464,716	51,320,822
Re-takaful rebate earned	40,414	-	58,143	-	-	98,557
Net underwriting income	13,964,599	4,500,066	21,553,388	4,936,609	6,464,716	51,419,380
Claim expense	(5,953,058)	(5,426,549)	(11,860,457)	(9,559,995)	(615,017)	(33,415,076)
Re-takaful & other recoveries revenue	241,923	-	2,688,206	-	-	2,930,129
Net claims reported / settled - IBNR	(5,711,135)	(5,426,549)	(9,172,251)	(9,559,995)	(615,017)	(30,484,947)
Direct expense	(210,731)	(67,175)	(286,088)	(44,561)	(72,596)	(681,152)
Net takaful claim & expense	(5,921,866)	(5,493,724)	(9,458,339)	(9,604,556)	(687,613)	(31,166,099)
Surplus/(deficit) before investment income	8,042,732	(993,658)	12,095,049	(4,667,947)	5,777,103	20,253,281
Net investment income						2,030,697
Other income						2,881,902
Less: Modarib's share of investment income						(203,070)
Surplus/deficit for the period						24,962,809
The following presents segments assets and liabilities as at December 31, 2024:						
Segment assets	33,497,155	4,897,713	50,237,023	1,243,982	7,025,228	96,901,100
Unallocated assets						53,160,490
						150,061,590
Segment liabilities	23,286,772	2,631,963	36,195,142	1,025,798	5,939,237	69,078,912
Unallocated liabilities						52,638,252
						121,717,164

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



	December 31, 2024 - OPF					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
----- (Rupees) -----						
<b>Operator's Fund</b>						
Wakala fee income	9,093,376	3,062,385	12,228,378	1,088,541	6,107,070	31,579,750
Commission expense	(7,574,212)	(2,265,944)	(4,844,943)	(481,354)	(1,234,931)	(16,401,384)
Management expense	(2,358,512)	(751,827)	(3,201,910)	(498,732)	(812,502)	(7,623,484)
						7,554,883
Modarib's share of PTF's investment income						203,070
Investment income						5,955,447
Direct expenses						(3,723,409)
Other income						3,082,258
Loss before taxation						13,072,252
Provision for taxation						(3,791,532)
Profit after taxation						9,282,720
The following presents segments assets and liabilities as at December 31, 2024;						
<b>Segment assets</b>	13,873,850	2,041,459	20,547,316	-	2,716,811	39,179,436
<b>Unallocated assets</b>						81,031,689
						120,211,125
<b>Segment liabilities</b>	3,256,549	447,979	5,450,372	99,624	1,103,439	10,357,962
<b>Unallocated liabilities</b>						38,625,853
						48,983,815

### 34. MOVEMENT IN INVESTMENTS

	OPF			PTF		
	Held to maturity	Available for sale	Total	Held to maturity	Available for sale	Total
----- (Rupees) -----						
At beginning of previous year	30,100,000	33,000,000	63,100,000	21,700,000	-	21,700,000
Additions / re-investment - net	-	-	-	15,680,000	-	15,680,000
Disposals (sale and redemptions)	(7,635,000)	-	(7,635,000)	(33,550,000)	-	(33,550,000)
Fair value gains - net of loss	-	678,372	678,372	-	-	-
At beginning of current year	22,465,000	33,678,372	56,143,372	3,830,000	-	3,830,000
Additions / re-investment - net	254,675,977	1,161,708	255,837,685	43,458,545	20,000,000	63,458,545
Disposals (sale and redemptions)	(253,359,000)	(2,065,691)	(255,424,691)	(43,226,000)	-	(43,226,000)
Fair value gains - net of loss	-	491,312	491,312	-	629,057	629,057
At end of current year	23,781,977	33,265,701	57,047,678	4,062,545	20,629,057	24,691,602

### 35. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

#### 35.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly fire & property, motor, marine cargo and transportation, health and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limit are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

### 35.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at the reporting date.

Class	Gross claim liabilities		Net claim liabilities		Gross contribution liabilities		Net contribution liabilities	
	------(Percentage)-----							
	2025	2024	2025	2024	2025	2024	2025	2024
Fire and property damage	35%	42%	42%	50%	33%	36%	33%	36%
Marine, aviation and transport	13%	19%	17%	23%	3%	2%	3%	2%
Motor	38%	36%	37%	25%	38%	53%	38%	53%
Miscellaneous	3%	2%	4%	2%	5%	5%	5%	5%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



The Operator's class wise major gross risk exposure is as follows:

Class	2025	2024
	----- (Rupees) -----	
Fire and property damage	1,000,000,000	591,829,366
Marine, aviation and transport	200,000,000	343,985,522
Motor	54,080,674	35,000,000
Miscellaneous	50,000,000	50,000,000

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

### 35.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to contract holders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date. The details of estimation of outstanding claims (including IBNR) are given under note 4.6.

### 35.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 35.1.4 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of re-takaful is analysed below. The sensitivity to changes in claim liabilities net of re-takaful is determined separately for each class of business while keeping all other assumptions constant.

	2025 Revenue	2024 Revenue	2025 Equity	2024 Equity
----- (Rupees) -----				
<b>Impact of change in net claim liabilities by + 10%</b>				
Fire and property damage	(814,965)	(759,166)	(578,625)	(759,166)
Marine, aviation and transport	(428,284)	(340,002)	(304,082)	(340,002)
Motor	(1,078,249)	(656,321)	(765,557)	(656,321)
Miscellaneous	(27,346)	(28,366)	(19,416)	(28,366)
	<u>(2,348,844)</u>	<u>(1,783,855)</u>	<u>(1,667,680)</u>	<u>(1,783,855)</u>
<b>Impact of change in net claim liabilities by - 10%</b>				
Fire and property damage	814,965	759,166	578,625	759,166
Marine, aviation and transport	428,284	340,002	304,082	340,002
Motor	1,078,249	656,321	765,557	656,321
Miscellaneous	27,346	28,366	19,416	28,366
	<u>2,348,844</u>	<u>1,783,855</u>	<u>1,667,680</u>	<u>1,783,855</u>

### 35.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

#### 35.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

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FOR THE YEAR ENDED DECEMBER 31, 2025



The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	OPF		PTF	
	2025	2024	2025	2024
----- (Rupees) -----				
<b>Financial assets:</b>				
Investments	<b>59,328,546</b>	56,143,372	<b>24,691,602</b>	3,830,000
Other receivables	<b>9,892,157</b>	1,862,813	<b>11,439,723</b>	5,934,034
Retakaful recoveries against outstanding / benefits	-	-	<b>2,205,559</b>	393,152
Takaful / re-takaful receivables	-	-	<b>142,054,490</b>	86,543,138
Bank balances	<b>24,010,714</b>	22,089,595	<b>52,596,235</b>	33,940,368
	<b>93,231,417</b>	80,095,780	<b>232,987,609</b>	130,640,692

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

Bank	Rating Agency	2025		OPF	
		Short term	Long term	2025	2024
----- (Rupees) -----					
Meezan Bank Limited	VIS	A-1+	AAA	<b>1,741,316</b>	582,684
Bank Islami Pakistan Limited	PACRA	A1	AA-	<b>7,144,560</b>	5,856,861
Habib Metropolitan Bank	PACRA	A1+	AA+	<b>2,093,688</b>	15,480,570
Al Baraka Bank	VIS	A1	AA-	<b>12,890,948</b>	38,434
Dubai Islamic bank	VIS	A1+	AA	<b>140,202</b>	131,046
				<b>24,010,714</b>	22,089,595

Bank	Rating Agency	2025		PTF	
		Short term	Long term	2025	2024
----- (Rupees) -----					
Meezan Bank Limited	VIS	A-1+	AAA	<b>7,892,854</b>	1,539,751
Bank Islami Pakistan Limited	PACRA	A1	AA-	<b>27,043,558</b>	7,199,863
Habib Metropolitan Bank	PACRA	A1+	AA+	<b>4,333,246</b>	18,947,160
Al Baraka Bank	VIS	A1+	AA	-	195,892
Dubai Islamic bank	VIS	A1+	AA-	<b>12,324,265</b>	6,057,703
				<b>51,593,923</b>	33,940,368

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. The credit quality of claim recoveries from takaful / re-takaful operators can be assessed with reference to external credit ratings as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



The credit quality of claim recoveries from takaful / re-takaful operators can be assessed with reference to external credit ratings as follows:

	2025		2024	
	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims
----- (Rupees) -----				
<b>Takaful / re-takaful receivables</b>				
A or above (including PRCL)	<b>143,529,666</b>	2,205,559	<b>84,600,280</b>	393,152
	<b>143,529,666</b>	2,205,559	<b>84,600,280</b>	393,152

As at December 31, 2025, the amount due from takaful / re-takaful operator includes amount receivable within one year amounting to Rs. 88.864 million and above one year amounting to Rs. 54.665 million.

### 35.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

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## FOR THE YEAR ENDED DECEMBER 31, 2025



	PTF - 2025		
	Carrying amount	Upto one year	Greater than one year
	----- (Rupees) -----		
<b>Financial liabilities</b>			
Outstanding benefits including IBNR	29,865,867	29,865,867	-
Takaful / re-takaful payables	9,518,230	9,518,230	-
Payable to OPF	55,756,056	55,756,056	-
Other creditors and accruals	15,537,386	3,302,435	-
	<u>110,677,539</u>	<u>98,442,588</u>	<u>-</u>

	OPF - 2025		
	Carrying amount	Upto one year	Greater than one year
	----- (Rupees) -----		
<b>Financial liabilities</b>			
Lease liabilities	3,008,679	971,383	2,037,296
Other creditors and accruals	53,846,167	53,846,167	-
	<u>56,854,846</u>	<u>54,817,550</u>	<u>2,037,296</u>

	PTF - 2024		
	Carrying amount	Upto one year	Greater than one year
	----- (Rupees) -----		
<b>Financial liabilities</b>			
Outstanding benefits including IBNR	24,494,927	24,494,927	-
Takaful / re-takaful payables	8,447,862	8,447,862	-
Payable to OPF	31,328,732	31,328,732	-
Other creditors and accruals	6,719,066	6,719,066	-
	<u>70,990,587</u>	<u>70,990,587</u>	<u>-</u>

	OPF - 2024		
	Carrying amount	Upto one year	Greater than one year
	----- (Rupees) -----		
<b>Financial liabilities</b>			
Other creditors and accruals	29,194,915	29,194,915	-

### 35.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices. The Operator limits market risk by investing only in term deposit receipts.

### 35.2.4 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



### 35.2.5 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As on December 31, 2021, the Window Takaful Operations had no financial instruments valued at fair value nor any variable rate instrument, therefore, the Window Takaful Operations is not exposed to other price risk.

### 35.3 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Operator's operations either internally within the Operator or externally at the Operator's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Operator's activities.

The Operator's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Operator's staff have adequate training and experience and fosters effective communication related to operational risk management.

### 35.4 Capital risk management

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

### 36. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



- **Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Operator's Fund							
		December 31, 2025							
		Carrying value				Fair value measurement			
	Available for-sale	Held-to-maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
Mutual funds	35,546,569	-	-	-	-	35,546,569	-	35,546,569	-
<b>Financial assets not measured at fair value</b>									
DTerm deposits*	-	23,781,977	-	-	-	23,781,977	-	-	-
Other receivables*	-	-	9,892,158	-	-	9,892,158	-	-	-
Deferred commission expense*	-	-	-	15,118,365	-	15,118,365	-	-	-
Receivable from PTF*	-	-	-	55,756,056	-	55,756,056	-	-	-
Cash and bank*	-	-	-	24,010,714	-	24,010,714	-	-	-
	<u>35,546,569</u>	<u>23,781,977</u>	<u>9,892,158</u>	<u>94,885,135</u>	<u>-</u>	<u>164,105,838</u>	<u>-</u>	<u>35,546,569</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Other creditors and accruals*	-	-	-	-	53,846,167	53,846,167	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,846,167</u>	<u>53,846,167</u>	<u>-</u>	<u>-</u>	<u>-</u>
		Operator's Fund							
		December 31, 2024							
		Carrying value				Fair value measurement			
	Available for-sale	Held-to-maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
Mutual funds	33,678,372	-	-	-	-	33,678,372	-	33,678,372	-
<b>Financial assets not measured at fair value</b>									
DTerm deposits*	-	22,465,000	-	-	-	22,465,000	-	-	-
Other receivables*	-	-	1,862,813	-	-	1,862,813	-	-	-
Deferred commission expense*	-	-	-	8,375,714	-	8,375,714	-	-	-
Receivable from PTF*	-	-	-	31,328,732	-	31,328,732	-	-	-
Cash and bank*	-	-	-	22,089,595	-	22,089,595	-	-	-
	<u>33,678,372</u>	<u>22,465,000</u>	<u>1,862,813</u>	<u>61,794,041</u>	<u>-</u>	<u>119,800,226</u>	<u>-</u>	<u>33,678,372</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Other creditors and accruals*	-	-	-	-	(29,194,915)	(29,194,915)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,194,915)</u>	<u>(29,194,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



Participants' Takaful Fund								
December 31, 2025								
Carrying value					Fair value measurement			
Available for-sale	Held-to maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----								
<b>Financial assets measured at fair value</b>								
Mutual funds	20,629,057	-	-	-	20,629,057	-	20,629,057	-
<b>Financial assets not measured at fair value</b>								
Term deposits*	-	4,062,545	-	-	4,062,545	-	-	-
Other receivables*	-	-	11,439,723	-	11,439,723	-	-	-
Takaful / retakaful receivables*	-	-	142,054,490	-	142,054,490	-	-	-
Retakaful recoveries against outstanding / benefits*	-	-	-	2,205,559	2,205,559	-	-	-
Salvage recoveries accrued*	-	-	-	2,004,920	2,004,920	-	-	-
Prepaid retakaful contribution ceded*	-	-	-	698,300	698,300	-	-	-
Cash and bank*	-	-	-	52,596,235	52,596,235	-	-	-
	20,629,057	4,062,545	153,494,213	57,505,014	235,690,829	-	20,629,057	-
Outstanding claims including IBNR*	-	-	-	-	(29,865,867)	(29,865,867)	-	-
Takaful / retakaful payables*	-	-	-	-	(9,518,230)	(9,518,230)	-	-
Payable to OPF*	-	-	-	-	(55,756,056)	(55,756,056)	-	-
Other creditors and accruals*	-	-	-	-	(15,537,386)	(15,537,386)	-	-
	-	-	-	-	(110,677,539)	(110,677,539)	-	-

Participants' Takaful Fund								
December 31, 2024								
Carrying value					Fair value measurement			
Available for-sale	Held-to maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----								
<b>Financial assets measured at fair value</b>								
Mutual funds	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Term deposits*	-	3,830,000	-	-	3,830,000	-	-	-
Other receivables*	-	-	5,934,034	-	5,934,034	-	-	-
Takaful / retakaful receivables*	-	-	86,543,138	-	86,543,138	-	-	-
Retakaful recoveries against outstanding / benefits*	-	-	-	393,152	393,152	-	-	-
Salvage recoveries accrued*	-	-	-	619,920	619,920	-	-	-
Prepaid retakaful contribution ceded*	-	-	-	150,516	150,516	-	-	-
Cash and bank*	-	-	-	33,940,368	33,940,368	-	-	-
	-	3,830,000	92,477,172	35,103,956	131,411,128	-	-	-
Outstanding claims including IBNR*	-	-	-	-	(24,494,927)	(24,494,927)	-	-
Takaful / retakaful payables*	-	-	-	-	(8,447,862)	(8,447,862)	-	-
Payable to OPF*	-	-	-	-	(31,328,732)	(31,328,732)	-	-
Other creditors and accruals*	-	-	-	-	(6,719,066)	(6,719,066)	-	-
	-	-	-	-	(70,990,587)	(70,990,587)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025



\* The Company has not disclosed fair values of above mentioned financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

### Valuation techniques used in determination of fair values within Level 2

Items	Valuation technique
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

**December 31,  
2025  
(Rupees)**

### 37. STATEMENT OF SOLVENCY

#### Assets

Investments	24,691,602
Advances and other receivables	11,439,723
Takaful / re-takaful receivables	142,054,490
Re-takaful recoveries against outstanding benefits	2,205,559
Salvage recoveries accrued	2,004,920
Deferred wakala fee	30,776,394
Advance tax	2,780,982
Prepayments	698,300
Bank balances	52,596,235
<b>Total assets (A)</b>	<b>269,248,204</b>

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Contribution due for more than 3 months	-
GST receivable claims	873,005
Advance tax	2,780,982
<b>Total of in-admissible assets (B)</b>	<b>3,653,986</b>
<b>Total admissible assets (C=A-B)</b>	<b>265,594,218</b>

#### Total liabilities

Outstanding benefits including IBNR	29,865,867
Unearned contribution reserve	88,124,946
Unearned commission income	239,787
Contribution received in advance	2,800,089
Takaful / re-takaful payables	9,518,230
Payable to OPF	55,756,056
Other creditors and accruals	15,537,386
<b>Total liabilities (D)</b>	<b>201,842,361</b>
<b>Total net admissible assets (E=C-D)</b>	<b>63,751,857</b>
<b>Excess of net admissible assets over liabilities</b>	<b>63,751,857</b>

2025

2024

(Number)

### 37. NUMBER OF EMPLOYEES

Total employees of Operator at year end	8	2
Average employees of Operator during the year	6	2

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025



## 39. DATE OF AUTHORISATION OF ISSUE

These financial statements have been authorised for issue on **March 31, 2026** by the Board of Directors of the Operator.

## 40. CORRESPONDING FIGURES

Corresponding figures and balances have been reclassified, wherever considered necessary, for the purpose of comparison.

## 41. GENERAL

All amount have been rounded off to the nearest rupees.

Air Vice Marshal Junaid Ahmed  
Siddiqui (Retd.) - Chairman

Air Vice Marshal Muhammad Qaiser  
Janjua (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Syed Kamran Ali  
Chief Financial Officer

# HEAD OFFICE & BRANCH NETWORK

FOR THE YEAR ENDED DECEMBER 31, 2025



## Head Office

10th Floor, Shaheen Complex M. R. Kayani Raod, Karachi-74200  
Tel. 32630370-75, 322139850-51 Fax. 32626674  
Email: info@shaheeninsurance.com  
URL: www.shaheeninsurance.com

## Karachi Main Branch

Branch Head - Mr. Sohel N. Kidwai, Chief Marketing Officer  
Office No. 1001, 1014, Block B, 10th Floor, Saima Trade  
Tower, I.I Chundrigar Road, Karachi Tel: 021 32650031-3  
Email: sohel.kidwai@shaheeninsurance.com

## Lahore Branch

Branch Head - Mr. Ahsan ul Haq  
Office No. 4-B, 6th Floor, Shaheen Complex, 38 Abbott  
Road, Lahore.  
Tel. 042-36376270, 36376274, 36376278, 36376279  
Fax. 042-36376276  
Email: Ihr\_zone@shaheeninsurance.com

## Multan

General Manager Marketing - Syed Waqar Ali Rizvi  
Office no 21, 1st Floor, Nadra Office, Ali Arcade, Gourt  
Kachery Road, Multan  
Phone: 061-4580190-92  
Email: naeem.baig@shaheeninsurance.com

## Sialkot

Branch Manager - Mr. Faisal Jamil  
Office No. 210, Karim Plaza, Defence Road, Near Allama  
Iqbal Town, Sialkot  
Tel. (052) 3250982, 3550131  
Fax. (052) 3257412  
Email: sil@shaheeninsurance.com

## Hyderabad

Branch Manager - Mr. Shakir Ali  
Upper 2nd Floor, House No. 75, Soldier Bazar, Hyderabad.  
Tel # (022) 2720487  
Fax # (022) 2720489  
Email: hyd@shaheeninsurance.com

## Lahore Corporate Branch

EVP & Country Business Head - Mr. Sohaib Ansar Khan  
Office No. 6, 6th Floor, Shaheen Complex, Opp. PTV Station  
Opp. PTV Station, 38 Abbott Road,  
Tel. 042-36370384, 36370741, 36370742  
Fax. 042-36370385  
Email: Ihr\_corporate@shaheeninsurance.com

## Peshawar

Branch Manager — Mr. Gauhar Aziz  
Office No. C3, Jasmine Arcade, Fakhr-e-Alam, Road,  
Peshawar Cantt.  
Tel: 091 5273122, Mobile # 0333 9201088  
Email: psw@shaheeninsurance.com

## Faisalabad

Branch Manager - Mr. Mohsin Khan  
Office No. 2, 4th Floor, Ahmed Plaza, Bilal Road, Civil  
Lines, Faisalabad.  
Tel. (041) 2614112, 2621370, 2634658  
Fax. (041) 2613514  
Email: fsd@shaheeninsurance.com

## Rahim Yar Khan

Branch Manager - Mr. Muhammad Naveed Ghousia  
Sultania Town, Sakhi Sarwar Colony, Rahim Yar Khan,  
Punjab, Pakistan.  
Email: naveed.hussain@shaheeninsurance.com

## Islamabad

Branch Manager - Mr. Abdul Hameed Office No. 23, 2nd  
Floor, Plot No. 14,  
Executive Complex, G-8 Markaz, Islamabad  
Mobile No. 0333-51533001  
Email: abdul.hameed@shaheeninsurance.com

## New Unit Faisalabad

Branch Manager – Mr. Malik Farooq Mustafa  
Office address: 2nd floor chamber of commerce  
Building East canal road Faisalabad  
Mobile No. 0300-8669975  
Email addresses: malik.farooq@shaheeninsurance.com

## Karachi Corporate Branch

Head - Muhammad Javed  
Office No. 110, 1st Floor, Falak Corporate City, Opp. PTCL  
Customer Care Center, Boulton Market, Mithadar, Karachi.  
Tel: (+92 21) 32413623,  
Mobile: +92 300 829 6741/321 241 3622  
Email: m.javed@shaheeninsurance.com

## DHA Branch

Branch Manager: Mr. Salman Khan  
Office No. 110 1st floor Falak corporate City, Opp, PTCL  
Customer Care Centre, Bolton Market Mithadar, Karachi.  
Tel: (+92 21) 32413623.  
Mobile: +92 333-3897847  
Email: salman.khan@shaheeninsurance.com

**PATTREN OF SHARE HOLDING HELD BY THE SHARE HOLDERS**  
FOR THE YEAR ENDED DECEMBER 31, 2025



4. No. of Shareholders	From	To	Total Shares Held
243	1	100	4,507
115	101	500	33,004
159	501	1,000	114,078
218	1,001	5,000	526,736
45	5,001	10,000	376,105
24	10,001	15,000	302,729
18	15,001	20,000	327,147
6	20,001	25,000	146,740
9	25,001	30,000	252,545
4	30,001	35,000	125,980
7	35,001	40,000	266,679
3	40,001	45,000	126,588
1	45,001	50,000	50,000
2	50,001	55,000	107,838
1	55,001	60,000	60,000
3	60,001	65,000	187,083
1	65,001	70,000	65,384
2	70,001	75,000	142,037
1	80,001	85,000	81,500
2	85,001	90,000	175,081
1	90,001	95,000	91,450
3	95,001	100,000	295,500
1	110,001	115,000	111,152
1	120,001	125,000	125,000
1	130,001	135,000	133,437
1	140,001	145,000	144,498
2	145,001	150,000	300,000
2	165,001	170,000	339,474
1	185,001	190,000	188,503
3	190,001	195,000	577,069
1	195,001	200,000	200,000
1	200,001	205,000	205,000
1	225,001	230,000	228,844
1	255,001	260,000	256,611
1	265,001	270,000	266,817
1	275,001	280,000	277,882
1	375,001	380,000	380,000
1	395,001	400,000	400,000
1	500,001	505,000	505,000
1	545,001	550,000	550,000
1	550,001	555,000	554,726
1	615,001	620,000	617,497
1	3,200,001	3,205,000	3,202,500
1	3,220,001	3,225,000	3,220,681
1	8,125,001	8,130,000	8,128,323
1	55,850,001	55,855,000	55,853,275
896			80,625,000

## CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG) FOR THE YEAR ENDED DECEMBER 31, 2025



Name	Holding	% AGE
<b>2.3 Categories of shareholders</b>	<b>Share held</b>	<b>Percentage</b>
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	4,046	0.0050%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	59,057,375	73.2495%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
2.3.5 Insurance Companies	617,497	0.7659%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	63,983,198	79.3590%
2.3.8 General Public		
a. Local	8,326,111	10.3270%
b. Foreign	1,226	0.0015%
2.3.9 Others (to be specified)		
- <b>Foreign Companies</b>	8,128,323	10.0816%
- <b>Joint Stock Companies</b>	4,490,422	5.5695%

**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED DECEMBER 31, 2025**



Name	Holding	% AGE
Shaheen Foundation PAF	55,854,875	69.27%
Hollard Company Limited	8,128,323	10.08%
	<u>63,983,198</u>	<u>79.36</u>

**INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE  
CATEGORIES OF SHAREHOLDER AS AT DECEMBER 31, 2023**

Name	Holding	% AGE
<b><u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u></b>		
MR. JUNAID AHMED SIDDIQUI	551	0.0007%
MR. MUHAMMAD QAISER JANJUA	551	0.0007%
AIR CDR AMER ALTAF (RETD)	500	0.0006%
AIR CDRE WASEEM AHMED KHAN (RETD.)	551	0.0007%
MR. ADEEL ALI	551	0.0007%
MS. FARAH AZEEM KHAN	671	0.0008%
MR. JAHANGIR SHAH	671	0.0008%
	<u>4046</u>	<u>0.0050%</u>

**ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES:**

SHAHEEN FOUNDATION PAF (CDC)	55,854,875	69.27%
CENTRAL NON PUBLIC FUND. PAF	3,202,500	3.97%
	<u>59,057,375</u>	<u>73.25%</u>



## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being member of Shaheen Insurance Company Limited and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_ and/or CDC Participant ID  
No. \_\_\_\_\_ and Account/Sub-Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as  
my /our proxy to attend and vote for me/ us and on my/our behalf at the Annual General Meeting (AGM)  
of the Company to be held on Tuesday, April 28, 2026 at 11:00 a.m. at Institute of Chartered Accountants  
of Pakistan House, block G-31/8, Chartered Accountants Avenue, Clifton, Karachi thereof.

Signed this \_\_\_\_\_ day of, \_\_\_\_\_ 2026.

Witness: 1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

Signature on  
Revenue  
Stamp of Rs. 5/-

Witness: 2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

### Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

## مختار نامہ

میں / ہم \_\_\_\_\_ کا / کے \_\_\_\_\_  
 بحیثیت رکن شاہین انشورنس کمپنی لمیٹڈ اور حاصل حصص، \_\_\_\_\_ بمطابق شیئرز رجسٹرڈ فولیو نمبر \_\_\_\_\_ اور / یا سی  
 ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور اکاؤنٹ (کھاتہ) سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم / محترمہ \_\_\_\_\_ کا / کے \_\_\_\_\_  
 کو اپنے / ہمارے ایما پر بروز منگل مورخہ 28 اپریل، 2026، بوقت صبح 11:00 بجے کو بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان ہاؤس، بلاک 8، G-31/8 چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی  
 کراچی پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا / ہمارا مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2026 دستخط کیے گئے۔

گواہان

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

۱- دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

۲- دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

نوٹ

- ۱- اس فارم کو پُر اور دستخط کر کے ممبر، پراکسی (مختار) اور گواہان کے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی مصدقہ نقول کے ہمراہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتے پر جمع کرایا جائے۔ مختار (پراکسی فارم) کو اصل شناختی کارڈ / پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔
- ۲- کسی بھی شخص کو مختار (پراکسی) مقرر نہیں کیا جاسکتا الا یہ کہ وہ کمپنی کارکن ہو۔
- ۳- کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ اور نمائندے کے دستخط کے نمونہ بھی جمع کرائے جائیں گے۔
- ۴- سی ڈی سی اکاؤنٹ ہولڈر اور ان کے مختار کیلئے ضروری ہے کہ مختار نامہ (پراکسی فارم) کے ہمراہ اپنے کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ کی مصدقہ نقول بھی جمع کرائیں۔