

ANNUAL REPORT 2025



PakRe

Pakistan Reinsurance Company Limited
Commitment to Excellence

0.	Cover Page
1.	Vision
2.	Mission
3.	Strategy
4.	Objectives
5.	Corporate Information
6.	Directors Profile
7.	Company's Profile
7.1	Gender Pay Gap Report
8.	Ten Year Performance at Glance
9.	Financial Review
10.	Chairman Report
11.	CEO's Message
12.	Directors Report
13.	Directors Report Urdu
14.	AGM Notice
15.	Statement of Compliance with the Code of Corporate Governance 2012 and Code of Corporate Governance for Insurers 2016
16.	Review Report to the Members on Statement of Compliance with the Code of Corporate Governance 2012 and Code of Corporate Governance for Insurers 2016.
16.1	Declaration by the Board of Directors (u/s 25(3) of the State-Owned Enterprises (Governance and Operations) Act, 2023).
17.	Independent Auditor's Report to the Members of Pakistan Reinsurance Company Limited (Conventional)
18.	Statement of Financial Position (Conventional)
19.	Profit and Loss Account (Conventional)
20.	Statement of Comprehensive Income (Conventional)
21.	Statement of Changes in Equity (Conventional)
22.	Statement of Cash Flows (Conventional)
23.	Notes to the Financial Statement (Conventional)
24.	Shariah Advisor's Report to the Board of Directors
25.	Statement of Compliance with the Takaful Rules, 2012 and Shariah Rules and Principles
26.	Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles
27.	Independent Auditor's Report to the Members of Pakistan Reinsurance Company Limited Report on the Audit of the Financial Statements of Window Retakaful Operation
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (RETAKAFUL)	
28.	Statement of Financial Position (Retakaful)
29.	Profit & Loss Account (Retakaful)
30.	Statement of Comprehensive Income (Retakaful)
31.	Statement of Changes in Funds (Retakaful)
32.	Statement of Cash Flows (Retakaful)
33.	Notes to the Financial Statement (Retakaful)
34.	Pattern of Shareholding
35.	Proxy Form
36.	Form for Bank Account Details for Payment of Cash Dividend

VISION

To be a leading provider of
reinsurance and risk management
services in the region

MISSION

To provide secure reinsurance capacity and outstanding risk management advice in a profitable manner and to conduct business in a dependable and professional way with the highest standards of customer service.

STRATEGY

To continue being the premier provider of reinsurance and risk management services to the insurance industry, fostering strong business relationships with local insurers, reinsurance brokers, and foreign reinsurers.

OBJECTIVES

- ❖ To provide the best reinsurance services to the local insurance industry in order to check the outflow of foreign exchange, to the maximum possible extent.
- ❖ To develop good business relations with foreign reinsurers.
- ❖ To train staff in pace with the fast changing business requirements as well as to provide them with conducive working environment.
- ❖ To assist in the development of national insurance industry.
- ❖ To enhance Domestic retention capacity in the country in order to save valuable foreign exchange.

Corporate Information

BOARD OF DIRECTORS OF PRCL

<u>Name of Directors</u>	<u>Designations</u>	<u>Types</u>
Mr. Sulaiman S. Mehdi ¹	Chairman Board / Director	Independent / Non-Executive
Dr. Nazim Latif	Director	Independent / Non-Executive
Dr. Romana Parvez Akhtar	Director	Independent / Non-Executive
Maj. Gen. Tariq Qaddus (Retd.)	Director	Independent / Non-Executive
Ms. Maleeha Bangash	Director	Independent / Non-Executive
Mr. Salman Mufti ²	Director	Ex-officio / Non-Executive
Mr. Muhammad Junaid Moti ³	Acting CEO / Director	Executive

COMPANY SECRETARY

Mr. Sumeet Kumar

BOARD COMMITTEES

AUDIT COMMITTEE

Dr. Nazim Latif	Chairman
Mr. Shakeel Ahmed Mangnejo	Member
Dr. Romana Parvez Akhtar	Member
Ms. Maleeha Bangash	Member
Mr. Shahid Iqbal Baloch ⁴	Member
Chief Internal Auditor	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Dr. Romana Parvez Akhtar	Chairperson
Dr. Nazim Latif	Member
Mr. Tariq Qaddus	Member
Mr. Salman Mufti	Member
Chief Human Resource Officer	Secretary

¹ Mr. Sulaiman S. Mehdi was appointed by the Federal Government as Chairman / Independent Director on January 7, 2026, following the retirement of Mr. Shoaib Mir on August 17, 2025.

² Mr. Salman Mufti was nominated by the Ministry of Commerce, Government of Pakistan, on September 12, 2025, as its official representative on the Board. Approval from the Securities and Exchange Commission of Pakistan (SECP) was granted on February 3, 2026.

³ Mr. Muhammad Junaid Moti, Executive Director (Underwriting), has been serving as Acting Chief Executive Officer on an interim basis following the resignation of Mr. Farman Ullah Zarkoon, who relinquished charge on April 11, 2025.

⁴ Mr. Shahid Iqbal Baloch resigned from the Board on September 15, 2025. Subsequently, Mr. Abdul Shakoor Shaikh was nominated as his replacement but withdrew from the directorship on January 5, 2026. Thereafter, Mr. Muhammad Faisal Mumtaz was nominated on March 31, 2026.

INVESTMENT COMMITTEE

Ms. Maleeha Bangash	Chairperson
Mr. Tariq Qaddus	Member
Mr. Shahid Iqbal Baloch	Member
Mr. Shaoib Mir ⁵	Member
Dr. Romana Parvez Akhtar	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

MANAGEMENT COMMITTEES

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Mr. Shahid Iqbal Baloch	Chairman
Dr. Romana Parvez Akhtar	Member
Dr. Nazim Latif	Member
Compliance Officer	Secretary

UNDERWRITING / REINSURANCE COMMITTEE

Mr. Shakeel Ahmed Mangnejo ⁶	Chairman
Ms. Maleeha Bangash	Member
Mr. Shoaib Mir	Member
Executive Director (Underwriting)	Secretary

CLAIMS SETTLEMENT COMMITTEE

Mr. Tariq Qaddus	Chairman
Mr. Shahid Iqbal Baloch	Member
Dr. Nazim Latif	Member
Head of Claims Department	Secretary

SENIOR MANAGEMENT

Mr. Muhammad Junaid Moti	Acting CEO/ Executive Director – Underwriting
Mr. Abdul Razzak Usman	Chief Internal Auditor
Mr. Muhammad Naveed Iqbal	Chief Financial Officer / Chief Investment Officer
Mr. Sumeet Kumar	Company Secretary
Mr. Arham Rahim	Chief Human Resources Officer
Mr. Bashir Ahmad	Head of Compliance
Mr. Muhammad Rafique	Chief Information Officer
Mr. Inayat Ullah	Chief Administration Officer
Mr. Tameez Uddin	General Manager (Audit)
Ms. Erum Nadeem	Head of Legal
Mr. Muhammad Ahmad	Head of Takaful Operations
Mr. Uneeb Chaudhry	Head of Claims

⁵ Mr. Shoaib Mir retired from the Board of Directors on August 17, 2025.

⁶ Mr. Shakeel Ahmed Mangnejo, ex-officio director representing the Ministry of Commerce, Government of Pakistan, was replaced by Mr. Salman Mufti on September 12, 2025.

Mr. Muhammad Amin
Mr. Rizwan Ali
Mr. Rizwan Sharif
Mr. Taha Noor Khan

AUDITORS

Kreston Hyder Bhimji & Co
Chartered Accountants
Suite No. 1601,
16th Floor, Kashif Centre,
Shahrah-e-Faisal,
Karachi.

Head of Accident Department
Head of Accounts
Head of Underwriting
In-Charge – Retrocession

REGISTERED OFFICE

PRC Towers, 32-A, Lalazar Drive
M. T. Khan Road, P.O. Box: 4777
Karachi-74000, Pakistan.
Tele: (92-21) 99202908-15
Telefax: (92-21) 99202921-22
Email: prel@pakre.org.pk
Website: www.pakre.org.pk

BANKERS

National Bank of Pakistan
Bank Al Habib
Habib Bank Limited
Bank Al Falaha
Dubai Islamic Bank
Meezan Bank Limited

SHARE REGISTRAR

Central Depository Company of
Pakistan Limited
CDC House, 99-B, Block-B,
SMCHS
Main Shakra-e-Faisal
Karachi-74400, Pakistan
Tele: (92-21) 111-111-500

DIRECTORS' PROFILE

Mr. Shoaib Mir

Mr. Shoaib Mir is a retired Pakistan Administrative Service (PAS) Officer who held several top-tier administrative and financial positions, including Chief Secretary Balochistan and Federal Secretary to the Government of Pakistan. He joined the Civil Services in 1986 and has extensive experience in senior management roles across public sector management, finance, health, and planning. His academic contributions include being a visiting faculty member at premier institutions such as the National School of Public Policy and Civil Services Academy Lahore. He has led various leadership and training programs, including at the State Life Training Academies across Pakistan.

Mr. Shakeel Ahmed Mangnejo

Mr. Shakeel Ahmed Mangnejo is a Pakistan Administrative Service officer who joined the Civil Services in 1996. He is currently serving as the Special Secretary, Ministry of Commerce. His previous roles include Chairman of the Chief Minister's Inspection Department, Planning and Development Board Sindh, and Employees Old Age Benefits Institution (EOBI), among others. He holds a Master's degree in Management from the London School of Economics, a Master's in Economics, and degrees in Law and Civil Engineering. He has extensive experience in public administration, financial management, public procurement, and human resource management, having served on the boards of several public sector companies.

Maj. Gen. Tariq Qaddus HI (M), Retd

Mr. Tariq Qaddus, HI (M), is a retired Major General with an illustrious career in the Pakistan Army, where he served in the Infantry and Intelligence Corps. He possesses extensive experience in administration, strategic management, and intelligence operations, both domestically and internationally, in highly demanding environments. He is a graduate of Command and Staff College Quetta and National Defence University (Pakistan and USA), and has also attended prestigious institutions including King's College London and the University of Chicago. He holds Master's degrees in War and Strategic Studies and International Counter Terrorism. He is currently serving as Director at Fauji Foundation and sits on the boards of multiple Fauji Group companies, contributing to policy formulation, governance, and strategic oversight.

Ms. Maleeha Bangash

Ms. Maleeha Bangash is a seasoned professional with over 26 years of international experience across Asia Pacific, South Asia, and Türkiye, primarily in banking and financial services. She has demonstrated strong leadership in establishing and transforming organizations, with extensive expertise in corporate and investment banking, private equity, mergers and acquisitions, and development finance. She has been associated with IFC/World Bank Group for the past several years and has held senior leadership roles, including CEO and Managing Director positions, in renowned institutions such as Habib Bank Limited, MCB Bank, UBL Funds, and ABN AMRO Equities. A founding member of the Competition Commission of Pakistan, she played a key role in developing regulatory functions related to advocacy, research, and mergers and acquisitions.

Mr. Shahid Iqbal Baloch

Mr. Shahid Iqbal Baloch is a BS-21 officer of the Inland Revenue Service with over three decades of extensive experience in public administration, taxation, and financial management. He joined the Civil Services of Pakistan in 1992 and has since held several senior leadership positions within the Federal Board of Revenue, including Chief Commissioner Inland Revenue and Director General (International Taxes). He has substantial expertise in domestic and international taxation, organizational management, and policy implementation, including negotiating tax treaties with sovereign states. He is currently serving as Executive Director at State Life Insurance Corporation of Pakistan, Karachi, where he continues to contribute his vast experience in governance and administration.

Mr. Muhammad Junaid Moti

Mr. Muhammad Junaid Moti is a commerce graduate and an Associate of the Chartered Insurance Institute (ACII), London (UK). He possesses over three decades of diversified experience in the insurance and reinsurance industry. Prior to joining Pakistan Reinsurance Company Limited (PRCL) in March 2016, Mr. Moti had served with five private sector insurance companies in Pakistan. His professional career includes extensive experience with three of the country's largest private general insurance companies, one mid-sized general insurer, and a dedicated general Takaful operator. With his vast industry knowledge and proven leadership, Mr. Muhammad Junaid Moti is currently serving as the Acting Chief Executive Officer of Pakistan Reinsurance Company Limited.

PRCL is a Public Sector Company attached to the Ministry of Commerce. The Company is supervised by a Board of Directors, which is assisted by the Management comprising a strong team of professionals who effectively manage the business affairs of the Company. The Seven Member Board comprises four Government Nominee Directors, two Elected Directors, one Nominee of State Life Insurance Corporation.

PRCL's prime objective is the provision of reinsurance services in Pakistan. The company is the only national reinsurer. It provides reinsurance protection to the local insurance industry by way of treaty and facultative businesses.

Company History

PRCL was established in 1952 as Pakistan Insurance Corporation under the PIC Act, 1952, with the objective of supporting the local insurance industry. In the year 2000, Pakistan Insurance Corporation was converted and incorporated as a public limited company namely Pakistan Reinsurance Company Limited vide Ministry of Commerce SRO No.98(1)/2000 was issued under the Presidential Ordinance No. XXXVI of 2000 dated 14th February 2001.

Types of Businesses undertaken by Company

- ✓ Fire – Building, Stock, Plant, Machinery, Crop;
- ✓ Marine – Hull, Cargo, (Primary, War liabilities);
- ✓ Aviation – (Aircraft, Cargo, Crew, Passengers, Third Party Liability);
- ✓ Accident – Motor, Fidelity Guarantee, Personal Lines;
- ✓ Liability – Employers Liability, Professional Indemnity, Workman Compensation;
- ✓ Engineering – Property Damage, Business Interruption, Plant, Machinery Breakdown, TPL, Erection All Risks, Contractor All Risks, etc.
- ✓ Public Sector Risks: Oil Refineries, Power Projects, Oil and Gas Exploration, Fields / Operations, Hydel Power, and Nuclear Power Projects.

Business Operations

The reinsurance operation of the Company consists of the following departments:

- ✓ **Underwriting Department** deals with scrutiny and acceptance of risk offered by local insurers, both under the Facultative and Treaty arrangements.
- ✓ **Retrocession Department** undertakes to tender of risks ceded by National Insurance Company Limited including their placement with foreign insurers.
- ✓ **Claims Department** deals with claims notified by cedants under both the Facultative and Treaty arrangements and approval of claims.

Pakistan Reinsurance Company Limited
Pay Gap Statement under SECP Circular 10 of 2024
FY Ended December 31, 2025

The disclosure, calculated in accordance with the methodology prescribed by SECP, has been categorized into Executive and Non-Executive employee groups:

Executives		Non-Executives	
Metric	Value	Non-Executives	Metric
Mean Gender Pay Gap	-7.36%	Mean Gender Pay Gap	31.78%
Median Gender Pay Gap	-8.03%	Median Gender Pay Gap	33.15%

Interpretation (Executives):

The gender pay gap at the executive level reflects a balanced and equitable compensation structure. A mean gender pay gap of -7.36% and a median gap of -8.03% indicate that, on average as well as at the midpoint, female executives earn more than their male counterparts. This outcome is primarily influenced by the current composition of executive roles and individual positioning within pay scales. Overall, compensation at this level remains aligned with merit, experience, and role-specific responsibilities rather than gender.

Interpretation (Non-Executives):

At the non-executive level, a gender pay gap persists, with male employees earning on average 31.78% (mean) and 33.15% (median) more than female employees. This disparity is largely attributable to differences in workforce composition, job roles, and tenure. A significant proportion of female employees in this category have joined in recent years and are concentrated in administrative and support functions. In contrast, male employees are represented across a broader range of operational roles and often have longer tenures, in some cases extending over multiple decades. Their compensation reflects cumulative annual increments and progression within established salary structures. Accordingly, the observed gap is driven by structural and tenure-related factors rather than unequal pay for equivalent roles.

Company's Commitment

Pakistan Reinsurance Company Limited remains fully committed to the principles of fairness, equity, and inclusion. As a public listed entity, PRCL ensures that its compensation practices are transparent, structured, and merit-based across all levels of the organization. The Company acknowledges the importance of enhancing gender diversity across functions and experience levels and will continue to strengthen its human resource policies in line with regulatory requirements and international best practices.

(Signed on behalf of the Board of Directors)
8th April 2026

Muhammad Junaid Moti
Chief Executive Officer

PAKISTAN REINSURANCE COMPANY LIMITED
FINANCIAL ANALYSIS (10 YEARS)
FOR THE PERIOD ENDED 31ST DECEMBER

	FOR THE YEAR ENDED 31ST DECEMBER 2025	FOR THE YEAR ENDED 31ST DECEMBER 2024	FOR THE YEAR ENDED 31ST DECEMBER 2023	FOR THE YEAR ENDED 31ST DECEMBER 2022	FOR THE YEAR ENDED 31ST DECEMBER 2021	FOR THE YEAR ENDED 31ST DECEMBER 2020	FOR THE YEAR ENDED 31ST DECEMBER 2019	FOR THE YEAR ENDED 31ST DECEMBER 2018	FOR THE YEAR ENDED 31ST DECEMBER 2017	FOR THE YEAR ENDED 31ST DECEMBER 2016	FOR THE YEAR ENDED 31ST DECEMBER 2012
ACCOUNT DESCRIPTION	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
PROFIT & LOSS											
Gross premium	31,966,255,478	24,702,082,514	33,969,248,175	24,271,390,418	20,993,560,184	16,896,000,000	17,655,000,000	10,734,000,000	8,036,000,000	8,807,000,000	8,153,000,000
Net Insurance Premium	9,069,190,843	10,854,927,767	9,323,453,350	7,929,369,976	7,225,623,532	6,708,834,772	6,905,155,171	5,463,586,365	5,006,373,921	5,801,847,899	4,096,084,240
Net Insurance Claims	5,399,434,899	5,436,150,719	4,707,325,117	4,311,851,021	3,777,804,999	3,924,588,676	4,258,866,001	2,991,795,443	3,739,974,172	3,335,559,819	2,217,052,606
Net Insurance Claims	60%	50%	50%	54%	52%	58%	62%	55%	75%	57%	54.13%
Net Commission and	941,407,900	1,073,782,937	949,366,578	1,025,917,948	968,356,238	925,195,332	1,242,908,813	1,046,692,516	1,147,699,954	1,264,466,697	867,392,679
Net Commission	10%	10%	10%	13%	13%	14%	18%	19%	23%	22%	21.18%
Management Expenses	1,686,476,057	2,019,607,343	1,572,158,796	1,528,435,094	728,999,260	666,777,957	774,944,862	844,492,508	795,597,001	657,088,258	448,291,823
Management Expenses	19%	19%	17%	19%	10%	10%	11%	15%	16%	11%	10.94%
Provision for doubtful	97,426,448	(113,945,262)	216,799,192	542,510,469	8,781,891	426,553,066	122,923,613	-	-	-	-
Underwriting Results	919,896,539	2,439,332,030	1,890,330,094	1,652,023,323	1,741,681,144	765,719,741	505,511,882	580,605,898	(676,897,206)	544,733,125	563,347,132
Underwriting Results	10%	22%	20%	21%	24%	11%	7%	11%	-14%	9%	13.75%
Underwriting Results	20%	37%	37%	47%	48%	39%	23%	33%	-24%	38%	36.64%
Investment Income	3,317,234,855	3,443,381,114	2,389,536,960	1,338,391,205	981,709,956	1,043,379,592	868,380,788	690,969,818	3,325,868,531	961,156,893	918,242,731
Investment Income	71%	52%	47%	38%	27%	54%	40%	40%	116%	67%	
Investment Income percentage of Net Insurance Premium	36.6%	31.7%	25.6%	16.9%	13.6%	15.6%	12.6%	12.6%	66.4%	16.6%	
Rental Income (Net)	170,153,601	149,961,507	148,543,674	126,643,188	104,379,330	83,419,433	69,900,127	62,319,058	56,267,795	55,779,280	49,449,654
Rental Income	4%	2%	3%	4%	3%	4%	3%	4%	2%	4%	3.22%
Finance Cost	6,738,283	9,222,676	7,327,337	2,760,634	2,548,867	2,750,485	1,739,500	-	-	-	-
Finance Cost	0.14%	0.14%	0.14%	0.08%	0.07%	0.14%	0.08%	0.00%	0.00%	0.00%	
Other Income	329,113,085	586,835,193	1,197,078,078	419,206,393	142,247,595	74,353,871	752,368,760	417,294,756	234,845,030	86,401,005	68,287,572
Other Income	7.01%	8.82%	23.47%	11.89%	3.95%	3.83%	34.51%	23.98%	8.17%	6.05%	4.44%
Other Expenses	42,202,702	30,762,419	611,958,117	7,130,355	8,195,243	22,587,261	14,413,545	11,354,981	64,254,996	221,122,504	61,937,393
Other Expenses	0.90%	0.46%	12.00%	0.20%	0.23%	1.16%	0.66%	0.65%	2.23%	15.50%	
Total Revenues from	4,694,195,378	6,654,773,311	5,101,181,157	3,526,373,121	3,598,455,942	1,941,534,891	2,180,008,512	1,739,834,549	2,875,829,154	1,426,947,799	1,537,389,696
Total Revenues from	52%	61%	55%	44%	50%	29%	32%	32%	57%	25%	37.53%
Profit from Window	49,839,613	174,787,448	142,491,034	30,370,651	15,962,349	30,450,665	9,240,868	108,988	-	-	-
Profit before Tax	4,713,536,708	6,793,408,896	5,236,344,854	3,556,743,771	3,614,418,291	1,971,985,556	2,189,249,380	1,739,943,537	2,875,829,154	1,426,947,799	1,537,389,696
Profit before Tax	52%	63%	56%	45%	50%	29%	32%	32%	57%	25%	37.53%
Income Tax Expenses	1,584,440,444	3,015,094,041	2,171,096,737	931,915,282	1,024,831,827	580,546,325	704,966,847	504,656,518	649,493,110	452,684,601	377,216,710
Income Tax Expenses	17%	28%	23%	12%	14%	9%	10%	9%	13%	8%	
Profit after Tax	3,129,096,264	3,778,314,855	3,065,248,117	2,624,828,489	2,589,586,464	1,391,439,231	1,484,282,533	1,235,287,019	2,226,336,044	974,263,198	1,160,172,986
Profit after Tax	35%	35%	33%	33%	36%	21%	21%	23%	44%	17%	28.32%
Earning Per Share	3.48	4.20	3.41	2.92	2.88	4.64	4.95	4.12	7.42	3.25	3.87

PAKISTAN REINSURANCE COMPANY LIMITED
FINANCIAL ANALYSIS (10 YEARS)
FOR THE PERIOD ENDED 31ST DECEMBER

	AS AT 31ST DECEMBER 2025 (Rs)	AS AT 31ST DECEMBER 2024 (Rs)	AS AT 31ST DECEMBER 2023 (Rs)	AS AT 31ST DECEMBER 2022 (Rs)	AS AT 31ST DECEMBER 2021 (Rs)	AS AT 31ST DECEMBER 2020 (Rs)	AS AT 31ST DECEMBER 2019 (Rs)	AS AT 31ST DECEMBER 2018 (Rs)	AS AT 31ST DECEMBER 2017 (Rs)	AS AT 31ST DECEMBER 2016 (Rs)	AS AT 31ST DECEMBER 2012 (Rs)
BALANCE SHEET :											
Fixed Assets											
Property and equipment	1,003,329,632	935,839,100	668,689,565	446,068,118	429,090,184	57,228,369	67,270,717	42,756,737	36,570,719	38,926,471	52,882,701
Right of use asset	2,375,400,000	2,177,450,000	1,939,910,000	1,639,605,577	1,801,531,334	8,474,168	-	-	-	-	-
Intangible assets	15,295,201	19,761,107	11,119,198	10,083,343	8,474,168	8,474,168	-	-	-	-	-
Investment properties	897,198,665	864,476,353	798,450,467	722,274,603	722,274,603	25,496,671	26,849,593	28,284,000	29,806,753	31,425,711	37,795,867
Total Fixed Assets	4,291,223,498	3,997,526,560	3,418,169,230	2,818,031,641	2,961,370,289	99,673,376	94,120,310	71,040,737	66,377,472	70,352,182	90,678,568
Investment											
Equity Securities	10,022,646,256	6,901,912,955	4,183,710,304	2,755,440,067	3,388,832,943	3,763,247,842	3,865,745,207	4,163,297,395	5,006,807,519	8,829,519,340	6,434,420,531
Debt Securities	16,813,072,488	16,801,859,292	14,135,599,216	9,907,026,504	9,174,069,234	8,271,505,868	7,076,694,763	4,470,399,038	4,215,863,614	4,546,040,140	-
Total Investment	26,835,718,744	23,703,772,247	18,319,309,520	12,662,466,571	12,562,902,177	12,034,753,710	10,942,439,970	8,633,696,433	9,222,671,133	13,375,559,480	6,434,420,531
Current Assets											
Loans and other receivables	1,022,015,515	875,612,682	543,679,569	462,488,314	285,844,726	2,879,142,000	2,865,239,725	2,935,562,441	3,030,492,551	773,088,335	433,397,820
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727	2,573,888,727	2,573,888,727	2,573,888,727	-	-	-	-	-	-
Insurance / reinsurance receivables	13,555,378,242	9,663,385,890	16,621,405,847	17,393,374,952	13,686,203,094	8,141,085,867	9,775,513,552	5,435,766,163	4,304,750,965	4,545,097,695	2,625,332,998
Reinsurance recoveries against outstanding claims including IBNR	10,282,198,129	15,767,126,860	18,206,185,158	14,420,709,311	4,608,127,235	5,603,808,031	3,934,364,721	1,351,771,237	2,159,694,037	2,732,782,143	1,381,646,651
Deferred commission expense	1,031,300,986	1,047,205,897	1,125,879,037	931,382,139	806,214,206	708,870,616	918,544,431	565,597,974	696,641,093	551,912,413	469,849,175
Taxation - payments less provision	-	-	-	78,557,588	-	181,407,606	646,673,594	707,762,550	467,706,127	114,406,208	-
Prepayments	8,859,777,808	6,953,612,983	11,900,386,846	8,943,542,637	7,723,545,836	4,144,875,197	5,454,167,080	2,476,126,074	1,875,781,584	1,580,130,623	2,315,277,674
Stock of Stationery	-	-	-	-	-	-	499,806	517,646	401,120	240,905	962,639
Cash and bank balances	2,117,696,503	3,235,526,667	3,159,752,669	3,030,890,557	1,140,841,359	1,570,505,178	815,678,747	2,602,483,789	2,517,093,774	2,240,002,368	2,014,444,834
Total Current Assets	39,442,255,910	40,116,359,910	54,131,177,853	47,834,834,225	30,824,665,183	23,229,694,495	24,410,681,656	16,075,587,874	15,052,561,251	12,537,660,690	9,240,911,791
Total Assets excluding windows Retakaful operations	70,569,198,152	67,817,658,513	75,868,656,603	63,315,332,437	46,348,937,649	35,355,647,413	35,447,241,936	24,780,325,044	24,341,609,856	25,983,572,352	15,766,010,890
Total Assets from windows Retakaful Operations	5,785,803,270	5,129,872,731	1,018,749,110	539,612,840	456,613,640	409,366,837	359,369,153	50,545,771	-	-	-
Total Assets	76,355,001,422	72,947,531,244	76,887,405,713	63,854,945,277	46,805,551,289	35,765,014,250	35,806,611,089	24,830,870,815	24,341,609,856	25,983,572,352	15,766,010,890

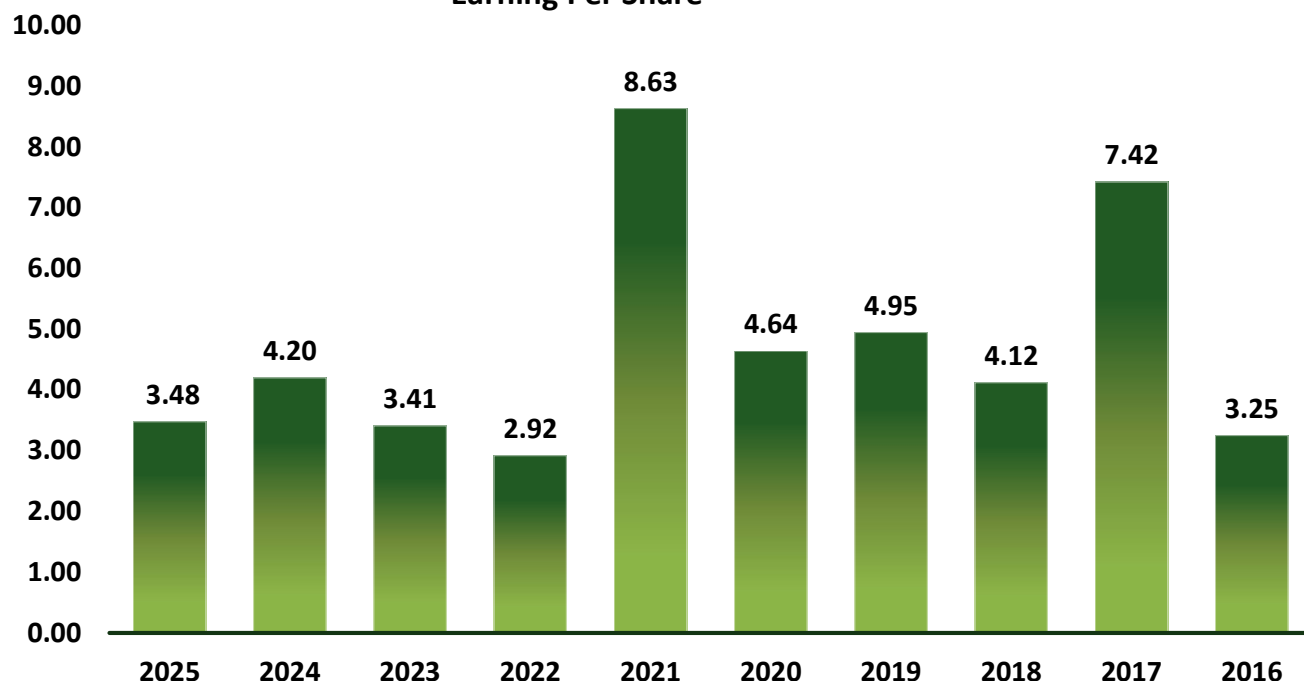
PAKISTAN REINSURANCE COMPANY LIMITED
 FINANCIAL ANALYSIS (10 YEARS)
 FOR THE PERIOD ENDED 31ST DECEMBER

	AS AT	AS AT	AS AT	AS AT	AS AT	AS AT	AS AT	AS AT	AS AT	AS AT	AS AT
	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER	31ST DECEMBER
ACCOUNT DESCRIPTION	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2012
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Equity & Liabilities :											
Issued, subscribed and paid up share capital	9,000,000,000	9,000,000,000	9,000,000,000	9,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
revaluation surplus	1,830,895,412	1,695,820,477	1,590,000,034	1,421,277,526	1,545,282,086	-	-	-	-	-	-
Reserves	15,031,122,364	12,202,157,261	7,549,733,416	3,900,130,136	8,526,912,531	7,241,544,195	6,828,797,675	6,871,489,377	7,506,035,491	9,316,190,158	3,122,153,456
Total Equity	25,862,017,776	22,897,977,738	18,139,733,450	14,321,407,662	13,072,194,617	10,241,544,195	9,828,797,675	9,871,489,377	10,506,035,491	12,316,190,158	6,122,153,456
Liabilities :											
Underwriting Provision											
Outstanding claims including IBNR	18,765,129,085	24,333,649,075	25,927,694,396	21,256,435,233	9,401,437,187	10,475,734,890	8,011,646,909	4,170,758,556	4,713,650,200	4,590,671,732	2,424,874,491
Unearned premium reserves	12,361,671,413	10,621,849,438	16,235,915,117	12,047,709,680	10,732,384,652	6,513,672,434	8,451,658,849	4,990,287,940	3,856,658,995	3,879,309,390	4,350,377,846
Unearned reinsurance commission premium deficiency reserve	691,189,321	505,496,153	810,160,213	539,143,250	523,294,102	338,532,613	452,020,316	74,957,159	284,665,087	19,768,657	45,017,368
	24,549,000	-	-	12,526,427	58,873,368	-	-	-	-	-	-
	31,842,538,819	35,460,994,666	42,973,769,726	33,855,814,590	20,715,989,309	17,327,939,937	16,915,326,074	9,236,003,655	8,854,974,282	8,489,749,779	6,820,269,705
Retirement benefit obligations											
taxation liabilities	3,618,507,534	3,401,370,786	3,350,608,187	3,630,799,590	3,206,839,590	3,188,627,998	2,998,194,096	2,583,248,954	2,193,559,697	1,296,307,190	550,933,257
Deferred taxation	17,491,358	533,341,570	603,756,603	-	366,732,044	-	-	-	-	-	-
Insurance/reinsurance payables	3,913,006,542	2,945,023,429	1,434,851,980	741,089,480	810,480,910	116,933,390	293,019,659	368,990,104	609,429,942	1,708,668,518	-
Lease liabilities	5,994,559,524	3,208,296,520	9,862,846,676	10,932,282,952	8,208,198,213	4,550,351,722	5,511,514,237	2,538,418,948	1,976,119,106	1,983,410,166	1,623,538,033
Unclaimed dividends	20,600,758	23,775,995	22,277,303	23,033,149	29,238,876	26,778,855	24,287,522	-	-	-	-
Other creditors and accruals	54,137,926	93,997,886	92,036,186	88,652,013	205,956,627	155,208,129	107,273,466	-	-	-	-
	166,052,731	137,872,539	171,691,110	109,158,042	89,257,121	88,202,370	78,341,208	232,252,478	201,491,337	189,246,541	649,116,439
	13,784,356,373	10,343,678,725	15,538,068,045	15,525,015,226	12,916,703,381	8,126,102,464	9,012,630,188	5,722,910,484	4,980,600,082	5,177,632,415	2,823,587,729
Total liabilities from window retakaful operations											
	4,866,088,454	4,244,880,115	3,161,027,763	152,707,799	100,663,982	69,427,654	49,857,152	467,300	-	-	-
Total liabilities	50,492,983,646	50,049,553,506	61,672,865,533	49,533,537,615	33,733,356,672	25,523,470,055	25,977,813,414	14,959,381,439	13,835,574,364	13,667,382,194	9,643,857,434
Total equity and liabilities	76,355,001,422	72,947,531,244	79,812,598,984	63,854,945,277	46,805,551,289	35,765,014,250	35,806,611,089	24,830,870,816	24,341,609,855	25,983,572,352	15,766,010,890

PAKISTAN REINSURANCE COMPANY LIMITED
FINANCIAL ANALYSIS (10 YEARS)
FOR THE YEAR PERIOD ENDED 31ST DECEMBER

	FOR THE YEAR ENDED 31ST DECEMBER 2025	FOR THE YEAR ENDED 31ST DECEMBER 2024	FOR THE YEAR ENDED 31ST DECEMBER 2023	FOR THE YEAR ENDED 2022 (Rs)	FOR THE YEAR ENDED 2021 (Rs)	FOR THE YEAR ENDED 2020 (Rs)	FOR THE YEAR ENDED 2019 (Rs)	FOR THE YEAR ENDED 2018 (Rs)	FOR THE YEAR ENDED 2017 (Rs)	FOR THE YEAR ENDED 2016 (Rs)	FOR THE YEAR ENDED 2012 (Rs)
CASH FLOW STATEMENT:											
Operating Activities :											
Underwriting activities :-											
Insurance premium received	28,074,263,126	31,660,102,471	33,922,739,451	21,106,729,029	15,439,506,827	18,106,756,395	13,307,677,162	9,600,378,264	8,219,828,958	7,941,282,377	8,069,843,009
Reinsurance premium paid	(20,234,153,469)	(21,112,265,257)	(23,815,288,864)	(13,381,868,413)	(9,403,407,489)	(11,792,533,325)	(6,691,097,296)	(3,762,161,754)	(3,251,141,602)	(2,485,140,139)	(3,643,031,536)
Claims paid	(11,832,135,430)	(8,109,320,928)	(7,061,557,439)	(6,210,425,217)	(5,511,516,252)	(8,924,707,349)	(6,154,840,384)	(2,999,830,452)	(4,919,821,648)	(3,417,460,379)	(3,116,222,263)
Reinsurance and other recoveries received	6,349,109,272	3,518,183,186	3,240,015,638	3,940,990,166	1,655,094,346	5,794,763,344	2,563,907,944	273,066,165	1,875,914,050	253,147,062	1,189,083,761
Commission paid	(2,437,176,663)	(2,376,286,109)	(2,538,836,707)	(2,152,329,465)	(1,822,272,449)	(1,688,588,859)	(2,008,093,531)	(1,160,887,195)	(1,362,863,863)	(1,332,651,825)	(1,028,384,701)
Commission received	1,697,366,842	1,076,512,252	1,665,990,194	1,017,092,732	941,334,110	859,579,639	789,301,418	35,529,868	335,331,660	62,237,271	130,979,693
Premium and claim reserves retained by ceding companies	-	-	-	-	-	-	5,538,230	3,062,361	(154,160)	156,412,190	(58,173,157)
Management Expenses paid	(1,500,167,981)	(1,642,292,456)	(1,576,998,633)	(1,380,800,861)	(722,046,464)	(659,106,235)	(892,282,240)	(798,515,971)	(795,597,001)	(482,177,258)	(346,458,823)
Net cash flows generated from underwriting activities	117,105,697	3,014,633,159	3,836,063,640	2,939,387,971	576,692,629	1,696,163,610	920,111,303	1,190,641,286	101,496,394	695,649,299	1,197,635,983
Other Operating Activities :-											
Income tax paid	(2,208,756,546)	(2,968,300,406)	(1,444,914,332)	(1,266,634,926)	(272,051,728)	(297,215,024)	(412,196,875)	(749,308,803)	(1,107,576,368)	(552,809,868)	(131,187,176)
Other Operating payments	(46,389,622)	(52,215,291)	(13,757,520)	(7,130,383)	(8,195,243)	(7,546,453)	(13,440,254)	(57,331,600)	(64,254,996)	(170,546,607)	(86,285,642)
Loan repayment received	6,366,877	10,767,465	(5,311,676)	6,475,233	5,226,221	12,151,868	10,355,827	16,642,552	(2,194,792,258)	(415,837,050)	10,105,558
Other operating receipts	233,903,270	236,187,354	146,686,530	72,943,017	(146,231,913)	32,444,828	26,171,093	143,723,067	(53,275,082)	(1,870,144)	(3,956,590)
Net cash used in other operating activities	(2,014,876,021)	(2,773,560,878)	(1,317,296,998)	(1,207,297,525)	(421,252,663)	(260,164,781)	(389,110,209)	(646,274,784)	(3,419,898,704)	(1,141,063,669)	(211,323,850)
Total cash flow generated from all operating activities	(1,897,770,324)	241,072,281	2,518,766,642	1,732,090,446	155,439,966	1,435,998,829	531,001,094	544,366,502	(3,318,402,310)	(445,414,370)	986,312,133
Investment Activities :											
Fixed capital expenditure (excluding right of use assets)	(95,251,469)	(131,195,393)	(165,194,982)	(50,327,717)	(3,892,302)	(1,019,042)	(4,286,348)	(5,082,859)	3,974,709	(3,870,955)	(13,839,909)
Intangible assets	(3,000,000)	(8,864,079)	-	-	-	(5,084,501)	(3,389,667)	-	-	-	-
Sale proceeds of fixed assets	13,268,181	-	-	377,638	-	-	310,483	419,594	-	-	1,717,667
Payment for investments	(14,600,610,197)	(12,828,812,384)	(16,932,231,400)	(16,334,668,315)	(17,209,901,257)	(10,193,546,808)	(12,562,833,147)	(7,802,215,605)	(6,247,909,058)	(3,400,625,165)	(4,846,254,508)
Investment in re-takaful operations statutory fund	-	-	(300,000,000)	-	-	-	-	-	-	-	-
Proceeds from investments	14,366,348,415	10,366,565,375	13,189,126,328	15,599,890,340	16,152,265,083	8,988,453,439	9,857,624,042	7,524,298,307	6,433,147,172	3,142,087,022	4,193,167,965
Rental received	30,524,140	108,910,012	116,016,076	95,054,502	100,770,578	53,434,843	54,533,664	64,159,301	35,568,578	51,361,667	47,726,472
Dividend received	526,487,750	427,074,939	260,285,730	266,509,713	225,330,416	131,146,089	163,249,584	140,313,374	423,370,233	415,999,985	332,963,917
Profit/return received	316,987,877	711,375,505	136,025,091	79,536,193	190,752,525	178,294,745	171,703,139	72,332,920	82,781,979	98,463,411	152,652,645
Investment income received - net of expenses	2,068,472,043	2,093,257,392	1,978,440,300	1,218,891,022	658,822,674	719,214,174	649,381,755	574,794,403	3,314,621,751	304,832,364	444,852,538
Total cash used in Investing activities	2,623,226,740	738,311,367	(1,717,532,857)	875,263,376	114,147,717	(129,107,061)	(1,673,706,495)	569,019,435	4,045,555,364	608,248,329	312,986,787
Financing Activities :											
Dividend paid	(1,839,859,960)	(898,038,300)	(671,615,827)	(717,304,614)	(699,251,502)	(552,065,337)	(644,099,641)	(1,027,995,922)	(890,061,648)	(767,796,665)	(882,117,209)
Payment of finance leases	(3,426,620)	(5,571,350)	(755,846)	-	-	-	-	-	-	-	-
Total cash used in financing activities	(1,843,286,580)	(903,609,650)	(672,371,673)	(717,304,614)	(699,251,502)	(552,065,337)	(644,099,641)	(1,027,995,922)	(890,061,648)	(767,796,665)	(882,117,209)
Net cash generated from all activities	(1,117,830,164)	75,773,998	128,862,112	1,890,049,208	(429,663,819)	754,826,431	(1,786,805,042)	85,390,015	(162,908,594)	(604,962,706)	417,181,711
Cash at the beginning of the period	3,235,526,667	3,159,752,669	3,030,890,557	1,140,841,359	1,570,505,178	815,678,747	2,602,483,789	2,517,093,774	2,680,002,368	3,284,965,074	1,597,263,123
Cash at the end of the period	2,117,696,503	3,235,526,667	3,159,752,669	3,030,890,567	1,140,841,359	1,570,505,178	815,678,747	2,602,483,789	2,517,093,774	2,680,002,368	2,014,444,834

Earning Per Share

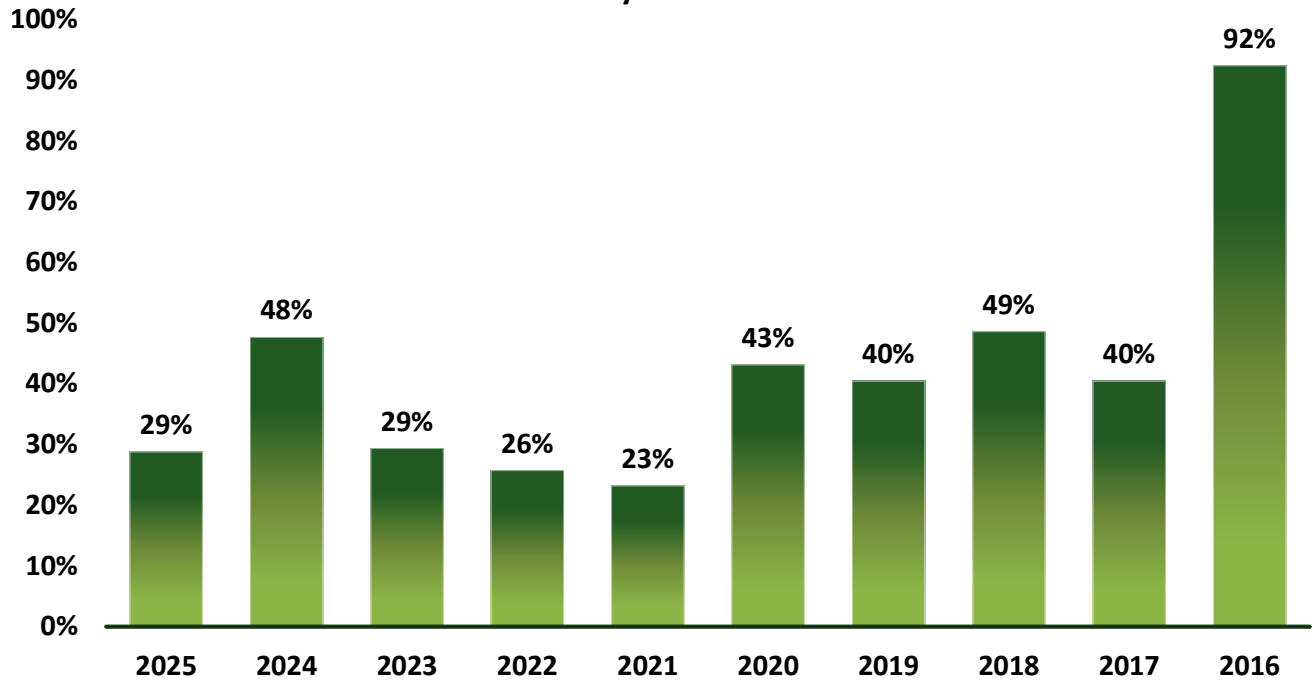


	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Profit After Tax (Rs.)	3,129	3,778	3,065	2,625	2,590	1,391	1,484	1,235	2,226	974
No of issued shares	900	900	900	900	300	300	300	300	300	300
Earning Per Share (Rs.)	3.48	4.20	3.41	2.92	8.63	4.64	4.95	4.12	7.42	3.25

Earnings per share (EPS) is a financial metric that indicates a company's profitability on a per-share basis, calculated by dividing net income by the number of outstanding shares. A higher EPS generally indicates a more profitable company, which can be attractive to investors.

The sharp decline in 2022 is due to the issue of 200% bonus shares during the year which translates into adjusted EPS of 8.75 for the year 2022. The trend reflects a gradual & consistent growth in EPS post covid era & a slight decrease in the year 2025

Dividend Payout Ratio

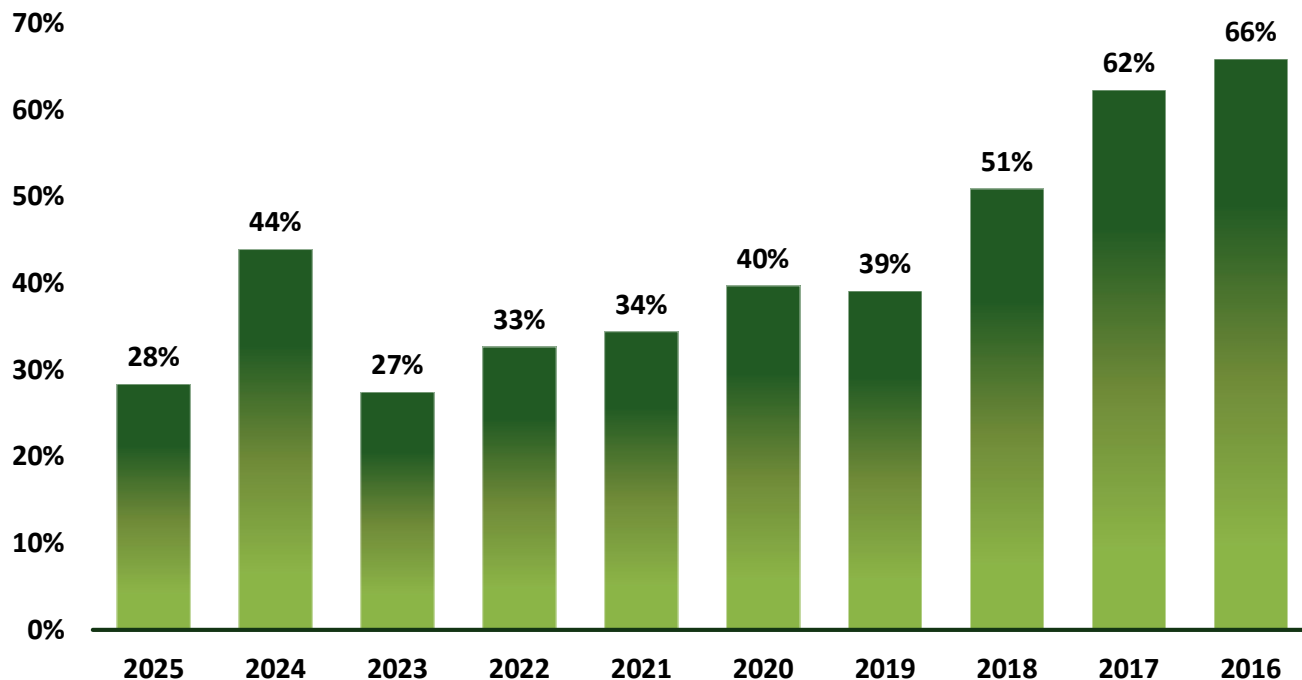


	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Dividend per share (Rs.)	1.00	2.00	1.00	0.75	2.00	2.00	2.00	2.00	3.00	3.00
Earning per share (Rs.)	3.48	4.20	3.41	2.92	8.63	4.64	4.95	4.12	7.42	3.25
Dividend payout ratio	29%	48%	29%	26%	23%	43%	40%	49%	40%	92%

The dividend payout ratio is calculated by dividing dividends paid by earnings after tax and multiplying the result by 100%. It represents how much of a company's earnings after tax are paid to shareholders. The dividend payout ratio shows how much of a company's profit after tax (PAT) are paid to shareholders.

The trend shows a significant growth over the last couple of years & sharp decline in the year 2025.

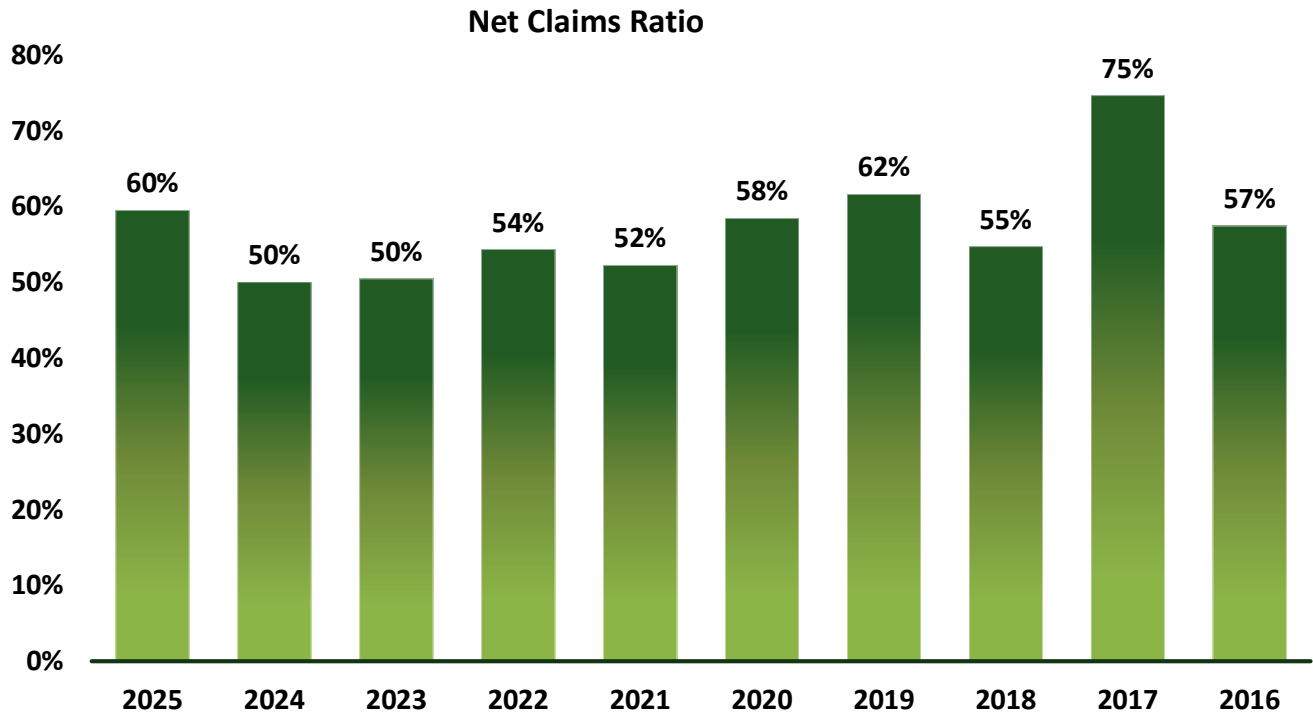
Net Premium Ratio



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Gross Premium (Rs.)	31,966	24,702	33,969	24,271	20,994	16,896	17,655	10,734	8,036	8,807
Net Premium Ratio	28%	44%	27%	33%	34%	40%	39%	51%	62%	66%

Net Premium ratio is calculated by dividing Net Insurance Premium by Gross written premium and multiplying it by 100. It represents the portion of Gross Written Premium the company has retained with itself.

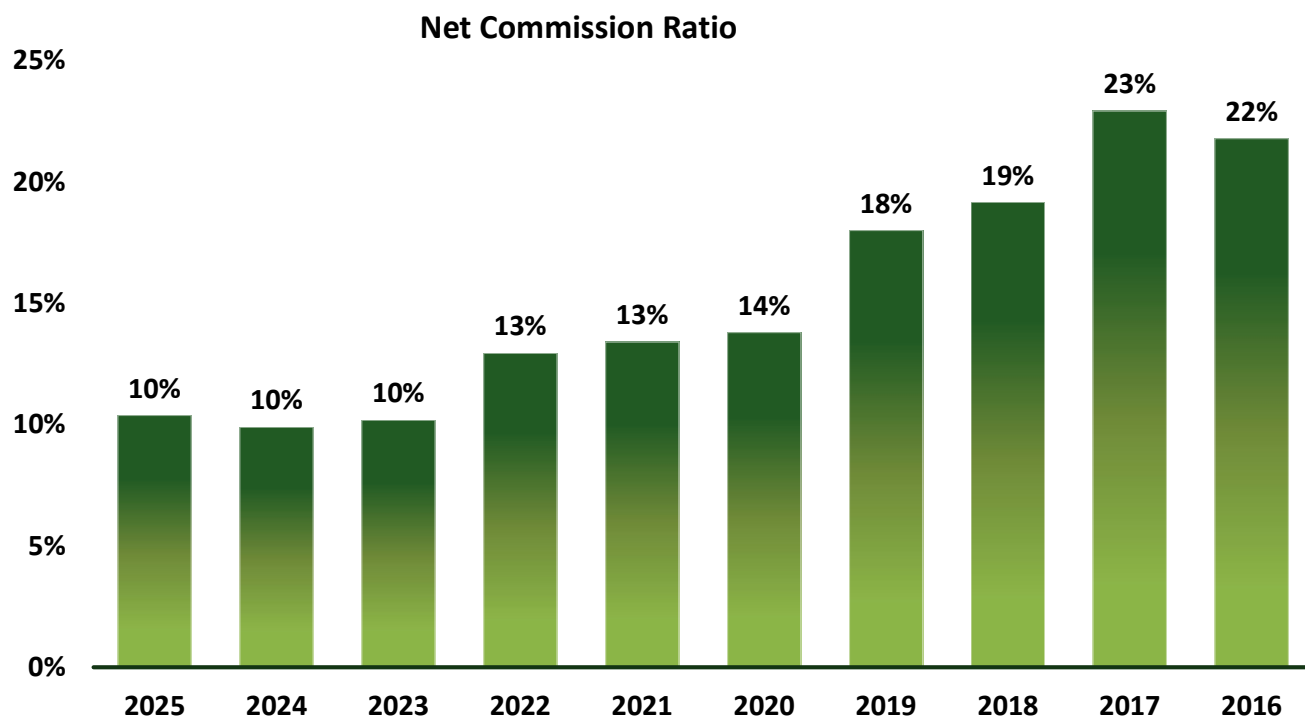
The trends demonstrates a sharp decrease during the current year.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Claims (Rs.)	5,399	5,436	4,707	4,312	3,778	3,925	4,259	2,992	3,740	3,336
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Net Claims Ratio	60%	50%	50%	54%	52%	58%	62%	55%	75%	57%

The ratio is calculated by dividing Net Insurance claims by Net Insurance Premium. It represents the portion of Net Premium which has been expensed out against insurance claims.

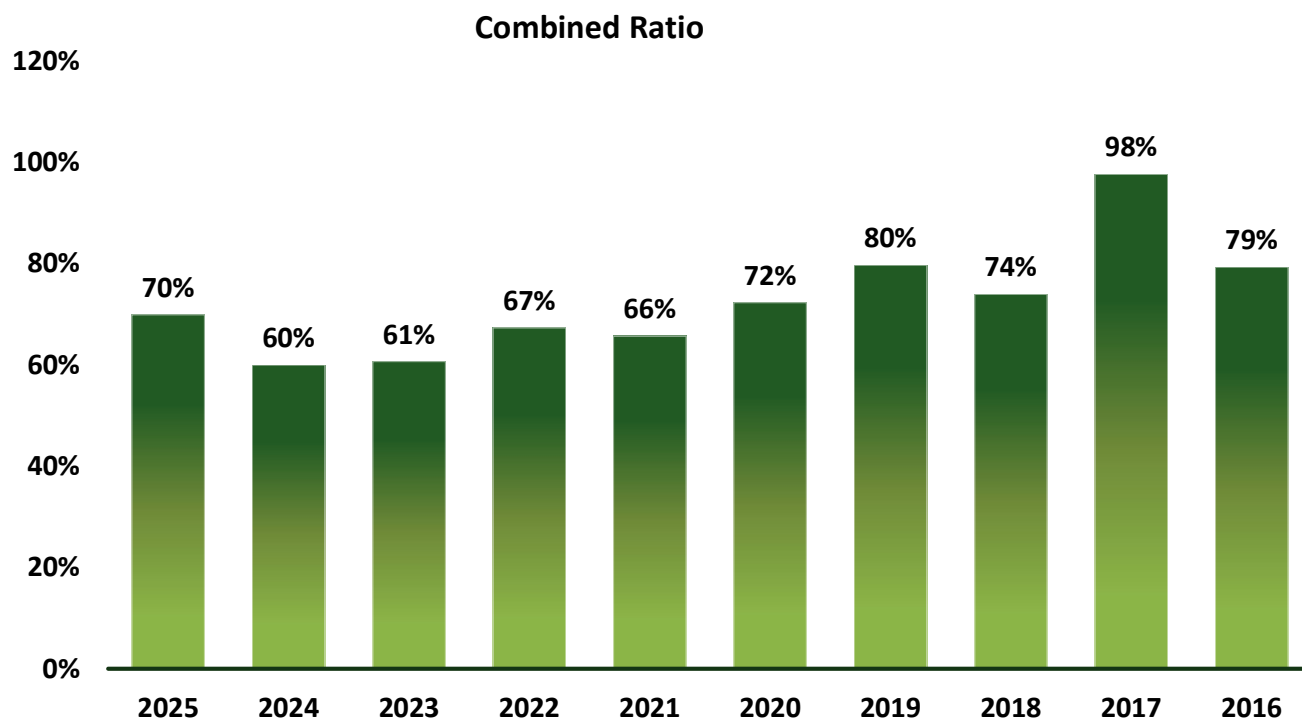
The trend demonstrates a significant increase in the current year.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Commission (Rs.)	941	1,074	949	1,026	968	925	1,243	1,047	1,148	1,264
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Net Commission Ratio	10%	10%	10%	13%	13%	14%	18%	19%	23%	22%

The ratio is calculated by dividing Net Commission by Net Insurance Premium. It represents the portion of net insurance premium has the company has expensed out in the form of commission payable to insurance companies.

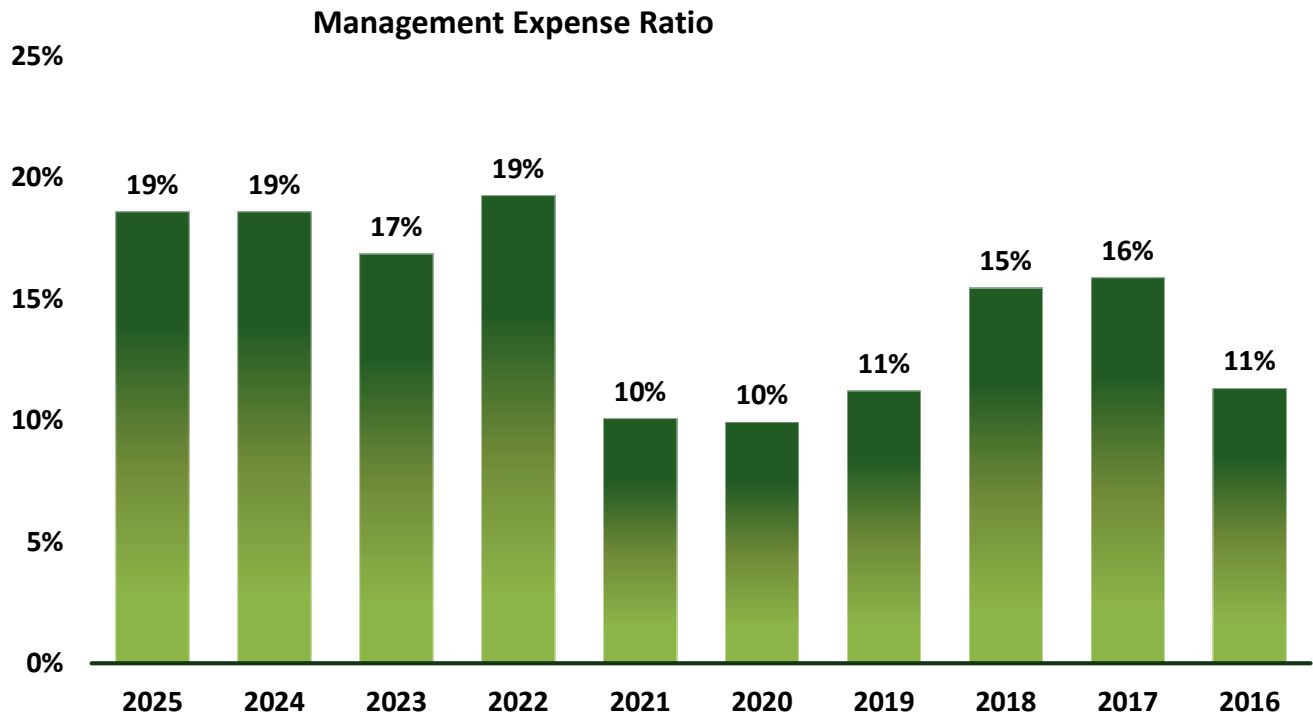
PRCL has reduced the net commission ratio by over 50% over the last 10 years.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Claims (Rs.)	5,399	5,436	4,707	4,312	3,778	3,925	4,259	2,992	3,740	3,336
Net Commission (Rs.)	941	1,074	949	1,026	968	925	1,243	1,047	1,148	1,264
	6,341	6,510	5,657	5,338	4,746	4,850	5,502	4,038	4,888	4,600
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Combined ratio	70%	60%	61%	67%	66%	72%	80%	74%	98%	79%

The combined ratio is a measure of profitability used by an insurance company to gauge how well it is performing in its daily operations. The combined ratio is calculated by taking the sum of insurance claims and commission expenses and then dividing them by the net premium.

The trend suggests slight decline in the ratio over the last 9 years & a slight increase in the current year.

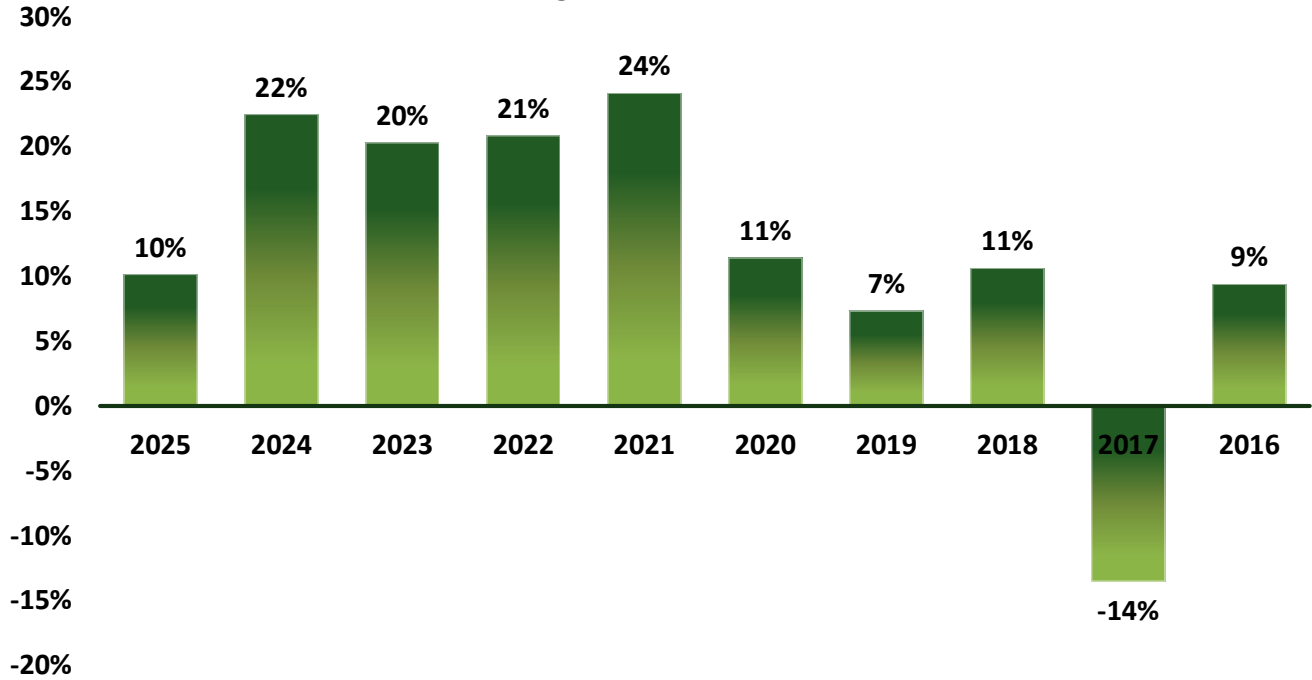


	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Management Expenses (Rs.)	1,686	2,020	1,572	1,528	729	667	775	844	796	657
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Management Expense Ratio	19%	19%	17%	19%	10%	10%	11%	15%	16%	11%

It is calculated by dividing the management expenses by Net Insurance Premium. The ratio represents the portion of net premium which has been expensed out against management expenses in the form of salaries, wages, depreciation & other management expenses.

The trend suggests stability over the last couple of years.

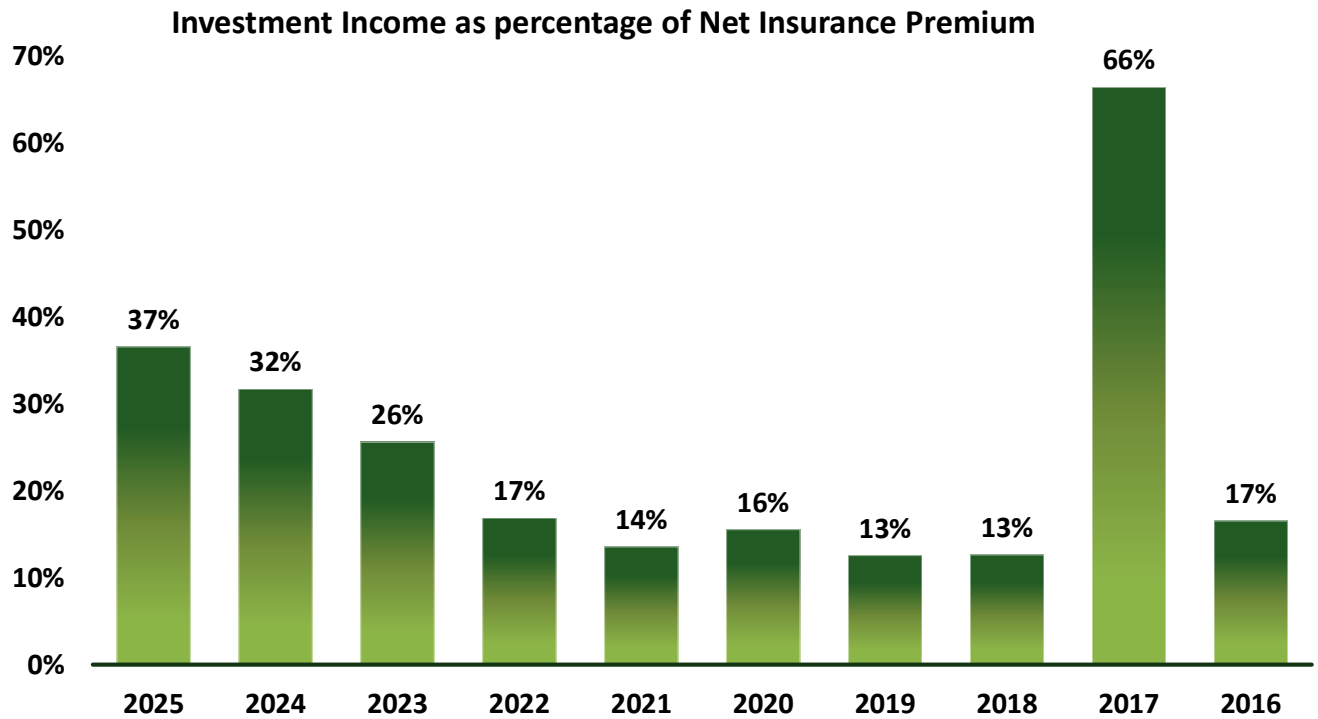
Underwriting Profit Ratio



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Underwriting Profit (Rs.)	920	2,439	1,890	1,652	1,742	766	506	581	(677)	545
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Management Expense Ratio	10%	22%	20%	21%	24%	11%	7%	11%	-14%	9%

The ratio is calculated by dividing the underwriting profit by Net Insurance Premium. It signifies the portion of net premium available with the company after accounting for the claims, commission & management expenses.

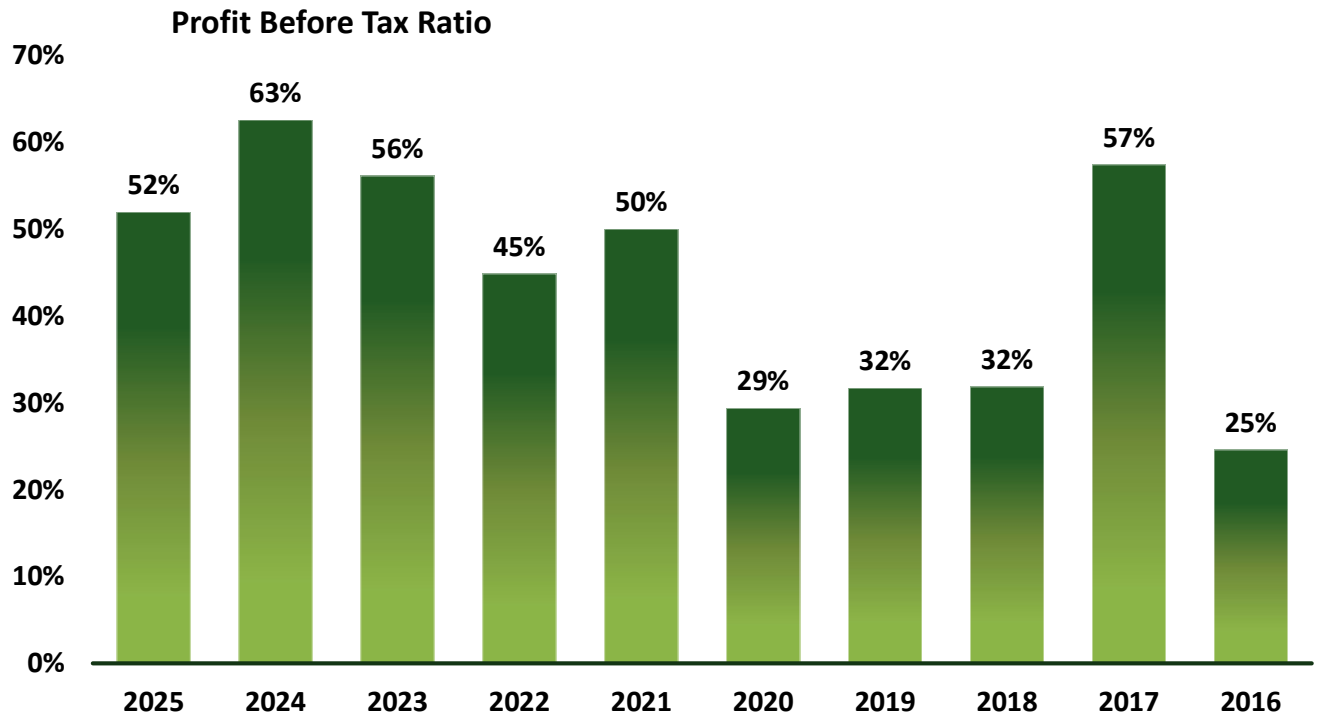
PRCL managed to significantly increase its underwriting profit post covid era but a significant decline in the current year is observed.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Investment Income (Rs.)	3,317	3,443	2,390	1,338	982	1,043	868	691	3,326	961
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Investment Income as percentage of Net Insurance Premium	37%	32%	26%	17%	14%	16%	13%	13%	66%	17%

It is calculated by dividing Investment Income by net insurance premium.

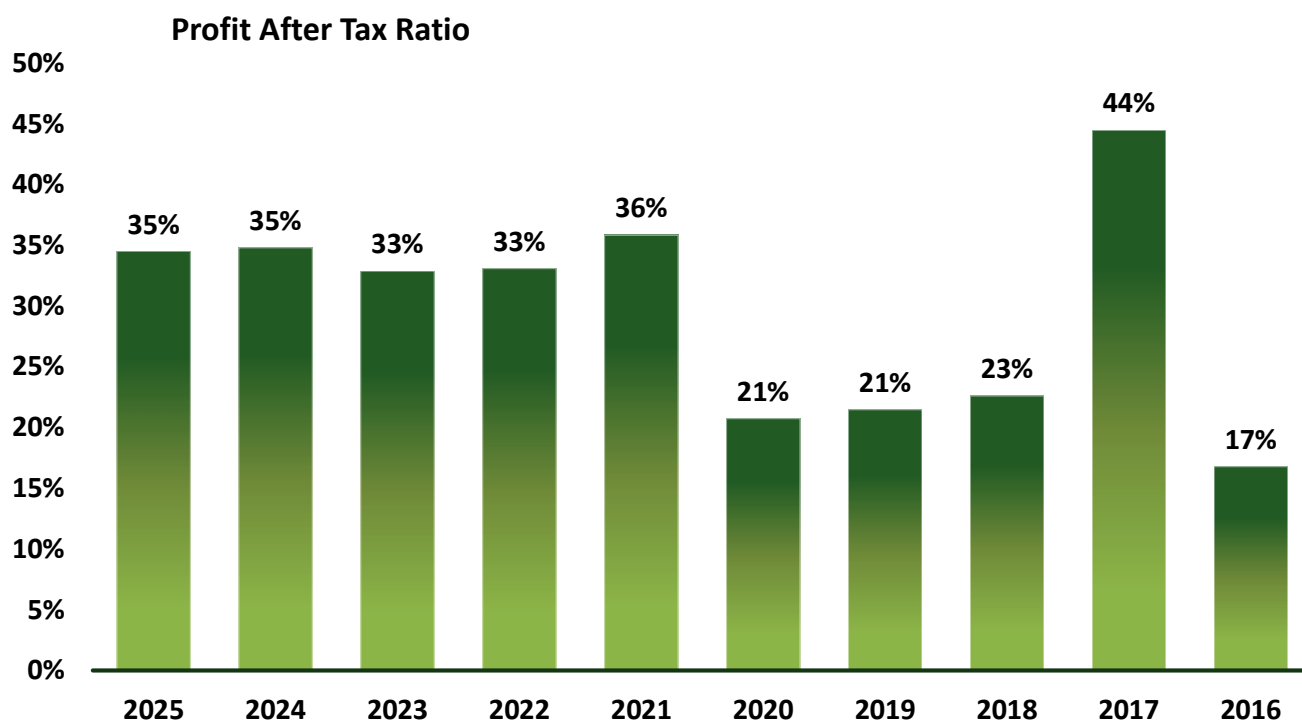
The trend demonstrates a significant growth over the last 5 years.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Profit Before Tax (Rs.)	4714	6,793	5,236	3,557	3,614	1,972	2,189	1,740	2,876	1,427
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Profit Before Tax ratio	52%	63%	56%	45%	50%	29%	32%	32%	57%	25%

The ratio is calculated by dividing Profit Before tax by net insurance premium.

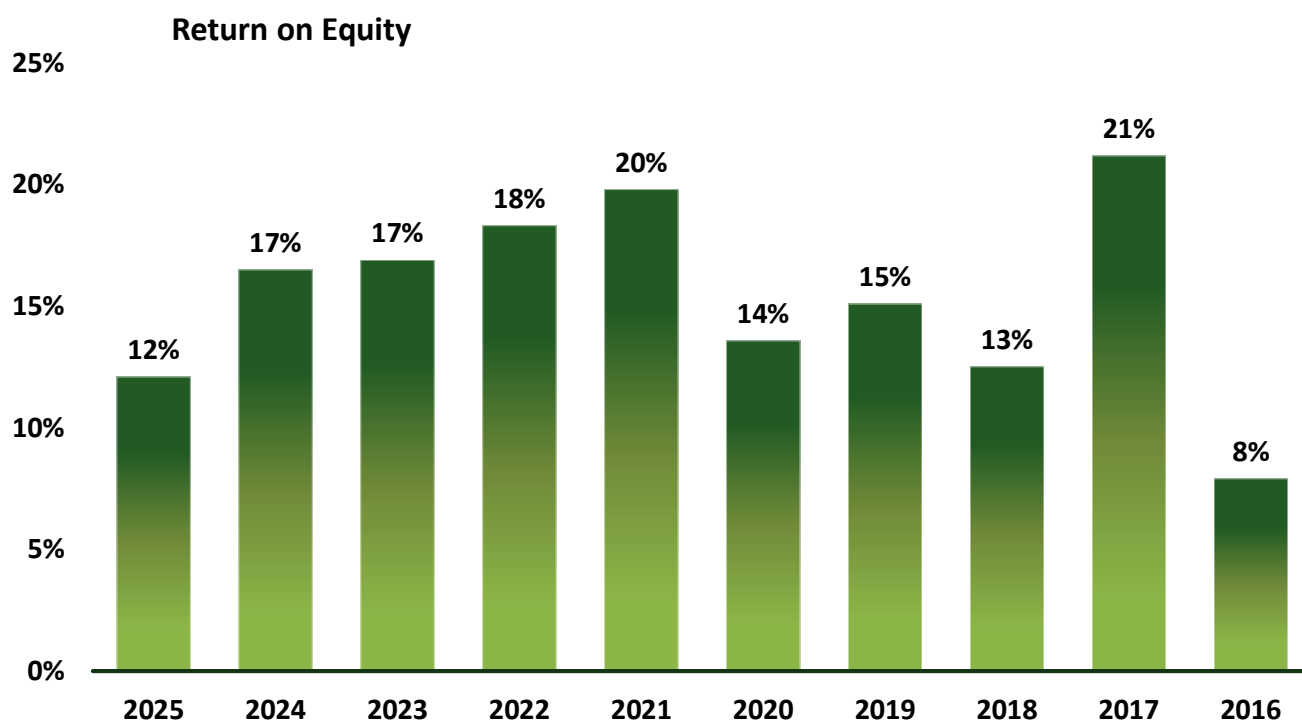
PRCL has managed to significantly increase its profit before tax ratio post covid era but a slight decline in the current year is observed.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Profit After Tax (Rs.)	3,129	3,778	3,065	2,625	2,590	1,391	1,484	1,235	2,226	974
Net Premium (Rs.)	9,069	10,855	9,323	7,929	7,226	6,709	6,905	5,464	5,006	5,802
Profit Before Tax ratio	35%	35%	33%	33%	36%	21%	21%	23%	44%	17%

It is calculated by dividing Profit After tax by net insurance premium.

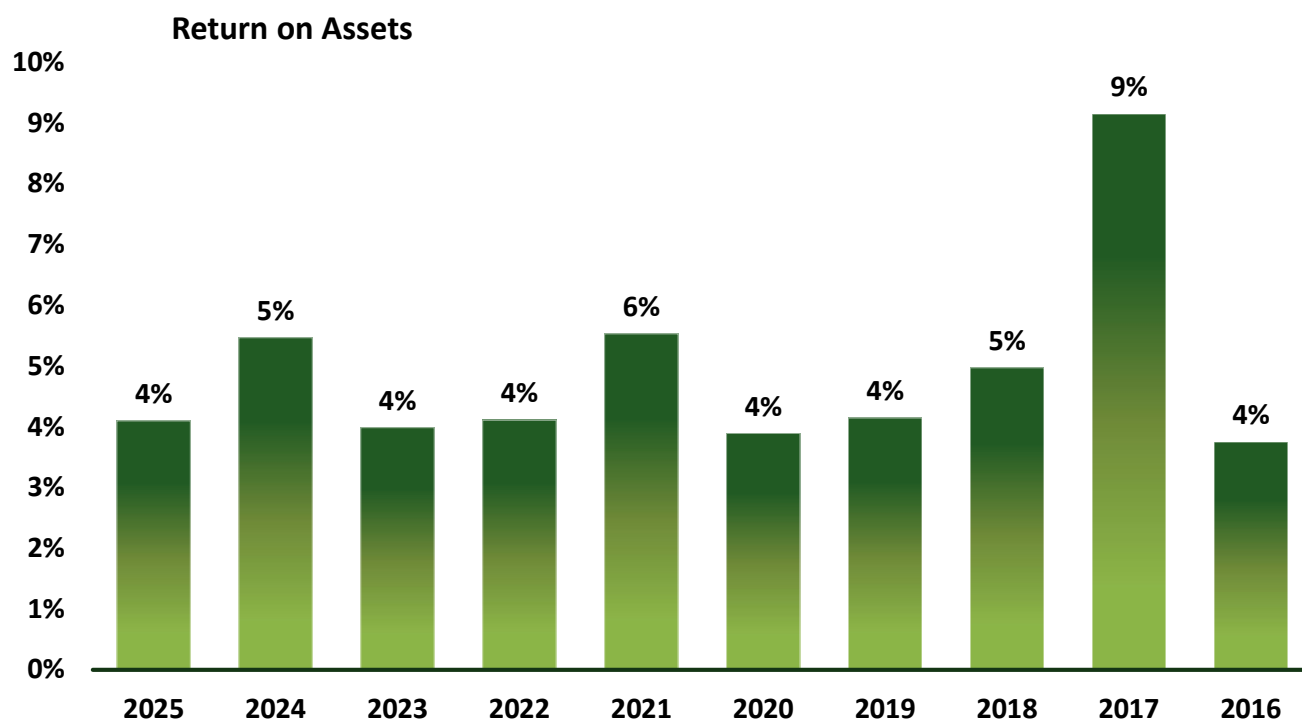
PRCL has managed to significantly increase its profit before tax ratio post covid era.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Profit After Tax (Rs.)	3,129	3,778	3,065	2,625	2,590	1,391	1,484	1,235	2,226	974
Equity (Rs.)	25,862	22,898	18,140	14,321	13,072	10,242	9,829	9,871	10,506	12,316
Return on Equity	12%	17%	17%	18%	20%	14%	15%	13%	21%	8%

Return on equity (ROE) is a measure of a company's financial performance. It is calculated by dividing net income by shareholders' equity. Return on equity is considered a gauge of a corporation's profitability and how efficiently it generates those profits. The higher the ROE, the more efficient a company's management is at generating income and growth from its equity financing.

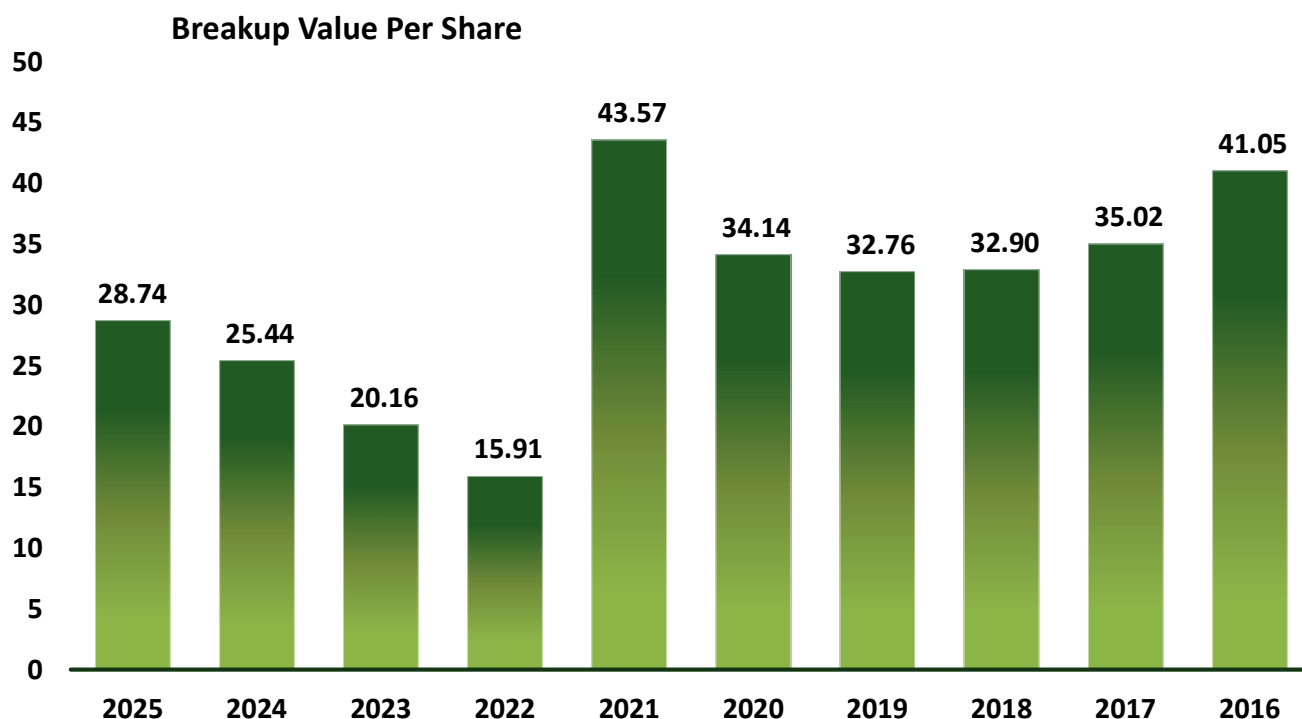
PRCL's Return on Equity has slightly decreased over the last few years.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Profit After Tax (Rs.)	3,129	3,778	3,065	2,625	2,590	1,391	1,484	1,235	2,226	974
Total Assets (Rs.)	76,355	69,080	76,887	63,855	46,806	35,765	35,807	24,831	24,342	25,984
Return on Assets	4%	5%	4%	4%	6%	4%	4%	5%	9%	4%

Return on assets is a profitability ratio that shows how much profit a company generates from its assets. Return on assets (ROA) measures how effective a company's management is in generating profit from the total assets on its balance sheet. It is calculated by dividing profit after tax by total assets.

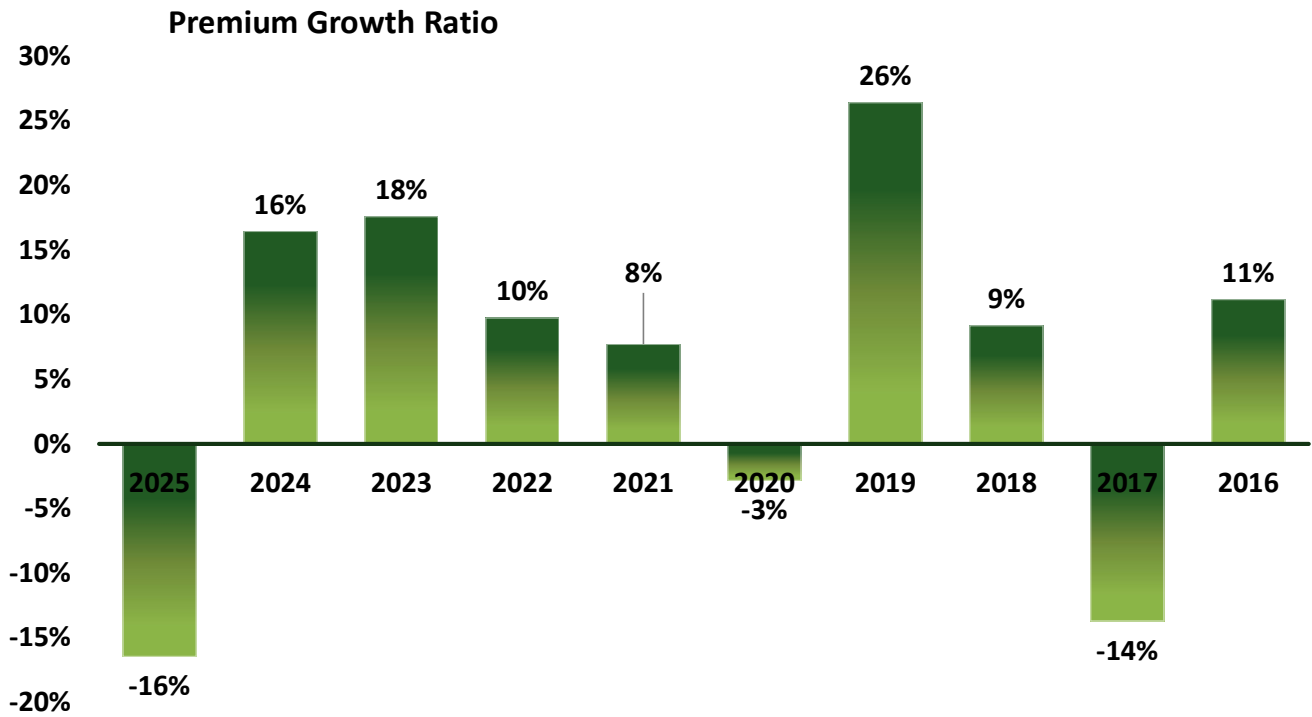
Over the last 10 years, PRCL's return on asset reduced significantly.



	Millions									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Equity (Rs.)	25,862	22,898	18,140	14,321	13,072	10,242	9,829	9,871	10,506	12,316
No of shares	900	900	900	900	900	300	300	300	300	300
Breakup Value Per Share	28.74	25.44	20.16	15.91	14.52	34.14	32.76	32.90	35.02	41.05

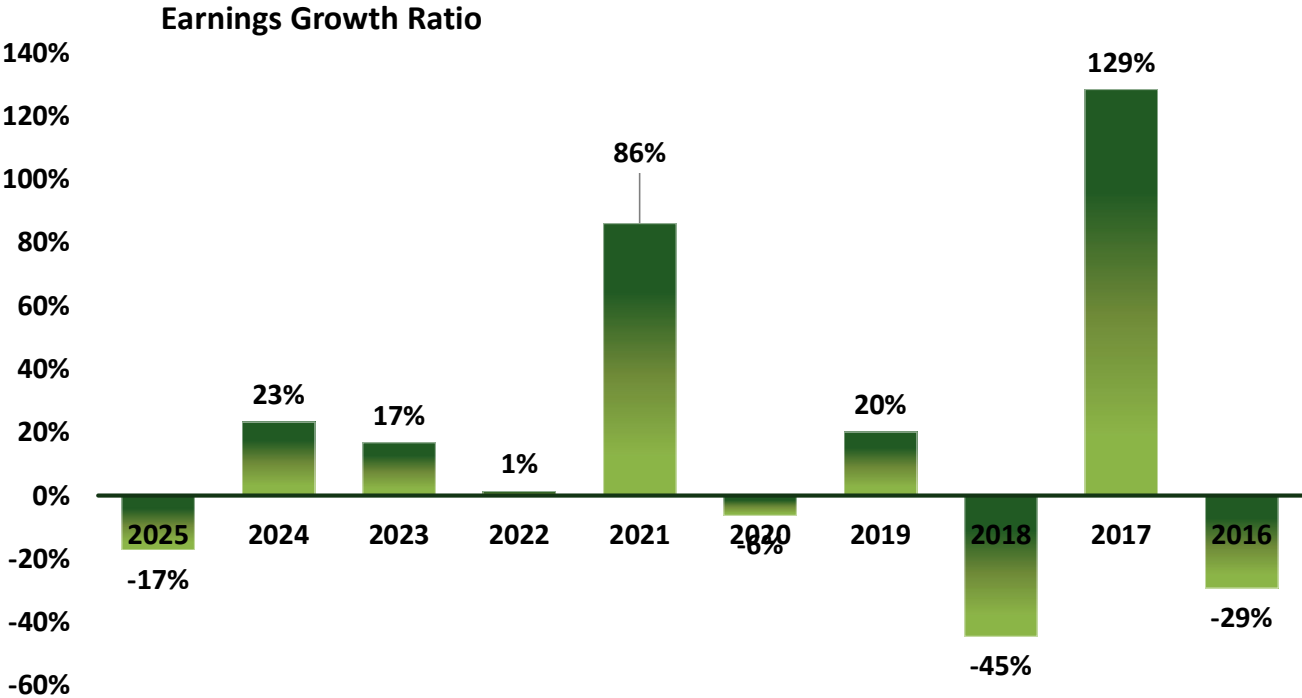
Breakup value is the value of a company if its components were to be sold or spun off and operated independently. The breakup value is obtained by taking the total equity of the company and dividing it by number of outstanding shares.

PRCL's breakup value has increased significantly over last 4 years.



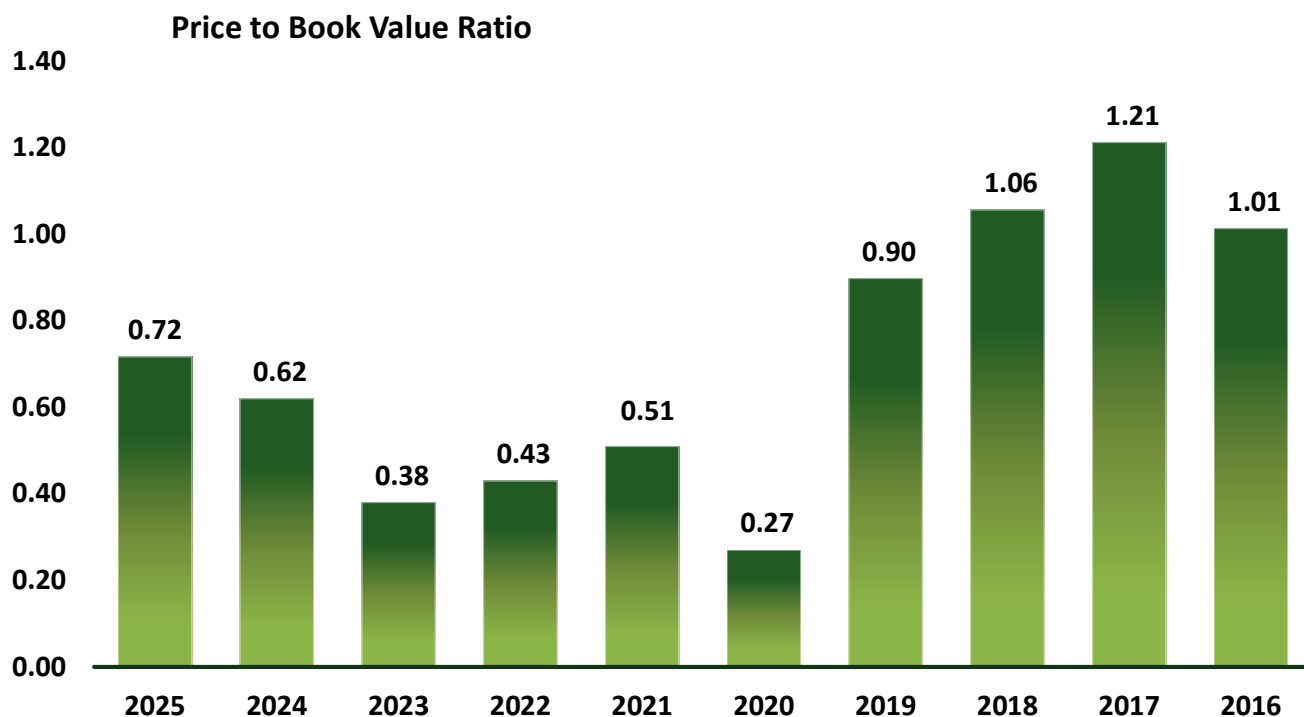
The premium growth ratio, also known as net premium growth, is a key metric in the insurance industry that measures the increase in an insurance company's net insurance premium over a specific period, such as a year. It reflects the company's ability to increase its premium income, which is a sign of healthy growth and market confidence.

The net premium shows significant fluctuation over the period under review.



Revenue growth rate is a key performance indicator (KPI) that measures the percentage increase in a company's total revenue over a specific period, typically a year or quarter. It's a crucial metric for businesses to track their financial health and performance, particularly in the context of growth-oriented strategies.

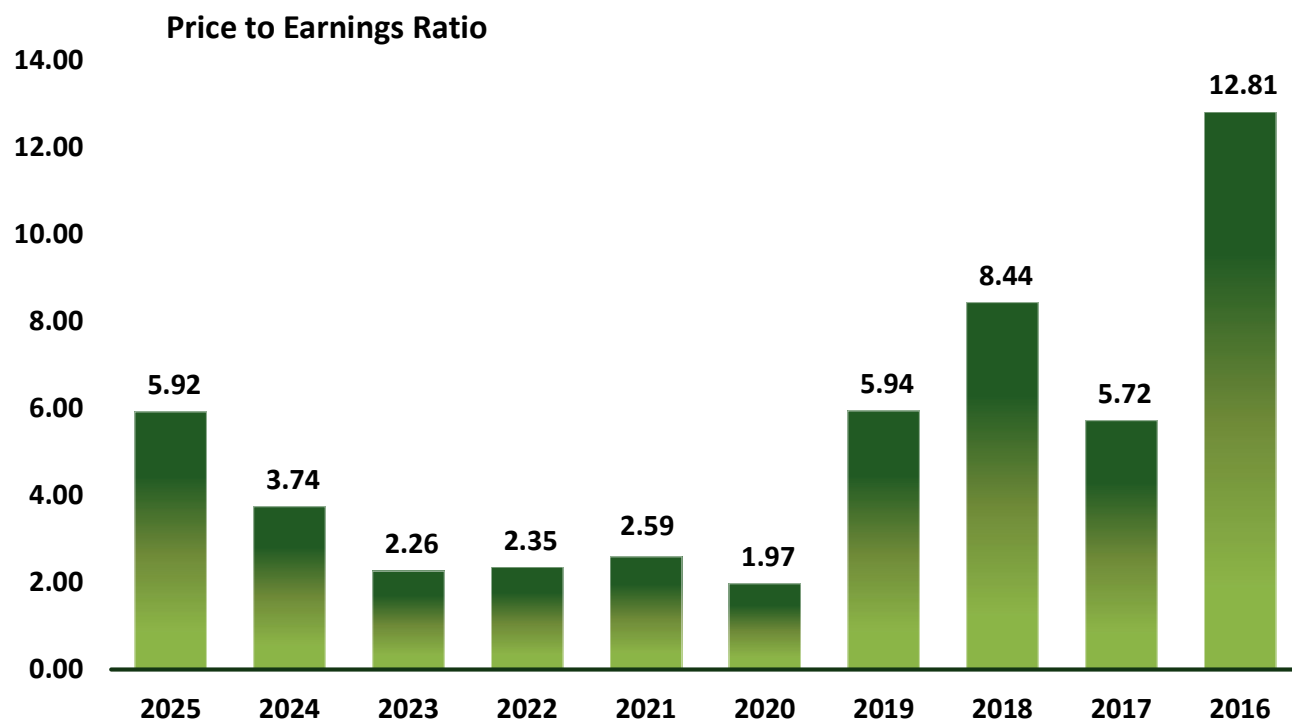
Over the last 10 years, PRCL's earning showed significant fluctuation.



	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Market Price Per Share (Rs.)	20.59	15.77	7.66	6.84	22.22	9.22	29.41	34.74	42.43	41.59
Book Value Per Share (Rs.)	28.74	25.44	20.16	15.91	43.57	34.14	32.76	32.90	35.02	41.05
Price to Book Value Ratio	0.72	0.62	0.38	0.43	0.51	0.27	0.90	1.06	1.21	1.01

The Price-to-Book (P/B) ratio is a valuation metric that compares a company's market value to its book value. It's calculated by dividing the company's market price per share by its book value per share. A lower P/B ratio is generally seen as a positive indicator, potentially suggesting that a company is undervalued.

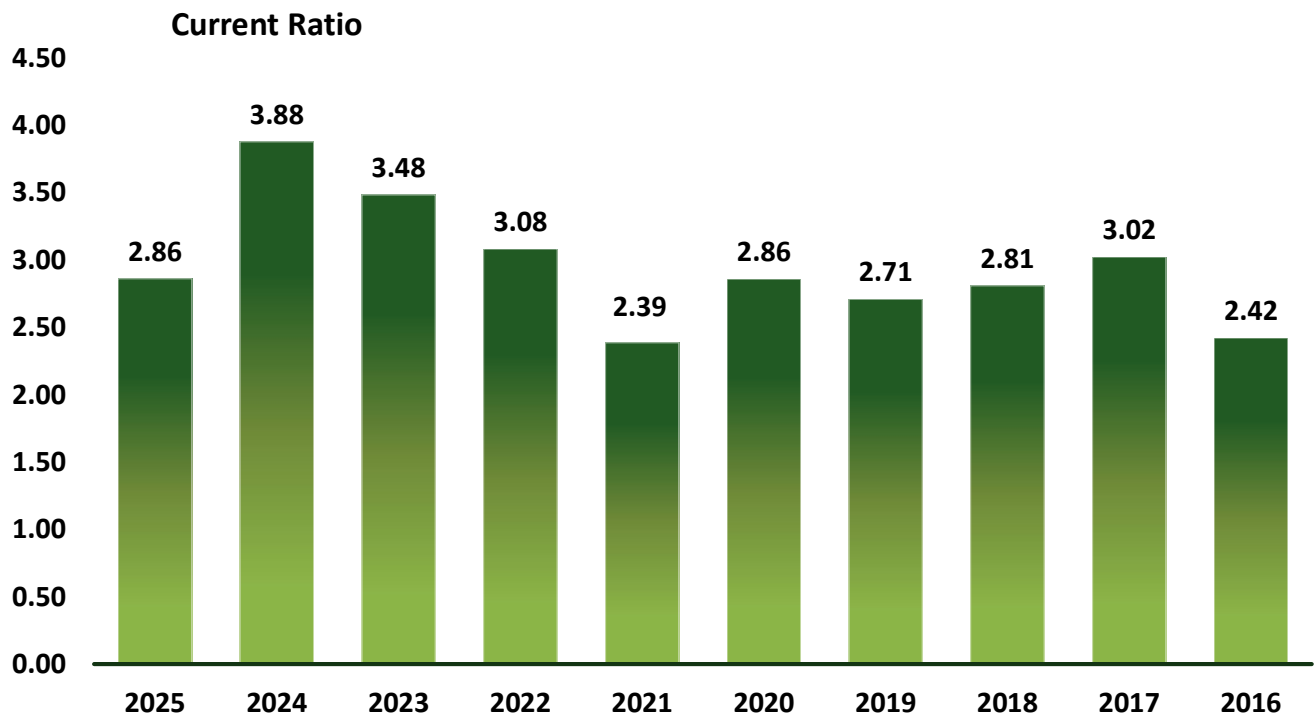
The price to book value ratio suggest an increasing trend for the last 3 years.



	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Market Price Per Share (Rs.)	20.59	15.77	7.66	6.84	22.22	9.22	29.41	34.74	42.43	41.59
Earning Per Share (Rs.)	3.48	4.20	3.41	2.92	8.63	4.64	4.95	4.12	7.42	3.25
Price to Earning Ratio	3.74	3.74	2.26	2.35	2.59	1.97	5.94	8.44	5.72	12.81

Price to Earnings Ratio or Price to Earnings Multiple is the ratio of share price of a stock to its earnings per share (EPS). PE ratio is one of the most popular valuation metric of stocks. It provides indication whether a stock at its current market price is expensive or cheap.

The price to earning ratio has increased significantly over the last few years.



The current ratio is a liquidity measurement used to track how well a company may be able to meet its short-term debt obligations. It compares the ratio of current assets to current liabilities. Measurements less than 1.0 indicate a company's potential inability to use current resources to fund short-term obligations.

PRCL's current ratio reflects a positive trend over the last few years except a slight decline in the current year.

Chairman's Review Report

For the Year Ended December 31, 2025

Dear Stakeholders,

I am pleased to present the Chairman's review of Pakistan Reinsurance Company Limited ('PRCL') for the year 2025, a period marked by evolving economic conditions and heightened global uncertainty that required resilience, discipline, and strategic focus.

The global and domestic landscape continued to pose challenges, characterized by geopolitical tensions, energy market volatility, and inflationary pressures. These factors contributed to economic uncertainty, impacting financial markets and risk dynamics across the insurance and reinsurance sector. Despite this environment, PRCL demonstrated resilience by maintaining stability and adapting to changing market conditions, supported by its strong institutional framework and strategic positioning.

In navigating these challenges, PRCL remained committed to prudent underwriting and effective portfolio management. During the year, gross premiums written increased significantly to Rs. 31.966 billion, reflecting strong business generation and continued market presence. However, shifts in portfolio composition and elevated claims experience in certain segments influenced overall underwriting performance. Net claims for the year were reported at Rs. 5.399 billion, while underwriting profit stood at Rs. 920 million. The Company recorded a profit after tax of Rs. 3.129 billion, compared to Rs. 3.778 billion in the previous year, reflecting the impact of prevailing market conditions. Investment income remained a key contributor, amounting to Rs. 3.317 billion, supporting overall financial stability. The Retakaful window continued to show steady progress, reinforcing the Company's commitment to diversification and long-term growth.

The Board of Directors remained actively engaged in ensuring effective oversight and governance. Supported by Board and Management Committees, the Board continues to uphold high standards of corporate governance, risk management, and internal controls in line with applicable regulatory frameworks, including the requirements of the State-Owned Enterprises (Governance and Operations) Act, 2023. During the year, the Board also underwent certain transitions, further strengthening its oversight capacity and strategic direction. The Company's governance framework continues to safeguard stakeholder interests while promoting transparency, accountability, and sustainable business practices.

I extend my sincere appreciation to our management and employees for their dedication, professionalism, and commitment in a challenging operating environment. I also acknowledge the continued support of our business partners, regulators, and stakeholders. To our shareholders, I express my gratitude for your trust and confidence in PRCL.

Looking ahead, while challenges in the external environment persist, the Company remains well-positioned to capitalize on emerging opportunities. With a continued focus on underwriting discipline, risk management, and operational efficiency, PRCL is committed to strengthening its role as the country's premier reinsurer and delivering sustainable value to its stakeholders.

In closing, I remain confident that PRCL will continue to navigate uncertainties with resilience and maintain its trajectory of long-term growth and stability.

Sincerely,

Sulaiman S. Mehdi
Chairman

Dated: April 7, 2026

CEO's Message

Dear Stakeholders,

I am pleased to present the Annual Report of Pakistan Reinsurance Company Limited for the year ended December 31, 2025. This year has been marked by a challenging operating environment, both globally and domestically, requiring resilience, adaptability, and disciplined execution across all areas of our business.

Pakistan's economy in 2025 showed early signs of stabilization, supported by improved external balances, fiscal discipline, and prudent monetary management. However, persistent geopolitical uncertainties, particularly in the Middle East, along with volatility in global commodity markets, continued to pose risks to economic growth and inflation. In this evolving landscape, your Company remained focused on maintaining financial stability while adapting its strategies to navigate emerging risks.

Despite the overall challenging environment, the Company achieved strong growth in gross premiums, which increased by 30% to PKR 31.97 billion, reflecting enhanced business generation and market penetration. Public sector business remained a key growth driver, with revenues increasing significantly by 61% to PKR 21.02 billion, reaffirming the Company's strategic positioning in national accounts.

Within facultative business, the Engineering segment emerged as a standout performer, achieving a 53% increase in gross premium and delivering a strong turnaround from an underwriting loss of PKR 93 million in FY24 to a profit of PKR 768 million in FY25. Similarly, Aviation business witnessed substantial expansion, with gross premiums rising sharply by PKR 3.93 billion and underwriting profit improving to PKR 675 million. The Accident segment also showed encouraging improvement, recording an underwriting profit of PKR 213 million, reflecting strengthened underwriting discipline.

The Company's investment portfolio continued to provide stability, generating PKR 3.32 billion in income, while dividend income increased by 26%, indicating improved returns on equity investments. Rental income also grew by 14%, contributing to steady ancillary revenue streams.

Notwithstanding the growth in gross premiums, net premiums declined by 16% due to non-renewal of a couple of treaty business because of unfavorable conditions and poor performance as well as higher reinsurance expense while underwriting performance was impacted by adverse results in treaty business. Consequently, profit after tax decreased to PKR 3.13 billion. The Company remains focused on improving underwriting discipline and enhancing as well as optimizing its risk retention strategy to enhance profitability going forward.

In the Window Retakaful Operations (WRTTO), the Company maintained positive momentum, with contributions earned increasing by 10% to PKR 1.57 billion and net contribution rising by 9%. Underwriting surplus improved by 5% to PKR 337 million, while investment income surged by 43%,

supporting overall fund performance. Additionally, the Fire and Marine facultative segments within WRTO demonstrated improved underwriting results, reflecting effective risk selection and better claims experience.

Our reinsurance and retrocession arrangements remained robust, supported by strong partnerships with highly rated international reinsurers. Through continuous market benchmarking, optimization of retention levels, and the use of catastrophe modelling, we ensured adequate protection against large and complex risks while maintaining capital efficiency.

Looking ahead, while challenges persist, we remain cautiously optimistic about the future. Our strategic priorities will continue to focus on disciplined underwriting, portfolio diversification, enhanced risk management practices, and leveraging technology to improve operational efficiency. We are committed to strengthening our market position while delivering sustainable value to our shareholders.

I would like to express my sincere gratitude to our shareholders, clients, Board of Directors, regulators, and dedicated employees for their continued trust and support. Their confidence motivates us to navigate challenges and pursue opportunities with determination and integrity.

Together, we will continue to build a stronger and more resilient Pakistan Reinsurance Company Limited.

Sincerely,

Muhammad Junaid Moti

Chief Executive Officer

Directors' Report

To the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Company along with the audited financial statements and Auditors' report for the year ended December 31, 2025.

Economic Review:

Pakistan's economic outlook for 2026 and the medium-term points toward gradual macroeconomic stabilization, with GDP growth projected in the range of 3–4%, supported by a modest recovery in large-scale manufacturing (LSM), improving external buffers, and relative exchange rate stability. Inflation is expected to remain contained within the State Bank of Pakistan's (SBP) target range of 7–7.5%, reflecting prudent monetary management in FY 2026.

Strengthened fiscal discipline has contributed to an improved current account position, while robust remittance inflows continue to support the external balance. Additionally, a surplus in the financial account, bolstered by inflows under the IMF's \$7.2 billion program extending through 2027, has raised foreign exchange reserves to nearly \$16.5 billion, equivalent to around three months of import cover. Together, these factors underpin the current phase of macroeconomic stability and reinforce policy credibility.

However, this stability remains vulnerable to external shocks. Ongoing conflict in the Middle East has elevated oil and gas prices, posing risks to inflation and the external account. Any resulting supply chain disruptions are likely to materialize with a lag, as global trade adjustments typically take time, potentially widening the current account deficit, dampening growth, and reigniting inflationary pressures. In response, the SBP may be compelled to adopt a more cautious, hawkish stance, limiting the scope for further monetary easing.

Furthermore, Pakistan's reliance on remittances, more than half of which originate from the Middle East, exposes it to regional economic fluctuations. A slowdown in the region could weaken inflows, adding pressure on the balance of payments. Alongside persistent risks from global commodity price volatility, trade fragmentation, and geopolitical uncertainty, these factors could erode growth momentum and challenge the sustainability of the current stabilization trajectory. Nevertheless, we remain cautiously

optimistic about the medium-term outlook, contingent on continued policy discipline and an improved external environment.

Company Performance Highlights:

2025 has been a challenging year for Pakistan Reinsurance Company Limited. The comparative financial highlights for the years 2025 and 2024 are presented as follows:

**Rupees in million
(Except as otherwise stated)**

Particular	2025	2024	YoY %
Net Premium	9,069	10,854	-16%
Net Claims	-5,399	-5,436	-1%
Underwriting Profit	920	2,439	-63%
Investment Income	3,317	3,443	-4%
Rental Income	170	150	14%
Other Income	329	653	-50%
Profit After Tax	3,129	3,778	-18%
Earnings Per Share (Rs.)	3.48	4.20	-18%

During the reporting period (FY25), gross premiums increased significantly to PKR 31,966 million, compared to PKR 24,702 million in FY24, reflecting a substantial growth of PKR 7,264 million (30%). In contrast, net premiums declined by PKR 1,785 million (-16%), decreasing from PKR 10,854 million in FY24 to PKR 9,069 million in FY25. Net claims showed a marginal improvement, decreasing slightly to PKR 5,399 million in FY25 from PKR 5,436 million in FY24, representing a reduction of PKR 37 million (-1%). However, underwriting profit experienced a decline, falling to PKR 920 million in FY25 compared to PKR 2,439 million in FY24, marking a decrease of PKR 1,519 million (-63%).

Overall, profit after tax declined year-on-year, decreasing from PKR 3,778 million in FY24 to PKR 3,129 million in FY25, representing a 18% reduction. Despite this decline, profit after tax accounted for 35% of net premium revenue in FY25, same as 35% in FY24.

Treaty Business:

Proportional Treaty

Proportional Treaty business constituted 15% of the Company's total business portfolio in FY25, compared to 23% in FY24. Gross premiums underwritten during the year amounted to PKR 4,760 million, as against PKR 5,748 million in FY24, reflecting a decline of PKR 988 million (-17.2%). This reduction is primarily attributable to the discontinuation of certain health treaty businesses because of unfavorable contractual conditions and adverse results. Net premium stood at PKR 5,235 million, compared to PKR 5,677 million in FY24, representing a decrease of 7.8%.

The net claims-to-net premium ratio increased significantly to 75%, from 56% in the previous year. This deterioration in claims experience resulted in an underwriting loss of PKR 990 million in FY25, compared to an underwriting profit of PKR 88 million in FY24—an adverse movement of PKR 1,078 million.

Non - Proportional Treaty

Non-Proportional Treaty business accounted for 6.87% of the Company's total business portfolio in FY25, compared to 8.8% in FY24. Gross premiums underwritten during the year amounted to PKR 2,197 million, as against PKR 2,187 million in FY24, reflecting a marginal increase of PKR 10 million (0.45%). Net premium for the year declined significantly to PKR 92 million, compared to PKR 756 million in FY24, primarily due to higher reinsurance costs.

The net claims-to-net premium ratio increased sharply to 705%, compared to 32% in the previous year, indicating a substantially adverse claims experience. As a result, the segment recorded an underwriting loss of PKR 545 million for FY25, compared to an underwriting profit of PKR 406 million in FY24, representing a negative variance of PKR 951 million year-on-year.

Facultative Business:

Fire:

Fire Facultative business accounted for 19% of the Company's total business portfolio in FY25. Gross premium underwritten during the year amounted to PKR 5,955 million, reflecting an increase of PKR 165 million (2.9%) from PKR 5,790 million in FY24, primarily driven by improved business volumes and capacity enhancements.

Net premium for the year was recorded at PKR 1,766 million, compared to PKR 2,203 million in FY24, indicating a reduction attributable to higher reinsurance costs and/or changes in retention levels. The net claims-to-net premium ratio remained favorable at 21%, supporting an underwriting profit of PKR 970 million.

Marine Cargo & Hull:

In the Marine Cargo & Hull segment, facultative business represented 1.3% of the total premium portfolio, compared to 2.2% in FY24. Gross premium underwritten during the year amounted to PKR 408 million, compared to PKR 542 million in FY24, reflecting a decline of PKR 134 million (-25%), primarily due to softening of international market conditions. Net premium was recorded at PKR 90 million, compared to PKR 195 million in FY24. The net claims to net premium ratio was reported at 142%, compared to 13% in the previous year, because of higher claims during the year, resulting in an underwriting loss of PKR 49 million, compared to an underwriting profit of PKR 132 million in the prior year, representing a decrease of PKR 181 million.

Aviation:

Facultative business in the Aviation class accounted for 14.30% of the total premium portfolio, compared to 2.6% in FY24, reflecting an expanded contribution. Gross premium underwritten during the year stood at PKR 4,571 million, as compared to PKR 646 million in FY24, reflecting a sharp increase of PKR 3,925 million on account of booking of a large aviation account. Net premium was recorded at PKR 352 million, compared to PKR 431 million in FY24. The underwriting profit increased from PKR 117 million in FY24 to PKR 675 million, due to favorable claim expense.

Accident:

In this category, facultative business represented 4.52% of the total premium portfolio, compared to 6.26% in FY24.

Gross premium underwritten during the year amounted to PKR 1,444 million, compared to PKR 1,545 million in the previous year, reflecting a change of PKR 101 million (-6.47%). Net premium was recorded at PKR 309 million, compared to PKR 323 million in FY24, representing a change of PKR 14 million. The underwriting result showed a profit of PKR 213 million, compared to an underwriting profit of PKR 117 million in FY24, due to decline in claims, reflecting an improvement in performance.

Engineering:

Engineering facultative business constituted 39.5% of the total premium portfolio, compared to 33.3% in FY24, reflecting an increased contribution to the overall portfolio. Gross premium underwritten during the year amounted to PKR 12,631 million, compared to PKR 8,242 million in the previous year, reflecting an increase of PKR 4,389 million (53%) due to acquisition of new business account and growth in existing relationships. Net premium was recorded at PKR 1,225 million, compared to PKR 1,270 million in FY24, representing a change of PKR 44 million (-3.46%). The net claims to net premium ratio improved to 47%, compared to 110% in FY24, resulting in an underwriting profit of PKR 768 million, compared to an underwriting loss of PKR 93 million in FY24, reflecting a turnaround in underwriting performance.

Investment Income:

The Company's investment performance remained stable during the year. Total investment income stood at PKR 3,317 million, compared to PKR 3,443 million in the previous year. Dividend income increased to PKR 526 million, compared to PKR 418 million last year. Income from debt securities was recorded at PKR 2,270 million, compared to PKR 2,597 million in FY24. Overall, the investment portfolio continued to benefit from favourable equity market conditions and stable returns from the existing bond portfolio.

Rental Income:

Rental income increased to PKR 170 million, compared to PKR 150 million in the previous year.

Other Income:

During the period, other income was recorded at PKR 329 million, compared to PKR 653 million in the previous year, as return on bank deposit declined substantially. Return on deposits amounted to PKR 243 million in FY25, compared to PKR 478 million in FY24.

Claims Settlement:

The company places great emphasis on the prompt settlement of claims and customer satisfaction, reinforcing trust and goodwill among its valued clients. For the year, the overall net claims to net premium ratio was 60%.

Cost Control Measures:

During the year under review, management expenses amounted to PKR 1,686 million, compared to PKR 2,020 million in the previous year, reflecting a decrease of PKR 334 million. As a percentage of net premium, management expenses stood at 18.6% in FY25. Moving forward, the management is committed to maintaining efforts to control costs as a percentage of net premiums.

Public Sector Business:

The Company acts as the reinsurer of National Insurance Company Limited. This includes some of the prestigious accounts such as PIA, PAPCO, PARCO, PSO, OGDCL, PPL, PNSC, KSEW, Public Sector Power Projects, etc. During the year under review, the company's Gross revenues from the public sector business increased from PKR 13,006 million in FY24 to PKR 21,015 million in FY25, an increase of 61%.

Reinsurance Arrangements:

PRCL has excess of loss retrocession arrangements and relationships with some of the top global reinsurers/retrocessionaires such as Hannover Re (rated AA- by S&P), Swiss Re (rated AA- by S&P), Malaysia Re (rated A by S&P), and Hiscox (rated A by AM Best), etc. The company adheres to a strategy aimed at optimizing risk retention by implementing a meticulously crafted retrocession program. This program is tailored to the company's specific exposures, considering factors such as accumulation and concentration of risk at various locations. Furthermore, PRCL at regular intervals conducts market research, benchmarking and uses optimization tools to streamline our retrocession arrangements. This also includes PRCL conducting CAT modelling to ensure that our risks coverage is adequate with regard to extreme events.

E.C.O. Reinsurance Company:

The Articles of Agreement (AoA) of ECO Reinsurance Company were signed on February 10, 2010, by the representatives of three Member States, the Islamic Republic of Pakistan, the Islamic Republic of Iran, and the Republic of Turkey, at Islamabad (Pakistan). The AoA was further ratified by the Member States and the last ratification was made by the Republic of Turkey on November 22, 2017. The objective of the Company shall be to supplement the existing Reinsurance services, promote the growth of the underwriting & retention capacities and support the economic development in the region.

The authorized capital of the Company shall be thirty million USD, divided into three thousand shares with a par value of ten thousand US Dollars each, to be equally subscribed by the entities of three countries. Any investment by PRCL in ECO Reinsurance Company shall be subject to the approval of the Board of Directors, Shareholders / AGM, and Compliance with Section 199 of the Companies Act-2017.

Credit Rating:

The credit rating of the company for the year 2024-25 was carried out by VIS Credit Rating Company Limited. The company has reaffirmed an IFS rating of "AA+".

This AA+ rating denotes a very strong Capacity to meet policyholder and contractual obligations, with very low risk factors and minimal sensitivity to adverse business and economic conditions. The assigned rating carries a stable outlook, indicating a strong capacity for the timely payment of financial commitments and no significant vulnerability to foreseeable events.

Profit after Tax:

The profit after tax of the Company is PKR 3,129 million, reflecting a decline of PKR 649 million (-17%) compared to PKR 3,778 million in the previous year.

Appropriations:

(PKR in millions)

Particulars	2025	2024
Profit before tax	4,714	6,793
Less: Tax	-1,584	-3,015
Profit after tax	3,129	3,778
Add: Unappropriated profit brought forward	8,078	4,748
Gain/(Loss) on defined benefit obligations	-46	298

Add: Effect of incremental depreciation	174	137
Less: Final cash dividend 2024 @ 20%	-1,800	-900
Less: Issuance of Bonus shares @200%	-	-
Unappropriated profit carried forward	9,535	8,078

Proposed Dividend:

The directors have recommended a final cash dividend of 10@ i.e. Rs. 1 per share for the year 2025 (2024: Rs 2 per share

Window Retakaful:

This was the sixth year of operations of the Retakaful window. The comparative financial highlights for the year 2025 and 2024 are presented as follows:

Particulars	<u>2025</u>	<u>2024</u>	<u>YoY%</u>
Participant's Retakaful Fund (PKR in millions)			
Contribution Earned	1,569.90	1,427.40	10%
Contribution ceded to retrotakaful	-220.88	-194.26	14%
Net underwriting income	1,349.02	1,233.14	9%
Net claims - reported/ settled - IBNR	-998.28	-912.21	9%
Surplus before investment income	336.78	320.93	5%
Investment income	126.91	88.86	43%
Other income	73.45	264.86	-72%
Less: Modarib's fees	-50.09	-88.43	-43%
Charges for doubtful contributions	-10.40	35.65	-129%
Surplus before taxation	476.65	621.88	-23%
Taxation	-44.01	-59.70	-26%
Surplus transferred to accumulated surplus	432.63	562.18	-23%
Operator's Retakaful Fund			
Wakala fee income	392.47	356.85	10%
Commission expense	-415.27	-338.31	23%
General, administrative, and management expenses	-19.41	-16.73	16%
Investment income	32.09	22.10	45%
Other income	9.85	62.44	-84%
Modarib's fee	50.09	88.43	-43%
Profit before taxation	49.83	174.78	-71%

Taxation	-19.43	-76.71	-75%
Profit after taxation attributable to shareholders	30.40	98.07	-69%

During the year under review, contributions earned increased to PKR 1,570 million from PKR 1,427 million in FY24, reflecting a growth of PKR 143 million (10%). Net contribution also increased to PKR 1,349 million, compared to PKR 1,233 million in FY24, marking a rise of PKR 116 million (9%). Net claims were recorded at PKR 998 million, compared to PKR 912 million in FY24, representing an increase of PKR 86 million (9%). Underwriting profit improved to PKR 337 million, compared to PKR 321 million in FY24, reflecting an increase of PKR 16 million (5%). Surplus for FY25 stood at PKR 433 million, compared to PKR 562 million in FY24.

Treaty Business:

Proportional Treaty:

Proportional Treaty business constituted 80% of the total business portfolio. Gross contribution underwritten for the year amounted to PKR 1,483 million, compared to PKR 1,614 million in FY24, reflecting a change of PKR 131 million (-8%), due to discontinuation of underperforming and unfavourable business. Net contribution stood at PKR 1,594 million, compared to PKR 1,438 million in FY24, representing an increase of PKR 156 million (11%). The net claims to net contribution ratio stood at 59% for the year, compared to 55% in FY24. Accordingly, the segment reported an underwriting surplus of PKR 344 million, compared to PKR 362 million in FY24, reflecting a movement of PKR 18 million (-5%).

Non-Proportional Treaty:

Non-Proportional Treaty business accounted for 11% of the total portfolio, consistent with 11% in FY24. Gross contribution underwritten for the year reached PKR 199 million, compared to PKR 220 million in the previous year, reflecting a change of PKR 21 million (-9.54%). Net contribution stood at PKR -10 million, compared to PKR -24 million in FY24.

The underwriting result reflected a deficit of PKR 49 million, compared to a deficit of PKR 85 million in FY24, representing an improvement of PKR 36 million.

Facultative Business:

Fire:

Fire facultative business constituted 8% of the total business portfolio in FY25, compared to 7.5% in FY24. Gross contribution underwritten during the year was PKR 152 million, compared to PKR 155 million in FY24, reflecting a change of PKR 3 million (-2%). Net contribution stood at PKR 144 million, compared to PKR 160 million in FY24, representing a change of PKR 16 million (-10%). The net claims to net contribution ratio improved to 57%, compared to 86% in FY24,. Consequently, underwriting surplus increased to PKR 50 million, compared to PKR 40 million in the previous year, reflecting an increase of PKR 10 million (25%).

Marine Cargo & Hull:

Facultative business in this category represented 0.33% of the total business portfolio, compared to 0.12% in FY24. Gross contribution underwritten during the year reached PKR 6.1 million, compared to PKR 2.4 million in FY24, reflecting an increase of PKR 3.7 million (155%). Net contribution increased by PKR 3.5 million (205%) to PKR 5.2 million, compared to PKR 1.7 million in the previous year. The underwriting surplus stood at PKR 3.6 million, compared to PKR 1.2 million in FY24, reflecting an increase of PKR 2.4 million (200%) due to growth in contribution.

Accident:

Facultative business in this class accounted for 0.62% of the total business portfolio, compared to 0.7% in FY24. Gross contribution underwritten during the year amounted to PKR 12 million, compared to PKR 14 million in FY24, reflecting a change of PKR 2 million (-15%). Net contribution stood at PKR 8.6 million, compared to PKR 14 million in the previous year, representing a change of PKR 5.4 million (39%). The underwriting surplus stood at PKR 2 million, compared to PKR 1.6 million in FY24, reflecting an improvement in overall performance.

Employees' Welfare:

The Company has in place a fund to provide welfare facilities to its employees whereby six employees are sent for Hajj every year. Besides, the Company grants (a) cash awards to the Employees' Children who are Hafiz-e-Quran and secure A+ grades in Secondary and Higher Education, (b) pensions to the retiring employees having a long association with the company, and (c) burial & compensation packages for a family of employees who die during service.

Board Structure and Committees:

The Board structure of Pakistan Reinsurance Company Limited complies with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016, issued by the Securities and Exchange Commission of Pakistan (SECP), and the State-Owned Enterprises (Governance and Operations) Act, 2023, along with the allied rules and regulations issued by the Federal Government.

In order to ensure effective oversight, transparency, and implementation of sound internal control systems, the Board has constituted various Committees. These include three (03) Board Committees and three (03) Management Committees. The composition of all Committees is separately shown in the report under the section of Corporate Information.

Future Outlook:

The future outlook for Pakistan Reinsurance Company Limited remains cautiously optimistic, supported by its strategic position as Pakistan's sole domestic reinsurer and its government-backed mandate. Improving macroeconomic conditions and expected growth in insurance activity should translate into higher business and premium inflows, reinforcing its role in supporting local insurance industry. However, recent financial indicators show some pressure, with declining earnings and revenue contraction in 2025, highlighting short-term profitability challenges amid market volatility. Continued reforms, better underwriting discipline, and further diversification across segments like marine, and unconventional miscellaneous business lines will be key to sustaining growth momentum.

At the same time, rising geopolitical tensions in the Middle East introduce heightened risk exposure for PRCL, particularly in marine, aviation, and energy reinsurance lines where global risk premiums and claims volatility may increase. While this environment can create opportunities through higher demand for reinsurance coverage and improved pricing power, it may also strain capital adequacy and increase loss ratios if shocks materialize. PRCL's public-sector backing and central role in Pakistan's insurance ecosystem provide resilience, but its performance will remain sensitive to external shocks, oil price fluctuations, and domestic economic stability. Overall, the company's outlook is stable but risk-exposed, with growth tied closely to both macro recovery and effective risk management.

Internal Controls:

The internal control framework has been successfully implemented through an in-house Internal Audit function established by the Board, ensuring independence from the External Audit Function. The Internal Audit function has diligently fulfilled its duties as outlined in the charter set by the Audit Committee. The Audit Committee meticulously reviews Internal Audit reports and takes prompt action when necessary.

Collaboration between External and Internal Auditors has been fostered to enhance efficiency and support the Company's objectives, including maintaining a dependable financial reporting system and adherence to laws and regulations.

Risk Management Policy:

The company has established a robust framework of methods, systems, and processes to effectively manage risks and capitalize on opportunities aligned with business objectives. The Risk Management approach encompasses both quantitative and qualitative evaluations of risks, with a focus on minimizing potential hazards. A comprehensive risk management policy, endorsed by the Board and subject to periodic review, outlines the company's strategy. Additionally, detailed guidelines have been developed to articulate the risk mitigation process and associated measures.

Code of Conduct:

The Company has designed a code of conduct to ensure ethical conduct & integrity by all employees. All the operations of the company are undertaken fairly and transparently, strictly following the code of conduct.

Directors' Training Program:

The Company ensures that Directors' Training Programs are arranged for the members of the Board from time to time, as required under the applicable regulatory framework.

Directors' Remuneration Policy:

The remuneration of directors is approved by the Board of Directors in accordance with the clause 63 read with 68 (gg) of Article of Association of the Company.

Performance Evaluation of the Board of Directors:

On October 31, 2024, the Federal Government enacted the State-Owned Enterprises (SOEs) Manual for Board of Directors Appointment, Evaluation, and Disclosures, outlining the procedure for performance evaluation. As per Section 10(2)(c) of the SOEs (Governance and Operations) (Amendment) Ordinance,

2024, the Board Nomination Committee (BNC) is responsible for evaluating both ex-officio and independent Directors. The manual provides standardized proformas for Boards to conduct performance reviews for both the Board and individual Directors. Once completed, these evaluations are submitted to the Board Nomination Committee (BNC), which then shares them with the Central Monitoring Unit (CMU) for maintaining a database of Directors. In compliance with these new requirements, the Company, being a State-Owned Enterprise (SOE), has proceeded to conduct its Board's Performance Evaluation for the period accordingly. The evaluation framework is designed to provide a qualitative assessment of individual Board members, ensuring transparency and accountability.

Related Party Transactions:

At each board meeting, the Board of Directors approves the Company's transactions with Associated Companies / Related Parties. All the transactions executed with related parties are on an arm's length basis.

Ownership:

As of December 31, 2025, there were 4736 shareholders on the record of the Company.

The Pattern of Shareholding:

The pattern of shareholding of the company as at December 31, 2025, along with the necessary information, is available at the end of this report.

Statement on Corporate and Financial Reporting Framework:

PRCL, being a Listed Company, adheres to the Listed Companies (Code of Corporate Governance), 2019, and Code of Corporate Governance for Insurers, 2016. The Directors confirm compliance with all reporting and disclosure requirements as envisaged in the Companies Act, 2017, Insurance Ordinance 2000, and Regulations made thereunder. The Directors confirm compliance with the corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following: -

- a) There is no material departure from the best practices of Listed Companies (Code of Corporate Governance), 2019, as laid down in the listing regulations, and Code of Corporate Governance for Insurers, 2016;
- b) The directors are qualified under the Directors' Training Programme.
- c) Presentation was given to newly appointed Directors to acquaint them with the relevant laws and their responsibilities;

- d) The appointment of the Chairman and other members of the Board and the terms of their appointment, along with the remuneration policy, are adopted in the best interests of the Company as well as in line with the best practices;
- e) The Non-executive Directors do not have fixed remuneration and are being paid a fixed fee for each meeting attended. Disclosure on remuneration of Chief Executives, Directors, and Executives as applicable is separately shown in the report.
- f) The statement of the pattern of shareholding is separately shown in the report.
- g) The value of investment in pension, gratuity and provident fund is also disclosed as under

	2025	2024
	(PKR. in millions)	
Pension and Gratuity Fund	2,600	2,305
General Provident Fund / Provident Fund	-	-

Board Meetings and Attendance:

The Board meets at least once every quarter, and additional meetings are convened as and when required.

The details of the meetings held and the attendance of each director is given hereunder: -

		Board of Directors	Audit Committee	Ethics, HR & Remuneration / Committee	Underwriting / Reinsurance Committee	Claim Settlement Committee	Investment Committee	Risk Management, Legal and Compliance Committee	Special Committee of the Board ¹
No. of Meetings		10	7	11	2	2	3	2	5
Sr .	Name Of Directors	Attende d	Attende d	Attende d	Attende d	Attende d	Attende d	Attende d	Attende d
1	Major General Tariq Qaddus (HI) M, Retd	10	-	11	-	2	3	-	5
2	Dr. Musleh-ud-Din	4	1	-	1	-	-	-	-
3	Mr. Shoaib Mir	9	1	4	1	-	1	-	5
4	Mr. Shahid Iqbal Baloch	9	5	-	1	-	1	2	-
5	Ms. Maleeha Bangash	8	6	1	1	-	3	-	5
6	Mr. Shakeel Ahmed Mangnejo	8	6	5	2	-	-	-	4
7	Dr. Nazim Latif	7	6	9	-	2	-	2	4
8	Dr. Romana Parvez Aktar	6	6	10	-	-	3	2	-
9	Mr. Farmanullah Zarkoon, CEO/ Director	4	-	1	1	-	-	-	1

- i. During the year under review, the Board constituted a Special Committee to oversee and facilitate the process of appointment of the Chief Executive Officer of the Company, in line with the SOE (C-Level Appointment) Guidelines, 2024.

Leave of absence, if any, was granted to Directors who were unable to attend meetings, upon prior intimation to the Board.

Change in the Board of Directors:

During the year under review, certain changes occurred in the composition of the Board.

Mr. Farman Ullah Zarkoon ceased to hold the office of Chief Executive Officer on April 11, 2025, resulting in a vacancy in the position. The process for filling the vacancy is currently underway. In the interim, Mr.

Muhammad Junaid Moti, Executive Director (Underwriting), has been assigned an additional charge as Acting Chief Executive Officer.

Mr. Shoaib Mir, Independent Director and Chairman of the Board, ceased to hold office upon completion of his tenure on August 17, 2025. Subsequently, against the said vacancy, the Federal Government appointed Mr. Sulaiman S. Mehdi as Independent Director and Chairman of the Board vide Notification dated January 7, 2026. His appointment, in accordance with the provisions of the Insurance Companies (Sound and Prudent Management) Regulations, 2012, was subsequently approved by the Securities and Exchange Commission of Pakistan (SECP) on February 3, 2026.

Further, Mr. Shahid Iqbal Baloch, nominee director of State Life Insurance Corporation of Pakistan, resigned from the Board on September 24, 2025, and the nomination of his replacement is still awaited.

Mr. Salman Mufti was nominated by the Ministry of Commerce, Government of Pakistan, in place of Mr. Shakeel Ahmed Mangnejo as its representative on the Board on September 12, 2025. His appointment, in accordance with the provisions of the Insurance Companies (Sound and Prudent Management) Regulations, 2012, was subsequently approved by the Securities and Exchange Commission of Pakistan (SECP) on February 3, 2026.

The Board places on record its appreciation for the valuable contributions made by the outgoing Directors and extends a warm welcome to the newly appointed members.

Contribution to National Exchequer:

During the year, your Company contributed an amount of PKR 2,209 million (2024: PKR 3,033 million) into the government treasury on account of Taxes, Levies, and other duties.

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with.

Audit Committee of the Board:

The Board, in compliance with the Code of Corporate Governance, has constituted an Audit Committee and its terms of reference have been approved by the Board. The names of the members of the Committee are given in the section of Corporate Information.

Performance of the Company during the last six years

(PKR. in millions)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross Premium	31,966	24,702	33,969	24,271	20,994	16,896
Net Premium	9,069	10,855	9,323	7,929	7,226	6,709
Net Commission	(941)	(1,074)	(949)	(1,026)	(968)	(925)
Net Claims	(5,399)	(5,436)	(4,707)	(4,312)	(3,778)	(3,924)
Management Expenses	(1,686)	(2,018)	(1,569)	(1,529)	(729)	(666)
Underwriting Profit/(Loss)	920	2,439	1,892	1,401	1,742	765
Investment Income	3,317	3,443	2,389	1,338	982	1,043
Profit before Tax	4,714	6,793	5,189	3,556	3,614	1,941
Profit after Tax	3,129	3,778	3,065	2,624	2,589	1,392

Trading in the Company Shares:

No Director or Key Officer reported any trading in the shares of the Company during the ensuing period.

Appointment of Auditors:

Financial Statements for the year 2025 have been audited by Hyder Bhimji Chartered Accountants. The present auditors have given their consent to continue as Auditors for the year 2025. The Board of Directors on the recommendation of the Audit Committee has proposed the appointment of Messrs Parker Russell – A.J.S. as statutory auditors for the next term of the year 2026.

Acknowledgment:

The Company extends its heartfelt gratitude to its shareholders for their unwavering confidence and support. We also express sincere appreciation to all insurance companies, strategic partners, vendors, the Securities and Exchange Commission of Pakistan, and the State Bank of Pakistan for their invaluable support and guidance. Additionally, we recognize and commend the dedication and hard work of the officers and staff of the Company, whose contributions have been instrumental in our continued success.

**For and on behalf
of the Board of Director**

CHIEF EXECUTIVE OFFICER

CHAIRMAN BOARD OF DIRECTORS

ڈائریکٹرز کی رپورٹ حصص یافتگان کے نام

محترم حصص یافتگان،

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں یہ خوشی ہے کہ ہم کمپنی کی ڈائریکٹرز رپورٹ، آڈٹ شدہ مالیاتی بیانات اور آڈیٹرز کی رپورٹ برائے سال اختتام پذیر 31 دسمبر 2025 آپ کی خدمت میں پیش کر رہے ہیں۔

معاشی جائزہ:

پاکستان کی معیشت کا 2026 اور درمیانی مدت کے لیے منظر نامہ بتدریج معاشی استحکام کی طرف اشارہ کرتا ہے، جہاں جی ڈی پی کی شرح نمو 3 سے 4 فیصد کے درمیان رہنے کی توقع ہے۔ اس کی بنیاد بڑے پیمانے کی صنعت (LSM) میں محدود بحالی، بیرونی ذخائر میں بہتری، اور زر مبادلہ کی شرح میں نسبتی استحکام پر ہے۔ توقع ہے کہ مہنگائی اسٹیٹ بینک آف پاکستان (SBP) کے مقررہ ہدف 7 تا 7.5 فیصد کے اندر رہے گی، جو مالی سال 2026 میں محتاط مالیاتی پالیسی کی عکاسی کرتی ہے۔

مالیاتی نظم و ضبط میں بہتری نے کرنٹ اکاؤنٹ کی پوزیشن کو مضبوط بنانے میں مدد دی ہے، جبکہ ترسیلات زر کی مضبوط آمدیرونی توازن کو سہارا دے رہی ہے۔ مزید برآں، مالیاتی کھاتے میں فاضل توازن، جو کہ آئی ایم ایف کے 7.2 ارب ڈالر کے پروگرام (جو 2027 تک جاری رہے گا) کے تحت آنے والی رقوم سے تقویت پاتا ہے، نے زر مبادلہ کے ذخائر کو تقریباً 16.5 ارب ڈالر تک پہنچا دیا ہے، جو تقریباً تین ماہ کی درآمدات کے برابر ہے۔ یہ تمام عوامل مجموعی طور پر موجودہ معاشی استحکام کو تقویت دیتے ہیں اور پالیسیوں پر اعتماد کو بڑھاتے ہیں۔

تاہم، یہ استحکام بیرونی جھٹکوں کے مقابلے میں اب بھی کمزور ہے۔ مشرق وسطیٰ میں جاری تنازعات نے تیل اور گیس کی قیمتوں میں اضافہ کر دیا ہے، جس سے مہنگائی اور بیرونی کھاتے پر دباؤ پڑنے کا خدشہ ہے۔ سپلائی چین میں ممکنہ رکاوٹیں وقت کے ساتھ سامنے آسکتی ہیں، کیونکہ عالمی تجارت میں تبدیلیاں عام طور پر تاخیر سے اثر انداز ہوتی ہیں، جس سے کرنٹ اکاؤنٹ خسارہ

بڑھ سکتا ہے، ترقی کی رفتار کم ہو سکتی ہے، اور مہنگائی میں دوبارہ اضافہ ہو سکتا ہے۔ اس صورتحال میں اسٹیٹ بینک آف پاکستان کو ممکنہ طور پر سخت مالیاتی پالیسی اختیار کرنی پڑ سکتی ہے، جس سے شرح سود میں مزید زرمی کی گنجائش محدود ہو جائے گی۔

مزید یہ کہ پاکستان کا ترسیلات زر پر انحصار، جن میں سے نصف سے زائد مشرق وسطیٰ سے آتی ہیں، اسے علاقائی معاشی اتار چڑھاؤ کے اثرات کے لیے حساس بناتا ہے۔ اگر اس خطے میں سست روی آتی ہے تو ترسیلات زر کم ہو سکتی ہیں، جس سے ادائیگیوں کے توازن پر دباؤ بڑھے گا۔ عالمی سطح پر اجناس کی قیمتوں میں اتار چڑھاؤ، تجارتی تقسیم، اور جغرافیائی سیاسی غیر یقینی صورتحال جیسے عوامل بھی معاشی ترقی کو متاثر کر سکتے ہیں اور موجودہ استحکام کے تسلسل کو چیلنج کر سکتے ہیں۔ اس کے باوجود، ہم درمیانی مدت کے لیے محتاط طور پر پُر امید ہیں، بشرطیکہ پالیسیوں میں تسلسل برقرار رہے اور بیرونی ماحول بہتر ہو۔

کمپنی کی کارکردگی کے نمایاں پہلو:

سال 2025 پاکستان ری انشورنس کمپنی لمیٹڈ کے لیے ایک مشکل سال رہا۔ سال 2025 اور 2024 کے تقابلی مالیاتی اہم نکات درج ذیل ہیں:

ملین روپے میں

(بجز اس کے کہ جہاں الگ طور پر بیان کیا گیا ہو)

تفصیل	2025	2024	سال بہ سال
			%
خالص پرمیئم	9,069	10,854	-16%
خالص دعوے	-	-5,436	-1%
	5,399		

انڈر رائٹنگ منافع	920	2,439	-63%
سرمایہ کاری سے آمدنی	3,317	3,443	-4%
کرایہ کی آمدنی	170	150	14%
دیگر آمدنی	329	653	-50%
بعد از ٹیکس منافع	3,129	3,778	-18%
فی حصص آمدنی (روپے)	3.48	4.20	-18%

رپورٹنگ مدت (مالی سال 2025) کے دوران، مجموعی پریٹیم میں نمایاں اضافہ ہوا اور یہ 31,966 ملین روپے تک پہنچ گیا، جبکہ مالی سال 2024 میں یہ 24,702 ملین روپے تھا، جو کہ 7,264 ملین روپے (30%) کے نمایاں اضافے کو ظاہر کرتا ہے۔ اس کے برعکس، خالص پریٹیم میں 1,785 ملین روپے (-16%) کی کمی واقع ہوئی اور یہ مالی سال 2024 کے 10,854 ملین روپے سے کم ہو کر مالی سال 2025 میں 9,069 ملین روپے رہ گیا۔ خالص دعویوں میں معمولی بہتری دیکھی گئی اور یہ قدرے کم ہو کر مالی سال 2025 میں 5,399 ملین روپے ہو گئے، جو کہ مالی سال 2024 کے 5,436 ملین روپے کے مقابلے میں 37 ملین روپے (-1%) کی کمی ہے۔ تاہم، انڈر رائٹنگ منافع میں نمایاں کمی آئی اور یہ مالی سال 2025 میں 920 ملین روپے رہ گیا، جبکہ مالی سال 2024 میں یہ 2,439 ملین روپے تھا، یعنی 1,519 ملین روپے (-63%) کی کمی۔

مجموعی طور پر، بعد از ٹیکس منافع میں سال بہ سال کمی واقع ہوئی اور یہ مالی سال 2024 کے 3,778 ملین روپے سے کم ہو کر مالی سال 2025 میں 3,129 ملین روپے رہ گیا، جو کہ 18% کمی کو ظاہر کرتا ہے۔ اس کمی کے باوجود، بعد از ٹیکس منافع مالی سال 2025 میں خالص پریمیم آمدنی کا 35% رہا، جو کہ مالی سال 2024 میں بھی 35% تھا۔

ٹریٹی کاروبار:

پروپورشنل ٹریٹی

پروپورشنل ٹریٹی کاروبار مالی سال 2025 میں کمپنی کے کل کاروباری پورٹ فولیو کا 15% رہا، جبکہ مالی سال 2024 میں یہ 23% تھا۔ سال کے دوران تحریر کیے گئے مجموعی پریمیم 4,760 ملین روپے رہے، جو کہ مالی سال 2024 میں 5,748 ملین روپے کے مقابلے میں تھے، اس طرح 988 ملین روپے (-17.2%) کی کمی ظاہر ہوتی ہے۔ یہ کمی بنیادی طور پر بعض ہیلتھ ٹریٹی کاروبار کے خاتمے کی وجہ سے ہے، جو ناموافق معاہداتی شرائط اور منفی نتائج کے باعث بند کیے گئے۔ نیٹ پریمیم 5,235 ملین روپے رہا، جو کہ مالی سال 2024 میں 5,677 ملین روپے کے مقابلے میں 7.8% کمی کو ظاہر کرتا ہے۔

نیٹ کلیئر ٹو نیٹ پریمیم تناسب گزشتہ سال کے 56% کے مقابلے میں نمایاں طور پر بڑھ کر 75% ہو گیا۔ کلیئر کے تجربے میں اس بگاڑ کے نتیجے میں مالی سال 2025 میں 990 ملین روپے کا انڈر رائٹنگ نقصان ہوا، جبکہ مالی سال 2024 میں 88 ملین روپے کا انڈر رائٹنگ منافع حاصل ہوا تھا۔ یوں مجموعی طور پر 1,078 ملین روپے کی منفی تبدیلی واقع ہوئی۔

نان پروپورشنل ٹریٹی

نان-پروپورشنل ٹریٹی کاروبار نے مالی سال 2025 میں کمپنی کے کل کاروباری پورٹ فولیو کا 6.87% حصہ تشکیل دیا، جبکہ مالی سال 2024 میں یہ شرح 8.8% تھی۔ سال کے دوران انڈر رائٹ کیے گئے مجموعی پریمیمز 2,197 ملین روپے رہے، جو کہ مالی سال 2024 میں 2,187 ملین روپے تھے، اس طرح 10 ملین روپے (0.45%) کا معمولی اضافہ ظاہر ہوا۔ سال کے لیے خالص

پر یمیم نمایاں طور پر کم ہو کر 92 ملین روپے رہ گیا، جبکہ مالی سال 2024 میں یہ 756 ملین روپے تھا، جس کی بنیادی وجہ زیادہ ری انشورنس اخراجات ہیں۔

خالص دعووں کا خالص پر یمیم سے تناسب 705% ریکارڈ کیا گیا، جبکہ مالی سال 2024 میں یہ 32% تھا۔ اسی مناسبت سے، اس شعبے میں سال کے دوران 545 ملین روپے کا انڈر رائٹنگ نقصان ہوا، جبکہ مالی سال 2024 میں 406 ملین روپے کا انڈر رائٹنگ منافع تھا، جو کہ سال بہ سال 951 ملین روپے کی کمی کو ظاہر کرتا ہے۔

فیکٹیٹو کاروبار:

فائر:

فائر فیکٹیٹو کاروبار نے مالی سال 2025 میں کمپنی کے کل کاروباری پورٹ فولیو کا 19% حصہ تشکیل دیا۔ سال کے دوران انڈر رائٹ کیے گئے مجموعی پر یمیمز 5,955 ملین روپے رہے، جو کہ مالی سال 2024 کے 5,790 ملین روپے کے مقابلے میں 165 ملین روپے (2.9%) کا اضافہ ظاہر کرتے ہیں۔ یہ اضافہ بنیادی طور پر کاروباری حجم میں بہتری اور صلاحیت میں اضافے کی بدولت ہوا۔

سال کے لیے خالص پر یمیم 1,766 ملین روپے ریکارڈ کیا گیا، جبکہ مالی سال 2024 میں یہ 2,203 ملین روپے تھا، جو کہ زیادہ ری انشورنس اخراجات اور ریاریٹیشن کی سطح میں تبدیلی کے باعث کمی کو ظاہر کرتا ہے۔ خالص کلیئر ٹو نیٹ پر یمیم تناسب 21% پر سازگار رہا، جس نے 970 ملین روپے کے انڈر رائٹنگ منافع کی حمایت کی۔

میرین کارگو اور ہبل:

میرین کارگو اور ہبل سیگمنٹ میں، فیکٹیٹو کاروبار نے کل پر یمیم پورٹ فولیو کا 1.3% حصہ تشکیل دیا، جبکہ مالی سال 2024 میں یہ 2.2% تھا۔ سال کے دوران انڈر رائٹ کیے گئے مجموعی پر یمیمز 408 ملین روپے رہے، جو کہ مالی سال 2024 کے 542 ملین

روپے کے مقابلے میں 134 ملین روپے (-25%) کی کمی ظاہر کرتے ہیں، جس کی بنیادی وجہ بین الاقوامی مارکیٹ کے حالات میں نرمی ہے۔ خالص پرمیٹیم 90 ملین روپے ریکارڈ کیا گیا، جبکہ مالی سال 2024 میں یہ 195 ملین روپے تھا۔ خالص کلیمز ٹو نیٹ پرمیٹیم تناسب 142% رپورٹ ہوا، جو کہ گزشتہ سال کے 13% کے مقابلے میں زیادہ ہے، جس کی وجہ سال کے دوران زیادہ کلیمز ہیں۔ اس کے نتیجے میں 49 ملین روپے کا انڈر رائٹنگ نقصان ہوا، جبکہ گزشتہ سال 132 ملین روپے کا انڈر رائٹنگ منافع تھا، اس طرح 181 ملین روپے کی کمی واقع ہوئی۔

ایوی ایشن:

ایوی ایشن کلاس میں فیکلٹیٹو کاروبار نے کل پرمیٹیم پورٹ فولیو کا 14.30% حصہ تشکیل دیا، جبکہ مالی سال 2024 میں یہ 2.6% تھا، جو نمایاں اضافے کو ظاہر کرتا ہے۔ سال کے دوران انڈر رائٹ کیے گئے مجموعی پرمیٹیمز 4,571 ملین روپے رہے، جبکہ مالی سال 2024 میں یہ 646 ملین روپے تھے، اس طرح 3,925 ملین روپے کا نمایاں اضافہ ہوا، جو ایک بڑے ایوی ایشن اکاؤنٹ کی بکنگ کے باعث ہے۔ خالص پرمیٹیم 352 ملین روپے ریکارڈ کیا گیا، جبکہ مالی سال 2024 میں یہ 431 ملین روپے تھا۔ انڈر رائٹنگ منافع مالی سال 2024 کے 117 ملین روپے سے بڑھ کر 675 ملین روپے ہو گیا، جس کی وجہ کلیمز اخراجات کا سازگار رہنا ہے۔

حادثات (Accident):

اس شعبے میں فیکلٹیٹو کاروبار کل پرمیٹیم پورٹ فولیو کا 4.52% رہا، جبکہ مالی سال 2024 میں یہ 6.26% تھا۔ سال کے دوران تحریر کردہ مجموعی پرمیٹیم 1,444 ملین روپے رہا، جبکہ پچھلے سال یہ 1,545 ملین روپے تھا، جو کہ 101 ملین روپے (-6.47%) کی کمی کو ظاہر کرتا ہے۔ خالص پرمیٹیم 309 ملین روپے ریکارڈ کیا گیا، جبکہ مالی سال 2024 میں یہ 323 ملین روپے تھا، یعنی 14 ملین

روپے کی کمی۔ انڈر رائٹنگ کے نتائج میں 213 ملین روپے کا منافع ظاہر ہوا، جبکہ مالی سال 2024 میں یہ 117 ملین روپے تھا۔ یہ بہتری دعووں میں کمی کی وجہ سے ممکن ہوئی، جو کارکردگی میں واضح بہتری کی عکاسی کرتی ہے۔

انجینئرنگ:

انجینئرنگ فیکٹیٹیو کاروبار نے کل پریمیم پورٹ فولیو کا 39.5% حصہ تشکیل دیا، جبکہ مالی سال 2024 میں یہ 33.3% تھا، جو مجموعی پورٹ فولیو میں اس کے بڑھتے ہوئے حصے کو ظاہر کرتا ہے۔

سال کے دوران انڈر رائٹ کیے گئے مجموعی پریمیمز 12,631 ملین روپے رہے، جو کہ گزشتہ سال کے 8,242 ملین روپے کے مقابلے میں 4,389 ملین روپے (53%) کا اضافہ ظاہر کرتے ہیں۔ یہ اضافہ نئے کاروباری اکاؤنٹس کے حصول اور موجودہ تعلقات میں ترقی کے باعث ہوا۔ خالص پریمیم 1,225 ملین روپے ریکارڈ کیا گیا، جبکہ مالی سال 2024 میں یہ 1,270 ملین روپے تھا، جو کہ 44 ملین روپے (-3.46%) کی کمی کو ظاہر کرتا ہے۔ خالص کلیئر ٹوینٹ پریمیم تناسب بہتر ہو کر 47% ہو گیا، جبکہ مالی سال 2024 میں یہ 110% تھا، جس کے نتیجے میں 768 ملین روپے کا انڈر رائٹنگ منافع حاصل ہوا، جبکہ مالی سال 2024 میں 93 ملین روپے کا انڈر رائٹنگ نقصان تھا، جو انڈر رائٹنگ کارکردگی میں واضح بہتری کو ظاہر کرتا ہے۔

سرمایہ کاری سے آمدنی:

سال کے دوران کمپنی کی سرمایہ کاری کی کارکردگی مستحکم رہی۔ مجموعی سرمایہ کاری سے آمدنی 3,317 ملین روپے رہی، جبکہ پچھلے سال یہ 3,443 ملین روپے تھی۔ ڈیویڈنڈ آمدنی بڑھ کر 526 ملین روپے ہو گئی، جبکہ گزشتہ سال یہ 418 ملین روپے تھی۔ قرض جاتی سیکورٹیز سے آمدنی 2,270 ملین روپے ریکارڈ کی گئی، جبکہ مالی سال 2024 میں یہ 2,597 ملین روپے تھی۔ مجموعی طور پر، سرمایہ کاری کا پورٹ فولیو مثبت ایکویٹی مارکیٹ کے حالات اور موجودہ بانڈ پورٹ فولیو سے مستحکم منافع سے فائدہ اٹھاتا رہا۔

کرایہ کی آمدنی:

کرایہ کی آمدنی بڑھ کر 170 ملین روپے ہو گئی، جبکہ پچھلے سال یہ 150 ملین روپے تھی۔

دیگر آمدنی:

اس عرصے کے دوران، دیگر آمدنی 329 ملین روپے ریکارڈ کی گئی، جبکہ گزشتہ سال یہ 653 ملین روپے تھی، کیونکہ بینک ڈیپازٹ پر منافع میں نمایاں کمی واقع ہوئی۔ مالی سال 2025 میں ڈیپازٹس پر منافع 243 ملین روپے رہا، جبکہ مالی سال 2024 میں یہ 478 ملین روپے تھا۔

دعووں کی ادائیگی:

کمپنی دعووں کی بروقت ادائیگی اور صارفین کی اطمینان کو بہت اہمیت دیتی ہے، جس سے اپنے معزز صارفین کے درمیان اعتماد اور نیک نامی کو فروغ ملتا ہے۔ سال کے دوران مجموعی طور پر خالص دعووں کا خالص پریمیم سے تناسب 60% رہا۔

لاگت پر قابو پانے کے اقدامات:

زیر جائزہ سال کے دوران انتظامی اخراجات 1,686 ملین روپے رہے، جبکہ پچھلے سال یہ 2,020 ملین روپے تھے، جو کہ 334 ملین روپے کی کمی کو ظاہر کرتے ہیں۔ خالص پریمیم کے تناسب سے انتظامی اخراجات مالی سال 2025 میں 18.6% رہے۔ آئندہ کے لیے انتظامیہ خالص پریمیم کے تناسب سے اخراجات کو قابو میں رکھنے کے لیے پرعزم ہے۔

سرکاری شعبے کا کاروبار:

کمپنی نیشنل انشورنس کمپنی لمیٹڈ کی ری انشورر کے طور پر خدمات انجام دیتی ہے۔ اس میں کئی اہم اداروں کے اکاؤنٹس شامل ہیں جیسے PIA، PAPCO، PARCO، PSO، OGDCL، PPL، PNSC، KSEW اور سرکاری شعبے کے بجلی کے منصوبے وغیرہ۔ زیر جائزہ سال کے دوران سرکاری شعبے کے کاروبار سے کمپنی کی مجموعی آمدنی مالی سال 2024 کے 13,006 ملین روپے سے بڑھ کر مالی سال 2025 میں 21,015 ملین روپے ہو گئی، جو کہ 61% اضافے کو ظاہر کرتی ہے۔

ری انشورنس انتظامات:

PRCL کے پاس ایکسیس آف لاس ریٹرو سیشن کے انتظامات موجود ہیں اور اس کے روابط دنیا کے معروف ری انشوررز/ریٹرو سیشنرز کے ساتھ ہیں، جن میں Hannover Re (S&P کے مطابق AA-ریٹنگ)، Swiss Re (S&P کے مطابق AA-ریٹنگ)، Malaysia Re (S&P کے مطابق A ریٹنگ) اور Hiscox (AM Best کے مطابق A ریٹنگ) وغیرہ شامل ہیں۔ کمپنی ایک ایسی حکمت عملی پر عمل پیرا ہے جس کا مقصد خطرات کے برقرار رکھنے (Risk Retention) کو بہتر بنانا ہے، جس کے لیے ایک نہایت سوچ سمجھ کر تیار کردہ ریٹرو سیشن پروگرام نافذ کیا گیا ہے۔ یہ پروگرام کمپنی کے مخصوص خطرات کو مد نظر رکھتے ہوئے ترتیب دیا گیا ہے، جس میں مختلف مقامات پر خطرات کے ارتکاز (Accumulation) اور یکجائی (Concentration) جیسے عوامل شامل ہیں۔ مزید برآں، PRCL باقاعدگی سے مارکیٹ ریسرچ، بیئج مارکنگ اور آپٹیمائزیشن ٹولز کا استعمال کرتے ہوئے اپنے ریٹرو سیشن انتظامات کو بہتر بناتی ہے۔ اس کے ساتھ ساتھ کمپنی CAT ماڈلنگ بھی کرتی ہے تاکہ شدید نوعیت کے واقعات کے حوالے سے خطرات کی کوریج کو یقینی بنایا جاسکے۔

ای سی اور ری انشورنس کمپنی:

ECO ری انشورنس کمپنی کے آرٹیکلز آف ایگریمنٹ (AoA) 10 فروری 2010 کو اسلام آباد (پاکستان) میں تین رکن ممالک یعنی اسلامی جمہوریہ پاکستان، اسلامی جمہوریہ ایران، اور جمہوریہ ترکی کے نمائندوں کے درمیان دستخط کیے گئے۔ بعد ازاں ان معاہدوں کی رکن ممالک نے توثیق کی، جبکہ آخری توثیق جمہوریہ ترکی کی جانب سے 22 نومبر 2017 کو کی گئی۔ کمپنی کا مقصد موجودہ ری انشورنس خدمات کو مضبوط بنانا، انڈر رائٹنگ اور ریٹینشن صلاحیتوں کو فروغ دینا، اور خطے میں معاشی ترقی کی حمایت کرنا ہے۔

کمپنی کا مجاز سرمایہ 30 ملین امریکی ڈالر ہے، جو تین ہزار حصص میں تقسیم کیا گیا ہے، ہر حصص کی مالیت دس ہزار امریکی ڈالر ہے، اور یہ تینوں ممالک کی متعلقہ اداروں کے درمیان برابر تقسیم کیا جائے گا۔ PRCL کی جانب سے ECO ری انشورنس کمپنی میں

کسی بھی سرمایہ کاری کے لیے بورڈ آف ڈائریکٹرز، حصص یافتگان / سالانہ جنرل اجلاس (AGM) کی منظوری اور کمپنیز ایکٹ 2017 کی دفعہ 199 کی تعمیل ضروری ہوگی۔

کریڈٹ ریٹنگ:

مالی سال 2024-25 کے لیے کمپنی کی کریڈٹ ریٹنگ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کی۔ کمپنی نے اپنی IFS ریٹنگ "AA+" برقرار رکھی ہے۔

یہ AA+ ریٹنگ پالیسی ہولڈرز اور معاہداتی ذمہ داریوں کو پورا کرنے کی نہایت مضبوط صلاحیت کو ظاہر کرتی ہے، جس میں خطرات کی سطح بہت کم اور منفی کاروباری و معاشی حالات کے لیے حساسیت نہ ہونے کے برابر ہے۔ اس ریٹنگ کا آؤٹ لک مستحکم (Stable) ہے، جو مالی ذمہ داریوں کی بروقت ادائیگی کی مضبوط صلاحیت اور متوقع حالات میں کسی بڑی کمزوری کے نہ ہونے کی نشاندہی کرتا ہے۔

بعد از ٹیکس منافع:

کمپنی کا بعد از ٹیکس منافع 3,129 ملین روپے رہا، جو کہ پچھلے سال کے 3,778 ملین روپے کے مقابلے میں 649 ملین روپے (-) (17%) کی کمی کو ظاہر کرتا ہے۔

تقسیم منافع:

(ملین روپے میں)

2024 2025

تفصیلات

6,793 4,714

ٹیکس سے پہلے منافع

-3,015 -1,584

کم کریں: ٹیکس

3,778	3,129	بعد از ٹیکس منافع
4,748	8,078	جمع کریں: پچھلے سال سے بغیر تقسیم شدہ منافع
298	-46	فوائد/ نقصان برائے ڈیفائنڈ پینیفٹ ذمہ داریاں
137	174	جمع کریں: اضافی قیمت کمی (Incremental Depreciation) کا اثر
-900	-1,800	کم کریں: مالی سال 2024 کا فائل نقد ڈیویڈنڈ @20%
-	-	کم کریں: بونس شیئرز کا اجرا @200%
8,078	9,535	بغیر تقسیم شدہ منافع اگلے سال کے لیے منتقل

تجویز کردہ ڈیویڈنڈ:

ڈائریکٹرز نے مالی سال 2025 کے لیے فائل نقد ڈیویڈنڈ کی سفارش کی ہے جو کہ 10% یعنی ہر شیئر پر 1 روپیہ ہے (مالی سال 2024: ہر شیئر پر 2 روپے)۔

ونڈو ریٹاکافل (Window Retakaful):

یہ ریٹاکافل ونڈو کے چھٹے سال کا آپریشن تھا۔ مالی سال 2025 اور 2024 کے مالیاتی اہم نکات درج ذیل ہیں:

پارٹی سیپینٹس ریٹاکافل فنڈ (Participant's Retakaful Fund) (ملین روپے میں)

تفصیلات	2024	2025	سال بہ سال %
کمائی گئی کنٹری بیوشن	1,427.40	1,569.90	10%
ریٹروٹاکافل کو سوچی گئی کنٹری بیوشن	-194.26	-220.88	14%
خالص انڈر رائٹنگ آمدنی	1,233.14	1,349.02	9%
خالص دعوے (رپورٹ شدہ / طے شدہ - IBNR)	-912.21	-998.28	9%
سرمایہ کاری سے قبل اضافی منافع (Surplus before investment)	320.93	336.78	5%
(income)			
سرمایہ کاری سے آمدنی	88.86	126.91	43%
دیگر آمدنی	264.86	73.45	-72%
کم کریں: مودارب کی فیس اور مشکوک کنٹری بیوشن کے چارجز	-10.40	-50.09	-129%
سرمایہ کاری سے قبل منافع	621.88	476.65	-23%
ٹیکسیشن	-59.70	-44.01	-26%
جمع شدہ منافع میں منتقل شدہ اضافی منافع	562.18	432.63	-23%

آپریٹرز ریٹاکافل فنڈ (Operator's Retakaful Fund) (ملین روپے میں)

تفصیلات	2024	2025	سال بہ سال %
وکالا فیس آمدنی	356.85	392.47	10%
کمیشن اخراجات	-338.31	-415.27	23%
عمومی، انتظامی اور مینجمنٹ اخراجات	-16.73	-19.41	16%
سرمایہ کاری سے آمدنی	22.10	32.09	45%
دیگر آمدنی	62.44	9.85	-84%
مودارب کی فیس	88.43	50.09	-43%
ٹیکسیشن سے قبل منافع	174.78	49.83	-71%
ٹیکسیشن	-76.71	-19.43	-75%
ٹیکسیشن کے بعد منافع جو حصص یافتگان کے لیے مخصوص ہے	98.07	30.40	-69%

زیر جائزہ سال کی کارکردگی:

سال کے دوران کمائی گئی کنٹری بیوشن 1,570 ملین روپے تک بڑھ گئی، جبکہ مالی سال 2024 میں یہ 1,427 ملین روپے تھی، جو 143 ملین روپے (10%) کے اضافے کی عکاسی کرتی ہے۔ خالص کنٹری بیوشن بھی بڑھ کر 1,349 ملین روپے ہو گئی، جبکہ مالی سال 2024 میں یہ 1,233 ملین روپے تھی، یعنی 116 ملین روپے (9%) کا اضافہ۔ خالص دعوے 998 ملین روپے ریکارڈ کیے گئے، جبکہ مالی سال 2024 میں یہ 912 ملین روپے تھے، یعنی 86 ملین روپے (9%) کا اضافہ۔

انڈر رائٹنگ منافع 337 ملین روپے تک بہتر ہوا، جبکہ مالی سال 2024 میں یہ 321 ملین روپے تھا، یعنی 16 ملین روپے (5%) کا اضافہ۔ مالی سال 2025 کے لیے اضافی منافع 433 ملین روپے رہا، جبکہ مالی سال 2024 میں یہ 562 ملین روپے تھا۔

ٹریڈی کاروبار:

پراپورشنل ٹریڈی (Proportional Treaty):

پراپورشنل ٹریڈی کاروبار نے کل کاروباری پورٹ فولیو کا 80% حصہ تشکیل دیا۔ سال کے لیے انڈر رائٹ کیے گئے مجموعی شراکت 1,483 ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 1,614 ملین روپے تھی، جو کہ 131 ملین روپے (-8%) کی کمی ظاہر کرتی ہے، جس کی وجہ کم کارکردگی والے اور غیر موزوں کاروبار کو ختم کرنا ہے۔ خالص شراکت 1,594 ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 1,438 ملین روپے تھی، جو کہ 156 ملین روپے (11%) کے اضافے کی نمائندگی کرتی ہے۔ سال کے لیے خالص کلیئر ٹو نیٹ شراکت تناسب 59% رہا، جبکہ مالی سال 2024 میں یہ 55% تھا۔ اسی کے مطابق، اس سیگمنٹ نے 344 ملین روپے کا انڈر رائٹنگ سرپلس رپورٹ کیا، جبکہ مالی سال 2024 میں یہ 362 ملین روپے تھا، جو کہ 18 ملین روپے (-5%) کی کمی ظاہر کرتا ہے۔

نان پراپورشنل ٹریڈی (Non-Proportional Treaty):

نان پراپورشنل ٹریڈی کاروبار کل پورٹ فولیو کا 11% رہا، جو مالی سال 2024 کے مساوی ہے۔ سال کے دوران تحریر کردہ مجموعی کنٹری بیوشن 199 ملین روپے رہی، جبکہ پچھلے سال یہ 220 ملین روپے تھی، یعنی 21 ملین روپے (-9.54%) کی کمی۔ خالص کنٹری بیوشن 10- ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 24- ملین روپے تھی۔ اس شعبے کا انڈر رائٹنگ نتیجہ 49 ملین روپے کا خسارہ ظاہر کرتا ہے، جبکہ مالی سال 2024 میں یہ خسارہ 85 ملین روپے تھا، یعنی 36 ملین روپے کی بہتری ہوئی۔

فیکلٹیو کاروبار (Facultative Business):

فاتر:

فاتر فیکلٹیو کاروبار کل پورٹ فولیو کا 8% رہا، جبکہ مالی سال 2024 میں یہ 7.5% تھا۔ سال کے دوران تحریر کردہ مجموعی کنٹری بیوشن 152 ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 155 ملین روپے تھی، یعنی 3 ملین روپے (-2%) کی کمی۔ خالص کنٹری بیوشن 144 ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 160 ملین روپے تھی، یعنی 16 ملین روپے (-10%) کی کمی۔ خالص دعووں کا خالص کنٹری بیوشن سے تناسب بہتر ہو کر 57% رہا، جبکہ مالی سال 2024 میں یہ 86% تھا، جس کی وجہ دعووں میں کمی ہے۔ نتیجتاً، انڈر رائٹنگ اضافی منافع 50 ملین روپے تک بڑھ گیا، جبکہ پچھلے سال یہ 40 ملین روپے تھا، یعنی 10 ملین روپے (25%) کا اضافہ۔

میری ٹائم کارگو اور ہبل:

اس زمرے میں فیکلٹیو کاروبار کل پورٹ فولیو کا 0.33% رہا، جبکہ مالی سال 2024 میں یہ 0.12% تھا۔ سال کے دوران تحریر کردہ مجموعی کنٹری بیوشن 6.1 ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 2.4 ملین روپے تھی، یعنی 3.7 ملین روپے (155%) کا اضافہ۔ خالص کنٹری بیوشن 5.2 ملین روپے رہی، جو پچھلے سال کے 1.7 ملین روپے کے مقابلے میں 3.5 ملین روپے (205%) زیادہ ہے۔ انڈر رائٹنگ اضافی منافع 3.6 ملین روپے رہا، جبکہ مالی سال 2024 میں یہ 1.2 ملین روپے تھا، یعنی 2.4 ملین روپے (200%) کا اضافہ۔

ایکسڈینٹ:

اس کلاس میں فیکلٹیو کاروبار کل پورٹ فولیو کا 0.62% رہا، جبکہ مالی سال 2024 میں یہ 0.7% تھا۔ سال کے دوران تحریر کردہ

مجموعی کنٹری بیوشن 12 ملین روپے رہی، جبکہ مالی سال 2024 میں یہ 14 ملین روپے تھی، یعنی 2 ملین روپے (-15%) کی کمی۔
خالص کنٹری بیوشن 8.6 ملین روپے رہی، جبکہ پچھلے سال یہ 14 ملین روپے تھی، یعنی 5.4 ملین روپے (-39%) کی کمی۔ انڈر
رائٹنگ اضافی منافع 2 ملین روپے رہا، جبکہ مالی سال 2024 میں یہ 1.6 ملین روپے تھا، جس سے مجموعی کارکردگی میں بہتری ظاہر
ہوتی ہے۔

ملازمین کی فلاح و بہبود:

کمپنی کے پاس ایک فنڈ موجود ہے جو ملازمین کو فلاحی سہولیات فراہم کرتا ہے، جس کے تحت ہر سال چھ ملازمین کو حج کے لیے
بھیجا جاتا ہے۔ اس کے علاوہ کمپنی مندرجہ ذیل سہولیات بھی دیتی ہے:

1. ملازمین کے بچوں کو نقد انعامات جو حافظ قرآن ہوں اور سیکنڈری و ہائر ایجوکیشن میں A+ گریڈ حاصل کریں۔
2. کمپنی کے ساتھ طویل عرصے تک وابستہ ریٹائر ہونے والے ملازمین کو پنشن فراہم کرنا۔
3. خدمت کے دوران انتقال کرنے والے ملازمین کے خاندان کے لیے تدفین اور معاوضہ پیکیجز۔

بورڈ کا ڈھانچہ اور کمیٹیاں:

پاکستان ری انشورنس کمپنی لمیٹڈ کا بورڈ ڈھانچہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، انشورنس کمپنیز کے لیے
کارپوریٹ گورننس کوڈ 2016، SECP کے ضوابط اور اسٹیٹ اونڈر ایٹرز ایکٹ 2023 کے مطابق ہے۔ بورڈ نے موثر نگرانی،
شفافیت اور مضبوط داخلی کنٹرول کو یقینی بنانے کے لیے مختلف کمیٹیاں تشکیل دی ہیں، جن میں تین بورڈ کمیٹیاں اور تین مینجمنٹ
کمیٹیاں شامل ہیں۔ تمام کمیٹیوں کی تفصیلی ترکیب رپورٹ کے سیکشن "کارپوریٹ انفارمیشن" میں دی گئی ہے۔

مستقبل کے امکانات:

پاکستان ری انشورنس کمپنی لمیٹڈ کے مستقبل کے امکانات محتاط لیکن مثبت ہیں، جس کی بنیاد کمپنی کے پاکستان میں واحد مقامی

ری انشور ہونے اور حکومت کی پشت پناہی پر ہے۔ معاشی حالات میں بہتری اور انشورنس سرگرمیوں میں متوقع اضافہ کمپنی کے ٹریڈ کاروبار اور پریمیم آمدنی میں اضافے میں مدد دے گا، جس سے قومی رسک کوریج کو مضبوطی ملے گی۔ تاہم، حالیہ مالی اشارے کچھ دباؤ ظاہر کرتے ہیں، جیسے کہ 2025 میں آمدنی اور منافع میں کمی، جو مارکیٹ کی غیر یقینی صورتحال میں قلیل مدتی منافعت کے چیلنجز کو اجاگر کرتی ہے۔ مسلسل اصلاحات، بہتر انڈر رائٹنگ ڈسپلن، اور میرین، انرجی اور انجینئرنگ جیسے شعبوں میں تنوع ترقی کی رفتار کو برقرار رکھنے کے لیے اہم ہوں گے۔

اسی دوران، مشرق وسطیٰ میں بڑھتی ہوئی جغرافیائی سیاسی کشیدگی PRCL کے لیے زیادہ خطرے کا باعث بن سکتی ہے، خصوصاً میرین، ایوی ایشن اور انرجی ری انشورنس لائنز میں، جہاں عالمی رسک پریمیم اور دعووں کی غیر یقینی صورتحال بڑھ سکتی ہے۔ یہ ماحول ری انشورنس کی طلب میں اضافے اور بہتر پرائسنگ پاور کے مواقع فراہم کر سکتا ہے، لیکن اگر جھٹکے سامنے آئیں تو سرمایہ کی کفایت اور خسارے کے تناسب پر دباؤ بھی بڑھ سکتا ہے۔ PRCL کی پبلک سیکرٹریٹ پناہی اور پاکستان کے انشورنس نظام میں مرکزی کردار کمپنی کو لچک فراہم کرتا ہے، تاہم کارکردگی بیرونی جھٹکوں، تیل کی قیمتوں میں اتار چڑھاؤ اور ملکی اقتصادی استحکام کے حساس رہنے کے ساتھ وابستہ ہے۔ مجموعی طور پر، کمپنی کا مستقبل مستحکم لیکن خطرات سے وابستہ ہے، اور ترقی معاشی بحالی اور موثر رسک مینجمنٹ سے منسلک ہے۔

اندرونی کنٹرولز:

کمپنی نے ایک مضبوط اندرونی کنٹرول فریم ورک نافذ کیا ہے، جو بورڈ کی قائم کردہ اندرونی آڈٹ فنکشن کے ذریعے فعال ہے اور بیرونی آڈٹ سے آزاد ہے۔ اندرونی آڈٹ فنکشن نے اپنی ذمہ داریاں پوری دی ہیں جیسا کہ آڈٹ کمیٹی کے چارٹر میں مقرر ہے۔ آڈٹ کمیٹی اندرونی آڈٹ رپورٹس کا بغور جائزہ لیتی ہے اور ضرورت پڑنے پر فوری اقدامات کرتی ہے۔ بیرونی اور اندرونی آڈیٹرز کے درمیان تعاون کو فروغ دیا گیا ہے تاکہ مالیاتی رپورٹنگ کے نظام کی اعتمادیت اور قانونی تقاضوں کی پابندی کو یقینی بنایا جا سکے۔

رسک مینجمنٹ پالیسی:

کمپنی نے خطرات کو مؤثر طریقے سے منظم کرنے اور کاروباری موقع سے فائدہ اٹھانے کے لیے ایک جامع فریم ورک تیار کیا ہے۔ رسک مینجمنٹ میں مقداری اور معیاری دونوں طرح کی تجزیہ شامل ہے، جس کا مقصد ممکنہ خطرات کو کم کرنا ہے۔ بورڈ کی توثیق شدہ رسک مینجمنٹ پالیسی وقتاً فوقتاً نظر ثانی کے تابع ہے، اور تفصیلی رہنما خطوط خطرے کو کم کرنے کے عمل اور اقدامات کی وضاحت کرتے ہیں۔

کوڈ آف کنڈکٹ:

کمپنی نے اپنے ملازمین کے لیے ایک کوڈ آف کنڈکٹ تیار کیا ہے تاکہ تمام عملہ اخلاقی اصولوں اور ایمانداری کے ساتھ کام کرے۔ کمپنی کی تمام سرگرمیاں شفاف اور منصفانہ طریقے سے، کوڈ آف کنڈکٹ کی مکمل پیروی کرتے ہوئے انجام دی جاتی ہیں۔

ڈائریکٹرز کی تربیتی پروگرام:

کمپنی وقتاً فوقتاً بورڈ کے اراکین کے لیے ڈائریکٹرز ٹریننگ پروگرامز کا اہتمام کرتی ہے، جیسا کہ متعلقہ ریگولیٹری فریم ورک میں ضروری ہے۔

ڈائریکٹرز کی معاوضہ پالیسی:

ڈائریکٹرز کا معاوضہ بورڈ آف ڈائریکٹرز کی منظوری سے دیا جاتا ہے، جو کمپنی کے آرٹیکل آف ایسوسی ایشن کی شق 63 اور 68 (gg) کے مطابق ہے۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ:

31 اکتوبر 2024 کو وفاقی حکومت نے SOEs میں نوٹل نافذ کیا، جس میں بورڈ کے اراکین کی تعیناتی، جائزہ اور انکشافات کے طریقہ کار کی وضاحت ہے۔ شق 10(2)(c) کے تحت بورڈ نوٹیشن کمیٹی (BNC) تمام ایگز ایٹو اور آزاد ڈائریکٹرز کی کارکردگی کا جائزہ لیتی ہے۔ معیاری پرو فارموں کے مطابق بورڈ اور فردی ڈائریکٹرز کے جائزے تیار کیے جاتے ہیں اور BNC کے ذریعے سینٹرل مانیٹرنگ یونٹ (CMU) کو فراہم کیے جاتے ہیں۔ کمپنی نے اس نئے طریقہ کار کے مطابق اپنی بورڈ کی کارکردگی کا جائزہ لیا ہے، تاکہ شفافیت اور جوابدہی کو یقینی بنایا جاسکے۔

متعلقہ فریق کے لین دین (Related Party Transactions):

ہر بورڈ میٹنگ میں، بورڈ آف ڈائریکٹرز کمپنی کے متعلقہ فریقین کے ساتھ کیے گئے لین دین کی منظوری دیتا ہے۔ تمام لین دین بازو کی لمبائی کے اصول (Arm's Length) پر کیے جاتے ہیں۔

ملکیت (Ownership):

31 دسمبر 2025 تک کمپنی کے ریکارڈ کے مطابق 4,736 شیئرز ہولڈرز موجود تھے۔

شیر ہولڈنگ کا پیٹرن (Pattern of Shareholding):

کمپنی کے شیر ہولڈنگ کا پیٹرن 31 دسمبر 2025 کی تاریخ تک رپورٹ کے آخر میں دستیاب ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان:

پاکستان ری انشورنس کمپنی لمیٹڈ، بطور لسٹڈ کمپنی، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس)، 2019 اور انشورنس کمپنیز کے لیے کارپوریٹ گورننس کوڈ، 2016 کی پابندی کرتی ہے۔ ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ کمپنی تمام رپورٹنگ اور انکشافات کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کمپنیز ایکٹ، 2017، انشورنس آرڈیننس 2000، اور متعلقہ ریگولیشنز میں درج ہے۔

ڈائریکٹرز اس بات کی بھی تصدیق کرتے ہیں کہ SECP کے کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے مندرجہ ذیل نکات پر مکمل عمل درآمد کیا گیا ہے:

(a) لسٹنگ ریگولیشنز اور انشورنس کمپنیز کے کارپوریٹ گورننس کوڈ 2016 میں درج بہترین طریقہ کار (Best Practices) سے کوئی مادی انحراف نہیں ہے۔

(b) ڈائریکٹرز ڈائریکٹرز ٹریننگ پروگرام کے تحت اہل ہیں۔

(c) نئے مقرر شدہ ڈائریکٹرز کو متعلقہ قوانین اور ان کی ذمہ داریوں سے آگاہ کرنے کے لیے پریزنٹیشن دی گئی۔

(d) چیئرمین اور دیگر بورڈ ممبران کی تقرری اور ان کی شرائط، بشمول معاوضہ پالیسی، کمپنی کے بہترین مفاد میں اور بہترین طریقہ کار کے مطابق ہیں۔

(e) نان-ایگزیکٹو ڈائریکٹرز کے لیے کوئی مقررہ معاوضہ نہیں ہے اور انہیں ہر میٹنگ میں شرکت کے لیے مقررہ فیس دی جاتی ہے۔

چیف ایگزیکٹو، ڈائریکٹرز اور ایگزیکٹوز کے معاوضے کا انکشاف رپورٹ میں علیحدہ دکھایا گیا ہے۔

(f) شیر ہولڈنگ کا پیٹرن رپورٹ میں علیحدہ دکھایا گیا ہے۔

(g) پنشن، گریجویٹی اور پروویڈنٹ فنڈ میں سرمایہ کاری کی قدر درج ذیل ہے:

2024 2025

(پاکستانی روپے میں ملین)

2,305 2,600

پینشن اور گریجویٹ فنڈ:

- -

جنرل پروویڈنٹ فنڈ / پروویڈنٹ فنڈ:

بورڈ میٹنگز اور حاضری (Board Meetings and Attendance):

بورڈ سالانہ کم از کم ایک بار ہر سہ ماہی ملاقات کرتا ہے، اور ضرورت کے مطابق اضافی اجلاس بھی بلائے جاتے ہیں۔ اس سال کے دوران منعقد ہونے والی میٹنگز اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

Sr. نام ڈائریکٹرز بورڈ آف آڈٹ ایٹھس، IR انڈر رائٹنگ کلیم انویسٹمنٹ رسک بورڈ کی ڈائریکٹرز کمیٹی اور / ری سٹرنس کمیٹی سیٹلمنٹ کمیٹی بینجمنٹ، اسپیشل کمیٹی قانونی و کمیٹی تعمیر کمیٹی

1	میجر جنرل طارق	10	-	11	-	2	3	-	5
	قدوس (HI) ایم، ریٹائرڈ								
2	ڈاکٹر مسلح الدین	4	1	-	1	-	-	-	-
3	مسٹر شعیب میر	9	1	4	1	-	1	-	5
4	مسٹر شاہد اقبال بلوچ	9	5	-	1	-	1	2	-
5	مسز بلیحہ بنگش	8	6	1	1	-	3	-	5
6	مسٹر شکیل احمد منگنیو	8	6	5	2	-	-	-	4
7	ڈاکٹر نظام لطیف	7	6	9	-	2	-	2	4
8	ڈاکٹر رومانہ پرویز اختر	6	6	10	-	-	3	2	-

زرقون،

CEO/Director

i. جائزہ کے سال کے دوران بورڈ نے ایک اسپیشل کمیٹی قائم کی تاکہ کمپنی کے چیف ایگزیکٹو آفیسر کی تقرری کے عمل کی نگرانی اور سہولت فراہم کی جاسکے، جیسا کہ SOE (C-Level Appointment) Guidelines, 2024 میں درج ہے۔

حاضری میں غیر موجودگی اور بورڈ میں تبدیلیاں:

اگر کسی ڈائریکٹر کی غیر حاضری ہو تو بورڈ کو پیشگی اطلاع دینے پر رخصت دی جاتی ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

جائزہ کے سال کے دوران بورڈ کی تشکیل میں درج ذیل تبدیلیاں رونما ہوئیں:

- مسٹر فرمان اللہ زرقون نے 11 اپریل 2025 کو چیف ایگزیکٹو آفیسر کے عہدے سے استعفیٰ دے دیا، جس کے نتیجے میں یہ عہدہ خالی ہو گیا۔ اس کی جگہ بھرتی کا عمل فی الحال جاری ہے۔ عبوری مدت میں مسٹر محمد جنید موتی، ایگزیکٹو ڈائریکٹر (انڈر رائٹنگ)، کو بطور ایگزیکٹو چیف ایگزیکٹو آفیسر اضافی ذمہ داری سونپی گئی۔
- مسٹر شعیب میر، آزاد ڈائریکٹر اور بورڈ کے چیئرمین، نے اپنی مدت مکمل ہونے پر 17 اگست 2025 کو عہدہ چھوڑ دیا۔ بعد ازاں وفاقی حکومت نے اس خلا کی تکمیل کے لیے 7 جنوری 2026 کو مسٹر سلیمان ایس. مہدی کو آزاد ڈائریکٹر اور بورڈ کے چیئرمین کے طور پر تعینات کیا۔ ان کی تقرری، Insurance Companies (Sound and Prudent Management) Regulations, 2012 کے مطابق، 3 فروری 2026 کو SECP نے منظوری دی۔

- مسٹر شاہد اقبال بلوچ، اسٹیٹ لائف انشورنس کارپوریشن آف پاکستان کے نامزد ڈائریکٹر، نے 24 ستمبر 2025 کو بورڈ سے استعفیٰ دے دیا۔ ان کی جگہ کا نامزد امیدوار ابھی باقی ہے۔
- مسٹر سلمان مفتی کو وزارت تجارت، حکومت پاکستان کی جانب سے مسٹر شکیل احمد منگلنیجو کی جگہ بورڈ میں نامزد کیا گیا، جس کی منظوری 3 فروری 2026 کو SECP نے دی، Insurance Companies (Sound and Prudent Management) Regulations, 2012 کے مطابق۔

بورڈ اپنے سابقہ ڈائریکٹرز کی خدمات کو سراہتا ہے اور نئے نامزد ممبران کو خوش آمدید کہتا ہے۔

قومی خزانے میں شراکت:

سال کے دوران کمپنی نے ٹیکس، محصولات اور دیگر فرائض کے طور پر حکومت کے خزانے میں 2,209 PKR ملین (2024):
3,033 PKR ملین) جمع کروائے۔

کارپوریٹ گورننس کے کوڈ کی تعمیل:

بورڈ نے ریگولیٹری حکام کے مقرر کردہ Code of Corporate Governance کی تمام ضروریات کی تعمیل کی ہے۔

بورڈ کی آڈٹ کمیٹی:

بورڈ نے کارپوریٹ گورننس کے کوڈ کے مطابق آڈٹ کمیٹی تشکیل دی، اور اس کے ریفرنس کی شرائط بورڈ کی منظوری سے منظور کی گئیں۔ کمیٹی کے ممبران کے نام Corporate Information کے سیکشن میں درج ہیں۔

کمپنی کی گزشتہ چھ سالہ کارکردگی (ملین روپے میں)

2020	2021	2022	2023	2024	2025	عنوان
16,896	20,994	24,271	33,969	24,702	31,966	مجموعی پریمیئم ((Gross Premium
6,709	7,226	7,929	9,323	10,855	9,069	خالص پریمیئم ((Net Premium
(925)	(968)	(1,026)	(949)	(1,074)	(941)	خالص کمیشن ((Net Commission
(3,924)	(3,778)	(4,312)	(4,707)	(5,436)	(5,399)	خالص دعوے ((Net Claims
(666)	(729)	(1,529)	(1,569)	(2,018)	(1,686)	انتظامی اخراجات ((Management Expenses
765	1,742	1,401	1,892	2,439	920	انڈر رائٹنگ منافع / نقصان (Underwriting Profit/(Loss))
1,043	982	1,338	2,389	3,443	3,317	سرمایہ کاری کی آمدنی ((Investment Income
1,941	3,614	3,556	5,189	6,793	4,714	ٹیکس سے پہلے منافع ((Profit before Tax
1,392	2,589	2,624	3,065	3,778	3,129	ٹیکس کے بعد منافع ((Profit after Tax

کمپنی کے حصص میں تجارت:

کسی بھی ڈائریکٹریا اہم اہلکار نے اس عرصے کے دوران کمپنی کے حصص میں کوئی لین دین رپورٹ نہیں کیا۔

آڈیٹرز کی تقرری:

سال 2025 کے مالی بیانات کی آڈٹ Hyder Bhimji Chartered Accountants نے کی ہے۔ موجودہ آڈیٹرز نے سال 2025 کے لیے آڈیٹ کے طور پر اپنی رضامندی دی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز پارکر رسل۔ اے۔ جے۔ ایس۔ کو سال 2026 کی اگلی مدت کے لیے بطور قانونی آڈیٹر مقرر کرنے کی تجویز پیش کی ہے۔

اعتراف و شکر یہ:

کمپنی اپنے شیئر ہولڈرز کا تہہ دل سے شکریہ ادا کرتی ہے جنہوں نے کمپنی پر مسلسل اعتماد اور تعاون کیا۔ ہم تمام انشورنس کمپنیوں، اسٹریٹجک پارٹنرز، وینڈرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور اسٹیٹ بینک آف پاکستان کی بھی قدردانی کرتے ہیں جنہوں نے رہنمائی اور تعاون فراہم کیا۔ مزید برآں، کمپنی کے افسران اور عملے کی محنت اور لگن کو سراہتے ہیں جن کی کوششیں ہماری مسلسل کامیابی میں کلیدی کردار ادا کر رہی ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے:

چیرمین بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر



NOTICE OF THE 26TH ANNUAL GENERAL MEETING (“AGM”)

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting (“AGM”) of Pakistan Reinsurance Company Limited (“the Company”) will be held on Thursday, April 30, 2026, at 11:00 a.m., at the registered office of the Company situated at PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi, and through electronic means via video link facility (Zoom), to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 25th Annual General Meeting of the Company held on April 30, 2025.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2025, together with the Chairman’s Review and the Reports of the Auditors and Directors thereon.
3. To consider and, if thought fit, approve the payment of final cash dividend at the rate of 10%, i.e., Rs. 1 per share of Rs. 10.00, as recommended by the Board of Directors.
4. To appoint External Auditors and fix their remuneration for the year ending December 31, 2026. The Board of Directors recommends the appointment of **M/s. Parker Russell A.J.S., Chartered Accountants**, as External Auditors of the Company, as recommended by the Audit Committee, to hold office until the next Annual General Meeting.

ANY OTHER BUSINESS:

5. To transact any other business with the permission of the Chair.

By Order of the Board

Place: Karachi
Dated: April 9, 2026

Sumeet Kumar
Company Secretary

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company shall remain closed for eight days i.e. from **April 23, 2026** to **April 30, 2026** (both days inclusive). No transfer will be accepted for registration during the period.

2. PARTICIPATION IN THE AGM PROCEEDINGS VIA VIDEOCONFERENCING FACILITY

All shareholders/members interested in attending the AGM through the videoconferencing facility are requested to register at <https://forms.cloud.microsoft/r/ELiSEQa5fz> by providing their names, folio numbers, cell numbers, copies of CNICs/passport numbers, and email addresses at least 48 hours prior to the meeting. A confirmation email for video link and login credentials will be sent to the shareholders after due verification. Please note that the login facility will remain open 20 minutes before the meeting time to enable the participants to join the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address alihyder@pakre.org.pk at least 24 hours before the meeting schedule.

CDC account holders are advised to follow the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) for attending the meeting physically:

- a) In the case of individuals, the account holder or sub-account holder and/or the person, whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- b) In the case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

3. APPOINTING PROXIES

- a) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. The form of proxy must be deposited at the Company not less than 48 hours before the meeting and failing which the form of proxy shall not be treated as valid.
- b) In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group and their registration details are uploaded as per the CDC regulation, shall submit the form of proxy (provided on the Company's website) as per the above requirement.
- c) The form of proxy shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the form.
- d) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- e) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- f) In the case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

4. UPDATING PARTICULARS

The shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In the case of corporate entity, the shareholders are requested to promptly notify change in the particulars of their authorized representative, if applicable.

5. PAYMENT OF CASH DIVIDENDS VIA ELECTRONIC MEANS (COMPULSORY)

Members of the Company are hereby requested to comply with the provisions of Section 242 of the Companies Act, 2017 and provide the particulars of their bank accounts through E-dividend Form (annexed at the end of the annual report as well as available on the Company's website: at [Investor Information](#) as dividends payable in cash shall only be paid through the electronic mode directly into the bank account designated by the entitled shareholders instead of through the issuance of physical Dividend Warrants. In the absence of bank account details or in case of

incomplete details, the Company will be constrained to withhold the payment of cash dividend to those shareholders who have not provided the same.

6. DEDUCTION OF INCOME TAX FROM DIVIDEND PAYMENTS

- a. Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1.	Persons appearing on the Active Taxpayer List (ATL)	15%
2.	Persons not appearing on the Active Taxpayer List (ATL)	30%

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Taxpayer List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

- b. As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. 1166417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption from withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail the exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. CDC Pakistan Limited before book closure, otherwise tax will be deducted on dividend as per applicable rates.
- c. Further, according to clarification received from the Federal Board of Revenue (FBR), withholding tax will be determined separately on the 'Filer/Non-Filer' status of the Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.
- d. In this regard, all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company's Name	Folio/CDS Account No.	Principal Shareholder		Joint Shareholder	
		Name and CNIC Number	Shareholding Proportion (Number of Shares)	Name and CNIC Number	Shareholding Proportion (Number of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by the principal shareholder and Joint holder(s).

- e. For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers and email address. The Corporate Secretariat Department can be reached at telephone numbers (+92-21) 99202908-14 (Ex-220) and email address alihyder@pakre.org.pk. Alternatively, Share Registrar services can be accessed through the contact number 0800-23275 and email address info@cdcsrsl.com.
- f. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send copies of their NTN certificates to the Company or CDC Pakistan Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote the

Company's name and their respective folio numbers. Without the NTN, the Company would not be in a position to check filer's status on the ATL, and as a result, higher tax of 30% may be applied in such cases.

- g. Members who desire to stop the deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

7. CONSENT FOR VIDEO CONFERENCING FACILITY

Pursuant to the provisions of the Companies Act, 2017, the members can also avail the videoconferencing facility. In this regard, please fill in the following and submit at the registered address of the Company at least 10 days before the holding of the Annual General Meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange the videoconferencing facility in the city subject to availability of such facility in that city.

I/We, _____ of _____, being a member/members of Pakistan Reinsurance Company Limited holder of _____ ordinary share(s) as per registered folio/CDC no. _____ hereby opt for the videoconferencing facility.

8. UNCLAIMED/UNPAID DIVIDENDS AND SHARE CERTIFICATES

The Unclaimed shares, dividends, and other instruments remaining unclaimed for a period of three (03) years from the date on which they become due and payable shall be dealt with in accordance with the requirements of Section 244 of the Act.

Shareholders of the Company, regardless of their status as former or current members, are humbly requested to revisit the Company's website and ascertain if there are any unclaimed or undelivered shares or dividends under their name. If any such circumstances arise, our Share Registrar, CDC Share Registrar Services Limited, can be contacted for lodging a claim through an application including the Folio number, present address, and a valid CNIC copy at the address mentioned above.

9. CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, listed companies are required to convert existing physical shares into Book-Entry form. Given the above requirement, shareholders of the Company having physical folios/share certificates are requested to convert their shares from the physical form into the Book-Entry form as soon as possible. Conversion of physical shares into the Book-Entry form would assist the shareholders in many ways, i.e. safe custody of shares, readily available market for instant sale and purchase of shares, elimination of the risk of loss or damage, easy and secure transfer with lesser formalities as compared to physical shares. The Company's shareholders may contact Share Registrar of the Company [i.e., M/s. CDC Pakistan Limited] for assistance in converting physical shares into the Book-Entry form.

10. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO

As per the record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends/bonus. In order to provide better services and convenience, such shareholders are requested to send requests to the Company's Share Registrar to merge their folios into one folio.

11. SUBMISSION OF COPIES OF CNIC NOT PROVIDED EARLIER

Non-CDC Individual Shareholders are once again reminded to submit copies of their valid CNICs, if not provided earlier to the Company's Share Registrar, M/s. CDC Pakistan Limited.

12. ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM


In compliance with Section 223(6) of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the Company has electronically transmitted the Annual Report 2025 through a web link, QR enabled code and through email to Members whose email addresses are available with the Company's Share Registrar, M/s. CDC Share Registrar Services Limited.

However, in cases where email addresses are not available with the Company's Share Registrar, the printed copies of the Notice of AGM containing the QR code and the web link address to view and download the annual audited financial statements together with the printed Annual Report 2025 have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2025, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request.

13. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON THE COMPANY'S WEBSITE

In accordance with Section 223 of the Companies Act, 2017 and pursuant to S.R.O. 389 (I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following web link and QR-enabled code. A printed copy of the above-referred statements can be provided to members upon request:

<u>Web Link</u>	<u>QR Code</u>
https://www.pakre.org.pk/ms/investor-relations/financial-reports-by-year/2025.html	

14. Prohibition of Gifts

The SECP, through its Circular No. 2 of 2018 dated February 9, 2018 and S.R.O. 452(I)/2025 dated March 17, 2025, has strictly prohibited companies from distributing gifts at the general meetings.

Pakistan Reinsurance Company Limited

PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, P.O. Box No. 4777, Karachi, Pakistan

Telephone: 021-99202908-14 Fax: 021-99202921-22

Email: prcl@pakre.org.pk Website: www.pakre.org.pk

STATEMENT OF COMPLIANCE

With the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016.

Name of Company: PAKISTAN REINSURANCE COMPANY LIMITED
Name of Line Ministry: MINISTRY OF COMMERCE (GOP)
For the Year Ended: DECEMBER 31, 2025

This statement is being presented in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') and the Code of Corporate Governance for Insurers, 2016, ('the Code') for the purpose of establishing a framework of good governance, whereby the Pakistan Reinsurance Company Limited ('the insurer') is managed in compliance with the best practices of corporate governance and the Regulations.

The Company has applied the principles contained in the Regulations and the Code in the following manner:

1. The total number of directors was seven as per the following details:
 - a. Male: 5
 - b. Female: 2
2. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. As of December 31, 2025, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none">1. Dr. Nazim Latif2. Dr. Romana Parvez Akhtar3. Maj. Gen. Tariq Qaddus HI (M), Retd.4. Ms. Maleeha Bangash
Executive Director	<ol style="list-style-type: none">5. Mr. Muhammad Junaid Motiⁱ
Non-Executive Directors	<ol style="list-style-type: none">6. Mr. Salman Muftiⁱⁱ7. Mr. Abdul Shakoore Shaikhⁱⁱⁱ

All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurer, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

- i. As of December 31, 2025, Mr. Muhammad Junaid Moti, Executive Director (U/W) has been serving as Acting CEO on an interim basis. The position of regular CEO became vacant following the resignation of Mr. Farman Ullah Zarkoon, who relinquished the charge on April 11, 2025.*
- ii. Mr. Salman Mufti, Additional Secretary-II (Trade), was nominated by the Ministry of Commerce, Government of Pakistan, on September 12, 2025, as its official representative on the Board of Pakistan Reinsurance Company Limited. The approval for his appointment under the applicable provisions of the*

Insurance Companies (Sound and Prudent Management) Regulations, 2012 was subsequently granted by the Securities and Exchange Commission of Pakistan (SECP) on February 3, 2026.

iii. Mr. Abdul Shakoor Shaikh, Executive Director, SLIC was nominated by State Life Insurance Corporation of Pakistan, on September 24, 2025, as its nominee Director on the Board of Pakistan Reinsurance Company Limited. The approval for his appointment under the applicable provisions of the Insurance Companies (Sound and Prudent Management) Regulations, 2012 was under process; however, he withdrew from the said directorship on January 5, 2026.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred on the Board during the year which required to be filled up by the Directors.
6. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and the key officers, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days (7) before the meeting. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
12. All the Board members have attended orientation courses to acquaint them with the Code, the Regulations, applicable laws and their duties and responsibilities.
13. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment.
14. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

15. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
18. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Business Development Committee:

Name of the Member	Category
Mr. Shakeel Ahmed Mangnejo ^{iv}	Chairman
Ms. Maleeha Bangash	Member
Mr. Shoaib Mir ^v	Member
Executive Director (Underwriting)	Secretary

iv. Mr. Shakeel Ahmed Mangnejo, ex-officio director representing the Ministry of Commerce, Government of Pakistan, was replaced by Mr. Salman Mufti, nominated by the Ministry of Commerce on September 12, 2025.

v. Mr. Shoaib Mir, an Independent Director nominated by the Federal Government, retired from the Board of Directors on August 17, 2025. Subsequently, Mr. Sulaiman S. Mehdi was appointed by the Federal Government as Chairman/Independent Director on January 7, 2026, in his place.

Claims Settlement Committee:

Name of the Member	Category
Mr. Tariq Qaddus	Chairman
Mr. Shahid Iqbal Baloch ^{vi}	Member
Dr. Nazim Latif	Member
Head of Claims Department	Secretary

vi. Mr. Shahid Iqbal Baloch, nominee Director of the State Life Insurance Corporation of Pakistan, resigned from the Board of Directors on September 15, 2025. Subsequently, Mr. Abdul Shakoor Shaikh was nominated as his replacement; however, he withdrew from the said directorship on January 5, 2026. Thereafter, SLIC nominated Mr. Muhammad Faisal Mumtaz on March 31, 2026.

Risk Management, Compliance and Legal Committee:

Name of the Member	Category
Mr. Shahid Iqbal Baloch ^{vi}	Chairman
Dr. Romana Parvez Akhtar	Member
Dr. Nazim Latif	Member
Compliance Officer	Secretary

19. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration / Nomination Committee:

Name of the Member	Category
Dr. Romana Parvez Akhtar	Chairperson
Mr. Shaoib Mir ^v	Member
Mr. Shakeel Ahmed Mangnejo ^{iv}	Member
Dr. Nazim Latif	Member
Mr. Tariq Qaddus	Member
Chief Human Resource Officer	Secretary

Investment Committee:

Name of the Member	Category
Ms. Maleeha Bangash	Chairman
Mr. Tariq Qaddus	Member
Mr. Shahid Iqbal Baloch ^{vi}	Member
Mr. Shaoib Mir ^v	Member
Dr. Romana Parvez Akhtar	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

20. The Board has formed an Audit Committee. It comprises of four members, of whom two are independent directors and two are non-executive directors. The chairman of the Committee is an independent / non-executive director. The composition of the Board Audit Committee is as follows:

Name of the Member	Category
Dr. Nazim Latif	Chairman
Mr. Shakeel Ahmed Mangnejo ^{iv}	Member
Dr. Romana Parvez Akhtar	Member
Ms. Maleeha Bangash	Member
Mr. Shahid Iqbal Baloch ^{vi}	Member
Chief Internal Auditor	Secretary

21. The terms of references of the Committees have been formed, documented and advised to the Committees for compliance.

22. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

Name of the Committee	Frequency of Meeting
Board Audit Committee	Quarterly & As and when needed
Ethics, Human Resource & Remuneration/Nomination Committee	Half-yearly & As and when needed
Investment Committee	Half-yearly & As and when needed
Claims Settlement Committee	Half-yearly & As and when needed
Underwriting Committee	Half-yearly & As and when needed
Risk Management, Compliance and Legal Committee	Annually & As and when needed

23. The Board has setup an effective internal audit department which comprises of suitable qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on regular basis.

24. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000):

Key Officers in Management:

Name of the Person	Designation
Mr. Muhammad Junaid Moti	Acting CEO/ Executive Director – Underwriting
Mr. Abdul Razzak Usman	Chief Internal Auditor
Mr. Muhammad Naveed Iqbal	Chief Financial Officer / Chief Investment Officer
Mr. Sumeet Kumar	Company Secretary
Mr. Arham Rahim	Chief Human Resources Officer
Mr. Bashir Ahmad	Head of Compliance
Mr. Muhammad Rafique	Chief Information Officer
Mr. Inayat Ullah	Chief Administration Officer
Mr. Tameez Uddin	General Manager (Audit)
Ms. Erum Nadeem	Head of Legal
Mr. Muhammad Ahmad	Head of Takaful Operations
Mr. Uneeb Chaudhry	Head of Claims
Mr. Muhammad Amin	Head of Accident Department
Mr. Rizwan Ali	Head of Accounts
Mr. Rizwan Sharif	Head of Underwriting
Mr. Taha Noor Khan	In-Charge – Retrocession

25. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the

partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
28. The Board ensured that the risk management system of the Company is in place as per the requirement of the Code.
29. The Company has set up a risk management function / department, which carries out its task as covered under the Code.
30. The Board ensures that as part of the risk management system, the Company gets itself rated from the VIS Credit Rating Company Limited (VIS) which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on February 10, 2026, is AA+ with stable outlook (reaffirmed).
31. The Board has set up a grievance function, which fully complies with the requirements of the Code.
32. The Company has not obtained any exemptions from the Securities & Exchange Commission of Pakistan in respect of any of the requirement of the Code.
33. We confirm that all other material principles contained in the Code and all the requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

34. Explanation for non-compliance with requirements of the Regulations are as follows:

REQUIREMENTS	REGULATION	EXPLANATION FOR NOT MEETING NON-MANDATORY REQUIREMENT
<p>Nomination Committee</p> <p>The Board may constitute a separate committee designated as the nomination committee.</p>	29(1)	Currently, the Board has not established a separate Nomination Committee, as it was not deemed mandatory. The duties associated with this function are presently carried out by the Ethics, Human Resource & Remuneration Committee

(By Order of the Board)

Muhammad Junaid Moti
Acting CEO

Sulaiman S. Mehdi
Chairman

Date:

Independent Auditor’s Review Report to the Members of Pakistan Reinsurance Company Limited

Review Report on the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016.

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 (referred to as ‘the Codes’) prepared by the Board of Directors of Pakistan Reinsurance Company Limited (the Company) for the year ended December 31, 2025, to comply with the requirements of the Codes.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Codes, and report if it does not, and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Codes.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that ‘Statement of Compliance’ does not appropriately reflect the Company’s compliance, in all material respects, with the requirements contained in the Codes as applicable to the Company for the year ended December 31, 2025.

Chartered Accountants

Karachi

Date :

UDIN :

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Qualified Opinion

We have audited the annexed financial statements of Pakistan Reinsurance Company Limited, which comprise the statement of financial position as at December 31, 2025, the profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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, except for the effects of the matters discussed in the basis for qualified opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 the Company's affairs as at December 31, 2025 and of the profit, the total comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Qualified Opinion

1. Receivable from Sindh Revenue Board (SRB) and the Related Litigation

As disclosed in note 15 and 35.2 to the financial statements, an amount of Rs. 2,573.889 million which has been carried from the year 2017 as receivable from Sindh Revenue Board (SRB) which was recovered by SRB in respect of sales tax on reinsurance services. The Company has recorded this amount as an asset; however, the Company could not substantiate any control over the underlying asset and the flow of economic benefits is remote due to ongoing Court case. Had the Company not recorded this asset, total assets, accumulated profit and shareholders' equity would have been reduced by the same amount accordingly.

2. Unreconciled Balances

The Company's amount due from other insurance/reinsurance companies on account of treaty and facultative business as appearing in note 16 in the annexed financial statements includes unreconciled gross amount of Rs 4,280.32 million and net amount of Rs. 3,578.87 million and that gross amount includes balance of related party M/s National Insurance Corporation Limited amounting to Rs. 4,224.15 million. Similarly, the Company's amount due to other insurance/reinsurance companies on account of treaty and facultative business as appearing in note 31 in the annexed financial statements includes unreconciled balance of Rs 6,774.07 million. Management asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after three to four months of the transaction. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company 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 qualified opinion.

Emphasis of Matters

1. We draw attention to the notes 16, 17, 18, 19, 25, 26, 27, 31, 36, 37, 39 and 53 to the financial statements, which reflect the transactions and balances relating to the Company's treaty proportional reinsurance business. Previously, no supporting documentation of the premium and claims of the ceding insurance companies were made available to the auditors. However, effective preceding year the management has developed some control mechanism over treaty proportional business premium and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding company wise analysis of treaty proportional business as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years.
2. We draw attention to notes 35.1 to 35.9 of the financial statements, which provide details regarding contingencies in respect of which decisions are pending.

Our opinion is not further modified in respect of the matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	Revenue Recognition -Facultative premium earned	
	Refer notes 5.25.1 and 36 to the financial statements for accounting policies and details in respect of revenue recognition. The Company recognizes facultative premium earned from facultative reinsurance policies representing 78% of gross premium written.	Our audit procedures to address this matter included the following: <ul style="list-style-type: none"> • Obtained an understanding, including the design and implementation of internal controls over process of capturing, processing in and recording of facultative premium income.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be accurately recorded, recognized in the appropriate period and not properly disclosed in the financial statements.</p>	<ul style="list-style-type: none"> • Assessed the appropriateness of the Company's accounting policies for recording of facultative premiums in line with the requirements of applicable laws, accounting and reporting standards. • Tested the policies on sample basis where policies were written close to the year-end and subsequent to the year-end, and evaluated that these were recorded in the appropriate accounting period. • Tested the facultative premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders. • Recalculated the unearned portion of facultative premium and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities. • Assessing the appropriateness of disclosures made in financial statements to ascertain whether these are in compliance with applicable financial reporting framework.
2.	<p>Valuation of outstanding claims including claims incurred but not reported</p>	
	<p>Refer to notes 6.6 and 25 to the financial statements for accounting policy and details in respect to facultative claim liabilities.</p> <p>The Company's facultative claim liabilities represent approximately 33% of the Company's total liabilities, both Conventional and Re-takaful. Valuation of these liabilities involves significant judgment because it requires a number of assumptions to be made with high estimation uncertainty such as loss ratios, trend of historical claims and estimates of the frequency and severity of claims. Facultative claim liabilities are recognized on intimation of the insured event based on management judgment and estimate.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the accounting policies for recording of facultative claims in line with the requirements of applicable laws and accounting and reporting standards. • Obtained an understanding of the Company's policy, including the design and implementation of internal controls over the capturing, processing and recording of information related to claims.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The Company maintains provision for Incurred But Not Reported (IBNR) claims based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>Based on the above factors, we have considered it as a key audit matter.</p>	<ul style="list-style-type: none"> • Performed test of details and test of controls on a sample basis to evaluate whether the facultative claims settled during the year-end and outstanding at the year-end are appropriately recorded in accordance with the requirements of company surface regulations. • Assessed the competence, capability and objectivity of the actuary involved by the Company to value IBNR claims reserves for facultative claims. • Reviewed the valuation report of management actuary to: <ul style="list-style-type: none"> - Understand the basis and methodology used for such valuation. - - Evaluate the completeness and accuracy of source data used for the purpose of valuation. • Evaluated the adequacy of disclosures given on outstanding claims including IBNR claims as per the insurance regulations and applicable accounting and reporting standards.
3.	<p>Investments and related income</p>	
	<p>The Company's total investments, amounting to Rs. 30,405 million, form a substantial portion (40%) of Company's total assets, both Conventional and Re-takaful. Moreover, the Company's investment income (both taken in profit and loss account and other comprehensive income) amounting to Rs. 5,798 million, form 77% of Company's total comprehensive income, gross of tax. The Company's investment portfolio comprises of government debt securities, equity securities and mutual funds. Because of significant impact of investments on the Company's financial position, results and solvency requirement as well as estimates and judgments are involved in valuation of investments, it is considered as an area of significant audit risk as part of our audit procedures, we include it in key audit matter section of our report.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's processes and evaluated the design and implementation of key controls for valuation and classification of investments and recognition of investment and its related income. • Obtained the external confirmations of security custodians to verify existence and completeness of the investment portfolio and compared and reconciled the contents of the responses with the books and records of the Company. In cases where confirmations were not received, statements of custodians were used to assess whether number of scripts have been accurately recorded by the Company.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>Refer to note 12 and 13 to the financial statements and the accounting policies in Note 5.7 for investment and note 41 for investment income.</p>	<ul style="list-style-type: none"> • Assessed the methodologies used to determine fair values such as quoted market prices or discounted cash flow models and performed recalculation by using the data used in valuation to evaluate the accuracy of carrying value of investments. Ensured that any fair value adjustments are accounted for in the other comprehensive income (OCI) or profit and loss account as appropriate. • Reviewed the impairment testing procedures, particularly for unlisted shares, and verified the adequacy of impairment losses recognized and ensure they have been properly recorded in accordance with the relevant financial reporting standards. • Performed substantive testing by checking dividend receipts, dividend announcements, and related documents to ensure that dividends are recognized in accordance with the Company's accounting policies. Performed tests to ensure the correct application of the effective interest rate method for recognition of interest income on Pakistan Investment Bonds and treasury bills. • Assessed the appropriateness of accounting policy adopted by the Company for compliance with the requirements of applicable financial reporting framework. • Assessed the appropriateness of disclosures made in financial statements to ascertain whether these are in compliance with applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

The board of directors are 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 report 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 the accounting and reporting standards as applicable in Pakistan, the requirements of Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) 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 Company'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 liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matters described in basis for qualified opinion section of our report:

- a) proper books of account have been kept by the Company as required by 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 cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

Chartered Accountants

Karachi:

Dated:

UDIN :

REF

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

		December 31, 2025	December 31, 2024 <i>Restated</i> ----- (Rupees) -----	December 31, 2023 <i>Restated</i>
ASSETS	Notes			
Property and equipment	7	1,003,329,632	935,839,100	668,689,565
Intangible assets	8	15,295,201	19,761,107	11,119,198
Right-of-use-asset	9	2,375,400,000	2,177,450,000	1,939,910,000
Assets in Bangladesh	10	-	-	-
Investment property	11	897,198,665	864,476,353	798,450,467
Investments				
Equity securities	12	10,022,646,256	6,901,912,955	4,183,710,304
Debt securities	13	16,813,072,488	16,801,859,292	14,135,599,216
		26,835,718,744	23,703,772,247	18,319,309,520
Loans and other receivables	14	1,022,015,515	875,612,682	543,679,569
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	16	13,555,378,242	9,663,385,890	16,621,405,847
Reinsurance recoveries against outstanding claims including IBNR	17	10,282,198,129	15,767,126,860	18,206,185,158
Deferred commission expense / acquisition cost	18	1,031,300,986	1,047,205,897	1,125,879,037
Prepayments	19	8,859,777,808	6,953,612,983	11,900,386,846
Cash and bank	20	2,117,696,503	3,235,526,667	3,159,752,669
		70,569,198,152	67,817,658,513	75,868,656,603
Total Assets of Window Re-Takaful Operations	21	5,785,803,270	5,129,872,731	3,943,942,381
Total Assets		76,355,001,422	72,947,531,244	79,812,598,984
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	22	9,000,000,000	9,000,000,000	9,000,000,000
Reserves	23	5,491,642,748	4,124,511,880	2,800,933,376
Unappropriated profit	23	9,539,479,616	8,077,645,381	4,748,800,041
Total Equity		24,031,122,364	21,202,157,261	16,549,733,417
Revaluation surplus - net of tax	24	1,830,895,412	1,695,820,477	1,590,000,034
Liabilities				
Underwriting Provisions				
- Outstanding claims including IBNR	25	18,765,129,085	24,333,649,075	25,927,694,396
- Unearned premium reserves	26	12,361,671,413	10,621,849,438	16,235,915,117
- Unearned reinsurance commission	27	691,189,321	505,496,153	810,160,213
- Premium deficiency reserve		24,549,000	-	-
		31,842,538,819	35,460,994,666	42,973,769,726
Retirement benefit obligations	28	3,618,507,534	3,401,370,786	3,350,608,187
Taxation liabilities- provision less payments	29	17,491,358	533,341,569	603,756,603
Deferred taxation liability	30	3,913,006,542	2,945,023,429	1,434,851,979
Insurance / reinsurance payables	31	5,994,559,524	3,208,296,520	9,862,846,676
Lease liabilities	32	20,600,758	23,775,995	22,277,303
Other creditors and accruals	33	220,190,657	231,870,426	263,727,296
		13,784,356,373	10,343,678,725	15,538,068,044
Total Liabilities		45,626,895,192	45,804,673,391	58,511,837,770
		71,488,912,968	68,702,651,129	76,651,571,221
Total liabilities and fund of Window Re-Takaful Operations	34	4,866,088,454	4,244,880,115	3,161,027,763
Total Equity and Liabilities		76,355,001,422	72,947,531,244	79,812,598,984
Contingencies and commitments	35			

The annexed notes 1 to 61 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

		December 31, 2025	December 31, 2024
	Notes	----- (Rupees) -----	
Net insurance premium	36	9,069,190,843	10,854,927,767
Net insurance claims	37	(5,399,434,899)	(5,436,150,719)
Net commission and other acquisition costs	39	(941,407,900)	(1,073,782,937)
Premium deficiency reserve expense		(24,549,000)	-
Insurance claims and acquisition expenses		(6,365,391,799)	(6,509,933,656)
Management expenses	40	(1,686,476,057)	(2,019,607,343)
(Provision) / reversal of provision for doubtful debts		(97,426,448)	113,945,262
Underwriting results		919,896,539	2,439,332,030
Investment income	41	3,317,234,855	3,443,381,114
Rental income - net	42	170,153,601	149,961,507
Other income	43	329,113,085	652,861,079
Other expenses	44	(42,202,702)	(30,762,419)
		3,774,298,839	4,215,441,281
Results of operating activities		4,694,195,378	6,654,773,311
Finance cost	45	(6,738,283)	(9,222,676)
Conventional Profit before tax		4,687,457,095	6,645,550,635
Profit from Window Retakaful Operations - Operator's Fund	46	49,839,613	174,787,448
Profit before levies and income tax		4,737,296,708	6,820,338,083
Levies	47	(23,760,000)	(26,929,187)
Profit before income tax		4,713,536,708	6,793,408,896
Income tax	47.1	(1,584,440,444)	(3,015,094,041)
Profit for the year		3,129,096,264	3,778,314,855
Earnings (after tax) per share - Rupees	48	3.48	4.20

The annexed notes 1 to 61 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

		December 31, 2025 ----- (Rupees) -----	December 31, 2024
Profit for the year		3,129,096,264	3,778,314,855
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit and loss account			
Unrealized gain on available for sale investments		2,242,302,645	2,388,909,209
Deferred tax on unrealised gain on available for sale investments		(874,498,032)	(931,674,592)
Impact of change in tax rate		-	(122,167,489)
		1,367,804,613	1,335,067,128
Unrealized gain on available for sale investments - Window Retakaful Operations- net of tax		7,082,038	6,713,880
Deferred tax on gain on revaluation Unrealized gain on available for sale investments - Window Retakaful Operations		(2,762,001)	(2,618,404)
Impact of change in tax rate		-	(88,360)
		4,320,037	4,007,116
		1,372,124,650	1,339,074,244
Items that will not be reclassified subsequently to Profit and Loss Account			
Actuarial (loss)/gain on defined benefit obligations	28.3	(46,292,000)	297,660,663
Surplus on revaluation of property and equipment	7.1	51,030,697	194,396,213
Surplus on revaluation of right of use asset	9	455,708,851	437,706,392
Deferred tax on revaluation surplus	24	(197,628,424)	(246,520,016)
Deferred tax on revaluation surplus - effect of change in tax rate	24	-	(142,388,063)
		309,111,124	243,194,526
		1,634,943,774	1,879,929,433
Total comprehensive income for the year		4,764,040,039	5,658,244,288

The annexed notes 1 to 61 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	December 31, 2025	December 31, 2024
	----- (Rupees) -----	
OPERATING CASH FLOWS:		
Underwriting activities:-		
Premium received	28,074,263,126	31,660,102,471
Reinsurance premium paid	(20,234,153,469)	(21,112,265,257)
Claims paid	(11,832,135,430)	(8,109,320,928)
Reinsurance and other recoveries received	6,349,109,272	3,518,183,186
Commission paid	(2,437,176,663)	(2,376,286,109)
Commission received	1,697,366,842	1,076,512,252
Other underwriting payments (management expenses)	(1,500,167,981)	(1,642,292,456)
Net cash inflows from underwriting activities	117,105,697	3,014,633,159
Other operating activities:		
Levies & Income tax paid	(2,208,756,546)	(2,968,300,406)
Other operating payments	(46,389,622)	(52,215,291)
Other operating receipts	233,903,270	236,187,354
Advances to employees	6,366,877	10,767,465
Net cash (outflows) from other operating activities	(2,014,876,021)	(2,773,560,878)
Total cash (outflows) / inflows from all operating activities	(1,897,770,324)	241,072,281
Investment activities		
Additions to property and equipments	(95,251,469)	(131,195,393)
Sale proceeds of fixed assets	13,268,181	(8,864,079)
Additions in intangible assets	(3,000,000)	-
Payments for investment	(14,600,610,197)	(12,828,812,384)
Rental income received - net of expenses	30,524,140	108,910,012
Dividend income received	526,487,750	427,074,939
Interest income on bank deposits	316,987,877	711,375,505
Investment income received - net of expenses	2,068,472,043	2,093,257,392
Proceeds from investments	14,366,348,415	10,366,565,375
Total cash inflows from investing activities	2,623,226,740	738,311,367
Financing activities		
Dividend paid	(1,839,859,960)	(898,038,300)
Payments of finance leases	(3,426,620)	(5,571,350)
Total cash (outflows) from financing activities	(1,843,286,580)	(903,609,650)
Net cash (outflows) / inflows from all activities	(1,117,830,164)	75,773,998
Cash and cash equivalents at beginning of the year	3,235,526,667	3,159,752,669
Cash and cash equivalents at end of the year	2,117,696,503	3,235,526,667

	December 31, 2025	December 31, 2024
	----- (Rupees) -----	
Reconciliation to profit and loss account		
Operating cash flows	(1,897,770,324)	241,072,281
Depreciation expense	(328,948,179)	(263,369,625)
Exchange gain	42,991,012	56,908,483
Rental income	170,153,601	149,961,507
Reinsurance recoveries against outstanding claims	(5,484,928,731)	(2,439,058,298)
Provision for outstanding claims	5,568,519,990	1,594,045,321
Provision for unearned premium	(1,739,821,975)	5,614,065,679
Prepaid reinsurance	1,906,164,825	(4,946,596,842)
Premium deficiency reserve	(24,549,000)	-
Provision for employee benefits	126,815,915	(348,423,232)
Dividend income	526,487,750	418,256,896
Investment income	229,103,280	321,736,050
Interest income	2,090,722,086	2,429,821,139
Amortization of premium	179,745,633	167,464,810
Gain on sale of investment	292,157,671	89,978,073
Provision for doubtful debts	97,426,448	-
Change in operating assets other than cash	3,820,046,922	(7,191,071,926)
Change in operating liabilities	(3,095,616,374)	7,718,201,142
	<u>2,478,700,549</u>	<u>3,612,991,458</u>
Other adjustments:		
Income tax paid	2,208,756,546	3,032,559,177
Profit before levies & income tax	<u>4,687,457,095</u>	<u>6,645,550,635</u>
Income tax	<u>(1,608,200,444)</u>	<u>(3,042,023,228)</u>
Profit after taxation	<u>3,079,256,651</u>	<u>3,603,527,407</u>
Profit from Window Retakaful Operations - Operator's Fund	<u>49,839,613</u>	<u>174,787,448</u>
Profit after taxation for the year	<u><u>3,129,096,264</u></u>	<u><u>3,778,314,855</u></u>

Cash for the purpose of the statement of cash flows consist of:

Cash and cash equivalents:

Cash	756,385	866,385
Cash at bank	2,116,940,118	3,234,660,282
	<u>2,117,696,503</u>	<u>3,235,526,667</u>

The annexed notes 1 to 61 form an integral part of these financial statements.

_____ Chairman	_____ Director	_____ Director	_____ Chief Executive Officer	_____ Chief Financial Officer
--------------------------	--------------------------	--------------------------	---	---

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Share capital	Reserves				Total equity	
	Capital		Revenue			
	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Unappropriated profit		
-----Rupees-----						
Balance as at January 01, 2024	9,000,000,000	281,000,000	1,384,637,060	1,135,296,316	4,748,800,040	16,549,733,416
Total comprehensive income attributable to Company's equity holders						
Profit for the year	-	-	-	-	3,778,314,855	3,778,314,855
Unrealized profit on available for sale investments	-	-	2,388,909,209	-	-	2,388,909,209
Deferred tax on available for investments	-	-	(931,674,592)	-	-	(931,674,592)
Deferred tax on available for investments - effect of change in tax rate	-	-	(122,167,489)	-	-	(122,167,489)
Unrealized gain on available for sale investments - Window Retakaful Operations- net of tax	-	-	4,007,116	-	-	4,007,116
Remeasurement of defined benefit obligations - net of tax	-	-	-	-	297,660,663	297,660,663
Surplus on revaluation of property and equipment	-	-	-	-	-	-
Surplus on revaluation of right of use asset	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-
Deferred tax on revaluation surplus - effect of change in tax rate	-	-	-	-	-	-
	-	-	1,339,074,244	-	4,075,975,518	5,415,049,762
Transfer on account of incremental depreciation - net of tax						
Incremental Depreciation- Property and equipment	-	-	-	-	13,576,970	13,576,970
Incremental Depreciation- Right of use assets	-	-	-	-	123,797,113	123,797,113
	-	-	-	-	137,374,083	137,374,083
Reclassification adjustment related to "available for sale" investments			(15,495,740)	-	15,495,740	-
Transaction with owners						
Final cash dividend for the year 2023: Rs. 1.00 @ 10%	-	-	-	-	(900,000,000)	(900,000,000)
Balance as at December 31, 2024	9,000,000,000	281,000,000	2,708,215,564	1,135,296,316	8,077,645,381	21,202,157,261
Balance as at January 01, 2025	9,000,000,000	281,000,000	2,708,215,564	1,135,296,316	8,077,645,381	21,202,157,261
Total comprehensive income attributable to Company's equity holders						
Profit for the year	-	-	-	-	3,129,096,264	3,129,096,264
Unrealized (loss) on available for sale investments	-	-	2,242,302,645	-	-	2,242,302,645
Deferred tax on available for investments	-	-	(874,498,032)	-	-	(874,498,032)
Deferred tax on available for investments - effect of change in tax rate	-	-	-	-	-	-
Unrealized loss on available for sale investments - Window Retakaful Operations- net of tax	-	-	4,320,037	-	-	4,320,037
Remeasurement of defined benefit obligations - net of tax	-	-	-	-	(46,292,000)	(46,292,000)
Surplus on revaluation of property and equipment	-	-	-	-	-	-
Surplus on revaluation of right of use asset	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-
Deferred tax on revaluation surplus - effect of change in tax rate	-	-	-	-	-	-
	-	-	1,372,124,650	-	3,082,804,264	4,454,928,914
Transfer on account of incremental depreciation - net of tax						
Incremental Depreciation- Property and equipment	-	-	-	-	18,827,206	18,827,206
Incremental Depreciation- Right of use assets	-	-	-	-	155,208,983	155,208,983
	-	-	-	-	174,036,189	174,036,189
Reclassification adjustment related to "available for sale" investments			(4,993,782)	-	4,993,782	-
Transaction with owners						
Final cash dividend for the year 2024: Rs. 2.00 @ 20%	-	-	-	-	(1,800,000,000)	(1,800,000,000)
Balance as at December 31, 2025	9,000,000,000	281,000,000	4,075,346,432	1,135,296,316	9,539,479,616	24,031,122,364

The annexed notes 1 to 61 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited Company on March 30, 2000 under Companies Act, 2017. The Company is principally engaged in providing reinsurance and other insurance business being forum of risk transfer. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

With effect from February 15, 2001, the Company took over all the assets and liabilities of former Pakistan Insurance Corporation (PIC) vide SRO No.98(1)/2000 dated February 14, 2001 of the Ministry of Commerce issued in terms of Pakistan Insurance Corporation (Re-organization) Ordinance, 2000 to provide for conversion of Pakistan Insurance Corporation into Pakistan Reinsurance Company Limited which was established in 1952 as Pakistan Insurance Corporation (PIC) under PIC Act 1952. Accordingly, PIC has been dissolved and ceased to exist and the operations and undertakings of PIC are being carried out by the Company.

The Company was granted authorization on September 26, 2018 under Rule 6 of the Takaful Rules, 2012 to undertake Window Retakaful Operations in respect of general Retakaful products by the Securities and Exchange Commission of Pakistan (SECP).

The Company is under administrative control of Ministry of Commerce (Government of Pakistan). The Ministry of Commerce holds 51% shares of the Company. The Cabinet Committee on Privatization (CCoP) on August 21, 2020 approved divestment of government stakes in the Company through public offerings.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. Pakistan

Other geographical locations include:

- 1 House No. 30-B, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.
- 2 Plot/Survey No. 75, Sheet No. G.K.7, Ghulam Hussain Kassim Quarter, M.A Jinnah Road, Karachi.

3 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019, Takaful Rules, 2012, State Owned Enterprises (Governance and Operations) Act, 2023 and Companies Act, 2017.

Where the provisions or directives differ with the requirements of IFRS, the provision or directives of the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019, Takaful Rules, 2012, State Owned Enterprises (Governance and Operations) Act, 2023 and Companies Act, 2017 shall prevail.

Total assets, total liabilities and profit of the Window Retakaful Operations of the Company have been presented in these financial statement in accordance with the requirements of General Takaful Accounting Regulations, 2019. The effect of amendment in the said accounting regulations have been disclosed in note 5.31 of these financial statements. A separate set of financial statements of the Window Retakaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

3.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except certain investments which have been measured at fair value and the Company's liability under retirement benefit obligations which is determined based on present value of defined benefit obligation less fair value of plan assets. No adjustment for the effect of inflation has been accounted for in the financial statements. All transactions reflected in these financial statements are on accrual basis except for those reflected in Statement of Cash Flows.

3.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All the information presented in Rupees has been rounded-off to the nearest thousand rupees, except otherwise stated.

4 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 New standards, IFRS interpretations, amendments and guidance to the accounting and reporting standards as applicable in Pakistan that are effective for the year ended December 31, 2025.

There are certain new standards, amendments and interpretations that are applicable for accounting periods beginning on or after 1 January 2025, that are considered not to have a material impact on the Company's financial statements.

Amendment or Improvement	Effective date (annual periods beginning on or after)
Lack of Exchangeability – The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)	January 01,2025

4.2 New standards, IFRS interpretations, amendments and guidance to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2026:

Amendment or Improvement	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 - financial statements, disclosure - 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 statements	January 01,2026
IFRS - 17 - Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	January 01,2027

4.3 Temporary exemption from IFRS 17 and IFRS 9

Pursuant to the requirements of Securities and Exchange Commission of Pakistan S.R.O. 1336 (I) / 2025 dated 23 July 2025 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and reinsurance / retakaful business from financial years commencing on or after 01 January 2027 and SECP has directed that the applicability period of optional temporary exemption from applying IFRS 9 – Financial Instrument as given in para 20A of IFRS 4 – Insurance Contracts is extended for annual periods beginning before 01 January 2027, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

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 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. The first three phases now stand completed and Phase 4 parallel run and implementation has commenced and is currently under progress. On 23 December 2025 via letter no. ID/MDPRD/IFRS-17/2025/4228 SECP further extended the deadline for submission of the audited long form report to 31 May 2026.

4.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2024;

i)	IFRS 1	First-time Adoption of International Financial Reporting Standards
ii)	IFRS 17	Insurance Contracts
iii)	IFRS 18	Presentation and Disclosure in the Financial Statements
iv)	IFRS 19	Subsidiaries without Public Accountability
v)	IFRIC 12	Service Concession Arrangement

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below and are consistent with those of the previous financial years.

5.1 Property and equipment

Leasehold land which is not bifurcated is carried at revalued amount. Building is initially measured at cost and upon revaluation, is carried at revalued amount less accumulated depreciation and accumulated impairment losses, if any; all other property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to the statement of profit and loss account applying the reducing balance method. The rates of depreciation are stated in note 7.1 to the financial statements.

Depreciation on additions during the financial year is charged from the month in which asset is available for use whereas no depreciation is charged from the month in which the asset is disposed off. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The assets residual value and useful life are continuously reviewed by the Company and adjusted if impairment or depreciation is significant.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any are retired.

Gains and losses on disposal of fixed assets, if any, are included in other income.

5.2 Capital work in progress

Capital work in progress is stated at cost accumulated up to the reporting date less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for intended use.

5.3 Revaluation Surplus

The revaluation of PRC Tower (Building), PRC House (Building) and PRC House (Leasehold land) is carried out with sufficient regularity to ensure that the carrying amounts of the assets does not differ materially from their fair values. Any revaluation increase in the carrying amounts of assets is recognized, net of tax, in other comprehensive income, and presented as separate component of equity, except to the extent that it reverses a revaluation decrease/deficit for the same asset previously recognized in profit and loss account, in which case the increase is first recognized in profit and loss account to the extent of the decrease previously charged. Any decrease, that reverses previous increase of the assets, is charged first to other comprehensive income to the extent of remaining surplus attributable to those assets, all other decreases are charged to profit and loss account. Each year, the difference between the depreciation based on the revalued carrying amount of the assets charged to profit and loss account and depreciation based on the assets' original cost, net of tax, is transferred from revaluation surplus directly to unappropriated profit in the statement of changes in equity. Also amount of revaluation surplus, relating to assets derecognized, is transferred from revaluation surplus directly to unappropriated profit in the statement of changes in equity in the period of derecognition.

5.4 Lease liabilities and right-of-use assets

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

Right-of-use assets

The right-of-use assets is initially measured at cost, which comprises 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 incentives receivable.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use asset that do not meet the definition of investment property in property and equipment.

Lease liability

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. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments, if needed to reflect the terms of the lease and type of the asset leased.

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 in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 if the carrying amount of the right-of-use asset has been reduced to nil.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5.5 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably. Costs directly associated with identifiable intangibles that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset.

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

5.6 Investment property

Investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on re-measurement of investment property at fair value is recognized in statement profit and loss account. Fair value is evaluated annually by an independent professional valuer. Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as income in the period of de-recognition. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains or losses on disposal of investment property, if any, are included in income currently.

5.7 Investments

5.7.1 Recognition and classification

All investments are initially recognized 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 Statement of profit and loss account. These are recognized and classified as follows:

- Held-for-trading;
- Held-to-maturity; and
- Available-for-sale.

5.7.2 Measurement

a) Held for trading

Investments which are designated as held for trading upon initial recognition are principally acquired for the purpose of generating profit for short term fluctuation in price or are part of a portfolio for which there is a recent actual pattern of short term profit taking.

After initial recognition, the above investments are remeasured at fair value determined with reference to the rates prevailing in the stock exchange, where applicable. Gains or losses on remeasurement of these investments are recognized in statement of profit and loss account for the period which it relates.

b) Held to maturity

Investments with fixed maturity and fixed income investments, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. After initial recognition, these are carried at amortized cost less provision for impairment loss, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using effective yield method.

c) Available for sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as:

- (a) loans and receivables
- (b) held-to-maturity investments or
- (c) financial assets at fair value through profit or loss

Quoted securities - subsequent measurement

Subsequent to initial recognition, quoted investments are stated at market value for available for sale investments and fixed income investments redeemable at a given date and where the cost is different from the redemption value, require such difference to be amortized uniformly between the date of acquisition and the date of maturity. The Company uses stock exchange quotations at the reporting date to determine the market value.

Unquoted securities

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

5.7.3 Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

5.7.4 Date of recognition

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

5.8 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.9 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

In addition to direct insurance, at times the Company also participates in risks under co-insurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

The Company's insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed and are:

Fire and property damage

Fire and property damage insurance contracts mainly compensate the Company's customers for damage suffered due to fire, earthquake, riots / 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. According to the terms and conditions of the policy, 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, aviation, and transport

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

party and other comprehensive car coverage, according to terms and conditions of the policy (policy is made under the requirements of the Motor Vehicle Ordinance, 1965).

Miscellaneous

All other types of insurance contracts are classified in miscellaneous category like cover against burglary, loss of cash in safe, cash in transit, cash on counter, fidelity guarantee, personal accident, workmen compensation, travel loss, crop damage, mobilization and performance bond, public liabilities, livestock loss, bankers and other financial institutions packages, product liabilities, professional indemnity etc, according to terms and conditions of the policy.

In addition to direct insurance, the Company also participates in risks under coinsurance contracts from other companies. The nature of the risks undertaken under such arrangement are consistent with the risks in each class of business as stated above in direct and other lead insurance contracts. The accounting policies of the defined insurance contracts have been disclosed in their respective notes to these unconsolidated financial statements.

5.9.1 Premiums

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

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

Treaty is being carried out under the regulations 1978 as the data received is on prescribed forms (returns) therein. Due to the regulations being outdated (enacted decades before insurance ordinance 2000 and insurance rules 2017), PRCL is completely relied on returns.

5.9.2 Premium income

The revenue recognition policy for premium from reinsurer is given under note 5.25.1.

5.9.3 Unearned premium reserve

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. The unearned portion of premium income is recognized as a liability. For treaty business the liability is calculated by applying 1/8 method and for facultative business over the period of insurance from the date of issuance of the policy to which it relates to its expiry as specified in the insurance accounting regulations, 2017.

5.10 Commission

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and reinsurance cessions have been deferred and recognized as assets and liability as under:

a) Commission income

The revenue recognition policy for commission from reinsurer is given under note 5.12.2.

b) Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue as specified in insurance accounting regulations, 2017.

Other acquisition are charged to statement of profit and loss account at the time policies are accepted.

5.11 Receivables and payables related to insurance contracts

Receivables (including premium due but unpaid) relating to insurance contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment losses, if any. Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

5.12 Provision for doubtful debts

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. The Company assesses its receivables for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the statement of profit or loss.

5.13 Premium deficiency reserve

The Company, as per Insurance Accounting Regulations, 2017, is required 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 is recognized as an expense in the profit and loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.

The management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. Hence, no reserve for the same has been made in these financial statements. The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

5.13.1 Liability adequacy test

At the end of each reporting year, the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognized as income or expense in the statement of profit or loss.

5.14 Reinsurance contracts

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amount payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balance due from reinsurance companies. Amount recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related insurance contract.

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions is recognized in accordance with policy of recognizing premium revenue.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against the expenses or income from related insurance contracts. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

5.15 Prepaid reinsurance ceded

Reinsurance premium is recognized as an expense evenly over the period of the underlying policies. The portion of reinsurance premium not yet recognized as expense is recognized as prepayment.

5.16 Reinsurance recoveries against outstanding claims

Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims (including surveyor cost), a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

5.17 Provision for outstanding claims including IBNR

A liability is recognized for outstanding claims incurred up to the reporting date and is considered to be incurred at the time of incident giving rise to the claim. Unpaid reported claims are based on prescribed statutory returns submitted by the ceding companies. Outstanding claims reserve and claims incurred but not reported (IBNR) to the Company up to the reporting date are recorded on the basis of actuarial valuation, results of which have been recognized in the financial statements. The above liability is measured at undiscounted value and includes expected settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates and provision for those claims which are incurred and not reported as at reporting date are made on the basis of specified guidelines issued by the Securities and Exchange Commission of Pakistan, according to which the Company should record those claims which are incurred but not reported on the basis of collection of data of IBNR (non-life insurers) claims reserves from the ceding companies in accordance with the share of Company on account of facultative and treaty business.

5.18 Cash and cash equivalents

Cash and cash equivalents includes policy and revenue stamps, bond papers, cash at bank, and term deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

5.19 Staff retirement benefits

5.19.1 Gratuity and pension scheme

The Company operates approved funded gratuity scheme and pension scheme for all its permanent employees who are entitled to the scheme. The Company makes contributions or record liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries and in line with the provisions of the Income Tax Ordinance, 2001. The latest actuarial valuations were carried out as of December 31, 2025 using the Projected Unit Credit Method based on the significant assumptions stated in relevant note for valuation of the funds.

5.19.2 Pension fund

The Company operates a defined benefit plan, a funded pension scheme for its employees and officers eligible for the pension scheme and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. Liability for the fund is based on the advice of appointed actuary.

5.19.3 Provident fund

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of basic salary.

5.19.4 Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences based on actuarial valuation.

The Company makes periodic provisions in the financial statements for its liability towards defined encashment of leaves up to maximum of 365 days in respect of leave preparatory to retirement (LPR) on the basis of basic pay. The liability is estimated on the basis of actuarial advice under the Projected Unit Credit method carried out by a qualified actuary.

5.19.5 Post retirement medical benefits

The Company operates post retirement medical benefit plan and recognizes liability for post retirement medical facilities in respect of its eligible employees in accordance with requirements of IAS - 19 (Revised).

5.20 Dividend and other appropriations

Dividend and appropriation to reserves are recognized as liability in the Company's financial statements in the year in which these are approved.

5.21 Financial instruments

Financial instruments carried on the statement of financial position include cash and bank deposits, loans, investments, amounts due from / to other insurers / reinsurers, premium and claim reserves retained from / by retrocessionaires / cedants, accrued investment income, sundry receivables, provision for outstanding claims, long term deposits, other creditors and accruals, retention money payable, dividend payable and surplus profit payable.

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company 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. At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income directly.

5.22 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit and loss account.

5.23 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.

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment.

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 statement of financial position 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 the statement of 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. That 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 statement profit and loss account.

5.24 Taxation

Income tax expense comprises current and deferred tax. Taxation is recognized in statement of profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

5.24.1 Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

5.24.2 Deferred

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized 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 realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet 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 recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized 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 balance sheet date. Deferred tax is charged or credited to the statement of profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

5.24.3 Levies

Tax charged under the Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the income tax amount calculated based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit of loss in accordance with the "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by Institute of Chartered Accountant of Pakistan (ICAP).

5.25 Revenue recognition

5.25.1 Premium

Premium received / receivable under a policy are recognized evenly over the period of underlying policies or in accordance with the pattern of reinsurance service provided. Where the pattern of incidence of risk varies over the period of the policy, the premium is recognized as an income in accordance with the pattern of incidence of risk.

Revenue from premium is based on prescribed statutory returns submitted by the ceding companies. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied.

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.

Premium recognition in case of co-insurance or pool arrangements is restricted to the Company's share only.

5.25.2 Commission income

Commission income is being taken to the statement of profit and loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium.

5.25.3 Investment income

- Gain / loss on sale of investments is taken to the statement of profit and loss account in the year of sale.
- Profit / interest income on investments securities are recognized on effective interest method.
- Gains or losses on remeasurement of investments recognized as held for trading are recognized in the statement of profit and loss
- Dividend income is recognized when the right to receive such dividend is established.

5.25.4 Rental income

Rental income from investment property is recognized as revenue on a straight line basis over the non-cancellable period of the lease, unless another systematic basis is more representative of the time pattern in which use / benefit derived from the investment property is diminished.

5.25.5 Other income

Profit on bank deposits is recognized on a time proportion basis taking into account the effective yield.

5.26 Management expenses

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated on the basis of net premium revenue under individual business.

5.27 Commission expense, other acquisition costs and commission income

Commission expense and other acquisition costs are charged to the statement of profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to accounts as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

5.28 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the date of transactions. Significant exchange rates applied during the year are provided in relevant note. Non-monetary assets and liabilities are translated into Pakistani Rupees using exchange rates prevalent on transaction date. Exchange differences on foreign currency translations are included in the statement of profit and loss account currently.

5.29 Segment reporting

For management purposes, the Company is organized into six departments which deal with specific type of insurance policies. These departments are business segments for financial reporting purposes. Moreover, there are 'treaty arrangement' under each department and is treated as a separate segment. Thus the Company has seven segment - fire, marine cargo, marine hull, accident and others, aviation, engineering and treaty.

These segments are the basis on which the Company report its primary segment information. Other operations of the Company comprises investment in securities and in properties. The Company operates in Pakistan only. There are no transactions between segments.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

5.30 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. 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. However, there were no dilutive potential ordinary shares in issue at December 31, 2025.

5.31 Change in accounting policy - Window Takaful Operations (OPF and PTF)

The SECP, through S.R.O. 311(I)/2025 dated 03 March 2025, amended the General Takaful Accounting Regulations, 2019. The amendments require insurers whose Window Re-Takaful Operations constitute 25% or more of total operations (based on gross contribution) to consolidate takaful and conventional results in the financial statements, with detailed notes and segment disclosures under IFRS 8.

The Company assessed its operations and concluded that its Window Re-Takaful Operations are below the prescribed 25% threshold; accordingly, the related requirements are not applicable. Furthermore, the Company does not prepare consolidated financial statements; accordingly, the consolidation requirements are not applicable and have not been complied with.

In line with the revised Regulation 6, all insurance Companies are now required to present both the Operator's Fund (OPF) and the Participants' Re-Takaful Fund (PTF) in the statement of financial position. Previously, only the OPF was included as part of takaful operations.

Under the revised requirements, the total assets and total liabilities of the Window Re-Takaful Operations, comprising both the OPF and the PTF, are presented as a single line item in the statement of financial position. As the Company has no residual interest in the PTF, any surplus arising in the fund remains attributable solely to the participants.

This change in accounting policy has been applied retrospectively in accordance with IAS 8, and the comparative figures as at 01 January 2025 have been restated. The impact of restatement is summarized below:

	As previously reported	Adjustment ----- (Rupees) -----	Restated balance
Statement of Financial Position			
As at December 31, 2024			
Assets			
Total Assets of window Re-takaful Operations	1,262,305,527	3,867,567,204	5,129,872,731
Liabilities			
Total Liabilities and fund of Window Re-Takaful Operations	377,312,911	3,867,567,204	4,244,880,115

	As previously reported	Adjustment ----- (Rupees) -----	Restated balance
Statement of Financial Position			
As at January 01, 2024			
Assets			
Total Assets of window Re-takaful Operations	1,018,749,110	2,925,193,271	3,943,942,381
Liabilities			
Total Liabilities and fund of Window Re-Takaful Operations	235,834,492	2,925,193,271	3,161,027,763

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of the 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, liabilities, income and expenses. The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates 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 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.

Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

6.1 Classification of investments

In classifying investments as held to maturity, the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investment to maturity.

In classifying investments as held for trading, the Company has determined securities, which are acquired with the intention to trade, taking advantage of short-term market / interest rate movements.

Investments which are intended to be held for an undefined period of time but 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. Subsequent to the initial recognition at cost, quoted investments are stated at market value. Unquoted investments are stated at cost less impairment losses, if any.

6.2 Income tax

In making the estimates for income taxes currently payable by the Company, the management looks, at the current income tax laws and the decision of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

6.3 Property and equipment / right-of-use asset

In making estimates of the depreciation method, the management uses method which reflects pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

6.4 Impairment of available for sale investments

The Company determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged, requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

6.5 Premium deficiency reserve

The Company carries out an analysis of loss / combined ratios for the expired period, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

6.6 Outstanding claims including incurred but not reported (IBNR)

The Company estimates the liability for claims, which 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 and provision for those claims which are incurred and not reported as at the reporting date are made on the basis of specified guidelines issued by the Securities and Exchange Commission of Pakistan through letter no. ID/PRDD/IBNR/2017/9695 dated May 30, 2017, which states that Company should record those claims which are incurred but not reported on the basis of collection of data of IBNR claims reserves from the ceding companies (non-life insurers) in accordance with the share of Company on the account of facultative and treaty business.

6.7 Reinsurance

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

6.8 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

6.9 Staff retirement benefits

The present value of defined benefit plan depends upon number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of defined benefit plan.

6.10 Leases

The Company uses judgements and estimates in measurement of right-of-use assets and corresponding lease liabilities with respect to discount rates, lease terms including exercise of renewal and termination option etc., as disclosed in note 5.4

6.11 Unearned premium reserve

The Company's estimate of the unearned premium reserve is based on current insurance industry practices in Pakistan and the directives issued by the Securities and Exchange Commission of Pakistan.

7 PROPERTY AND EQUIPMENT

	December 31, 2025	December 31, 2024
	----- (Rupees) -----	
	Note	
Operating Fixed Assets	7.1	942,487,440
Capital work in progress (CWIP)	7.2	827,634,889
		108,204,211
		<u>1,003,329,632</u>
		<u>935,839,100</u>

7.1 Operating fixed assets

OWNED										LEASED		Total
Building		Furniture and fixtures, office equipment, books and computer equipment				Electrical installation, air-conditioning and lifts			Motor vehicles	Leasehold land		
PRC Tower	PRC House (Note # 7.1.1)	Furniture and fixtures	Office equipments	Books	Computer equipments	Electrical installations	Air-conditioning	Lifts		PRC House (Note # 7.1.1)	PRC Towers (Note # 7.1.2)	
----- Rupees -----												

Net carrying value basis

Year ended December 31, 2025

Opening net book value	364,633,150	11,719,256	16,112,490	31,447,712	166,903	62,135,171	2,211,937	1,275,165	32,310,503	41,678,980	263,720,000	223,622	827,634,889
------------------------	-------------	------------	------------	------------	---------	------------	-----------	-----------	------------	------------	-------------	---------	-------------

Addition

Direct - at cost

Transfer from CWIP (Note 7.2.1 & 8.2)

-	-	794,580	968,422	-	16,578,654	-	-	-	-	-	-	-	18,341,656
124,271,832	-	-	-	-	7,140,369	-	-	-	-	-	-	-	131,412,201
124,271,832	-	794,580	968,422	-	23,719,023	-	-	-	-	-	-	-	149,753,857

Disposal during the year

Cost

Accumulated depreciation

-	-	-	-	-	-	-	-	-	-	(20,144,000)	-	-	(20,144,000)
-	-	-	-	-	-	-	-	-	-	6,875,819	-	-	6,875,819
-	-	-	-	-	-	-	-	-	-	(13,268,181)	-	-	(13,268,181)

Revaluation surplus

Depreciation

Closing net book value

21,615,990	2,348,707	-	-	-	-	-	-	-	-	-	27,066,000	-	51,030,697
(23,838,972)	(585,963)	(1,659,317)	(4,777,094)	(166,903)	(15,049,232)	(442,387)	(255,033)	(6,462,101)	(6,240,820)	(13,186,000)	-	-	(72,663,822)
486,682,000	13,482,000	15,247,753	27,639,040	-	70,804,962	1,769,550	1,020,132	25,848,402	22,169,979	277,600,000	223,622	-	942,487,440

Gross carrying value basis

Year ended December 31, 2025

Cost / revalued amount	486,682,000	13,482,000	30,928,658	46,943,755	667,506	137,769,256	15,549,766	23,676,052	57,598,660	51,338,021	277,600,000	223,622	1,142,459,296
Accumulated depreciation	-	-	(15,680,905)	(19,304,715)	(667,506)	(66,964,294)	(13,780,216)	(22,655,920)	(31,750,258)	(29,168,042)	-	-	(199,971,856)
Closing net book value	486,682,000	13,482,000	15,247,753	27,639,040	-	70,804,962	1,769,550	1,020,132	25,848,402	22,169,979	277,600,000	223,622	942,487,440
Depreciation rate (% per annum)	5%	5%	10%	15%	10%	20%	20%	20%	20%	20%	5%	-	-

Operating fixed assets

		OWNED								LEASED		Total
Building		Furniture and fixtures, office equipment, books and computer equipment				Electrical installation, air-conditioning and lifts			Motor vehicles	Leasehold land		
PRC Tower	PRC House (Note # 7.1.1)	Furniture and fixtures	Office equipments	Books	Computer equipments	Electrical installations	Air-conditioning	Lifts		PRC House (Note # 7.1.1)	PRC Towers (Note # 7.1.2)	

----- Rupees -----

**Net carrying value basis
Year ended December 31, 2024**

Opening net book value	207,046,071	11,474,603	17,328,492	34,851,685	185,448	35,722,325	2,764,921	1,593,957	37,226,005	43,862,225	249,840,000	223,622	642,119,354
Addition													
Direct - at cost		769,760	562,300	1,953,931	-	35,417,020			3,106,382	7,752,000	-	-	49,561,393
Revaluation surplus	167,939,383	84,830	-	-	-	-	-	-	-	-	26,372,000	-	194,396,213
Depreciation	(10,352,304)	(609,937)	(1,778,302)	(5,357,904)	(18,545)	(9,004,174)	(552,984)	(318,792)	(8,021,884)	(9,935,245)	(12,492,000)	-	(58,442,071)
Closing net book value	364,633,150	11,719,256	16,112,490	31,447,712	166,903	62,135,171	2,211,937	1,275,165	32,310,503	41,678,980	263,720,000	223,622	827,634,889

**Gross carrying value basis
Year ended December 31, 2024**

Cost / revalued amount	364,633,150	11,719,256	30,134,078	45,975,333	667,506	114,050,233	15,549,766	23,676,052	57,598,660	71,482,021	263,720,000	223,622	999,429,677
Accumulated depreciation	-	-	(14,021,588)	(14,527,621)	(500,603)	(51,915,062)	(13,337,829)	(22,400,887)	(25,288,157)	(29,803,041)	-	-	(171,794,788)
Closing net book value	364,633,150	11,719,256	16,112,490	31,447,712	166,903	62,135,171	2,211,937	1,275,165	32,310,503	41,678,980	263,720,000	223,622	827,634,889
Depreciation rate (% per annum)	5%	5%	10%	15%	10%	20%	20%	20%	20%	20%	5%		

7.1.1 This represents lease hold land and Building of 1,388 Square Yards located at House No. 30-B, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

7.1.2 This represents lease hold land of 7,918 Square Yards located at Plot No. 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

7.1.3 Fair value measurement

The fair value of land and building is determined by M/s. KGT (Private) Limited (2024: M/s Iqbal A. Nanjee & Company (Private) Ltd.) which is an external, independent property valuers having appropriate recognized professional qualifications and recent experiences in the location and category of the property being valued and also registered with Pakistan Bankers Association. The fair value of land is based on assumption considered to be in the level 3 i.e. inputs other than quoted prices included within level 3 that are not observable either directly or indirectly.

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
7.1.4	Had there been no revaluation of operating fixed assets, the carrying value of the assets would have been as follows:	
Building - PRC Tower	110,218,731	9,785,871
Building - PRC House	10,570,225	11,126,553
Leasehold Land - PRC House	1,780,810	1,874,537
	<u>122,569,767</u>	<u>22,786,961</u>

7.1.5 Forced sales value

Building- PRC tower	389,345,600	291,706,520
Building- PRC house	10,785,600	9,375,405
Leasehold land- PRC House	222,080,000	210,976,000
	<u>622,211,200</u>	<u>512,057,925</u>

7.1.6 Details of operating fixed assets disposed off

Particulars of assets	Cost	Written down value	Sales proceeds	Gain on Disposal	Mode of Disposal	Particulars of Buyer
Toyota Fortuner 4x4	20,144,000	13,268,181	13,268,181	-	Company policy	Farman Zarkoon

7.2 Capital Work-In-Progress

Civil works	7.2.1	55,840,915	88,641,424
Advances to contractors / suppliers		5,001,277	19,562,787
		<u>60,842,192</u>	<u>108,204,211</u>

7.2.1 The movement in capital work in progress :

Balance at beginning of the year		88,641,424	23,131,568
Additions during the year		91,471,323	65,509,856
Less : Transferred to operating fixed assets	7.1	(124,271,832)	-
Closing balance		<u>55,840,915</u>	<u>88,641,424</u>

7.2.2 This pertains to renovation work being carried at PRC Towers from the 11th Floor to the 14th Floor.

8 INTANGIBLE ASSETS

Computer software	8.1	954,439	1,279,976
Capital work in progress- Computer software	8.2	14,340,762	18,481,131
		<u>15,295,201</u>	<u>19,761,107</u>

8.1 COMPUTER SOFTWARE - INTANGIBLE ASSETS

Year ended December 31,

Net carrying value

Opening balance		1,279,976	502,146
Additions during the year		-	1,000,000
Amortization charged for the year	40.2	(325,537)	(222,170)
Closing balance	8.1.1	<u>954,439</u>	<u>1,279,976</u>

Gross carrying value

Cost		1,627,682	1,627,682
Less: Accumulated amortization		(673,243)	(347,706)
Net book value		<u>954,439</u>	<u>1,279,976</u>

8.1.1 Intangible asset is being amortized on straight line basis over a period of 5 years.

		December 31, 2025	December 31, 2024
	Note	----- (Rupees) -----	
8.2	The movement in capital work in progress - computer software is as follows:		
		18,481,131	10,617,052
		3,000,000	7,864,079
	7.1	<u>(7,140,369)</u>	<u>-</u>
		<u>14,340,762</u>	<u>18,481,131</u>
8.3	This pertains to cost relating to implementation of ERP (Enterprise resources planning) and development of customized system solution which includes Reinsurance, Administration, Human Resource, Audit, Accounting and Finance, Investment, Corporate Affairs and Retakaful modules and Software for implementation of IFRS-17 - "Insurance Contracts".		
9	RIGHT-OF-USE-ASSETS		
	<i>Land - lease hold</i>		
	Year ended December 31,		
	Net carrying value basis		
	Opening balance	2,177,450,000	1,939,910,000
	Modification made during the year	32	(1,800,032)
	Revaluation gain during the year		455,708,851
	Depreciation charge for the year	9.1 & 40.2	<u>(255,958,820)</u>
	Closing balance		<u>2,375,400,000</u>
	Gross carrying value basis		
	Revalued amount	3,154,142,873	2,700,234,053
	Accumulated depreciation	9.1	<u>(778,742,873)</u>
			<u>2,375,400,000</u>
9.1	Accumulated depreciation		
	Balance at beginning of the year	522,784,053	318,078,668
	Depreciation for the year	40.2	<u>255,958,820</u>
	Balance at end of the year		<u>778,742,873</u>
9.2	The Company has entered into lease arrangement with Karachi Port Trust (KPT) for lease of land. The remaining lease term (useful life) of the right of use asset is 7.5 years. (2024: 8.5 years).		
9.3	Had there been no revaluation of right-of-use-asset, the carrying value would have been Rs. 11,173,996 (2024: Rs. 14,703,898).		
10	ASSETS IN BANGLADESH - NET		
	Assets and Liabilities in Bangladesh comprise of :		
	Assets		
	Fixed assets		
	Land and building	8,608,000	8,608,000
	Furniture and fixtures	4,000	4,000
		<u>8,612,000</u>	<u>8,612,000</u>
	Investments		
	Stock and shares	7,112,000	7,112,000
	Debentures	250,000	250,000
		<u>7,362,000</u>	<u>7,362,000</u>
		15,974,000	15,974,000
	Liabilities		
	Outstanding claims	25	<u>(4,952,000)</u>
	Other liabilities		<u>(809,000)</u>
			<u>(5,761,000)</u>
			<u>10,213,000</u>
	Provision for loss on net assets in Bangladesh		<u>(10,213,000)</u>
			<u>-</u>

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
11 INVESTMENT PROPERTY		
Opening net book value	864,476,353	798,450,467
Unrealized fair value gain	32,722,312	66,025,886
Closing net book value	<u>897,198,665</u>	<u>864,476,353</u>

11.1 Investment property comprises of the following:

Owned

PRC Building, Kassim Quarters Karachi	7,766,000	7,257,290
Electrical installations	47,176	47,174
Air conditioning plant	67,159	67,158
Lifts	52,330	52,331
	<u>7,932,665</u>	<u>7,423,953</u>

Leased

Lease hold land- Kassim Quarters Karachi	311,500,000	289,250,000
PRC Towers, Karachi	577,766,000	567,802,400
	<u>889,266,000</u>	<u>857,052,400</u>
	<u>897,198,665</u>	<u>864,476,353</u>

11.2 Forced sales value

Owned

PRC Building, Kassim Quarters Karachi	6,212,800	5,805,832
---------------------------------------	-----------	-----------

Leased

Lease hold land- Kassim Quarters Karachi	249,200,000	231,400,000
PRC tower	462,212,800	454,241,920
	<u>711,412,800</u>	<u>685,641,920</u>
	<u>717,625,600</u>	<u>691,447,752</u>

11.3 The Company uses revaluation model for its buildings and Lands. Investment property is remeasured at fair value, which 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. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises. Where a property has previously been measured at fair value, it is continue to be measured at fair value until disposal, even if comparable market transactions become less frequent or market prices become less readily available.

11.4 The fair value of land and building is determined by M/s. KGT (Private) Limited which is an external, independent property valuers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and also registered with Pakistan Bankers Association.

11.5 The fair value of the investment properties has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used) and which is considered as highest and best use of investment property.

12 INVESTMENTS IN EQUITY SECURITIES

		2025				2024			
		Cost / carrying value	Impairment	Unrealized gain	Carrying amount	Cost / carrying value	Impairment	Unrealized gain	Carrying amount
Note		----- Rupees -----							
Available for sale									
Related parties									
Listed shares	12.1	113,816,703	-	3,031,647,673	3,145,464,376	88,518,391	-	2,078,539,011	2,167,057,402
Unlisted shares	12.2	1,235,842	(618,227)	-	617,615	1,235,842	(618,227)	-	617,615
Mutual funds	12.3	400,002,919	-	295,555,178	695,558,097	800,000,000	-	363,470,509	1,163,470,509
		515,055,464	(618,227)	3,327,202,851	3,841,640,088	889,754,233	(618,227)	2,442,009,520	3,331,145,526
Others									
Listed shares	12.7	419,891,424	-	1,915,906,068	2,335,797,494	406,711,624	-	1,195,898,895	1,602,610,520
Unlisted shares	12.8	1,372,264	(1,372,264)	-	-	1,372,264	(1,372,264)	-	-
Mutual funds	12.9	1,809,180,893	-	1,425,662,942	3,234,843,834	792,441,114	-	791,605,214	1,584,046,328
		2,230,444,581	(1,372,264)	3,341,569,010	5,570,641,328	1,200,525,002	(1,372,264)	1,987,504,109	3,186,656,848
Sub total		2,745,500,045	(1,990,491)	6,668,771,861	9,412,281,416	2,090,279,235	(1,990,491)	4,429,513,629	6,517,802,374
Held for trading									
Related parties									
Listed shares	12.10	177,502,381	-	100,015,859	277,518,240	92,438,431	-	85,063,950	177,502,381
Others									
Listed shares	12.11	182,490,700	-	150,355,900	332,846,600	104,256,400	-	102,351,800	206,608,200
Sub total		359,993,081	-	250,371,759	610,364,840	196,694,831	-	187,415,750	384,110,581
Grand Total		3,105,493,126	(1,990,491)	6,919,143,620	10,022,646,256	2,286,974,066	(1,990,491)	4,616,929,379	6,901,912,955

Note	2025					2024					
	Number of shares / certificates / units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares / certificates / units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	
	----- Rupees -----					----- Rupees -----					
Available for sale - Related parties											
12.1	Listed shares										
	National Bank of Pakistan	6,000,000	6,439,376	-	1,446,640,624	1,453,080,000	6,359,119	6,824,793	-	418,727,450	425,552,243
	Pakistan State Oil Company Limited	14,042	371,225	-	6,286,930	6,658,155	14,042	371,225	-	5,816,944	6,188,169
	Pakistan Petroleum Limited	656,480	44,197,682	-	110,436,182	154,633,864	546,480	27,388,953	-	83,847,051	111,236,004
	Oil & Gas Development Ltd.	50,000	8,875,000	-	5,179,500	14,054,500	-	-	-	-	-
	Sui Southern Gas Company Limited	12,694,227	36,461,488	-	419,515,146	455,976,634	12,694,227	36,461,488	-	585,047,866	621,509,354
	Sui Northern Gas Pipelines Limited *	8,698,203	17,107,194	-	1,022,502,029	1,039,609,223	8,698,203	17,107,194	-	956,569,650	973,676,844
	Pakistan Engineering Company Limited	43,776	364,738	-	21,087,261	21,451,999	43,776	364,738	-	28,530,049	28,894,787
		28,156,728	113,816,703	-	3,031,647,673	3,145,464,376	28,355,847	88,518,391	-	2,078,539,011	2,167,057,402
12.2	Unlisted shares**										
	State Bank of Pakistan	4,900	517,615	-	-	517,615	4,900	517,615	-	-	517,615
	Industrial Development Bank Limited ***	6,213	618,227	(618,227)	-	-	6,213	618,227	(618,227)	-	-
	National Investment Trust Limited *	79,200	100,000	-	-	100,000	79,200	100,000	-	-	100,000
		90,313	1,235,842	(618,227)	-	617,615	90,313	1,235,842	(618,227)	-	617,615
12.3	Mutual funds										
	National Investment Unit Trust	4,146,397	400,002,919	-	295,555,178	695,558,097	8,292,733	800,000,000	-	363,470,509	1,163,470,509
	Grand total	32,393,438	515,055,464	(618,227)	3,327,202,851	3,841,640,088	36,738,893	889,754,233	(618,227)	2,442,009,520	3,331,145,526

12.4 Frozen shares

This represents 8,698,203 ordinary shares of Sui Northern Gas Pipelines Limited and 79,200 units of National Investment Trust Limited which are frozen on the basis of Government of Pakistan (GoP) directives F.10(6&14)EN-94/2005 dated April 13, 2005, as the same form part of the strategic shareholding under the control of the GoP. As a result, the Company is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof.

12.5	Name of Company	2025		2024	
		CEO/Managing Director	Breakup value	CEO/Managing Director	Breakup value
	State Bank of Pakistan	Jameel Ahmad	-	Jameel Ahmad	-
	Industrial Development Bank of Pakistan	Not available		Not available	
	National Investment Trust Limited	Manzoor Ahmed	-	Adnan Afridi	-

12.6 The investee M/s. Industrial Development Bank Limited is under winding up through court on the petition of State Bank of Pakistan.

Available for sale - Others

12.7 Listed shares

	2025				2024					
	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
	----- Rupees -----				----- Rupees -----					
Banks										
MCB Bank Limited	500,000	93,131,314	-	96,558,686	189,690,000	500,000	93,131,314	-	47,518,686	140,650,000
Habib Bank Limited	800,000	97,434,816	-	161,293,184	258,728,000	700,000	83,042,124	-	39,079,876	122,122,000
UBL Bank Limited	1,000,000	60,488,901	-	364,101,099	424,590,000	500,000	60,488,900	-	130,626,100	191,115,000
		251,055,030	-	621,952,969	873,008,000		236,662,338	-	217,224,662	453,887,000
Insurance										
Adamjee Insurance Company Limited	1,398,536	32,124,622	-	81,338,604	113,463,226	1,398,536	32,124,622	-	37,732,251	69,856,873
Asia Insurance Company Limited						23,686	132,939	-	198,428	331,367
United Insurance Company of Pakistan Limited	1,499,562	166,165	-	22,312,269	22,478,434	1,249,635	166,165	-	19,952,959	20,119,124
		32,290,787	-	103,650,873	135,941,661		32,423,726	-	57,883,638	90,307,364
Personal Goods										
Crescent Jute Products Limited	-	-	-	-	-	157,314	-	-	681,170	681,170
Usman Textile Mills Limited	300	-	-	-	-	300	-	-	-	-
Muhammad Farooq Textile Mills Limited	4,100	-	-	-	-	4,100	-	-	-	-
Taj Textile Mills Limited	5,600	-	-	-	-	5,600	-	-	-	-
		-	-	-	-	-	-	-	681,170	681,170
General Industries										
Packages Limited	821,714	90,388,540	-	538,140,499	628,529,039	821,714	90,388,540	-	398,975,016	489,363,556
Big Bird Foods Ltd.	-	-	-	-	-	5,826	31,500	-	300,582	332,082
		90,388,540	-	538,140,499	628,529,039		90,420,040	-	399,275,598	489,695,638
Household Goods										
Towellers Limited						129,759	1,048,453	-	18,929,243	19,977,696
		-	-	-	-		1,048,453	-	18,929,243	19,977,696
Construction and Materials										
Dadabhoj Cement Industries Limited	-	-	-	-	-	17,300	-	-	110,028	110,028
Zeal Pak Cement Factory Limited	39,130	-	-	-	-	39,130	-	-	-	-
	39,130	-	-	-	-	-	-	-	-	110,028
Electricity										
The Hub Power Company Limited	480,000	8,884,043	-	97,378,357	106,262,400	480,000	8,884,043	-	53,943,157	62,827,200
K-Electric Limited	-	-	-	-	-	-	-	-	-	-
Kot Addu Power Company Limited	30,000	1,481,678	-	(356,078)	1,125,600	30,000	1,481,678	-	(353,678)	1,128,000
		10,365,721	-	97,022,279	107,388,000		10,365,721	-	53,589,479	63,955,200
Engineering										
Dewan Automotive Engineering Limited	45,500	-	-	1,023,750	1,023,750	52,333	-	-	1,995,457	1,995,457
Forestry and Paper										
Security Papers Limited	928,689	195,915	-	146,704,111	146,900,026	928,689	195,915	-	151,115,384	151,311,299
Chemicals										
Lucky Core Industries Limited Formerly (ICI Pakistan Limited)	1,536,405	35,595,431	-	407,411,587	443,007,018	307,281	35,595,431	-	295,094,236	330,689,667
Total		419,891,424	-	1,915,906,068	2,335,797,494		406,711,624	-	1,195,898,895	1,602,610,520

12.8 Unlisted shares

Cost of investment in unlisted companies
Less: provision for diminution in value

Note	2025	2024
	----- Rupees -----	----- Rupees -----
12.8.1	1,372,264	1,372,264
	(1,372,264)	(1,372,264)
	-	-

2025					2024				
Number of shares	Cost	Impairment	Unrealized gain	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
	----- Rupees -----					----- Rupees -----			

12.8.1 Cost of investment in unlisted companies

Insurance

Indus Assurance Limited	25,000	250,000	(250,000)	-	-	25,000	250,000	(250,000)	-	-
Pakistan Guarantee Insurance Company	22,029	-	-	-	-	22,029	-	-	-	-
Sterling Insurance Company Limited	23,250	-	-	-	-	23,250	-	-	-	-
Union Insurance Corporation of Pakistan	56,227	-	-	-	-	56,227	-	-	-	-
		250,000	(250,000)	-	-		250,000	(250,000)	-	-

Cotton and Textile

Afsar Textile Mills Limited	1,000	9,950	(9,950)	-	-	1,000	9,950	(9,950)	-	-
Brothers Textile Mills Limited	353	-	-	-	-	353	-	-	-	-
Sahrish Textile Mills Limited	13,510	-	-	-	-	13,510	-	-	-	-
Kohinoor Cotton Mills Limited	22,397	219,801	(219,801)	-	-	22,397	219,801	(219,801)	-	-
		229,751	(229,751)	-	-		229,751	(229,751)	-	-

Chemical

Synthetic Chemical Limited	20,000	200,000	(200,000)	-	-	20,000	200,000	(200,000)	-	-
----------------------------	--------	---------	-----------	---	---	--------	---------	-----------	---	---

Vanaspati and Allied Industries

Burma Oil Limited	861	6,470	(6,470)	-	-	861	6,470	(6,470)	-	-
Universal Oil Mills Limited	30,000	-	-	-	-	30,000	-	-	-	-
Burma Soap Limited	64	640	(640)	-	-	64	640	(640)	-	-
		7,110	(7,110)	-	-	30,925	7,110	(7,110)	-	-

Food Products

Pangrio Sugar Mills Limited	100,000	-	-	-	-	100,000	-	-	-	-
-----------------------------	---------	---	---	---	---	---------	---	---	---	---

Electricity

Southern Electric Power Company Limited	13,963	-	-	-	-	13,963	-	-	-	-
---	--------	---	---	---	---	--------	---	---	---	---

Miscellaneous

Arag Industries Limited	133,333	685,403	(685,403)	-	-	133,333	685,403	(685,403)	-	-
		1,372,264	(1,372,264)	-	-		1,372,264	(1,372,264)	-	-

12.8.2 Financial statements of these companies are not available, therefore, the break-up value and the name of the Chief Executive Officer is not presented.

2025					2024				
Number of units	Cost	Impairment	Unrealized gain	Carrying amount	Number of units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
	----- Rupees -----					----- Rupees -----			

12.9 Mutual funds

Open-End Mutual Funds

JS Growth Fund	50,951	2,267,483	-	26,654,951	28,922,434	50,951	2,267,483	-	16,017,365	18,284,848
NBP Stock Fund	20,731,836	402,432,665	-	544,721,997	947,154,662	20,671,728	400,000,000	-	307,390,659	707,390,659
HBL Growth Funds - Class B Segment	15,029,320	105,632,400	-	551,976,995	657,609,395	15,000,000	105,632,400	-	405,189,600	510,822,000
HBL Investment Funds - Class B	9,830,378	1,014,307,114	-	52,908,209	1,067,215,323			-	-	
		1,524,639,662	-	1,176,262,152	2,700,901,813		507,899,883	-	728,597,624	1,236,497,507

Close-End Mutual Funds

HBL Growth Funds - Class A	30,406,721	284,541,231	-	249,400,790	533,942,021	30,406,721	284,541,231	-	63,007,590	347,548,821
		1,809,180,893	-	1,425,662,942	3,234,843,834		792,441,114	-	791,605,214	1,584,046,328

2025					2024				
Number of units	Carrying value opening	Impairment	Unrealized gain	Carrying value closing	Number of units	Carrying value opening	Impairment	Unrealized gain / (loss)	Carrying value closing

12.10 Held-for-trading

Related parties

Listed shares

National Bank of Pakistan	399,266	26,718,881	-	69,975,359	96,694,240	399,266	12,820,431	-	13,898,449	26,718,881
Oil & Gas Development Company Limited	350,000	79,541,000	-	18,840,500	98,381,500	350,000	39,357,500	-	40,183,500	79,541,000
Pakistan Petroleum Limited	350,000	71,242,500	-	11,200,000	82,442,500	350,000	40,260,500	-	30,982,000	71,242,500
		<u>177,502,381</u>	-	<u>100,015,859</u>	<u>277,518,240</u>		<u>92,438,431</u>	-	<u>85,063,949</u>	<u>177,502,381</u>

Held-for-trading

12.11 Others- listed shares

Cement

Commercial Banks

MCB Bank Limited	200,000	56,260,000		19,616,000	75,876,000	200,000	34,510,000		21,750,000	56,260,000
United Bank Limited	500,000	95,557,500	-	116,737,500	212,295,000	250,000	44,460,000	-	51,097,500	95,557,500

Construction

Aisha Steel Mills Limited	700,000	8,694,000	-	539,000	9,233,000	700,000	6,076,000	-	2,618,000	8,694,000
---------------------------	---------	-----------	---	---------	-----------	---------	-----------	---	-----------	-----------

Household

Pak Elektron Limited	-		-	-		550,000	12,419,000	-	11,698,500	24,117,500
----------------------	---	--	---	---	--	---------	------------	---	------------	------------

Chemical

Fauji Fertilizer Company Limited	60,000	21,979,200	-	13,463,400	35,442,600	60,000	6,791,400	-	15,187,800	21,979,200
----------------------------------	--------	------------	---	------------	------------	--------	-----------	---	------------	------------

Sub total of others

		<u>182,490,700</u>	-	<u>150,355,900</u>	<u>332,846,600</u>		<u>104,256,400</u>	-	<u>102,351,800</u>	<u>206,608,200</u>
--	--	--------------------	---	--------------------	--------------------	--	--------------------	---	--------------------	--------------------

13 INVESTMENTS IN DEBT SECURITIES

	Note	2025		2024	
		Cost	Carrying value/	Cost	Carrying value/ Market
		----- Rupees -----		----- Rupees -----	
Investments - Held to maturity					
Pakistan Investment Bonds - fixed	13.1 & 13.2	10,512,668,975	10,849,933,987	10,221,820,249	10,532,338,027
Pakistan Investment Bonds - floating	13.2	-	-	176,287,099	175,038,827
Market Treasury Bills	13.2	5,738,179,350	5,914,219,650	5,673,772,600	6,048,608,000
	54	16,250,848,325	16,764,153,637	16,071,879,948	16,755,984,854
Investments - Available for sale					
Pakistan Investment Bonds	13.3	43,876,950	48,918,851	43,876,950	45,874,438
		16,294,725,275	16,813,072,488	16,115,756,898	16,801,859,292

13.1 This includes Pakistan Investment Bonds amounting to Rs. 1,091 million (2024: Rs. 1,108 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

13.2 Held-to-maturity - secured

	2025		2024		2025		2024	
	Pakistan Investment Bonds - fixed		Pakistan Investment Bonds - floating		Market Treasury Bills			
----- Rupees in million -----								
Carrying value	10,849.93	10,532.34	-	175.04	5,914.22	6,048.61		
Tenure	3 to 10 years	3 to 10 years		5 years	up to 12 months	up to 12 months		
Face value - Rupees in million	11,275	11,050		175	6,100	6,450		
Market value - Rupees in million	10,850	10,532		175.04	5,914	6,049		
Maturity dates	July 2026 to July 2035	March 2025 to November 2033		June 2025	January 2026 to November 2026	January 2025 to November 2025		
Profit repayment - frequency	Half yearly	Half yearly		Half yearly	On maturity	On maturity		
Principal repayment - frequency	On maturity	On maturity		On maturity	On maturity	On maturity		
Effective interest rate / coupon rate - per annum	10.89 % to 16.74 %	9.36% to 16.59%		20.26% to 20.35%	10.67% to 11.73%	12.10% to 20.71%		
					December 31, 2025	December 31, 2024		
					----- (Rupees in million) -----			

13.3 Available for sale - secured

Pakistan Investment Bonds

Tenure	5 years to 10 years	10 years
Face value - Rupees in million	50	50
Market value - Rupees in million	49	46
Maturity dates	September 19, 2029	September 19, 2029
Profit repayment - frequency	Half yearly On maturity / disposal	Half yearly On maturity / disposal
Effective interest rate / coupon rate - per annum	10.00%	10.00%

14	LOANS AND OTHER RECEIVABLES	Note	December 31, 2025	December 31, 2024
			----- (Rupees) -----	
	Loans to employees	14.1	62,911,342	68,726,219
	Advances to employees	14.2	5,760,842	6,312,842
	Accrued investment income	14.3	395,095,532	352,715,441
	Sundry receivables - net	14.4	26,475,920	13,185,632
	Receivable from Window Re-takaful Operation	14.5	119,089,396	143,349,816
	Receivable from tenants	14.6	363,480,495	223,761,136
	Other receivables	14.7	49,201,989	67,561,596
			<u>1,022,015,515</u>	<u>875,612,682</u>
14.1	Loans to employees			
	Non-current portion		39,459,651	58,740,227
	Current portion		23,451,691	9,985,992
		14.1.1	<u>62,911,342</u>	<u>68,726,219</u>
14.1.1	No loan has been provided to the Directors by the Company. Details of loans to Executives of the Company is as under:			
	Balance at beginning of the year		16,358,076	28,497,191
	Add: disbursements during the year		-	-
	Less: recoveries made during the year		(1,280,468)	(12,139,115)
	Balance at end of the year		<u>15,077,608</u>	<u>16,358,076</u>
14.1.2	Loans to employees represent mark-up free loans and are secured against salaries and retirement benefits of the respective employee including, where applicable, documents of assets for which the loan has been given. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made.			
14.1.3	The maximum aggregate month-end amount of these loans during the year has been amounting to 2025: Rs. 106,450,588 (2024: Rs. 148,186,904).			
14.2	This represents interest-free advances to employees given at the occasions of festivals, adjustable against salaries in 10 monthly installments.			
14.3	Accrued investment income			
	Dividend receivable		-	1,463,536
	Interest on held to maturity debt securities		393,672,880	349,829,253
	Interest on available for sale debt securities		1,422,652	1,422,652
			<u>395,095,532</u>	<u>352,715,441</u>
14.4	Sundry receivables - net			
	Considered good			
	Advances		25,152,457	6,502,710
	Security deposits		6,932,922	6,682,922
			<u>32,085,379</u>	<u>13,185,632</u>
	Considered doubtful			
	Export Credit Guarantee schemes	14.4.1	56,142,435	56,142,435
	Receivable against National Co-insurance Scheme		4,939,471	4,939,471
	Receivable against War Risk Insurance-Karachi	14.4.2	7,724,303	7,724,303
	Receivable against War Risk Insurance-Lahore		10,541,524	10,541,524
	Receivable from Investment Corporation of Pakistan		868,470	868,470
			<u>80,216,203</u>	<u>80,216,203</u>
			112,301,582	93,401,835
	Less: provision for doubtful debts	14.4.3	(85,825,662)	(80,216,203)
	Sundry receivables - net		<u>26,475,920</u>	<u>13,185,632</u>

14.4.1 This represents the total amount of income tax deposited by the Company since the year 1984-85 to the year 2001-02 in respect of Export Credits Guarantee Scheme (ECGS). The income of the respective years under the Scheme was transferred to the Government. The income tax department, however, taxed ECGS income by clubbing it with the Company's income. The Company's appeal in this respect which was pending before Honorable High Court has been dismissed. This amount was previously classified as advance tax and has been transferred as amount receivable from the Ministry of Finance, Government of Pakistan.

The Company had filed an appeal in the Honorable Supreme Court of Pakistan (SCP) in this respect which vide order dated August 21, 2007 granted leave to appeal filed by the Company against the judgment of the Honorable High Court. The matter is now before Alternate Dispute Resolution Committee (ADRC).

The ADRC therefore concluded that they would refer the matter to the FBR for providing a legal expert to the ADRC or to re-constitute the ADRC by including therein the legal expert who can interpret and decide on the applicability of the Article 165A of the Constitution of Pakistan in this case.

FBR via letter No. 2(48) IT-Jud/2006-ADR/45098-R regretted the request for reconstitution of ADRC. Therefore, the Company pursued its case with the SCP which has already granted a leave to appeal against order of High Court, has remanded back the case to the High Court of Sindh where the matter is still pending for date of hearing. The Company has recorded provision amounting to Rs. 56.142 million (2024: Rs. 56.142 million) in these financial statements.

14.4.2 Amount is receivable from Government of Pakistan against expenses for running the affairs of War Risk Insurance Department (the Department) working under the supervision of Pakistan Insurance Corporation (defunct). The Department was set up for insurance of losses which could have occurred due to war.

	Note	December 31, 2025	December 31, 2024
		----- (Rupees) -----	
14.4.3	Provision for doubtful debts		
	Balance at beginning of the year	80,216,203	80,216,203
	Charge made during the year	5,609,459	-
	Balance at end of the year	<u>85,825,662</u>	<u>80,216,203</u>
14.5	Receivable from Window Retakaful Operations in respect of following:		
	Receipt from cedent	-	69,679,288
	Income tax	118,382,637	64,258,772
	Salaries	163,608	8,649,485
	Sindh sales tax payable	543,151	-
	Bonus	-	762,271
		<u>119,089,396</u>	<u>143,349,816</u>
14.6	Receivable from tenants		
	Rentals	348,456,210	200,909,846
	Electricity charges	10,547,986	22,941,188
	Water charges	4,476,299	-
	Provision against electricity charges	-	(89,898)
		<u>15,024,285</u>	<u>22,851,290</u>
		<u>363,480,495</u>	<u>223,761,136</u>
14.7	Other receivables		
	Accrued profit on bank deposits	12,620,667	43,486,474
	Other prepayments	36,581,322	24,075,122
		<u>49,201,989</u>	<u>67,561,596</u>
14.7.1	This includes amount against prepaid insurance amounting to Rs. Nil (2024: 1,714,514)		

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
15	RECEIVABLE FROM SINDH REVENUE BOARD	
	<u>2,573,888,727</u>	<u>2,573,888,727</u>
15.1	The aggregate amount of Rs. 2,573.889 million (2024: Rs. 2,573.889 million) paid has been recorded as “receivable from SRB” in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015. The Company has also filed Sales Tax Reference Application no 63 and 64/2016 and 407/2017 before the Honorable High Court of Sindh against the said order of SRB and the legal counsel of the Company is very much optimistic about the favorable outcome of the case .	
16	INSURANCE / REINSURANCE RECEIVABLES	
	<i>Unsecured - considered good</i>	
	Amount due from other reinsurers	2,108,018,523
	Amount due from other insurers	1,111,209,727
	16.1 & 16.2	<u>12,148,808,352</u>
		<u>9,161,717,909</u>
		<u>14,256,826,875</u>
	Less: provision for impairment in due	
	from other insurers / reinsurers	10,272,927,636
	16.3	<u>(701,448,633)</u>
		<u>(609,541,746)</u>
		<u>13,555,378,242</u>
	Premium and claim reserves retained by cedants	9,663,385,890
	Less: provision for impairment in premium and claim reserves retained	24,831,633
		<u>24,831,633</u>
		<u>(24,831,633)</u>
		<u>-</u>
		<u>-</u>
		<u>13,555,378,242</u>
		<u>9,663,385,890</u>
16.1	This includes an amount of Rs. 266 million (2024: Rs. 266 million) which is under litigation and the Company being prudent has recorded a provision of Rs. 266 million (2024: Rs. 264 million) in respect of these balances.	
16.2	This includes an amount of Rs. 4,224,152,028 (2024: Rs. 2,781,498,914) due from a related party, National Insurance Company Limited (NICL). The ageing analysis of amount due from related party is as follows:	
	Up to 3 months	1,985,517,766
	Over 3 months and above	1,933,391,532
	53 & 16.2.1	<u>2,238,634,262</u>
		<u>848,107,382</u>
		<u>4,224,152,028</u>
		<u>2,781,498,914</u>
16.2.1	The said balance was adjusted during the year due to direct settlement by NICL with retrocessionaires namely M/S Arthur J. Gallagher & Co amounting to Rs. 4,624,561,242.	
16.3	Movement of provision for impairment in due from other insurers / reinsurers	
	Balance at beginning of the year	609,541,746
	Provision / (Reversal of provision) made during the year	723,487,008
		<u>(91,906,887)</u>
	Balance at end of the year	<u>113,945,262</u>
		<u>609,541,746</u>
16.4	As per the requirements mentioned in SECP letter no. ID/Offsite-I/Misc/2023/631 dated February 9, 2023 addressed to Insurance Association of Pakistan, the Company reconciled its balances as stood on December 31, 2022 with 11 insurers while remaining were still underway. Securities and Exchange Commission of Pakistan (SECP) had proposed that the reconciliation activity be concluded by December 31, 2023 but this deadline did not met due to non-cooperation by insurers. The Company is actively pursuing insurers and SECP for provision of requisite data so that the balances of remaining insurers are reconciled while reconciled balances are updated and to ensure that the balances are accurate and complete in respect of information available.	

		December 31, 2025	December 31, 2024
	Note	----- (Rupees) -----	
17	REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS INCLUDING IBNR		
	Facultative business	17.1	9,774,047,861
	Treaty	17.2	15,073,895,836
			693,231,024
			<u>10,282,198,129</u>
			<u>15,767,126,860</u>
17.1	Facultative business		
	Fire		957,788,748
	Marine cargo		8,098,000
	Marine hull		195,846,738
	Accident		569,439,000
	Aviation		2,273,554,829
	Engineering		5,769,320,546
			<u>9,774,047,861</u>
			<u>530,968,245</u>
			-
			35,809,757
			498,469,000
			1,733,981,568
			12,274,667,266
			<u>15,073,895,836</u>
17.2	Treaty		
	Proportional		-
	Non-proportional		693,231,024
			<u>508,150,268</u>
			<u>693,231,024</u>
18	DEFERRED COMMISSION EXPENSE		
	Facultative business	18.1	423,505,281
	Treaty	18.2	607,795,705
			<u>1,031,300,986</u>
			<u>414,785,121</u>
			<u>632,420,776</u>
			<u>1,047,205,897</u>
18.1	Facultative business		
	Fire		120,120,449
	Marine cargo		1,050,829
	Marine hull		3,783,868
	Accidents and others		30,413,803
	Aviation		30,127,697
	Engineering		238,008,635
			<u>423,505,281</u>
			<u>89,427,231</u>
			1,113,262
			5,137,992
			26,310,208
			39,805,069
			252,991,359
			<u>414,785,121</u>
18.2	Treaty		
	Proportional		603,063,637
	Non-proportional		4,732,068
			<u>607,795,705</u>
			<u>627,530,148</u>
			<u>4,890,628</u>
			<u>632,420,776</u>
19	PREPAYMENTS		
	Prepaid reinsurance ceded - facultative business	19.1	7,803,865,560
	Prepaid reinsurance ceded - treaty business	19.2	1,055,912,248
			<u>8,859,777,808</u>
			<u>5,955,529,691</u>
			<u>998,083,292</u>
			<u>6,953,612,983</u>
19.1	Prepaid reinsurance ceded - facultative business		
	Fire		814,310,363
	Marine Cargo		-
	Marine hull		56,222,180
	Accidents and others		411,345,462
	Aviation		1,257,047,420
	Engineering		5,264,940,135
			<u>7,803,865,560</u>
			<u>659,817,075</u>
			-
			75,793,379
			420,226,441
			1,311,444,608
			3,488,248,188
			<u>5,955,529,691</u>
19.2	Prepaid reinsurance ceded - treaty business		
	Proportional		-
	Non-proportional		1,055,912,248
			<u>1,055,912,248</u>
			<u>998,083,292</u>
			<u>998,083,292</u>

December 31,

December 31,

20	CASH AND BANK	Note	2025 ----- (Rupees) -----	2024 ----- (Rupees) -----
	Cash			
	Cash in hand		755,000	865,000
	Policy and Revenue stamps, Bond papers		<u>1,385</u>	<u>1,385</u>
			756,385	866,385
	Cash at bank in:			
	Saving accounts			
	Local currency		<u>87,533,821</u>	<u>409,343,958</u>
	Foreign currency		<u>1,186,653,812</u>	<u>1,951,717,041</u>
		20.1	1,274,187,633	2,361,060,999
	Current accounts			
	Local currency		757,800,140	753,424,293
	Dividend Accounts			
	Saving accounts		<u>58,294,891</u>	<u>91,555,889</u>
	Current accounts		<u>26,657,454</u>	<u>28,619,101</u>
		20.3	84,952,345	120,174,990
			2,116,940,118	3,234,660,282
			<u>2,117,696,503</u>	<u>3,235,526,667</u>

20.1 The rate of return on saving accounts from various banks ranges from 9.5% to 12.50% (2024: 10% to 19.75%) per annum.

20.2 Current accounts also includes balances with T-Call arrangements.

20.3 Cash at bank includes Rs. 39,046,494 held with National Bank of Pakistan, related party.

21 TOTAL ASSETS OF WINDOW RE-TAKAFUL OPERATIONS

Assets

Investments		3,569,879,093	1,021,409,488
Other receivable		61,978,521	30,897,233
Qard-e-hasna to Participant's Retakaful Fund		300,000,000	300,000,000
Operator's retakaful fund - receivables		769,444,037	745,175,279
Retakaful recoveries against outstanding claims		204,388,782	207,495,090
Deferred wakala fee		153,137,884	175,296,606
Deferred commission expense		152,970,534	184,582,058
Prepayments		249,781,036	148,038,177
Bank balances		<u>324,223,383</u>	<u>2,316,978,800</u>
Total Assets		<u>5,785,803,270</u>	<u>5,129,872,731</u>

22 SHARE CAPITAL

22.1 Authorized share capital

2025 (Number of shares)	2024 (Number of shares)		2025	2024
2,500,000,000	2,500,000,000	Ordinary shares of Rs.10/- each.	<u>25,000,000,000</u>	<u>25,000,000,000</u>

22.2 Issued, subscribed and paid-up share capital

2025 (Number of shares)	2024 (Number of shares)		2025	2024
8	8	Ordinary shares of Rs.10/- each fully paid in cash.	80	80
5,000,000	5,000,000	Ordinary shares of Rs.10/- each issued for consideration other than cash.	50,000,000	50,000,000
894,999,992	894,999,992	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	8,949,999,920	8,949,999,920
<u>900,000,000</u>	<u>900,000,000</u>		<u>9,000,000,000</u>	<u>9,000,000,000</u>

22.3 Shares of the Company held by related parties:	Number of shares	Percentage of holding (%)
Ministry of Commerce	458,999,268	50.99%
State Life Insurance Corporation of Pakistan	219,696,603	24.41%
Held by Directors	200	0.00%
	<u>678,696,071</u>	<u>75.40%</u>

22.4 All ordinary shares carry equal voting, dividend, board selection and similar rights of shareholders in proportion to the shareholding of the Company.

23 RESERVES	Note	December 31, 2025	December 31, 2024
		----- (Rupees) -----	
Capital			
Reserve for exceptional losses	23.1	281,000,000	281,000,000
Revaluation reserve on available for sale investments	23.2	4,075,346,432	2,708,215,564
Revenue			
General reserve		<u>1,135,296,316</u>	<u>1,135,296,316</u>
		5,491,642,748	4,124,511,880
Unappropriated profit		<u>9,539,479,616</u>	<u>8,077,645,381</u>
		<u>15,031,122,364</u>	<u>12,202,157,261</u>

23.1 These reserves for exceptional losses were set aside prior to 1979 and were charged to profit and loss account with the provision of Income Tax Act, 1922 (repealed), and has been so retained to date.

23.2 This represents unrealized gain on remeasurement of available for sale investments at fair value and is not available for distribution. This shall be transferred to statement of profit and loss on derecognition of investments as permitted under IAS 39.

24 REVALUATION SURPLUS - NET OF TAX

Gross revaluation surplus			
Opening balance		2,780,033,570	2,373,134,379
Add: Revaluation surplus recognized during the year		506,739,548	632,102,605
Transferred to retained earnings in respect of incremental depreciation for the year		<u>(285,305,228)</u>	<u>(225,203,414)</u>
		3,001,467,890	2,780,033,570
Less:			
Closing balance related deferred tax liability			
Balance at beginning of the year		(1,084,213,092)	(783,134,345)
Effect of surplus recognized during the year		(197,628,424)	(246,520,016)
Effect of change in tax rate		-	(142,388,063)
Impact of deferred tax on incremental depreciation charged during the year		<u>111,269,038</u>	<u>87,829,332</u>
Balance at end of the year		(1,170,572,478)	(1,084,213,092)
Revaluation surplus - net of tax		<u>1,830,895,412</u>	<u>1,695,820,477</u>

25 OUTSTANDING CLAIMS INCLUDING IBNR

Facultative business	25.1	14,964,627,264	20,934,526,568
Treaty	25.2	<u>3,805,453,821</u>	<u>3,404,074,507</u>
		18,770,081,085	24,338,601,075
Claims related to Bangladesh	10 & 25.4	<u>(4,952,000)</u>	<u>(4,952,000)</u>
		<u>18,765,129,085</u>	<u>24,333,649,075</u>

December 31,

December 31,

25.1	Facultative business	Note	2025	2024
			----- (Rupees) -----	
	Fire		3,194,979,411	3,329,035,649
	Marine cargo		131,044,584	86,514,925
	Marine hull		252,482,648	72,419,048
	Accident and others		1,027,126,676	910,882,876
	Aviation		2,497,353,261	2,284,482,664
	Engineering		7,861,640,684	14,251,191,406
			<u>14,964,627,264</u>	<u>20,934,526,568</u>
25.2	Treaty			
	Proportional		2,753,091,126	2,343,564,135
	Non-proportional		1,052,362,695	1,060,510,372
		25.3	<u>3,805,453,821</u>	<u>3,404,074,507</u>

25.3 The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred But Not Reported (IBNR) claim reserves for non-life insurer Companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance Companies are required to comply with these guidelines with effect from July 01, 2016.

However, on May 30, 2017 SECP issued separate guidelines for the Company for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Company, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program for facultative business. However, none of the ceding companies shared their IBNR Claim Reserves. The Company has therefore recorded Facultative IBNR claim reserves only on basis of actuarial valuation amounting to Rs. 4,552,201,000 (2024: Rs. 4,409,094,000).

25.4	Claims related to Bangladesh	Note	December 31,	December 31,
			2025	2024
			----- (Rupees) -----	
	Facultative business			
	Fire		2,382,000	2,382,000
	Marine		1,470,000	1,470,000
	Miscellaneous		1,100,000	1,100,000
			<u>4,952,000</u>	<u>4,952,000</u>
26	UNEARNED PREMIUM RESERVES			
	Facultative business	26.1	9,338,132,294	7,184,225,378
	Treaty	26.2	3,023,539,119	3,437,624,060
			<u>12,361,671,413</u>	<u>10,621,849,438</u>
26.1	Facultative business			
	Fire		1,639,040,869	1,285,441,645
	Marine cargo		14,477,755	13,489,100
	Marine hull		64,408,256	87,376,811
	Accident and others		496,605,239	490,134,575
	Aviation		1,348,729,960	1,468,166,144
	Engineering		5,774,870,215	3,839,617,103
			<u>9,338,132,294</u>	<u>7,184,225,378</u>

		December 31, 2025	December 31, 2024
	Note	----- (Rupees) -----	
26.2	Treaty		
	Proportional	2,090,166,530	2,565,209,310
	Non-proportional	933,372,589	872,414,750
		<u>3,023,539,119</u>	<u>3,437,624,060</u>
27	UNEARNED REINSURANCE COMMISSION		
	Facultative business	27.1 674,624,530	492,841,170
	Treaty	27.2 16,564,791	12,654,983
		<u>691,189,321</u>	<u>505,496,153</u>
27.1	Facultative business		
	Fire	66,764,923	49,557,216
	Marine cargo	-	-
	Marine hull	5,491,286	7,579,337
	Accident and others	32,788,183	33,604,043
	Aviation	58,332,988	55,095,449
	Engineering	511,247,150	347,005,125
		<u>674,624,530</u>	<u>492,841,170</u>
27.2	Treaty		
	Proportional	-	-
	Non-proportional	16,564,791	12,654,983
		<u>16,564,791</u>	<u>12,654,983</u>
28	RETIREMENT BENEFITS OBLIGATIONS		
	Defined benefit obligations of post employee benefits		
	Officers' pension benefits	28.1 949,426,605	1,204,469,258
	Employees' pension fund	28.1 820,447,343	739,681,297
	Gratuity fund	28.1 65,813,581	50,605,208
	Other post employment benefits		
	Post retirement medical benefits	28.1 1,668,250,958	1,292,578,874
	Other long term employment benefits		
	Compensated absences	28.1 114,569,047	114,036,149
		<u>3,618,507,534</u>	<u>3,401,370,786</u>

2025						2024					
Post employment benefits					Total	Post employment benefits					Total
Retirement benefits			Other post-employment benefits			Retirement benefits			Other post-employment benefits		
Pension		Gratuity	Medical	Compensated absences		Pension		Gratuity	Medical	Compensated absences	
Officer	Employees					Officer	Employees				

Note

Rupees in millions

28.1 Payable to defined benefit plan

Present value of defined benefit obligation (PVDBO)	28.4	3,826.136	544.269	65.814	1,668.251	114.569	6,219.039	3,740.660	509.044	50.605	1,292.579	114.036	5,706.924
Fair value of plan assets	28.5	(2,876.709)	276.178	-	-	-	(2,600.531)	(2,536.191)	230.637	-	-	-	(2,305.554)
	28.2	<u>949.427</u>	<u>820.447</u>	<u>65.814</u>	<u>1,668.251</u>	<u>114.569</u>	<u>3,618.508</u>	<u>1,204.469</u>	<u>739.681</u>	<u>50.605</u>	<u>1,292.579</u>	<u>114.036</u>	<u>3,401.370</u>

28.2 Movement in payable to / (receivable) from defined benefit plan

Opening balance		1,204.468	739.682	50.606	1,292.579	114.036	3,401.371	1,390.139	840.265	31.230	1,021.455	67.522	3,350.611
Expenses recognized													
- Current service cost		20.035	7.212	29.948	8.175	7.140	72.510	25.625	6.459	19.394	29.557	4.205	85.240
- Interest cost		445.970	60.630	6.199	155.975	13.179	681.953	515.921	57.571	4.665	155.687	9.527	743.371
- Re-measurements / Actuarial (Gain)/Loss		-	-	-	-	(6.885)	(6.885)	-	-	-	-	44.887	44.887
- Interest income on plan assets		(310.683)	28.253	-	-	-	(282.430)	(316.321)	70.640	-	-	-	(245.681)
	28.3	<u>155.322</u>	<u>96.095</u>	<u>36.147</u>	<u>164.150</u>	<u>13.434</u>	<u>465.148</u>	<u>225.225</u>	<u>134.670</u>	<u>24.059</u>	<u>185.244</u>	<u>58.619</u>	<u>627.817</u>
Other comprehensive income													
- Experience (gains) / losses		-	-	-	-	-	-	1,094.708	(43.217)	7.553	-	-	1,059.044
- Financial (gains) / losses		-	-	-	-	-	-	(1,121.728)	129.898	(9.970)	-	-	(1,001.800)
- Actuarial (gain) / loss on plan assets		(210.192)	12.877	(6.538)	250.145	-	46.292	(179.093)	(295.744)	-	119.931	-	(354.906)
	28.3	<u>(210.192)</u>	<u>12.877</u>	<u>(6.538)</u>	<u>250.145</u>	<u>-</u>	<u>46.291</u>	<u>(206.113)</u>	<u>(209.063)</u>	<u>(2.417)</u>	<u>119.931</u>	<u>-</u>	<u>(297.663)</u>
Contributions to the fund													
Benefits paid - net		(200.173)	(28.205)	(14.400)	(38.623)	(12.901)	(294.302)	(204.783)	(26.189)	(2.266)	(34.051)	(12.105)	(279.395)
Closing balance	28.1	<u>949.427</u>	<u>820.448</u>	<u>65.814</u>	<u>1,668.251</u>	<u>114.569</u>	<u>3,618.509</u>	<u>1,204.468</u>	<u>739.682</u>	<u>50.606</u>	<u>1,292.579</u>	<u>114.036</u>	<u>3,401.370</u>

28.3 Charge for the year

Statement of profit or loss		155.322	96.095	36.147	164.150	13.434	465.148	225.225	134.670	24.059	185.244	58.619	627.817
Statement of other comprehensive income		(210.192)	12.877	(6.538)	250.145	-	46.292	(206.113)	(209.063)	(2.417)	119.931	-	(297.662)

28.4 Movement in PVDBO

Opening balance		3,740.661	509.043	50.605	1,292.579	114.036	5,706.924	3,430.916	384.522	31.229	1,021.455	67.522	4,935.644
Current service cost		20.035	7.212	29.948	8.175	7.140	72.510	25.625	6.459	19.394	29.557	4.205	85.240
Past service cost		-	-	-	-	-	-	-	-	-	-	-	-
Interest cost		445.970	60.630	6.199	155.975	13.179	681.953	515.921	57.571	4.665	155.687	9.527	743.371
Benefits paid / payable		(200.173)	(28.205)	(14.400)	(38.623)	(12.901)	(294.302)	(204.783)	(26.189)	(2.266)	(34.051)	(12.105)	(279.394)
Actuarial (gain) or loss on obligation - bal. fig.		(180.357)	(4.411)	(6.538)	250.145	(6.885)	51.954	-	-	-	-	-	-
Experience adjustment		-	-	-	-	-	-	(27.019)	86.681	(2.417)	119.931	44.887	222.063
Closing balance of obligation at the end of the period	28.1	<u>3,826.136</u>	<u>544.269</u>	<u>65.814</u>	<u>1,668.251</u>	<u>114.569</u>	<u>6,219.039</u>	<u>3,740.660</u>	<u>509.044</u>	<u>50.605</u>	<u>1,292.579</u>	<u>114.036</u>	<u>5,706.924</u>

28.5 Fair value of plan assets

Fair value at the beginning of the year		2,536.191	(230.637)	-	-	-	2,305.554	2,040.777	(455.741)	-	-	-	1,585.036
Contributions to the fund		200.173	28.205	-	-	-	228.378	204.783	26.190	-	-	-	230.973
Actuarial (gain) or loss on assets - bal. fig.		29.835	(17.288)	-	-	-	12.547	-	-	-	-	-	-
Interest income on plan assets		-	-	-	-	-	-	179.093	295.744	-	-	-	474.837
Benefits paid		(200.173)	(28.205)	-	-	-	(228.378)	(204.783)	(26.190)	-	-	-	(230.973)
Return on plan assets		310.683	(28.253)	-	-	-	282.430	316.321	(70.640)	-	-	-	245.681
Fair value at the end of the year	28.1	<u>2,876.709</u>	<u>(276.178)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,600.531</u>	<u>2,536.191</u>	<u>(230.637)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,305.554</u>

28.6 Actual return on plan assets

		310.683	(28.253)	-	-	-	282.430	495.414	225.104	-	-	-	720.518
--	--	---------	----------	---	---	---	---------	---------	---------	---	---	---	---------

28.7 Composition of fair value of plan assets

	2025						2024					
	Pension - officers'		Pension - employees'		Gratuity		Pension - officers'		Pension - employees'		Gratuity	
	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage
Assets with an active market												
Open ended mutual funds units / Equity /	445,316,978	15.48%	505,854,091	-183.16%	434,702,167	-93.68%	385,406,088	15.20%	444,750,890	-192.84%	388,875,942	-93.68%
Treasury bills	647,265,000	22.50%	566,341,361	-205.06%	-	-6.23%	545,676,212	21.52%	475,084,250	-205.99%	25,848,309	-6.23%
Accrued interest on T-Bill	-	0.00%	-	0.00%	-	0.00%	34,927,826	1.38%	1,387,967	-0.60%	27,055	0.00%
Assets with no active market												
Term deposit receipts	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Receivable from Gratuity Fund	435,405,333	15.14%	-	0.00%	-	0.00%	220,010,308	8.67%	195,103,481	-84.59%	-	0.00%
Receivable from Employees Provident Fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Receivable from Employees Pension Fund	1,348,400,022	46.87%	-	0.00%	-	0.00%	1,348,400,022	53.17%	-	0.00%	-	0.00%
Cash and bank balances	321,989	0.01%	25,872	-0.01%	703,166	-0.09%	1,770,373	0.07%	1,435,837	-0.06%	362,483	-0.09%
Payable to General Provident Fund	-	0.00%	-	0.00%	-	0.00%	-	-	-	0%	-	0.00%
Payable to Employees Pension Fund	-	0.00%	-	0.00%	-	47.00%	-	-	-	0%	(195,103,481)	47.00%
Payable to Officers Pension Fund	-	0.00%	(1,348,400,022)	488.23%	(435,405,333)	53.00%	-	-	(1,348,400,000)	584.64%	(220,010,308)	53.00%
Defence Saving Certificate	-	0.00%	-	0.00%	-	0.00%	-	-	-	0%	-	0.00%
Net assets of the fund	2,876,709,322	100.00%	(276,178,698)	100.00%	-	0.00%	2,536,190,829	100.00%	(230,637,575)	100%	-	0.00%

28.8 The funds have no holding in the Company's equity instruments as plan assets. Moreover, the funds have no property or other assets, as its plan assets, occupied or used by the Company.

28.9 Actuarial valuation assumptions

	2025					2024				
	Pension		Gratuity	Medical	Compensated absences	Pension		Gratuity	Medical	Compensated absences
	Officer	Employees				Officer	Employees			
Valuation discount rate	11.50%	11.50%	11.50%	11.50%	11.50%	12.25%	12.25%	12.25%	12.25%	12.25%
Expected return in plan assets	11.50%	11.50%	-	-	-	12.25%	12.25%	12.25%	-	-
Salary increase rate	12.50%	12.50%	12.50%	-	12.50%	13.25%	13.25%	13.25%	-	13.25%
Indexation in pension	8.25%	8.25%	-	-	-	9.00%	9.00%	-	-	-
Medical inflation rate	-	-	-	11.50%	-	-	-	-	12.25%	-

Actuarial Assumption

28.10.1 The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the Liability in respect of the Benefits payable under the Plan.

28.11 The effect of one percentage movement in the assumptions (rates) would have following effects:

	Original	1% Increase	1% Decrease
Rupees in millions			
Valuation discount rate	4,550.788	4,006.169	4,900.000
Financial impact on present value of obligation	-	(544.619)	349.212
Valuation discount rate %	11.50%	12.50%	10.50%
Salary increase rate	4,550.788	4,482.105	4,351.851
Financial impact on present value of obligation	-	(68.683)	(198.937)
Salary increase rate %	11.50%	12.50%	10.50%
Medical inflation rate	1,668.251	1,456.347	1,154.005
Financial impact on present value of obligation	-	(211.904)	(514.246)
Medical inflation rate %	11.50%	12.50%	10.50%
Life expectancy	6,104.470	5,598.069	5,587.915
Financial impact on present value of obligation	-	(506.401)	(516.555)
Years Changed in Mortality Age Set	-	+1 Year	-1 Year

28.12 Expected charge to the Funds for the year ending December 31, 2026

Post employment benefits					Total
Retirement benefits		Other post-employment benefits			
Pension		Gratuity	Medical	Compensated absences	
Officer	Employees				
Rupees in millions					
130.558	101.961	23.049	151.645	16.689	423.902

Actuarial Assumption

28.13 The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the Liability in respect of the Benefits payable under the Plan.

		December 31, 2025	December 31, 2024
	Note	----- (Rupees) -----	
29	TAXATION - PAYMENTS LESS PROVISION/ (PROVISION LESS PAYMENTS)		
		(533,341,569)	(603,756,603)
		2,208,756,546	2,968,300,406
	47	<u>(1,692,906,335)</u>	<u>(2,897,885,372)</u>
		<u>(17,491,358)</u>	<u>(533,341,569)</u>
30	DEFERRED TAXATION		
		2,945,023,429	1,434,851,979
	47.1	<u>(104,143,341)</u>	67,421,289
		1,072,126,455	1,442,750,159
	30.1	<u>3,913,006,542</u>	<u>2,945,023,429</u>
30.1	Deferred tax comprises of the following:		
	Deferred tax liability on taxable temporary differences:		
	Accelerated tax depreciation Property and equipment	19,552,179	14,366,437
	Investment property	339,963,778	327,202,076
	Right-of-use assets	4,439,752	5,733,731
	Revaluation surplus on property and equipment	248,606,229	240,741,324
	Revaluation surplus on Right of use asset	921,966,248	843,471,769
	Unrealized gain on investments	2,602,787,367	1,728,289,336
	Notional interest on interest free loans	3,577,903	4,145,422
	Held for trading investment	97,644,986	69,847,260
		<u>4,238,538,442</u>	<u>3,233,797,355</u>
	Deferred tax assets on deductible temporary differences:		
	Provision for doubtful debts	(33,472,008)	(31,319,379)
	Provision for impairment of receivables from other insurers / reinsurers	(273,564,967)	(237,721,281)
	Lease liabilities	(9,684,337)	(9,684,337)
	Provision for impairment in available for sale investments	(8,034,296)	(9,272,638)
		(776,291)	(776,291)
		<u>(325,531,899)</u>	<u>(288,773,926)</u>
		<u>3,913,006,543</u>	<u>2,945,023,429</u>
31	INSURANCE / REINSURANCE PAYABLES		
	Due to other insurers/ reinsurers	5,994,559,524	3,208,296,520
		<u>5,994,559,524</u>	<u>3,208,296,520</u>
31.1	Due to other insurers / reinsurers		
	Due to other insurers	768,703,612	164,823,170
	Due to other reinsurers	5,225,855,912	3,043,473,350
		<u>5,994,559,524</u>	<u>3,208,296,520</u>

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
32 LEASE LIABILITIES		
Current portion	3,563,685	3,359,424
Non-current portion	17,037,073	20,416,571
	<u>20,600,758</u>	<u>23,775,995</u>
32.1 Reconciliation of total lease liabilities against right-of-use-assets		
Balance at the beginning of the year	23,775,995	22,277,303
Modification made during the year	(1,800,032)	4,538,993
Accretion of interest	45 2,051,415	2,531,049
Repayment made during the year	(3,426,620)	(5,571,350)
	<u>20,600,758</u>	<u>23,775,995</u>
32.2	The Company has entered into lease arrangement with Karachi Port Trust (KPT) for lease of land. Minimum lease payments, which are payable till the expiry of lease agreement, have been discounted by using 6 months KIBOR prevailing at the initial application date i.e. 13.44% (2024: 13.44%).	
32.3	The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:	
Not later than one year	3,563,685	3,359,424
Later than one year but not later than five years	20,074,152	14,836,302
Later than five years	4,892,333	13,979,864
Total future minimum lease payments	<u>28,530,170</u>	<u>32,175,590</u>
Finance charge allocated to future years	(7,929,412)	(8,399,595)
Present value of future minimum lease payments	<u>20,600,758</u>	<u>23,775,995</u>
33 OTHERS CREDITORS AND ACCRUALS		
Creditors and accruals	11,694,287	3,278,355
Tax payable	4,090,707	5,561,126
Security deposits	33.1 45,625,389	43,074,026
Accrued expenses	43,769,904	84,746,430
Surplus profit payable	33.2 1,212,602	1,212,602
Payable to Window Re-Takaful Operations	33.3 59,659,841	-
Unpaid and unclaimed dividend	54,137,926	93,997,886
	<u>220,190,657</u>	<u>231,870,426</u>
33.1	This represents security deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors.	
33.2	This represents the amount set aside for the shareholders in accordance with the requirements of Pakistan Insurance Corporation Act, 1952 (repealed).	
33.3	During the year, receipts from a common party were erroneously recorded in the books of the Company instead of Window Re-Takaful Operations (WRTO). Consequently, a payable balance has been recognized to WRTO to correct this misclassification. The payment has been subsequently made to the Window Re-Takaful Operations (WRTO)	

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
34 TOTAL LIABILITIES AND FUND FROM WINDOW RETAKAFUL OPERATIONS		
Liabilities:		
Underwriting provisions	1,562,187,409	1,474,363,376
Unearned wakala fee	153,137,884	175,296,606
Takaful / retafakul payables	331,733,139	252,472,589
Payable to retakaful fund	196,127,095	159,393,278
Taxation- provision less payment	9,288,151	54,123,865
Deferred taxation	5,954,747	3,192,746
Other creditors and accruals	1,401,747	1,381,568
Payable to Pakistan Reinsurance Company Limited	119,089,396	143,349,816
Equity of Participant retakaful fund	<u>2,487,168,886</u>	<u>1,981,306,271</u>
Total liabilities	<u>4,866,088,454</u>	<u>4,244,880,115</u>

35 CONTINGENCIES AND COMMITMENTS

35.1 Contingencies

The Company is contingently liable for:

Sindh sales tax	35.2	30,055,226,930	25,260,288,608
Federal excise duty	35.3	4,073,379,063	4,073,379,063
Income tax	35.4	12,289,886,208	1,822,636,685
Insurance payables	35.6	61,568,840	61,568,840
EOBI	35.7	-	-
		<u>46,480,061,041</u>	<u>31,217,873,196</u>

35.2 Sindh Sales Tax on Reinsurance

The Company received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by PRCL to Insurance Companies. The Company contested the notice, however, the decision was made against the Company giving rise to sales tax liability amounting to Rs. 3,242 million and tax penalty of Rs. 880 million for financial year 2011 and 2012. The Company filed an appeal with Commissioner of Appeals, Sindh Revenue Board, however, it was rejected. The Company again filed an appeal with the Appellate Tribunal where the decision was made against the Company vide order number AT-02/2013/109/2013 dated February 03, 2016. As a result, the Company filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal.

In the aforementioned tribunal orders, the SRB was directed to reconcile and separate the sales tax liability on reinsurance premium generated within the province of Sindh and rest of Pakistan.

Subsequently, the Company received two orders in pursuance of Appellate Tribunal (SRB) Order against Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which were worked out and calculated by SRB amounting to Rs. 372.2 million and Rs. 1,118.1 million respectively. The Company has filed reference no 63 and 64/2016 in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal.

Further, the Company has also received a notice from Sindh Revenue Board (SRB) for the period from January 2013 to December 2013. The Company contested the notice; however, the order was passed against the Company giving rise to sales tax liability amounting to Rs. 1,385 million and tax penalty amounting to Rs. 424 million. The Company filed an appeal against the order with Commissioner of Appeals, Sindh Revenue Board which was decided against the Company. The Company being aggrieved by the said order has filed an appeal before Appellant Tribunal-SRB which has been heard and order is awaited. Stay of tax demand has been obtained in this regard which was valid up to April 05, 2017.

During the year 2017, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013.

The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously.

After obtaining legal opinion and approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2017, to the Commissioner (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to the condition that SRB will withdraw all notices issued u/s 66 of Sindh Sales Tax Act, 2011, to the clients and debtors of the Company for the attachment of payables to the Company, SRB will not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services is finally decided by the Honorable High Court of Sindh and SRB will not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter shall be decided after the decision of the Honorable High Court of Sindh.

Furthermore, the SECP vide letter No. ID/PRDD/TAXATION/2020/15 dated March 13, 2020 highlighted taxation issues to SRB faced by the insurance industry in Pakistan. SECP highlighted that, insurance companies obtained reinsurance services to mitigate their risk by sharing it with other insurance/reinsurance companies, hence, forming part of the overall risk management function of insurance companies. The imposition of sales tax on reinsurance services through service charge mechanism, may lead to double taxation on the insurance business, in the context of foreign reinsurance.

Imposition of sales tax on the reinsurance services would increase the cost of doing business for insurance companies, which may reflect as an increase in the rates of insurance premiums, making insurance more costly for the policyholders. As lowering the cost of business is the primary agenda of the Government of Pakistan and as such, the imposition of sales tax on reinsurance services would be working at odds with measures taken by the Government of Pakistan for ease of doing business in Pakistan.

SRB vide letter SRB/TP/57/2016 dated April 26, 2020 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice.

The aggregate amount of Rs. 2,573.889 million paid has been recorded as “Receivable from SRB” in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

Further, if the matter is decided against the Company, the charge to accumulated profits would amount to Rs. 30.055 Billion (2024: Rs. 25.260 Billion) (approximately) pertaining to the years 2011 to 2025 excluding any additional penalty or default surcharge. The pending legal proceeding may result in claims that the Company is unlikely to be able to satisfy. Further, in that case, the overall equity may erode and turn into negative and the Company would also face liquidity crunch and be unable to meet its solvency requirements in addition to "going concern assumption" basis of accounting.

Based on the legal opinion of the Company’s legal advisor, management is confident that strong grounds exist to contest the case and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2025 has been recorded in these financial statements.

On January 10, 2023, the hearing of the said case was held in the High Court of Sindh, Karachi. Although it was discharged, due to the shortage of time till the next hearing date April 25, 2024. The case remains pending with no further progress. The last hearing, scheduled for February 10, 2025, was adjourned and the next hearing is scheduled for June 25, 2026.

35.3 Federal Excise Duty

Federal Board of Revenue (FBR) issued show-cause notices dated 22.11.2017, whereby the Company was required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017, demanding a total of Rs. 4,073,379,063/=. Year-wise breakup is given below:

S. no.	Year	Amount in Rupees
1	2012	161,753,030
2	2013	755,903,899
3	2014	765,427,619
4	2015	835,030,670
5	2016	928,295,664
6	2017	626,968,181
		4,073,379,063

PRCL filed a Constitutional Petition before the High Court of Sindh against the notices on 13.12.2017 and a stay was granted by the Court vide order dated 16.01.2018. The petition of PRCL, was fixed on 12.03.2025 wherein the High Court of Sindh disposed of the petition directing that the Petitioner shall contest the notices before the issuing authority.

Deputy Commissioner-Inland Revenue on 30.06.2025 issued orders stating that Federal Excise Duty aggregating to Rs. 4,073,379,063 on aggregate insurance premium revenue for the periods from October 2012 to September 2017, was recoverable from the Company.

The Finance Act, 2024 has made it mandatory for SOEs to seek resolution of all tax disputes through the Alternate Dispute Resolution Committee (ADRC) — regardless of the disputed amount. This amendment effectively limits the access of SOEs to other appellate forums. In view of these restrictions imposed by the amended provisions regarding the constitutional right of appeal and demand of unjustified amount, PRCL challenged the constitutionality and legality of these amendments by filing a petition before the Islamabad High Court on 28th July, 2025 and received a stay order on 27th July, 2025. The petition before the Islamabad High Court is pending and the next hearing date is 14.04.2026.

The management is confident that the eventual outcome of the matter would be in favor of the Company, hence no provision is made.

35.5 The Company received various notices in respect of non deduction of withholding tax on commission paid to ceding companies. CIRA has decided issue of Commission expense against the Company and appeal is pending in ATIR. Full bench had been formed due to a conflicting decision of Honourable Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet.

The above matters are pending before various forums. On the basis of the opinion of tax advisor, the Company is confident that the eventual outcome will be in favor of the Company.

35.6 Insurance payables

Certain ceding companies have filed various suits amounting to Rs. 61,568,840 (2024: Rs. 61,568,840) against the Company for recovery of claims. Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the cases and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision has been recorded in the financial statements relating to these claims.

35.7 Employee Old Age Benefit Institution

The Company received a notice from the Regional Director of the Employee Old-Age Benefits Institution (EOBI) dated October 31, 2009, asserting that Pakistan Reinsurance Company Limited is required to register under the EOBI Act, 1976. Management maintains that the Act is not applicable as the Company is a statutory body corporate under the administrative control of the Ministry of Commerce, Government of Pakistan, with its own established pension rules and limitations. Although a suit filed in 2011 resulted in a judgment against the Company by the Honorable Civil Court, an appeal there against has since been filed in the Honorable High Court of Sindh. Management, based on its assessment, remains confident of a favorable outcome in this matter.

Following discussions with EOBI officials, the Company is currently evaluating the registration of its contractual employees, subject to formal approval from the Ministry of Commerce. Furthermore, it has been agreed that a formal legal opinion will be sought from the Ministry of Law and Justice regarding the registration requirements for permanent employees who are already covered under the Company's existing pension scheme. No provision has been made in these financial statements as the management believes the ultimate resolution will not result in any significant financial liability.

The appeal filed in the Honorable High Court of Sindh is pending and the next hearing date is 03.04.2026.

35.8 The Company was in dispute with Karachi Port Trust (KPT) regarding rentals which has been settled out of the Court. However, the matter with respect to waiver of late payment surcharge / penalty is under discussion with KPT. The Company is confident that the matter will be settled in favour of the Company, no provision is recorded in this respect for the amount which may range from Rs 20 to 25 million .

35.9 As disclosed in the notes 16 and 31.1 to the financial statements represents the balances of insurance/re-insurance receivables and due to other insurers/re-insurers amounting to Rs.14.257 billion (net of provision against impairment to Rs. 13.555 billion) and Rs. 5.994 billion respectively. As per the requirements of Securities and Exchange Commission of Pakistan (SECP) via dated February 09 2023 to reconcile the above balances with the insurance companies, management reconciled the balances till December 31, 2023 with the consultation of Securities and Exchange Commission of Pakistan (SECP) by outsourcing this function to an independent third party which is still underway.

The management is confident that the eventual outcome of reconciliation exercise would be in favor of the Company.

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
35.10 Commitments		
Commitments in respect of:		
- Short term lease rentals (0 to 1 year)	3,563,685	3,992,521
- Capital expenditure (intangible assets)	25,422,503	25,422,503
	<u>28,986,188</u>	<u>29,415,024</u>
36 NET INSURANCE PREMIUM		
Gross premium written	31,966,255,478	24,702,082,514
Add: unearned premium reserve opening	10,621,849,438	16,235,915,117
Less: unearned premium reserve closing	26 <u>(12,361,671,413)</u>	<u>(10,621,849,438)</u>
Premiums earned	30,226,433,503	30,316,148,193
Less: reinsurance premium ceded	23,063,407,485	14,514,623,584
Add: prepaid reinsurance premium opening	6,953,612,983	11,900,209,825
Less: prepaid reinsurance premium closing	19 <u>(8,859,777,808)</u>	<u>(6,953,612,983)</u>
Reinsurance expense	21,157,242,660	19,461,220,426
	<u>9,069,190,843</u>	<u>10,854,927,767</u>

Tax Year	Order Section	Tax Liability Raised in Amendment Order	Contested Issues	If pending issues decided against the Company Payable/(Refundable)	Updates during the Current Year
2010	122(1)	20,931,772	Commission Expense Compensated Absences	(8,135,713)	The Company filed an Appeal before the Commissioner Appeals, the Commissioner Appeals has decided some issues against the Company and the Company accepted the liability of amounting to Rs. 183,750/- and filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) for remaining issues. The issue Workers Welfare Fund was decided in favor of the company by the Commissioner Appeals and the department has filed the appeal before ATIR. However, because of the change in the law, ATIR had directed the Company to file the application for Alternative Dispute Resolution Committee (ADRC) and the Company filed ADR application dated 29.04.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC was dissolved vide order dated 15.01.2026. Consequently, the Company has again filed the appeals before ATIR. The matter is currently sub-judice before ATIR and remains pending for adjudication. The Company expecting a favorable outcome.
2014	161/205	260,214,169	Withholding Tax Defaultly Surcharge Penalty	234,556,878	• Referred to FBR in terms of Section 134A vide SHC Order dated 13.08.2025
2014	122(5A)	542,653,355	Commission Expense Provision for Doubtful Debts WWF	399,676,897	The Company filed an Appeal before the Commissioner Appeals, the Commissioner Appeals has decided some issues against the Company and the Company accepted the liability of amounting to Rs. 183,750/- and filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) for remaining issues. The issue Workers Welfare Fund was decided in favor of the company by the Commissioner Appeals and the department has filed the appeal before ATIR. However, because of the change in the law, ATIR had directed the Company to file the application for Alternative Dispute Resolution Committee (ADRC) and the Company filed ADR application dated 29.04.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC was dissolved vide order dated 15.01.2026. Consequently, the Company has again filed the appeals before ATIR. The matter is currently sub-judice before ATIR and remains pending for adjudication. The Company expecting a favorable outcome.
2015	161/205	55,305,922	Withholding Tax Defaultly Surcharge Penalty	39,541,845	• Referred to FBR in terms of Section 134A vide ATIR Order dated 28.11.2024 • ADR Application filed on 29.04.2025 • ADRC dissolve vide Order dated 15.01.2026
2015	122(5A)	498,357,134	Exchange Loss	(24,228,768)	The Company filed an Appeal before the Commissioner Appeals, the Commissioner Appeals has decided some issues against the company and the Company has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the issues that were decided against the Company. However, because of the change in the law, ATIR had directed the Company to file the application for Alternative Dispute Resolution Committee (ADRC) and the Company filed ADR application dated 29.04.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC was dissolved vide order dated 15.01.2026. Consequently, the Company has again filed the appeals before ATIR. The matter is currently sub-judice before ATIR and remains pending for adjudication. The Company expecting a favorable outcome.
2016	161/205	182,699,756	Withholding Tax Defaultly Surcharge Penalty	182,699,756	• Pending in Appellate Tribunal Inland Revenue
2016	122(5A)	742,375,175	Loss on Defined Benefit Obligation Compensated Absences	78,892,147	The Company filed an Appeal before the Commissioner Appeals, the Commissioner Appeals has decided some issues against the Company and the Company has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the issues that were decided against the Company. Some issues were decided in favor of the Company by the Commissioner Appeals and the department has filed the appeal before ATIR. The appeals are pending before ATIR.

Tax Year	Order Section	Tax Liability Raised in Amendment Order	Contested Issues	If pending issues decided against the Company Payable/(Refundable)	Updates during the Current Year
2018	122(5A)	799,153,338	Commission Expense Investment Property Depreciation (remanded back to ADCIR)	360,138,484	• Referred to FBR in terms of Section 134A vide ATIR Order dated 25.06.2025
2020	122(5A)	249,252,186	The tax department through order dated December 24, 2024 has created tax demand in respect of following matters; - Certain dividend income - Provision for compensated absences - Provision for KPT lease rentals payable - Actuarial loss on Defined Benefit Obligation - Provision for doubtful debts	249,252,186	The Company initially sought recourse through the Alternative Dispute Resolution Committee (ADRC) under the statutory framework ADR through application filed on 20.06.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC dissolved vide order dated 15.01.2026. Consequently, the Company has exercised its right to appeal under Section 127 of the Income Tax Ordinance, 2001. The matter is currently sub-judice before the Commissioner Inland Revenue (Appeals) and remains pending for adjudication. The Company is expecting a favorable outcome.
2021	122(5A)	1,275,488,978	The tax department through order dated May 26, 2025 has created tax demand in respect of following matters; - Commission expense - Certain dividend income - Reversal of Impairment in Value of AFS Investments - Actuarial loss on Defined Benefit Obligation - Provision for impairment - Provision for compensated absences - Provision for lease rentals payable - Provision for doubtful debts - Provision form claims incurred but not reported (IBNR)	1,275,488,978	The Company initially sought recourse through the Alternative Dispute Resolution Committee (ADRC) under the statutory framework ADR through application filed on 20.06.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC dissolved vide order dated 15.01.2026. Consequently, the Company has exercised its right to appeal under Section 127 of the Income Tax Ordinance, 2001. The matter is currently sub-judice before the Commissioner Inland Revenue (Appeals) and remains pending for adjudication. The Company is expecting a favorable outcome.
2022	122(5A)	1,386,018,314	The tax department through order dated May 26, 2025 has created tax demand in respect of following matters; - Commission expense - Certain dividend income - Reversal of Impairment in Value of AFS Investments - Actuarial loss on Defined Benefit Obligation - Provision for Impairment - Provision for compensated absences - Provision form claims incurred but not reported (IBNR)	1,386,018,314	The Company initially sought recourse through the Alternative Dispute Resolution Committee (ADRC) under the statutory framework ADR through application filed on 20.06.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC dissolved vide order dated 15.01.2026. Consequently, the Company has exercised its right to appeal under Section 127 of the Income Tax Ordinance, 2001. The matter is currently sub-judice before the Commissioner Inland Revenue (Appeals) and remains pending for adjudication. The Company is expecting a favorable outcome.
2023	122(5A)	1,965,399,174	The tax department through order dated May 26, 2025 has created tax demand in respect of following matters; - Commission expense - Certain dividend income - Reversal of Impairment in Value of AFS Investments - Actuarial loss on Defined Benefit Obligation - Provision for compensated absences - Provision form claims incurred but not reported (IBNR)	1,965,399,174	The Company initially sought recourse through the Alternative Dispute Resolution Committee (ADRC) under the statutory framework ADR through application filed on 20.06.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC dissolved vide order dated 15.01.2026. Consequently, the Company has exercised its right to appeal under Section 127 of the Income Tax Ordinance, 2001. The matter is currently sub-judice before the Commissioner Inland Revenue (Appeals) and remains pending for adjudication. The Company is expecting a favorable outcome.
2024	122(5A)	3,131,313,942	The tax department through order dated May 26, 2025 has created tax demand in respect of following matters; - Commission expense - Certain dividend income - Reversal of Impairment in Value of AFS Investments - Deduction against Rental Income - Provision form claims incurred but not reported (IBNR)	3,131,313,942	The Company initially sought recourse through the Alternative Dispute Resolution Committee (ADRC) under the statutory framework ADR through application filed on 20.06.2025. However, as the committee was unable to reach a conclusive settlement within the prescribed period, the proceedings were terminated without a resolution and ADRC dissolved vide order dated 15.01.2026. Consequently, the Company has exercised its right to appeal under Section 127 of the Income Tax Ordinance, 2001. The matter is currently sub-judice before the Commissioner Inland Revenue (Appeals) and remains pending for adjudication. The Company is expecting a favorable outcome.

Tax Year	Order Section	Tax Liability Raised in Amendment Order	Contested Issues	If pending issues decided against the Company Payable/(Refundable)	Updates during the Current Year
2025	122(5A)	2,986,907,607	The tax department through order dated March 10, 2026 has created tax demand in respect of following matters; <ul style="list-style-type: none"> - Inadmissability of commission expense - Certain dividend Income - Reversal of impairment in value of AFS Investments - Deduction against Rental Income - Provision for doubtful trade debts - Credit of withholding income tax - Provision form claims incurred but not reported (IBNR) 	2,986,907,607	The Company has to file application for Alternate Dispute Resolution Committee.

		December 31, 2025	December 31, 2024
	Note	----- (Rupees) -----	
37	NET INSURANCE CLAIMS		
Claims paid		11,832,135,430	8,109,320,928
Add: outstanding claims including IBNR closing	25	18,770,081,085	24,338,601,075
Less: outstanding claims including IBNR opening		(24,338,601,075)	(25,932,646,396)
Claims expense		6,263,615,440	6,515,275,607
Less: reinsurance and other recoveries received		6,349,109,272	3,518,183,186
Add: reinsurance and other recoveries in respect of outstanding claims closing	17	10,282,198,129	15,767,126,860
Less: reinsurance and other recoveries in respect of outstanding claims opening		(15,767,126,860)	(18,206,185,158)
Reinsurance and other recoveries revenue		864,180,541	1,079,124,888
		5,399,434,899	5,436,150,719

38 CLAIM DEVELOPMENT

The Company maintains adequate reserves in respect of its reinsurance 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 reinsurance.

Claim Development Table						
Accident year	2021	2022	2023	2024	2025	Total
Estimate of ultimate claims cost						
-At the end of accident year	5,108,125,316	14,480,978,776	8,489,163,900	8,750,185,956	8,524,813,778	45,353,267,726
-One year later	3,767,378,162	11,824,951,537	2,634,563,046	4,711,147,905	-	22,938,040,650
-Two years later	4,666,414,473	10,775,247,768	1,629,958,421	-	-	17,071,620,661
-Three years later	4,223,134,218	6,094,034,707	-	-	-	10,317,168,925
-Four years later	9,642,261,704	-	-	-	-	9,642,261,704
Current estimate of cumulative claims	9,642,261,704	6,094,034,707	1,629,958,421	4,711,147,905	8,524,813,778	30,602,216,515
Cumulative payments to date	(2,863,922,806)	(4,588,283,848)	(572,464,951)	(2,290,347,050)	(1,517,116,774)	(11,832,135,430)
Outstanding Claims Related too Bangladesh	-	-	-	-	-	(4,952,000)
Liability recognised in the statement of financial position	6,778,338,898	1,505,750,859	1,057,493,470	2,420,800,855	6,790,530,319	18,765,129,085

39 NET COMMISSION AND OTHER ACQUISITION COSTS

Commission paid or payable		2,437,176,663	2,376,286,109
Add: deferred commission expense opening		1,047,205,897	1,125,879,037
Less: deferred commission expense closing	18	(1,031,300,986)	(1,047,205,897)
Net commission		2,453,081,574	2,454,959,249
Less: commission received or receiveable		1,697,366,842	1,076,512,252
Add: unearned reinsurance commission opening		505,496,153	810,160,213
Less: unearned reinsurance commission closing	27	(691,189,321)	(505,496,153)
Commission from reinsurers		1,511,673,674	1,381,176,312
		941,407,900	1,073,782,937

	Note	December 31, 2025	December 31, 2024
		----- (Rupees) -----	
40	MANAGEMENT EXPENSES		
Employee benefit cost	40.1	1,154,173,420	1,481,863,563
Travelling and conveyance		19,859,433	26,406,919
Entertainment expenses		2,695,417	7,130,749
Communication expenses		3,598,752	4,599,766
Insurance		1,776,446	25,486,773
Utilities		15,341,810	42,194,924
Printing and stationery		4,501,190	6,421,888
Medical		12,221,084	20,803,278
Rent, rates and taxes		8,022,217	9,560,693
Computer related expenses		38,576,682	46,528,315
Consultancy and professional charges		10,946,035	8,495,329
Newspapers and periodicals		48,015	130,850
Depreciation and amortization	40.2	328,948,179	263,369,625
Director's meeting and other expenses	49	40,286,463	29,616,279
Advertisement and business promotions		6,302,839	5,118,066
Training and research		2,005,992	2,304,590
Repairs and maintenance		12,276,685	16,218,986
Security service expenses		23,472,754	23,504,972
Janitorial expense		12,615,967	13,070,808
Legal fees		19,594,000	1,812,680
Share transaction cost		271,565	202,149
Other expenses		14,154,767	34,269,220
		<u>1,731,689,712</u>	<u>2,069,110,422</u>
Expenses allocated to investment income	41	(22,250,043)	(19,507,623)
Expenses allocated to rental income	42	(22,963,612)	(29,995,456)
		<u>1,686,476,057</u>	<u>2,019,607,343</u>
40.1	Employee benefit cost		
Salaries, wages and benefits		689,025,519	854,045,243
Post employment benefits			
Officers' pension		155,321,621	225,225,268
Employees' pension		96,095,118	134,670,509
Gratuity fund		36,147,051	24,059,302
Post retirement medical benefits		164,149,726	185,243,562
Compensated absences		13,434,385	58,619,679
		<u>465,147,901</u>	<u>627,818,320</u>
		<u>1,154,173,420</u>	<u>1,481,863,563</u>
40.2	Depreciation and amortization		
Depreciation of property and equipment	7.1	72,663,822	58,442,071
Amortization of intangible asset	8.1	325,537	222,170
Depreciation on right-of-use assets	9.1	255,958,820	204,705,385
		<u>328,948,179</u>	<u>263,369,626</u>

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
41 INVESTMENT INCOME - NET		
Income from equity securities		
Available for sale		
Dividend income	491,556,122	391,607,396
Held for trading		
Dividend income	34,931,628	26,649,500
	<u>526,487,750</u>	<u>418,256,896</u>
Income from debt securities		
Held to maturity		
Return on debt securities		
Pakistan Investment Bonds - fixed	1,380,210,335	1,128,671,568
Pakistan Investment Bonds - floating	10,094,753	36,896,245
Treasury Bills	669,289,100	1,240,822,625
Profit on Term Finance Certificates	-	9,131,135
Amortization of Pakistan Investment Bonds	179,745,633	167,464,810
	<u>2,239,339,821</u>	<u>2,582,986,383</u>
Available for sale		
Profit on Pakistan Investment Bonds	5,634,898	14,299,566
Profit on Treasury Bills	25,493,000	-
	<u>31,127,898</u>	<u>14,299,566</u>
Net realized gains on investments		
Available for sale financial assets		
Realized gain on equity securities	286,537,520	74,149,383
Held for trading financial assets		
Realized gain on equity securities	5,620,151	15,828,690
Net unrealized gain/(losses) on investments		
Held for trading investments	250,371,758	186,952,145
Total investment income	<u>3,339,484,898</u>	<u>3,292,473,063</u>
Add: reversal of impairment in value of available for sale investment	-	170,415,674
Less: investment related expenses	40 (22,250,043)	(19,507,623)
Net investment income	<u><u>3,317,234,855</u></u>	<u><u>3,443,381,114</u></u>
42 RENTAL INCOME - NET		
Rental income earned	42.1 193,117,213	179,956,963
Less: expenses allocated to investment property	40 (22,963,612)	(29,995,456)
	<u>170,153,601</u>	<u>149,961,507</u>
42.1	This pertains to rental income charged against ground floor to 9th floor of PRC Tower.	
42.2	There are no direct expenses relating to investment property that did not generate rental income.	
43 OTHER INCOME		
Return on bank deposits	243,137,765	478,049,675
Net return on loans to employees	9,174,109	9,666,265
Miscellaneous income	33,810,199	69,158,245
Liabilities written back	-	39,078,411
Exchange gain - net	42,991,012	56,908,483
	<u>329,113,085</u>	<u>652,861,079</u>

43.1 This includes revaluation surplus arising due to revaluation of Investment property amounting to Rs. 32.722 million (2024: 66.025 million).

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
44 OTHER EXPENSES		
Auditor's remuneration	1,968,200	1,596,000
Fee and subscription	4,526,012	3,524,483
Subscription and membership fee	6,064,816	4,460,648
Regulatory compliances costs	29,643,674	21,181,288
	<u>42,202,702</u>	<u>30,762,419</u>
44.1 Auditor's remuneration		
Annual audit fee	864,000	720,000
Half yearly fee	259,200	216,000
Other certification fee	504,000	420,000
Out-of-pocket expenses	341,000	240,000
	<u>1,968,200</u>	<u>1,596,000</u>
45 FINANCE COST		
Accretion of interest against lease liabilities	2,051,415	2,531,049
Bank charges	4,686,868	6,691,627
	<u>6,738,283</u>	<u>9,222,676</u>
46 PROFIT FROM WINDOW RETAKAFUL OPERATIONS -OPERATOR'S RETAKAFUL FUND		
Revenue account		
Wakala fee	392,476,595	356,852,235
Commission expense	(415,272,605)	(338,312,950)
General, administrative and management expenses	(19,410,404)	(16,733,308)
	<u>(42,206,414)</u>	<u>1,805,977</u>
Investment income	32,095,895	22,109,382
Other income	9,858,778	62,440,826
Modarib's share of Participant's Retakaful investment and other income	50,091,355	88,431,264
	<u>92,046,027</u>	<u>172,981,471</u>
Profit before taxation	49,839,613	174,787,448
Taxation	(19,437,450)	(76,716,567)
Profit after taxation	<u>30,402,163</u>	<u>98,070,881</u>
47 TAXATION		
Levies (Income subject to final tax)	23,760,000	26,929,187
Income tax	1,584,440,444	3,015,094,041
	<u>1,608,200,444</u>	<u>3,042,023,228</u>

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
47.1 Income tax		
Current	1,727,052,515	2,540,767,270
Prior year	<u>(57,906,179)</u>	<u>330,188,915</u>
	1,669,146,335	2,870,956,185
Current - Window Retakaful Operations	<u>19,437,450</u>	<u>76,716,567</u>
	1,688,583,785	2,947,672,752
Deferred	<u>(104,143,341)</u>	<u>67,421,289</u>
47.2	<u><u>1,584,440,444</u></u>	<u><u>3,015,094,041</u></u>

47.2 Relationship between tax expense and accounting profit

Profit before tax	<u>4,737,296,708</u>	<u>6,820,338,083</u>
Tax at the applicable rate of 39% including super tax (2024: 39%)	1,847,545,716	2,659,931,852
Tax effect of temporary difference and others	(205,199,093)	24,973,274
Prior year tax adjustment	(57,906,179)	330,188,915
Charge for the year	<u><u>1,584,440,444</u></u>	<u><u>3,015,094,041</u></u>

47.3 Relationship between average effective tax rate and the applicable tax rate

Applicable tax rate	39.00%	39.00%
Tax effects of amounts that are:		
- Deductible temporary difference	(8.53%)	(3.83%)
- Taxable temporary difference	4.20%	4.20%
	<u><u>34.67%</u></u>	<u><u>39.37%</u></u>

48 EARNINGS PER SHARE - basic and diluted

Basic earning per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding as at the year end as follows:

	December 31, 2025	December 31, 2024
	----- (Rupees) -----	
Profit for the year	<u><u>3,129,096,264</u></u>	<u><u>3,778,314,855</u></u>
Weighted average number of ordinary shares (number of shares)	<u><u>900,000,000</u></u>	<u><u>900,000,000</u></u>
Earnings per share	<u><u>3.48</u></u>	<u><u>4.20</u></u>

48.1 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.

49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE (Note 49.3)		DIRECTORS		EXECUTIVES	
	2025	2024	2025	2024	2025	2024
	----- Rupees in '000 -----					
Meeting fees	-	-	29,160	21,330	-	-
Managerial remuneration	44,673	28,800	-	-	130,069	160,427
Leave encashment	4,019	4,800	-	-	2,597	1,997
Bonus	30,733	38,797	-	-	25,922	26,830
Conveyance / car monetization	2,304	3,300	-	-	26,799	29,832
Others	587	180	11,126	8,286	-	-
	82,316	75,877	40,286	29,616	185,387	219,086
Number of person(s)	2	1	8	9	27	33

49.1 Executive means any employee who satisfies the definition / criteria as mentioned in the Insurance Regulations, 2017.

49.2 The Directors are entitled to meeting fee for attending each board and committee meeting amounting to Rs. 180,000 for meeting and other benefits comprising of accommodation, air travel allowance and conveyance allowance as recommended by Board on its 196th meeting held on August, 29 2025 in accordance with the articles of association of the Company.

49.3 Managerial remunerations to Chief Executives amounting to Rs. 44.673 million includes an amount of Rs. 28.8 million paid to Ex-Chief Executive as severance pay as per contract and in addition to that an amount of Rs. 14.4 million was paid to him as gratuity, as per contract, which is reflected in note 28 of these financial statements.

49.4 The Company operates defined retirement benefit plans, whose charge for the year is determined based on actuarial valuation carried based on overall employees of the Company, as disclosed in note 28 of these financial statements and provision in respect of chief executive and executive employees is also reflected therein.

	December 31, 2025	December 31, 2024
50 EMPLOYEES		
Number of employees at the year end		
Permanent	96	100
Contractual	60	63
	156	163
Average number of employees during the year		
Permanent	98	105
Contractual	62	72
	160	177

51 IMPLICATIONS OF REVISED IFRS 2 - SHARE-BASED PAYMENT ON BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and Non-State Owned Enterprises, where GoP holds significant investments (Non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities including the Company on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP has transferred 12% of its investment in such SOEs and Non-SOEs to a Trust Fund, established under a Trust Deed, created for the purpose by each of such entities. The eligible employees are entitled to be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units, as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises, needs to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard-2, "Share-based Payments" (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP, on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 07, 2011 to such entities including the Company from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, Staff costs of the Company would have been higher by Rs. 42.235 million, profit before taxation would have been lower by Rs. 42.235 million, earnings per share would have been lower by Rs. 0.14, reserves would have been higher by Rs. 42.235 million.

During the year, the company has received a notice from Ministry of Commerce, dated 17 March, 2022. to deposit principal amount along with interest accrued on the principal amount available with the Company under BESOS scheme under federal consolidated fund. The Company has paid the principal amount along with the interest accrued on the principal amounting to Rs. 558.525 million on November 29, 2022 to Ministry of Commerce. The Fund will be dissolved after the audit of the financial statements of the fund.

The interest amounting to Rs. 26.472 million has been paid to the Government on 1/8/2024 and the bank account has been closed on the same date.

52 RELATED PARTIES TRANSACTIONS AND BALANCES

Government of Pakistan through Ministry of Commerce owns 50.99% (2024: 51%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. The related parties comprise major shareholders, associated company, directors, companies with common directorship, key management personnel, and staff retirement benefit funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material and hence not disclosed in these financial statements. Moreover, transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 51 of these financial statements, are as follows:

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
Major shareholders		
Government of Pakistan (GoP) through Ministry of Commerce		
Dividend paid for the year	<u>917,998,536</u>	<u>458,999,268</u>
State Life Insurance Corporation of Pakistan		
Dividend paid for the year	<u>439,393,206</u>	<u>219,696,603</u>
Related parties by virtue of GoP's holdings		
State Bank of Pakistan		
Purchase of investment	<u>11,560,545,224</u>	<u>11,957,923,031</u>
Pakistan State Oil Company Limited		
Dividend received during the year	<u>140,420</u>	<u>140,420</u>
National Investment Trust Limited		
Dividend received during the year	<u>95,040,000</u>	<u>81,180,000</u>
National Insurance Company Limited		
Insurance / reinsurance receivables / (insurance / reinsurance payable)	<u>2,781,498,914</u>	10,468,111,935
Insurance premium written during the year	<u>21,784,400,034</u>	13,799,551,329
Commission Paid	<u>(778,968,542)</u>	(644,756,690)
Claims paid	<u>(6,971,670,831)</u>	(3,109,416,991)
Direct settlement with Retrocessionaire	<u>(4,624,561,242)</u>	(7,122,945,352)
Net receipts/payments	<u>(7,966,546,305)</u>	(10,609,045,317)
Balance at the end of year	<u>4,224,152,028</u>	<u>2,781,498,914</u>
Alpha Insurance Company Limited		
Insurance / reinsurance receivables / (insurance / reinsurance payable)	<u>32,623,615</u>	19,875,474
Insurance premium written during the year	<u>34,565,370</u>	32,742,619
Commission Paid	<u>(899,804)</u>	(771,899)
Claims paid	<u>(5,204,414)</u>	(3,691,366)
Net receipts	<u>-</u>	(15,531,213)
Balance at the end of year	<u>61,084,767</u>	<u>32,623,615</u>
Other related parties		
Remuneration including benefits and perquisites of key management	<u>307,989,463</u>	<u>324,579,000</u>

The transactions with related parties are in the normal course of business at contracted rates and terms and conditions determined on commercial terms.

December 31, 2025	Fire	Marine cargo	Marine Hull	Accident	Aviation	Engineering	Proportional Treaty	Non Proportional Treaty	Total
	Rupees								
Gross written premium	5,955,207,337	135,263,610	273,022,602	1,444,318,474	4,570,751,407	12,630,722,326	4,760,142,299	2,196,827,423	31,966,255,478
Unearned-opening	1,285,441,645	13,489,100	87,376,811	490,134,575	1,468,166,144	3,839,617,103	2,565,209,310	872,414,750	10,621,849,438
Unearned-closing	1,639,040,869	14,477,755	64,408,256	496,605,239	1,348,729,960	5,774,870,215	2,090,166,530	933,372,589	12,361,671,413
Premium earned	5,601,608,113	134,274,955	295,991,157	1,437,847,810	4,690,187,591	10,695,469,214	5,235,185,079	2,135,869,584	30,226,433,503
Reinsurance-ceded	3,990,335,404	80,778,944	240,254,694	1,119,609,805	4,283,630,814	11,246,675,785	-	2,102,122,039	23,063,407,485
Prepaid reinsurance-opening	659,817,075	-	75,793,379	420,226,441	1,311,444,608	3,488,248,188	-	998,083,292	6,953,612,983
Prepaid reinsurance-closing	814,310,363	-	56,222,180	411,345,462	1,257,047,420	5,264,940,135	-	1,055,912,248	8,859,777,808
Reinsurance expenses	3,835,842,116	80,778,944	259,825,893	1,128,490,784	4,338,028,002	9,469,983,838	-	2,044,293,083	21,157,242,660
Net insurance premium	1,765,765,997	53,496,011	36,165,264	309,357,026	352,159,589	1,225,485,376	5,235,185,079	91,576,501	9,069,190,843
Commission income	204,608,195	7,373,811	25,582,518	93,064,092	201,447,696	940,481,042	-	39,116,320	1,511,673,674
Net underwriting income (A)	1,970,374,192	60,869,822	61,747,782	402,421,118	553,607,285	2,165,966,418	5,235,185,079	130,692,821	10,580,864,517
Insurance claims paid	930,926,151	137,359	335,362,161	2,065,988	70,220,972	6,409,307,464	3,520,317,248	563,798,087	11,832,135,430
Outstanding-opening	3,329,035,649	86,514,925	72,419,048	910,882,876	2,284,482,664	14,251,191,406	2,343,564,135	1,060,510,372	24,338,601,075
Outstanding-closing	3,194,979,411	131,044,584	252,482,648	1,027,126,676	2,497,353,261	7,861,640,684	2,753,091,126	1,052,362,695	18,770,081,085
Insurance claims expenses	796,869,913	44,667,018	515,425,761	118,309,788	283,091,569	19,756,742	3,929,844,239	555,650,410	6,263,615,440
Reinsurance recoveries received	-	-	264,747,180	-	44,841,471	5,944,118,143	-	95,402,478	6,349,109,272
Recovery-opening	530,968,245	-	35,809,757	498,469,000	1,733,981,568	12,274,667,266	-	693,231,024	15,767,126,860
Recovery-closing	957,788,748	8,098,000	195,846,738	569,439,000	2,273,554,829	5,769,320,546	-	508,150,268	10,282,198,129
Insurance claims recovered from reinsures	426,820,503	8,098,000	424,784,161	70,970,000	584,414,732	(561,228,577)	-	(89,678,278)	864,180,541
Net claims	370,049,410	36,569,018	90,641,600	47,339,788	(301,323,163)	580,985,319	3,929,844,239	645,328,688	5,399,434,899
Commission expense	301,853,778	10,178,369	17,819,213	84,407,323	114,810,595	588,868,418	1,321,865,943	13,277,935	2,453,081,574
Management expense	328,355,873	9,947,937	6,725,170	57,526,986	65,486,406	227,887,116	973,517,312	17,029,256	1,686,476,058
Premium deficiency expense	-	-	-	-	-	-	-	-	24,549,000
Provision for doubtful debts-net	-	-	-	-	-	-	-	-	97,426,448
Net insurance claims and expenses (B)	(1,000,259,060)	(56,695,325)	(115,185,983)	(189,274,097)	121,026,161	(1,397,740,853)	(6,225,227,494)	(675,635,879)	(9,660,967,979)
Underwriting results (C=A-B)	970,115,132	4,174,497	(53,438,201)	213,147,021	674,633,446	768,225,565	(990,042,415)	(544,943,058)	919,896,538
Net investment income									3,317,234,855
Rental income	21%	68%	251%	15%	-86%	47%	75%		170,153,601
Other income									329,113,085
Other expenses									(42,202,702)
Finance cost									(6,738,283)
Profit from Window Re-takaful Operations									49,839,613
Profit before levies and income tax									4,737,296,707
Levies									(23,760,000)
Profit before income tax									4,713,536,707
Taxation									(1,584,440,444)
Profit after tax									3,129,096,263
Segment assets	1,892,219,560	9,148,829	255,852,786	1,011,198,265	3,560,729,946	11,272,269,316	603,063,637	1,568,794,584	20,173,276,923
Unallocated assets									56,181,724,499
									76,355,001,422
Segment liabilities	4,900,785,203	145,522,339	322,382,190	1,556,520,098	3,904,416,209	14,147,758,049	4,843,257,656	2,002,300,075	31,822,941,819
Unallocated liabilities									16,182,872,941
									48,005,814,760
	51%	93%	187%	47%	-22%	65%	119%	517%	

December 31, 2024

	Fire	Marine cargo	Marine Hull	Accident	Aviation	Engineering	Proportional Treaty	Non Proportional Treaty	Total
	Rupees								
Gross written premium	5,790,521,558	121,970,773	420,293,518	1,545,143,668	646,339,045	8,242,571,380	5,748,542,246	2,186,700,326	24,702,082,514
Add: unearned-opening	1,478,547,379	18,449,715	85,469,507	506,421,391	6,287,785,687	4,362,324,668	2,493,989,019	1,002,927,751	16,235,915,117
Less: unearned-closing	1,285,441,645	13,489,100	87,376,811	490,134,575	1,468,166,144	3,839,617,103	2,565,209,310	872,414,750	10,621,849,438
Premium earned	5,983,627,292	126,931,388	418,386,214	1,561,430,484	5,465,958,588	8,765,278,945	5,677,321,955	2,317,213,327	30,316,148,193
Reinsurance-ceded	3,651,978,861	-	352,624,787	1,217,253,330	492,364,950	6,829,817,147	-	1,970,584,509	14,514,623,584
Add: Prepaid reinsurance-opening	788,452,964	-	73,320,788	441,422,065	5,854,244,079	4,154,034,574	-	588,735,355	11,900,209,825
Less: Prepaid reinsurance-closing	659,817,075	-	75,793,379	420,226,441	1,311,444,608	3,488,248,188	-	998,083,292	6,953,612,983
Reinsurance expenses	3,780,614,750	-	350,152,196	1,238,448,954	5,035,164,421	7,495,603,533	-	1,561,236,572	19,461,220,426
Net insurance premium	2,203,012,542	126,931,388	68,234,018	322,981,530	430,794,167	1,269,675,412	5,677,321,955	755,976,755	10,854,927,767
Add: commission income	223,890,255	-	35,191,338	100,493,036	234,164,400	746,361,626	-	41,075,657	1,381,176,312
Net underwriting income - A	2,426,902,797	126,931,388	103,425,356	423,474,566	664,958,567	2,016,037,038	5,677,321,955	797,052,412	12,236,104,079
Insurance claims paid	800,653,285	5,420,364	443,192,128	36,517,130	120,297,425	2,867,089,672	3,313,828,488	522,322,436	8,109,320,928
Less: outstanding-opening	4,146,521,448	70,913,769	124,041,223	350,040,714	3,138,534,650	14,682,442,200	2,500,498,352	919,654,040	25,932,646,396
Add: outstanding-closing	3,329,035,649	86,514,925	72,419,048	910,882,876	2,284,482,664	14,251,191,406	2,361,064,135	1,043,010,372	24,338,601,075
Insurance claims expenses	(16,832,514)	21,021,520	391,569,953	597,359,292	(733,754,561)	2,435,838,878	3,174,394,271	645,678,768	6,515,275,607
Reinsurance recoveries received	-	-	369,370,276	-	85,564,456	2,493,369,947	-	569,878,507	3,518,183,186
Less: recovery-opening	713,250,470	-	17,106,508	9,504,871	2,878,857,616	13,731,826,215	-	855,639,478	18,206,185,158
Add: recovery-closing	530,968,245	-	35,809,757	498,469,000	1,733,981,568	12,274,667,266	-	693,231,024	15,767,126,860
Insurance claims recovered from reinsures	(182,282,225)	-	388,073,525	488,964,129	(1,059,311,592)	1,036,210,998	-	407,470,053	1,079,124,888
Net claims	165,449,711	21,021,520	3,496,428	108,395,163	325,557,031	1,399,627,880	3,174,394,271	238,208,715	5,436,150,719
Commission expense	343,135,797	11,531,404	25,546,665	88,473,999	142,575,324	473,026,157	1,361,088,391	9,581,512	2,454,959,249
Management expense	409,880,232	23,616,146	12,695,241	60,092,143	80,151,161	236,228,729	1,054,156,866	142,786,825	2,019,607,343
Premium deficiency expense	-	-	-	-	-	-	-	-	-
Provision for doubtful debts-net	-	-	-	-	-	-	-	-	(113,945,262)
Net insurance claims and expenses - B	(918,465,739)	(56,169,071)	(41,738,334)	(256,961,305)	(548,283,517)	(2,108,882,766)	(5,589,639,528)	(390,577,052)	(9,796,772,049)
Underwriting results C = A-B	1,508,437,058	70,762,317	61,687,022	166,513,261	116,675,050	(92,845,728)	87,682,427	406,475,360	2,439,332,030
Net investment income									3,443,381,114
Rental income									149,961,507
Finance cost									(9,222,676)
Fair value gain on investment property									66,025,886
Other expenses									(30,762,419)
Other income									586,835,193
Profit from Window Re-takaful Operations									174,787,448
Profit before levies and income tax									6,820,338,083
Levies									(26,929,187)
Profit before income tax									6,793,408,896
Taxation									(3,015,094,041)
Profit after tax									3,778,314,855
									Restated
Segment assets	1,280,212,551	1,113,262	116,741,128	945,005,649	3,085,231,245	16,015,906,813	627,530,148	1,696,204,944	23,767,945,740
Unallocated assets									49,179,585,504
									72,947,531,244
Segment liabilities	4,664,034,510	100,004,025	167,375,196	1,434,621,494	3,807,744,257	18,437,813,634	4,926,273,445	1,928,080,105	35,465,946,666
Unallocated liabilities									12,602,300,569
									48,068,247,235
	38%	44%	40%	61%	82%	105%	98%	49%	

53.1 Geographical segment

Although the operations of the Company are based primarily on business segments, the Company only operates in Karachi with respect to its geographical location.

53.2 The indirect management expenses have been allocated to underwriting business on the basis of net premium revenue under each business segment as per the stated accounting policy of the Company.

53.3 Information about major customer

The following table presents insurance premium written from transactions with external customer where such amounts equals and / or exceed ten per cent of the total premium written by the Company.

	December 31, 2025	December 31, 2024
Note	----- (Rupees) -----	
National Insurance Company Limited		
Facultative business		
Accident	1,172,432,991	1,285,341,376
Aviation	4,537,071,171	611,662,697
Engineering	11,810,382,765	7,323,600,512
Fire	3,183,121,584	3,379,287,139
Marine Cargo	84,465,674	-
Marine hull	263,732,108	405,823,533
	<u>21,051,206,294</u>	<u>13,005,715,257</u>
Treaty business	<u>733,193,740</u>	<u>793,836,072</u>
52	<u><u>21,784,400,034</u></u>	<u><u>13,799,551,329</u></u>

54 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Held for trading	Total
	----- Rupees -----			
At beginning of previous year	14,003,390,119	4,108,677,907	207,241,494	18,319,309,520
Additions	11,846,607,300	-	-	11,846,607,300
Disposals / redemptions	(10,502,300,000)	(114,816,188)	(10,083,060)	(10,627,199,248)
Amortization of Discount	1,408,793,330	2,479,933	-	1,411,273,263
Amortization of Premium	(505,895)	-	-	(505,895)
Reversal of impairment	-	170,415,673	-	170,415,673
Fair value net gains (excluding net realized gains)	-	2,396,919,487	186,952,148	2,583,871,635
At beginning of current year	<u>16,755,984,854</u>	<u>6,563,676,812</u>	<u>384,110,582</u>	<u>23,703,772,248</u>
Additions	10,659,134,050	3,914,641,089	-	14,600,610,197
Disposals / redemptions	(11,500,000,000)	(3,287,287,070)	(24,117,500)	(14,366,348,415)
Amortization of Discount	853,487,792	28,557,483	-	186,607,671
Amortization of Premium	(4,452,523)	-	-	(4,413,696)
Reversal of impairment	-	-	-	-
Fair value net gains (excluding net realized gains)	-	2,241,611,952	250,371,759	2,715,490,740
At end of current year	<u><u>16,764,154,173</u></u>	<u><u>9,461,200,266</u></u>	<u><u>610,364,840</u></u>	<u><u>26,835,718,744</u></u>

55 MANAGEMENT OF INSURANCE AND FINANCIAL 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.

55.1 Insurance risk

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

	December 31, 2025	December 31, 2024
	----- Rupees in thousand -----	
Gross sum insured		
Fire	5,980,172	19,899,555
Marine cargo	1,717,965	1,443,811
Marine hull	636,750	1,690,735
Accident and others	1,070,610	743,850
Aviation	751,013	1,167,927
Engineering	5,831,430	32,191,006
	<u>15,987,940</u>	<u>57,136,884</u>

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

b) Source of uncertainty in estimation of future claim payments

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. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the past claim reporting pattern and confirmation received from ceding companies.

There are several variable factors which affect the amount and timing of recognized 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 claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves 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 of reinsurance loss ratios for each class of business is as follows:

	December 31, 2025	December 31, 2024
	----- (Percentage) -----	
Assumed net loss ratio		
Fire	51%	38%
Marine cargo	93%	44%
Marine hull	187%	40%
Accident and others	47%	61%
Aviation	-22%	82%
Engineering	65%	105%

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact of claims paid on profit before tax net of reinsurance recoveries.

	Profit before tax		Shareholders' equity	
	2025	2024	2025	2024
	----- Rupees in thousand -----		----- Rupees in thousand -----	
10% increase in expense	(539,944)	(543,615)	(329,366)	(331,605)
10% decrease in expense	539,944	543,615	329,366	331,605

55.2 Reinsurance and retrocession arrangements

The Company in the normal course of business, undertakes reinsurance business from local insurance companies and controls its exposure to potential losses from large risk, by retrocession to various foreign companies. Its significant portion of reinsurance and retrocession is effected under treaty pact and excess of loss contracts.

The Company further evaluates the financial condition of ceding companies as well as its reinsurers to minimize its exposures to significant losses from reinsurance insolvencies.

The Company continues to remain under obligation of the ceding companies during the validity of the contract and as a result it remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under their agreements.

An analysis of gross amount due from other insurers and reinsurers recognized by the rating of the entity, from which it is due are as follows:

	December 31, 2025	December 31, 2024
	----- (Rupees"000") -----	
A or above	7,585,361	6,048,357
BBB	32,741	2,927
Others	6,638,725	4,221,644
Total	14,256,827	10,272,928

55.3 Financial risk management objectives and policies

The Company's activities expose to financial risks, credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors (the Board) has overall responsibility to the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

a) Credit risk and concentration of credit risk

Credit risk is the risk that 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 Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provision for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure as specified below:

	Note	December 31, 2025	December 31, 2024
		----- (Rupees"000") -----	
Bank balances	20	2,116,940,118	3,234,660,282
Loans and other receivables	14	1,022,015,515	875,612,682
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727
Debt securities	13	16,813,072,488	16,801,859,292
Insurance / reinsurance receivables	16	13,555,378,242	9,663,385,890
Reinsurance recoveries against outstanding claims	17	10,282,198,129	15,767,126,860
		46,363,493,219	48,916,533,733

The Company did not hold any collateral against the above during the year. General provision is made for insurance / reinsurance receivables and other receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

	December 31, 2025	December 31, 2024
	----- (Rupees "000") -----	
The age analysis of insurance / reinsurance receivable is as follows:		
Up to three months	4,729,419	3,525,883
Over three months but up to one year	7,302,275	5,601,577
Over one year but up to two years	1,301,192	267,403
Over two years but up to three years	115,294	117,710
Over three years	808,647	760,355
	<u>14,256,827</u>	<u>10,272,928</u>
Provision against amount due from other insurers and reinsurers	(701,449)	(609,542)
	<u><u>13,555,378</u></u>	<u><u>9,663,386</u></u>

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

Bank Names	Rating			2025	2024
	Short Term	Long Term	Rating Agency		
----- (Rupees "000") -----					
National bank of Pakistan	A-1+	AAA	PACRA	39,046	330,968
Bank Al-Habib Limited	A-1+	AAA	PACRA	1,993,840	2,792,171
Bank Alfalah Limited	A-1+	AAA	PACRA	35,363	32,961
Sindh Bank Limited	A-1+	AA	VIS	63	58
Dubai Islamic Bank	A-1+	AA	VIS	32,358	13,683
Habib Bank Limited	A-1+	AAA	VIS	16,270	64,819
				<u>2,116,940</u>	<u>3,234,660</u>

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	Carrying amount	Contractual cash flows	Maturity in one year	Maturity exceeding one year
	----- (Rupees "000") -----			
31-Dec-25				
Outstanding claims including IBNR	18,765,129	18,765,129	18,765,129	-
Insurance / reinsurance payables	5,994,560	5,994,560	5,994,560	-
Lease liabilities	20,601	20,601	3,564	17,037
Other creditors and accruals	220,191	220,191	213,166	7,025
	<u>25,000,480</u>	<u>25,000,480</u>	<u>24,976,418</u>	<u>24,062</u>
31-Dec-24				
Outstanding claims including IBNR	24,333,649	24,333,649	24,333,649	-
Insurance / reinsurance payables	3,208,297	3,208,297	3,208,297	-
Lease liabilities	23,776	23,776	3,359	20,417
Other creditors and accruals	231,870	231,870	202,653	8,801
	<u>27,797,592</u>	<u>27,797,592</u>	<u>27,747,958</u>	<u>29,217</u>

c) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to market risk with respect to its investments. The Company has invested its funds in Government securities, ordinary shares, National Investment Trust Units and close ended mutual funds resulting in risk arising from fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company actively monitors the key factors that affect investment market.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2024 and 2023 and shows the effects of a 10% increase and a 10% decrease in market prices as at the year end. The selected change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Fair value	Estimated fair value after change in price	Increase / (decrease) in shareholders equity	Profit before tax
------------	--	--	-------------------

----- (Rupees "000")-----

31-Dec-25

10% increase	10,022,646	11,024,911	611,382	1,002,265
10% decrease	-	9,020,381	(611,382)	(1,002,265)

31-Dec-24

10% increase	6,901,913	7,592,104	421,017	690,191
10% decrease	-	6,211,722	(421,017)	(690,191)

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument 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. Interest / mark-up rate risk to the Company is the risk of changes in market interest / mark-up rates reducing the overall return on its interest bearing securities. 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 following table provides information about the exposure of the Company to interest / mark-up rate risk at the balance sheet date based on contractual re-pricing or maturity dates which ever is earlier:

	2025						
	Effective rate per annum (percentage)	Interest bearing financial instruments				Non-interest bearing financial instruments	Total
		Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total		
----- (Rupees "000")-----							
Financial assets							
Cash and bank deposits	9.5% to 11.5%	1,332,483	-	-	1,332,483	784,458	2,116,940
Investments	11 % to 13%	342,395	13,613,630	2,857,047	16,813,073	10,022,646	26,835,719
Loans and other receivables	13.44%	23,452	17,933	21,527	62,911	959,104	1,022,016
Receivable from Sindh revenue board	-	-	-	-	-	2,573,889	2,573,889
Insurance / reinsurance receivables	-	-	-	-	-	13,555,378	13,555,378
Reinsurance recoveries against outstanding claims including IBNR	-	-	-	-	-	10,282,198	10,282,198
Subtotal		1,698,330	13,631,562	2,878,575	18,208,466	38,177,673	56,386,140
Financial liabilities							
Outstanding claims including IBNR	-	-	-	-	-	18,765,129	18,765,129
Insurance / reinsurance payables	-	-	-	-	-	5,994,560	5,994,560
Lease liabilities	3,564	20,074	(3,037)	20,601	-	-	20,601
Other creditors and accruals	-	-	-	-	-	220,191	220,191
Subtotal		3,564	20,074	(3,037)	20,601	24,979,879	25,000,480
Total		1,694,765	13,611,488	2,881,612	18,187,866	13,197,794	31,385,660
Interest risk sensitivity gap		1,694,765	13,611,488	2,881,612	18,187,866		
Cumulative interest risk sensitivity gap		1,694,765	15,306,254	18,187,865			

	2024						
	Effective rate per annum (percentage)	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total		
----- (Rupees "000")-----							
Financial assets							
Cash and bank deposits	20	3,206,041	-	-	3,206,041	29,485	3,235,527
Investments	12 to 13	7,760,108	6,673,779	2,367,971	16,801,858	6,901,913	23,703,771
Loans and other receivables	13.44%	16,299	28,911	23,517	68,726	875,613	944,339
Receivable from Sindh Revenue Board	-	-	-	-	-	2,573,889	2,573,889
Insurance / reinsurance receivables	-	-	-	-	-	9,663,386	9,663,386
Reinsurance recoveries against outstanding claims including IBNR	-	-	-	-	-	15,767,127	15,767,127
Subtotal		10,982,448	6,702,690	2,391,488	20,076,625	35,811,413	55,888,038
Financial liabilities							
Outstanding claims including IBNR	-	-	-	-	-	24,333,649	24,333,649
Insurance / reinsurance payables	-	-	-	-	-	3,208,297	3,208,297
Lease liabilities	3,359	14,836	5,580	23,776	-	-	23,776
Other creditors and accruals	-	-	-	-	-	231,870	231,870
Subtotal		3,359	14,836	5,580	23,776	27,773,816	27,797,592
Total		10,979,088	6,687,853	2,385,908	20,052,849	8,037,597	28,090,446
Interest risk sensitivity gap		10,979,088	6,687,853	2,385,908	20,052,849		
Cumulative interest risk sensitivity gap		10,979,088	17,666,942	20,052,848			

Sensitivity analysis

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 will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a change of 100 basis points in interest rates at the reporting date would have decreased /(increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	2025		2024	
	Increase	Decrease	Increase	Decrease
	in profit / (loss) upon change of 100 bps		in profit / (loss) upon change of 100 bps	
	----- (Rupees "000")-----			
Cash flow sensitivity - variable rate financial liabilities	-	-	-	-
Cash flow sensitivity - variable rate financial assets	1,820,847	(1,820,847)	998,000	(998,000)

e) Foreign currency risk

Foreign currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. The Company principal transactions are carried out in Pakistani Rupee and its exposure to foreign exchange risk arises primarily with respect to US Dollar. Financial assets exposed to foreign exchange risk amounted to Rs. 1,186.654 million (2024: Rs.1,951.717 million) at reporting date.

The following significant exchange rates were applied during the year:

	2025	2024	2025	2024
	Rupees per US Dollars		Rupees per UK Pound	
Average rate	281.04	278.40	370.37	355.74
Report date rate	280.55	278.35	377.71	348.64

55.4 Capital risk management

Capital management objectives and requirements related to regulatory, solvency and paid up capital requirements are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These objectives and requirements are put in place to ensure sufficient solvency margins. Further, objective are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support business objectives, maximize shareholders value and provide returns for benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 9,000 million against the minimum required paid-up capital of Rs. 500 million set by the SECP for the non-life insurance companies for the year ended December 31, 2024.

The Company monitors capital using gearing ratio. Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

56 FAIR VALUE OF FINANCIAL INSTRUMENTS

56.1 Carrying amount and fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at December 31, 2025.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Equity securities				
Held for trading				
Ordinary shares - listed	610,364,840	610,364,840	384,110,581	384,110,581
Available for sale				
Ordinary shares - listed	3,145,464,376	3,145,464,376	2,167,057,402	2,167,057,402
Ordinary share - unlisted	617,615	617,615	617,615	617,615
Mutual fund units	695,558,097	695,558,097	1,163,470,509	1,163,470,509
Debt securities				
Pakistan Investment Bonds	10,849,933,987	10,849,933,987	10,707,376,854	10,707,376,854
Treasury Bills	5,914,219,650	5,914,219,650	6,048,608,000	6,048,608,000
Available for sale				
Pakistan Investment Bonds	48,918,851	48,918,851	45,874,438	45,874,438
Loans and other receivables	1,022,015,515	1,022,015,515	875,612,682	875,612,682
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	13,555,378,242	13,555,378,242	9,663,385,890	9,663,385,890
Reinsurance recoveries against outstanding claims	10,282,198,129	10,282,198,129	15,767,126,860	15,767,126,860
Cash and cash equivalent	2,117,696,503	2,117,696,503	3,235,526,667	3,235,526,667
	<u>50,767,335,681</u>	<u>50,767,335,681</u>	<u>52,586,781,787</u>	<u>52,586,781,787</u>
Financial liabilities				
Outstanding claims including IBNR	18,765,129,085	18,765,129,085	24,333,649,075	24,333,649,075
Unearned premium reserves	12,361,671,413	12,361,671,413	10,621,849,438	10,621,849,438
Unearned reinsurance commission	691,189,321	691,189,321	505,496,153	505,496,153
Premium deficiency reserve	24,549,000	24,549,000	-	-
Retirement benefit obligations	3,618,507,534	3,618,507,534	3,401,370,786	3,401,370,786
	<u>35,461,046,353</u>	<u>35,461,046,353</u>	<u>38,862,365,452</u>	<u>38,862,365,452</u>

56.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

December 31,2025	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	610,364,840	610,364,840	-	-
Available-for-sale investment				
Ordinary shares - listed	5,481,261,870	5,481,261,870	-	-
Ordinary shares - unlisted	617,615	-	-	617,615
Mutual fund units	3,930,401,931	3,930,401,931	-	-
December 31,2024	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	384,110,581	384,110,581	-	-
Available-for-sale investment				
Ordinary shares - listed	3,769,667,922	3,769,667,922	-	-
Ordinary shares - unlisted	617,615	-	-	617,615
Mutual fund units	2,747,516,837	2,747,516,837	-	-

56.3 Transfers during the period

There were no transfers between Level 1 and Level 2 fair value measurements.

There were no transfers into or out of Level 3 fair value measurements.

56.4 Valuation techniques

For level 2 investments - held to maturity, the fair value has been determined by using the rates at the reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.

For Level 3 available-for-sale investments, the Company values the investment at lower of carrying value and breakup value.

December 31,
2025
----- (Rupees) -----
December 31,
2024

57 STATEMENT OF SOLVENCY

Assets

Property and equipment	1,003,329,632	935,839,100
Intangible Assets	15,295,201	19,761,107
Right of use asset	2,375,400,000	2,177,450,000
Assets in Bangladesh	-	-
Investment property	897,198,665	864,476,353
Investments		
Equity securities	10,022,646,256	6,901,912,955
Debt securities	16,813,072,488	16,801,859,292
Loans and other receivables	1,022,015,515	875,612,682
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	13,555,378,242	9,663,385,890
Reinsurance recoveries against outstanding claims including IBNR	10,282,198,129	15,767,126,860
Deferred commission expense	1,031,300,986	1,047,205,897
Taxation - payments less provision	-	-
Deferred taxation Asset	-	-
Prepayments	8,859,777,808	6,953,612,983
Cash and cash equivalent	2,117,696,503	3,235,526,667
Total Assets From Window re-takaful operations operator's Fund	<u>5,785,803,270</u>	<u>5,129,872,731</u>
Total assets (A)	76,355,001,422	72,947,531,244

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

Property and equipment (2) (u-i, ii & iii)	455,805,440	463,001,739
Right of use asset SRO 1012(i) 2022	2,354,799,242	2,153,674,005
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Capital work in progress - intangible asset (2) (i)	15,295,201	19,761,107
Investments (2) (p & s)	4,119,158,328	3,508,647,907
Loans and other receivables (2) (d)	-	-
Insurance / reinsurance receivables more than three months (2) (h)	9,146,131,818	6,477,321,713
Total in-admissible assets (B)	<u>18,665,078,756</u>	<u>15,196,295,198</u>
Total admissible assets (C=A-B)	<u>57,689,922,666</u>	<u>57,751,236,046</u>

	December 31, 2025	December 31, 2024
	----- (Rupees) -----	
Total liabilities		
Underwriting provisions		
Outstanding claims including IBNR	18,765,129,085	24,333,649,075
Unearned premium reserves	12,361,671,413	10,621,849,438
Unearned reinsurance commission	691,189,321	505,496,153
Premium deficiency reserve	24,549,000	-
Retirement benefit obligations	3,618,507,534	3,401,370,786
Taxation liabilities- provision less payments	17,491,358	533,341,569
Deferred taxation	3,913,006,542	2,945,023,429
Insurance / reinsurance payables	5,994,559,524	3,208,296,520
Lease Liabilities	20,600,758	23,775,995
Other creditors and accruals	220,190,657	231,870,426
Total liabilities from Window Takaful Operations OPF	4,866,088,454	4,244,880,115
Total liabilities (D)	50,492,983,646	50,049,553,506
Total net admissible assets (E=C-D)	7,196,939,020	7,701,682,540
Minimum solvency requirement (higher of following)		
Method A - u/s 36(3)(a)	150,000,000	150,000,000
Method B - u/s 36(3)(b)	3,179,633,988	3,210,040,937
Method C - u/s 36(3)(c)	3,271,353,691	3,642,986,189
	(3,271,353,691)	(3,642,986,189)
Excess of net admissible assets over minimum requirements	3,925,585,329	4,058,696,351

57.1 The comparative figures have been restated consequent to change in accounting policy with respect to presentation of assets and liabilities of Re-takaful Operations as disclosed in note 5.31 of these financial statements

58 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of more appropriate and better presentation and comparison.

Reclassification from component	Reclassification to component	Amount
Prepayments - others	Loans and other receivables - other receivables	1,714,514
Unclaimed dividend	Other creditors and accruals	93,997,886

59 SUBSEQUENT NON ADJUSTING EVENTS

The Board of Directors in its meeting held on _____ have recommended a final cash dividend of Rs. _____ per share and a bonus issue of Rs. _____ per share for the approval of the members in the annual general meeting to be held on _____.

These financial statements for the year ended December 31, 2024 do not include the effect of these appropriations and these will be accounted in the financial statements for the year ending December 31, 2024.

60 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on _____ by the Board of Directors of the Company.

61 GENERAL

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

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

Shariah Reveiw Report to the Board of Directors for the year ended 31 December 2025

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي الامي
وعلى آله وصحبه اجمعين، وبعد

Scope of Review

The review aimed to assess the Re-Takaful Operator's compliance with Shariah principles, rulings, decisions, and guidelines issued by the undersigned. This assessment encompassed a review of the company's:

- Principles, policies, and contracts
- Corresponding financial records
- Shariah Review carried out by the Shariah compliance officer

Management Responsibility

The management of the Re-Takaful Operator bears the ultimate responsibility for ensuring its business activities adhere to Shariah principles, rules, and guidelines.

Shariah Advisor's Role

The Shariah Advisor conducts an independent review of the Re-Takaful Operator's operations and reports the findings to the company's board of directors. This report reflects the Shariah Advisor's opinion based on the information and clarifications provided.

Review Methodology

The review entailed the following procedures:

- Examination, on a sample basis, of each type of transaction undertaken by different business functions.
- Evaluation of relevant documentation and procedures adopted by each business function.
- Assessment of the Shariah compliance officer's review.

Findings

Based on the comprehensive review, the Shariah Advisor is of the opinion, and to the best of their understanding, that:

1. **Financial Transactions and Documentation:** The Re-Takaful Operator's financial transactions and associated documentation and procedures for the year ended December 31, 2025, conform to the issued Shariah guidelines and the Takaful Rules 2012.
2. **Shariah Screening:** The Shariah Screening Criteria have been demonstrably applied to all investment and financial transactions.
3. **Non-Shariah Compliant Income:** No non-Shariah compliant income was identified. Any such income, if discovered in the future, shall be credited to the designated charity account.
4. **Shariah Compliance Efforts:** The Re-Takaful Operator has made a good faith effort to comply with Shariah guidelines. A few specific cases requiring consultation were addressed and appropriately resolved in accordance with Shariah rules and market practices.
5. **Overall Shariah Compliance:** Based on the review, the Shariah Advisor concludes that the Window Re-Takaful Operations of the Company are in compliance with Shariah principles for all reviewed transactions.

Recommendations

The following recommendations are made to further enhance the company's Shariah compliance:

1. **Proactive Planning for Industry Conversion:** It is noted that, as recommended in the 2024 review report, the Company developed a conversion plan and submitted the same to the Securities and Exchange Commission of Pakistan (SECP) after obtaining approval from the Board. The plan was intended to be implemented from mid-2025; however, to date, only one component—staff training on the Takaful concept—has been successfully initiated. No significant progress has been observed during the last two quarters regarding other key aspects of the plan, including the formation of the Supervisory Committee, capacity building initiatives, capital conversion, and other related steps. In view of the above, it is recommended that Management review the matter on priority and expedite the execution of the remaining actions to ensure implementation in line with the proposed timelines.
2. **Internal Shariah Audit:** To ensure a robust system of checks and balances and enhance overall Shariah compliance, the internal audit department should be bolstered with a dedicated Shariah audit resource who would maintain a close working relationship with the company's Shariah Advisor.

"And Allah Knows Best"



Mufti Muhammad Shakir Siddiqui
Shariah Advisor
Dated : 10 March, 2026

STATEMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012 AND SHARIAH RULES AND PRINCIPLES

The financial arrangements, contracts and transactions, entered into by Pakistan Reinsurance Company Limited - Window Re- Takaful Operations (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 of the Operator, (Shariah Rules and Principles).

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 along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status of those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Operator has imparted orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / 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 the Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Re-Takaful Operations are in accordance with the polices approved by the Shariah Advisor.
- The assets and liabilities of Operator are segregated from the Pakistan Reinsurance 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 of the Operator.



Chief Executive Officer

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

We were engaged by the Board of Directors of **Pakistan Reinsurance Company Limited** ("the Company") to report on the management's assessment of compliance of the Window Retakaful Operations ("Retakaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2025, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

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 Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or 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.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Retakaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Retakaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Retakaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Retakaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;
- Test for a sample of transactions relating to Retakaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Retakaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Retakaful transactions during the year ended 31 December 2025 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2025, presents fairly the status of compliance of the Retakaful Operations with the Takaful Rules, 2012, in all material respects.

Emphasis of Matter

We draw attention to the notes 7, 10, 11, 17, 18, 25, 26, 31 and 34 to the financial statements, which reflect the transactions and balances relating to the Operator's treaty proportional re-takaful business. Previously, no supporting documentation of the contribution and claims of the ceding takaful companies were made available to the auditors. However, effective preceding year the management has developed some control mechanism over treaty proportional business contribution and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding company wise analysis of treaty proportional business as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi
Dated:

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Reinsurance Company Limited – Window Retakaful Operations Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Pakistan Reinsurance Company Limited – Window Retakaful Operations (the Operator), which comprise the statement of financial position as at December 31, 2025, the profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in funds 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, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in funds 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 the Operator's affairs as at December 31, 2025 and of the profit, total comprehensive income, its cash flows and the changes in funds for the year then ended.

Basis for Qualified Opinion

1. Unreconciled Balances

The Operator's amount due from other takaful entities on account of treaty and facultative business as appearing in note 7 in the annexed financial statements includes unreconciled gross amount of Rs. 155.61 million and net amount of Rs. 118.07 million and that gross amount includes balance of related party M/s National Insurance Company Limited amounting to Rs. 53.2 million. Similarly, the operator's amount due to other takaful and retakaful entities on account of treaty and facultative business as appearing in note 19 in the annexed financial statements includes unreconciled balance of Rs. 0.52 million. Management asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after 3 to 4 months of transaction. The Operator is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 qualified opinion.

Emphasis of Matters

1. We draw attention to the notes 7, 10, 11, 17, 18, 25, 26, 31 and 34 to the annexed financial statements, which reflect the transactions and balances relating to the Operator's treaty retakaful business. Hitherto fore, no supporting documentation of the contributions and claims of the ceding takaful entities were made available to the auditors. However, the management in past few years has developed some control mechanism over treaty business contributions and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding entity wise analysis of treaty business carried out with ceding entities as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years.
2. We draw attention to the note 24.1 to these financial statements which explains that notice was served by Sindh Revenue Board (SRB) in 2016 for non-filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance service provider by the Operator.

Our opinion is not further modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The 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 report 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 the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) 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 liquidate the Operator or to cease operations, or has no realistic alternative but to do so.

Board of directors is 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, except for the effects of the matter described in basis for qualified opinion section of our report:

- a) proper books of account have been kept by the Operator as required by 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 cash flows and the statement of changes in funds together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 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 Mohammad Hanif Razzak.

Chartered Accountants

Karachi:

Dated: _____, 2026

UDIN:

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	Operator's Retakaful Fund		Participant's Retakaful fund	
		December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
-----Rupees-----					
ASSETS					
Investments	5	539,241,324	208,315,432	3,030,637,769	813,094,056
Other receivable	6	919,990	7,484,813	61,058,531	23,412,420
Takaful/ retakaful receivables	7	-	-	573,316,942	585,782,001
Receivable from Participant's Retakaful Fund - net	8	196,127,095	159,393,278	-	-
Qard-e-hasna to Participant's Retakaful Fund	9	300,000,000	300,000,000	-	-
Retakaful recoveries against outstanding claims	26	-	-	204,388,782	207,495,090
Deferred wakala fee	10	-	-	153,137,884	175,296,606
Deferred commission expense	11	152,970,534	184,582,058	-	-
Prepayments	12	-	-	249,781,036	148,038,177
Bank balances	13	19,296,109	402,529,946	304,927,274	1,914,448,854
TOTAL ASSETS		1,208,555,052	1,262,305,527	4,577,248,218	3,867,567,204
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator's Retakaful Fund					
Statutory fund	14	600,000,000	600,000,000	-	-
Reserves	15	319,714,817	284,992,616	-	-
Total Operator's Funds		919,714,817	884,992,616	-	-
Participant's Retakaful Fund					
Seed money	16	-	-	1,000,000	1,000,000
Reserves	15	-	-	2,186,168,886	1,680,306,271
Balance of Participant's Retakaful Fund				2,187,168,886	1,681,306,271
Qard-e-Hasna	9	-	-	300,000,000	300,000,000
		-	-	2,487,168,886	1,981,306,271
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR	17	-	-	782,550,990	597,880,348
Unearned contribution reserves	18	-	-	765,689,419	876,483,028
Contribution deficiency reserve		-	-	13,947,000	-
		-	-	1,562,187,409	1,474,363,376
Unearned wakala fee	10	153,137,884	175,296,606	-	-
Takaful/retakaful payables	19	-	-	331,733,139	252,472,589
Payable to Operator's Retakaful Fund - net	8	-	-	196,127,095	159,393,278
Taxation - provision less payment	20	9,288,151	54,123,865	-	-
Deferred taxation	21	5,954,747	3,192,746	-	-
Other creditors and accruals	22	1,370,057	1,349,878	31,690	31,690
Payable to Pakistan Reinsurance Company Limited	23	119,089,396	143,349,816	-	-
TOTAL LIABILITIES		288,840,235	377,312,911	2,090,079,333	1,886,260,933
TOTAL EQUITY AND LIABILITIES		1,208,555,052	1,262,305,527	4,577,248,218	3,867,567,204
CONTINGENCIES AND COMMITMENTS	24				

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

Chairman **Director** **Director** **Chief Executive Officer** **Chief Financial Officer**

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

		December 31, 2025	December 31, 2024
	Note	-----Rupees-----	
Participant's Retakaful Fund			
Contributions earned		1,569,906,379	1,427,408,942
Less: contributions ceded to retakaful		(220,881,169)	(194,260,861)
Net contribution revenue	25	1,349,025,210	1,233,148,081
Net claims - reported/ settled - IBNR	26	(998,289,444)	(912,215,685)
(Charge) of contribution deficiency reserve		(13,947,000)	-
Surplus before investment and other income		336,788,766	320,932,396
Investment income	27	126,911,521	88,863,572
Other income	28	73,453,899	264,861,482
Less: modarib's fees	29	(50,091,355)	(88,431,264)
(Provision) / reversal of provision for doubtful contributions receivable	7.2	(10,407,961)	35,657,889
Surplus before taxation		476,654,869	621,884,076
Taxation	30	(44,019,721)	(59,702,430)
Surplus transferred to accumulated surplus		432,635,148	562,181,646
Operator's Retakaful Fund			
Wakala fee income	25.1	392,476,595	356,852,235
Commission expense	31	(415,272,605)	(338,312,950)
General, administrative and management expenses	32	(19,410,404)	(16,733,308)
		(42,206,414)	1,805,977
Investment income	27	32,095,895	22,109,382
Other income	28	9,858,778	62,440,826
Modarib's fee	29	50,091,355	88,431,264
		92,046,028	172,981,471
Profit before taxation		49,839,613	174,787,448
Taxation	30	(19,437,449)	(76,716,567)
Profit after taxation attributable to shareholders		30,402,164	98,070,881

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

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
----------	----------	----------	-------------------------	-------------------------

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	<u>December 31,</u>	<u>December 31, 2024</u>
		-----Rupees-----	
Participants' Retakaful Fund			
Surplus for the year		432,635,148	562,181,646
Other comprehensive income			
Item that may be subsequently reclassified to profit and loss account			
Unrealised gain on 'available for sale' investments - net			
	35	<u>73,227,467</u>	<u>24,647,793</u>
Total comprehensive income for the year		<u><u>505,862,615</u></u>	<u><u>586,829,439</u></u>
Operator's Retakaful Fund			
Profit after taxation		30,402,164	98,070,881
Other comprehensive income for the year			
Item that may be subsequently reclassified to profit and loss account			
Unrealized gain on revaluation of available-for-sale investments	35	7,082,038	6,713,880
Deferred tax on gain on revaluation of available-for-sale investments	21	(2,762,001)	(2,618,404)
Impact of change in tax rate		-	(88,360)
		4,320,037	4,007,116
Total comprehensive income for the year		<u><u>34,722,201</u></u>	<u><u>102,077,997</u></u>

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

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
----------	----------	----------	-------------------------	-------------------------

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
-----Rupees-----				
OPERATING CASH FLOWS				
Retakaful activities				
Contributions received	-	-	1,853,646,463	2,035,115,900
Retakaful contribution paid	-	-	(243,363,478)	242,647,738
Benefits paid	-	-	(900,676,738)	(919,200,658)
Benefits recoveries from retakaful	-	-	90,164,244	13,809,748
Commission paid	(383,661,080)	(408,481,781)	-	-
Net cash (outflows) / inflows from retakaful activities	(383,661,080)	(408,481,781)	799,770,491	1,372,372,728
Other operating activities				
Income tax paid /payable	(64,273,163)	(78,302,015)	(44,019,721)	(59,702,429)
Other operating payments	(19,410,404)	(98,285,565)	-	(34,598,043)
Other operating receipts	365,999,991	594,736,949	(421,321,525)	(714,602,672)
Net cash inflows /(outflows) from other operating activities	282,316,424	418,149,369	(465,341,246)	(808,903,144)
Total cash outflows from all operating activities	(101,344,656)	9,667,588	334,429,245	563,469,584
Investment activities				
Payment for investments made	(323,843,854)	(178,046,140)	(2,144,316,245)	(672,682,718)
Receipt of profit on bank deposits	9,858,778	58,965,312	73,453,899	264,861,482
Receipt of investment income	32,095,895	22,109,382	126,911,521	88,863,573
Increase in Statutory Fund	-	-	-	-
Total cash outflows from investing activities	(281,889,181)	(96,971,446)	(1,943,950,825)	(318,957,663)
Net cash (outflows) / inflows from all activities	(383,233,837)	(87,303,858)	(1,609,521,580)	244,511,921
Cash and cash equivalents at beginning of the year	402,529,946	489,833,804	1,914,448,854	1,669,936,933
Cash and cash equivalents at end of the year	19,296,109	402,529,946	304,927,274	1,914,448,854
Reconciliation to profit and loss				
Operating cash flows	(101,344,656)	9,667,589	334,429,245	563,469,584
Receipt of profit on bank deposits	9,858,778	58,965,312	73,453,899	264,861,482
Receipt of investment income	32,095,895	22,109,382	126,911,521	88,863,573
(Decrease) / increase in operating assets other than cash	(1,442,530)	146,100,252	101,658,883	531,501
Decrease / (increase) in operating liabilities	46,398,963	(140,357,101)	(203,818,400)	(355,544,493)
Other adjustments:				
Income tax paid	64,273,163	78,302,014	44,019,721	59,702,429
Profit before taxation	49,839,613	174,787,448	476,654,869	621,884,075
Provision for taxation	(19,437,449)	(76,716,567)	(44,019,721)	(59,702,430)
Profit after taxation	30,402,164	98,070,881	432,635,148	562,181,645

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

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Attributable to Operator's Retakaful Fund					
Statutory Fund	Reserves			Total	
	Capital	Revenue			
	Unrealized gain on available for sale investment	Unappropriated profit	Total reserves		
-----Rupees-----					
Balance as at January 01, 2024	600,000,000	1,342,622	181,571,997	182,914,619	782,914,619
Increase in Statutory Fund	-	-	-	-	-
Unrealized gain on available for sale investments-net	-	4,007,116	-	4,007,116	4,007,116
Profit for the year	-	-	98,070,881	98,070,881	98,070,881
Reclassification adjustment related to "available for sale" investments	-	(355,955)	355,955	-	-
Balance as at December 31, 2024	<u>600,000,000</u>	<u>4,993,783</u>	<u>279,998,833</u>	<u>284,992,616</u>	<u>884,992,616</u>
Balance as at January 01, 2025	600,000,000	4,993,783	279,998,833	284,992,616	884,992,616
Unrealized gain on available for sale investments-net of tax	-	4,320,037	-	4,320,037	4,320,037
Profit for the year	-	-	30,402,164	30,402,164	30,402,164
Balance as at December 31, 2025	<u>600,000,000</u>	<u>9,313,820</u>	<u>310,400,997</u>	<u>319,714,817</u>	<u>919,714,817</u>

Attributable to Participant's Retakaful Fund					
Seed money	Reserves			Total	
	Capital	Revenue			
	Unrealized gain on available for sale investment	Accumulated Surplus	Total reserves		
-----Rupees-----					
Balance as at January 01, 2024	1,000,000	9,716,635	1,083,760,197	1,093,476,832	1,094,476,832
Total comprehensive income for the year	-	-	562,181,646	562,181,646	562,181,646
Surplus for the year	-	24,647,793	-	24,647,793	24,647,793
Unrealized gain on available for sale investments-net	-	24,647,793	562,181,646	586,829,439	586,829,439
Balance as at December 31, 2024	<u>1,000,000</u>	<u>34,364,428</u>	<u>1,645,941,843</u>	<u>1,680,306,271</u>	<u>1,681,306,271</u>
Balance as at January 01, 2025	1,000,000	34,364,428	1,645,941,843	1,680,306,271	1,681,306,271
Total comprehensive income for the year	-	-	432,635,148	432,635,148	432,635,148
Surplus for the year	-	73,227,467	-	73,227,467	73,227,467
Unrealized gain on available for sale investments-net	-	73,227,467	432,635,148	505,862,615	505,862,615
Balance as at December 31, 2025	<u>1,000,000</u>	<u>107,591,895</u>	<u>2,078,576,991</u>	<u>2,186,168,886</u>	<u>2,187,168,886</u>

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

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Reinsurance Company Limited (the Company) is a public listed company incorporated in Pakistan on March 30, 2000 under the repealed Companies Ordinance 1984 (now Companies Act, 2017). Pakistan Reinsurance Company Limited - Window Retakaful Operations (the Operator) is engaged in general retakaful business which comprise of fire, marine, aviation, engineering and accident. The registered office of the Operator is situated at PRC Tower, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. Pakistan
- 1.2** The Operator has been authorized to undertake Window Retakaful Operations on September 26, 2018 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on General Window Retakaful Operations in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund) on September 26, 2018 under the Waqf Deed with a Seed money of Rs. 1,000,000.
- 1.3** The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2 BASIS OF PREPARATION AND 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019, Insurance Accounting regulations 2017, State Owned Enterprises (Governance and Operations) Act, 2023 and Takaful Rules, 2012.

In case requirements differ, the provisions or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019, Insurance Accounting regulations 2017, State Owned Enterprises (Governance and Operations) Act, 2023 and Takaful Rules, 2012 shall prevail.

2.1 Basis of measurement

These financial statements reflect the financial position and results of operations of both the Operation Fund (OPF) and Participant Retakaful Fund (PRTF) in a manner that the assets, liabilities, income and expenses of the operator's fund and PRTF remain separately identifiable.

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

2.2 Functional and presentation currency

These financial statements have been presented in Pak Rupees which is also the functional and presentation currency of the Operator.

2.3 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended

There are certain new standards, amendments and interpretations that are applicable for accounting periods beginning on or after 1 January 2024, that are considered not to have a material impact on the Operator's financial statements:

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2025:

Amendment or Improvement	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 - financial statements, disclosure - 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 statements	January 01,2026
IFRS - 17 - Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	January 01,2027

Temporary Exemption from Application of IFRS 9 and IFRS 17

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1336 (I) / 2025 dated 23 July 2025 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and reinsurance/retakaful business from financial years commencing on or after 01January 2027 and SECP has directed that the applicability period of optional temporary exemption from applying IFRS 9 – Financial Instrument as given in para 20A of IFRS 4 – Insurance Contracts is extended for annual periods beginning before 01 January 2027, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

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 standards 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 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. The first three phases now stand completed and Phase 4 parallel run and implementation has commenced and is currently under progress. On 23 December 2025 via letter no. ID/MDPRD/IFRS-17/2025/4228 SECP further extended the deadline for submission of the audited long form report to 31 May 2026.

2.4.1 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2025;

i)	IFRS 1	First-time Adoption of International Financial Reporting Standards
ii)	IFRS 17	Insurance Contracts
iii)	IFRS 18	Presentation and Disclosure in the Financial Statements
iv)	IFRS 19	Subsidiaries without Public Accountability
v)	IFRIC 12	Service Concession Arrangement

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below and are consistent with those of the previous financial years.

3.1 Retakaful contracts

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

A separate Participants Retakaful Fund (PRTF) is created in which all contribution received under general Retakaful contribution net off any Government levies and administrative surcharge are credited. The role of Retakaful Operator is of the management of the Participants Retakaful Fund. At the initial stage of the setup of the Participants Retakaful Fund, the Retakaful Operator makes payment as seed money to the Participants Retakaful Fund. The terms of the Retakaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Retakaful Operator.

Once a contract has been classified as a Retakaful contract, it remains a Retakaful contract for the remainder of its lifetime, even if the Retakaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life Retakaful contracts that can be categorized into:

- Fire and property damage;
- Marine, aviation and transport;
- Motor; and
- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. The Retakaful risk involved in these contracts is similar to the contracts undertaken by the Operator as Retakaful operator.

Fire and property damage

Fire and property damage Retakaful contracts mainly compensate the Participant's customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor

Motor Retakaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Miscellaneous

All other Retakaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous Retakaful cover.

3.2 Retakaful surplus

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

3.3 Qard-e-Hasna

Qard-e-Hasna is provided by Operators' Fund to Participant's Retakaful Fund in case of deficit in Participant's Retakaful Fund. Qard-e-Hasna is recognized at the amount provided to Participant's Retakaful Fund less impairment, if any. The Operator would be allowed to recover this Qard from the Participant Retakaful Fund over any period without charging any profit.

3.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity or in the statement of comprehensive income respectively.

3.4.1 Current tax

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.

3.4.2 Deferred tax

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

The carrying amount of deferred tax asset is reviewed at each balance sheet 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 balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

3.5 Revenue recognition

3.5.1 Contribution

For all takaful contracts, contributions are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note. Contribution is recognised evenly over the period of policy.

Contributions income net of wakala fee is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognized as a liability in Participant's Retakaful Fund.

Re-takaful ceded is recognized as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths method, as specified in General Takaful Accounting Regulations, 2019. The deferred portion of re-takaful contribution expense is recognized as a prepayment.

3.5.2 Rebate From Retakaful Operator

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognized as liability and recognized in the profit and loss account as revenue of Participants' Retakaful Fund in accordance with the pattern of recognition of the re-takaful contributions.

3.5.3 Investment income

- Profit on bank deposits is recognized on a time proportion basis taking into account the effective yield.
- Dividend income is recognized when the Operations' right to receive the payment is established.
- Gain / loss on sale of investments is recognized in the period to which it relates.

3.5.4 Receivables and payables related to Retakaful contracts

Receivables including contribution due but unpaid, relating to retakaful contracts are recognized when due. The claim/benefits payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given or received less provision for impairment losses, if any. Contribution received in advance is recognized as liability till the time of issuance of retakaful contract there against.

3.6 Cash and cash equivalents

Cash and cash equivalents includes cash in deposit accounts with banks (current and savings), and term deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

3.7 Provisions

A provision is recognized when the Operator has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.8 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 or services received, whether or not billed to the Operator.

Provisions are recognized when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at financial statement date and adjusted to reflect current best estimates.

3.9 Wakala fee

The Retakaful Operation manages the operations of the Participants and charges 20% of gross contribution from all business categories as wakala fees against services given to Participants Takaful Fund. Wakala fee is recognized on the same basis on which the related revenue is recognized. Unearned portion of wakala fee is recognized as a liability of Operator's Retakaful Fund and an asset of Participant's Retakaful Fund.

3.9.1 Provision for unearned wakala fee

Unearned portion of wakala fee is determined on the basis of unearned portion of contribution received as specified under note no. 3.5.1

3.10 Commission

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and retakaful cessions has been deferred and recognized as assets and liability as under:

3.10.1 Commission income

Commission income is being taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of retakaful Contribution to comply with the requirements of Insurance Rules, 2017. issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

3.10.2 Deferred commission expense

Commission expenses are deferred and recognized as an asset in correlation with unearned Contribution that will be recognized in the subsequent reporting period to comply with the requirements of Insurance Rules, 2017; issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

3.11 Statutory fund

Total amount of Rs. 600 million (**2024: Rs 600 million**) is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in the separate bank account for Window Takaful business duly maintained in a scheduled bank.

3.12 Contribution

Contribution written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, Contribution is recognized as revenue in accordance with the pattern of the incidence of risk.

3.12.1 Provision for unearned contribution

The portion of Contribution written relating to the unexpired period of coverage is recognized as unearned Contribution by the Operator. The unearned portion of Contribution income is recognized as a liability. For Treaty business, the liability is calculated by applying 1/8 method and for Facultative Business over the period of insurance from the date of issuance of the policy to which it relates to its expiry.

3.13 Retakaful ceded

The Operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful Contributions are accounted for in the same period as the related Contributions for the accepted retakaful business being retakaful.

Retakaful liabilities represent balances due to retakaful companies. Amount payable are estimated in a manner consistent with the related retakaful contract. retakaful assets represent balance due from retakaful companies. Amount recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related insurance contract.

Retakaful assets are not offset against related insurance liabilities. Income for expenses from retakaful contracts are not offset against expenses or income from related insurance assets. retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

The Operator assesses its retakaful assets for impairment on balance sheet date. If there is an objective evidence that the retakaful asset is impaired; the Operator reduces the carrying amount of the retakaful asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

3.14 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Outstanding claims represents the amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year and IBNR represents losses that have incurred or are in the occurrence period at the end of the reporting year and have not been intimated to the Operator by the end of the reporting year.

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

3.15 Retro - takaful recoveries against outstanding claims

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.16 Off setting of financial assets and financial liabilities

Financial asset and financial liabilities are offset and the net amount are reported in the statement of financial position if the Operator has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.17 Segment reporting

For management purposes, the Operator is organized into six departments which deal with specific type of insurance policies. These departments are business segments for financial reporting purposes. Moreover, there are 'treaty arrangement' under each department and is treated as a separate segment. Thus, the Operator has seven segment - fire, marine cargo, marine hull, accident and others, aviation, engineering and treaty.

These segments are the basis on which the Operator report its primary segment information. Other operations of the Operator comprises investment in securities and in properties. The Operator operates in Pakistan only. There are no transactions between segments.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.18 Investments

3.18.1 Classification and recognition

The Operator invests in Shariah compliant financial instruments only. All instruments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment held for trading in which case transaction costs are charged to profit and loss account.

These are recognized and classified as follows:

- Held for trading,
- Held to maturity, and
- Available-for-sale.

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

3.18.2 Measurement

(a) Held for trading

Investments which are designated as held for trading upon initial recognition.

After initial recognition, the above investments are remeasured at fair value determined with reference to the rates prevailing in the stock exchange, where applicable. Gains or losses on remeasurement of these investments are recognized in profit or loss account.

(b) Held to maturity

Investments with fixed maturity and fixed income investments, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. After initial recognition, these are carried at amortized cost less provision for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using effective yield method.

(c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables (b) held-to-maturity investments or (c) financial assets held for trading.

- a. Loans and receivables
- b. Held-to-maturity investments or
- c. Financial assets held for trading

Equity securities held by the Operator that are traded in an active market are classified as Available for Sale and are stated at fair value at the end of each reporting period. Dividend on AFS equity investments are recognized in profit and loss account. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of capital reserve. When the investments is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in comprehensive income is reclassified to profit and loss account.

3.18.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For Available-for-Sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3.19 Impairment of non financial assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in profit and loss account.

3.20 Management expenses

Management expenses directly attributable to Window Retakaful Operations are charged to Operator's Retakaful Fund on an accrual basis.

3.21 Modarib fee

The Operator also manages the participants' investment as Modarib and charges 25 % of the investment income and profit on bank deposits earned by the Participant's Retakaful Fund as Modarib's fee. It is recognized on the same basis on which related revenue is recognized.

3.22 Benefits

Benefits are charged to Participant's Retakaful Fund 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.

3.23 Receivables and payables related to retakaful contracts

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognized as liability till the time of issuance of takaful contract there against.

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

3.24 Contribution deficiency reserve

The Participant's Retakaful Fund is required to maintain a provision in respect of contribution deficiency for the individual class of business where the unearned contribution 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 contribution deficiency reserve is recognized as an expense in the profit or loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.

The management considers that the unearned contribution reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. However, deficiencies in certain classes are accounted for adequately.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Operations' accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

	Note
a) classification of investments;	3.18.1
b) impairment of available for sale investments ;	3.18.3
c) taxation;	3.4
d) provision for unearned wakala fee;	3.9.1
e) deferred commission expense;	3.10.2
f) provision for outstanding claims including IBNR;	3.14
g) provision for unearned contribution;	3.12.1
h) allocation of management expenses; and	3.20
i) contribution deficiency reserves.	3.24

5 INVESTMENTS
Available for sale - Mutual Funds

December 31, 2025						
Operator's Fund			Participant Retakaful Fund			
Total cost of investment	Market value	Unrealized gain / (loss)	Total cost of investment	Market value	Unrealized gain / (loss)	
-----Rupees-----						
AL HAMRA ISLAMIC INCOME FUND	5,676,787	5,969,801	293,014	27,877,857	29,255,275	1,377,418
AL HAMRA ISLAMIC MONEY MARKET FUND	53,955,082	48,055,000	(5,900,082)	202,331,517	180,206,244	(22,125,273)
AL-AMEEN ISLAMIC SOVEREIGN FUND -Class-C	2,980,480	3,103,851	123,371	5,259,670	5,477,384	217,714
AL- AMEEN ISLAMIC CASH PLANE - 1 (AICP-1)	46,385,182	48,983,408	2,598,226	173,944,472	183,687,779	9,743,307
AL-AMEEN ISLAMIC Cash Fund (AICF)	52,735,361	55,375,232	2,639,871	348,384,607	365,749,634	17,365,027
NBP ISLAMIC MAHANA AMDANI FUND	5,666,421	5,871,575	205,154	27,827,116	28,773,981	946,865
ABL ISLAMIC INCOME FUND	5,508,141	5,671,194	163,053	27,051,673	27,786,937	735,264
ABL ISLAMIC Cash FUND	47,866,913	48,271,778	404,865	179,500,924	181,019,168	1,518,244
MEEZAN ROZANA AMDANI FUND - GROWTH-B	6,463,425	5,879,918	(583,507)	31,680,102	28,820,110	(2,859,992)
HBL ISLAMIC MOENY MARKET FUND	96,454,680	101,497,000	5,042,320	499,975,342	525,999,912	26,024,570
ALHAMRA CASH MANAGEMENT OPTIMIZER (ALHCMOP)	50,047,569	52,685,764	2,638,195	325,375,752	342,527,533	17,151,781
NBP ISLAMIC MONEY MARKET FUND (NICMM)	50,086,685	52,642,243	2,555,558	375,528,566	394,689,074	19,160,508
ABL ISLAMIC MONEY MARKET PLANE I (ABL-IMMP-I)	50,125,877	52,699,415	2,573,538	375,868,646	395,166,302	19,297,656
MEEZAN CASH FUND (MCF)	50,020,138	52,535,145	2,515,007	325,130,900	341,478,436	16,347,536
	523,972,741	539,241,324	15,268,583	2,925,737,143	3,030,637,769	104,900,625

December 31, 2024						
Operator's Fund			Participant Retakaful Fund			
Total cost of investment	Market value	Unrealized gain / (loss)	Total cost of investment	Market value	Unrealized gain / (loss)	
AL HAMRA ISLAMIC INCOME FUND	5,102,071	5,582,184	480,113	25,061,438	27,355,741	2,294,303
AL-AMEEN ISLAMIC SOVEREIGN FUND -Class-C	2,687,338	2,916,262	228,924	4,742,360	5,146,344	403,984
AL-AMEEN ISLAMIC CASH FUND	2,372,821	2,542,988	170,167	20,513,243	21,967,140	1,453,897
NBP ISLAMIC MAHANA AMDANI FUND	5,129,765	5,523,054	393,289	25,197,203	27,066,033	1,868,830
ABL ISLAMIC INCOME FUND	4,961,464	5,361,609	400,145	24,373,137	26,270,076	1,896,939
MEEZAN ROZANA AMDANI FUND - GROWTH-B	6,079,875	5,496,385	(583,490)	29,800,155	26,940,163	(2,859,992)
AL HAMRA ISLAMIC MONEY MARKET FUND	44,841,618	44,841,618	-	168,156,065	168,156,065	-
AL- AMEEN ISLAMIC CASH PLAN - 1 (AICP-1)	42,065,993	45,656,668	3,590,675	157,747,512	171,212,504	13,464,992
ABL ISLAMIC CASH FUND	44,730,304	44,743,723	13,419	167,738,641	167,788,962	50,321
HBL ISLAMIC MOENY MARKET FUND	42,157,638	45,650,941	3,493,303	158,091,144	171,191,028	13,099,884
	200,128,887	208,315,432	8,186,545	781,420,898	813,094,056	31,673,158

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

6 OTHER RECEIVABLES

	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Loan to employee	777,000	1,147,000	-	-
Accrued profit on bank deposits	142,990	6,337,813	1,398,690	23,412,420
Receivable from Pakistan Reinsurance Company Limited	-	-	59,659,841	-
	<u>919,990</u>	<u>7,484,813</u>	<u>61,058,531</u>	<u>23,412,420</u>

Participant's Retakaful Fund	
December 31, 2025	December 31, 2024

7 TAKAFUL/ RETAKAFUL RECEIVABLES

	Note	December 31, 2025	December 31, 2024
Amount due from other takaful operators	7.1	610,866,004	612,923,102
Amount due from retakaful operators		-	-
		<u>610,866,004</u>	<u>612,923,102</u>
Less: provision for doubtful debts	7.2	(37,549,062)	(27,141,101)
		<u>573,316,942</u>	<u>585,782,001</u>

7.1 This includes Rs. 53,223,136 (2024: Rs. 7,577,743) receivable from related party, National Insurance Company Limited (NICL). The maximum amount due at any month end from NICL amounted to Rs. 69,836,155 (2024: Rs. 76,815,934).

7.2 Movement of provision for doubtful debts

Opening balance	27,141,101	62,798,990
Provisions / (Reversal) made during the year	10,407,961	(35,657,889)
Closing balance	<u>37,549,062</u>	<u>27,141,101</u>

8 RECEIVABLE/ PAYABLE (Current account between OPF and PTF)

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

	Note	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Opening balance		159,393,278	78,055,762	(159,393,278)	(78,055,762)
Wakala fee	8.1	370,317,873	401,406,240	(370,317,873)	(401,406,240)
Modarib's share of participant's retakaful fund investment income and bank profit	8.2	50,091,355	88,431,264	(50,091,355)	(88,431,264)
Bank charges payable		(14,331)	(18,207)	14,331	18,207
Commission payable		(383,661,080)	(408,481,781)	383,661,080	408,481,781
		<u>196,127,095</u>	<u>159,393,278</u>	<u>(196,127,095)</u>	<u>(159,393,278)</u>

8.1 It represents the amount receivable from Participant's Retakaful Fund related to wakala fee charged at 20% (2024: 20%) of gross contribution written amounted to Rs. 370,317,873 (2024: Rs. 401,406,240).

8.2 It represents Mudarib fee receivable against managing the investments and funds of participants at the rate 25% of all investment income and profit on bank deposits.

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

9 QARD-E-HASNA

	<u>300,000,000</u>	<u>300,000,000</u>	<u>(300,000,000)</u>	<u>(300,000,000)</u>
--	--------------------	--------------------	----------------------	----------------------

9.1 The operator fund has funded the deficit in participant takaful fund by way of an interest free loan (Qard-e-Hasna) in accordance with the Takaful Rules, 2012.

10 DEFERRED / UNEARNED WAKALA FEE

Facultative business	10.1	15,214,637	12,871,675	15,214,637	12,871,676
Treaty		137,923,247	162,424,930	137,923,247	162,424,930
		<u>153,137,884</u>	<u>175,296,605</u>	<u>153,137,884</u>	<u>175,296,606</u>

Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

-----Rupees-----

10.1 Facultative business

Fire	8,880,734	8,213,718	8,880,734	8,213,718
Marine cargo	91,788	89,740	91,788	89,740
Marine Hull	262,584	77,571	262,584	77,571
Accident	1,071,232	496,746	1,071,232	496,746
Aviation	116,200	163,141	116,200	163,142
Engineering	4,792,099	3,830,759	4,792,099	3,830,759
	<u>15,214,637</u>	<u>12,871,675</u>	<u>15,214,637</u>	<u>12,871,676</u>

Operator's Retakaful Fund	
December 31, 2025	December 31, 2024

-----Rupees-----

11 DEFERRED COMMISSION EXPENSE

Facultative business	11.1	3,752,013	2,327,558
Treaty		<u>149,218,521</u>	<u>182,254,500</u>
		<u>152,970,534</u>	<u>184,582,058</u>

11.1 Facultative business

Fire		3,247,141	2,170,293
Marine Cargo		38,926	25,131
Marine Hull		-	19,393
Accident		55,012	112,665
Engineering		410,934	76
		<u>3,752,013</u>	<u>2,327,558</u>

Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

-----Rupees-----

12 PREPAYMENTS

Prepaid retakaful contribution ceded		-	-	<u>249,781,036</u>	<u>148,038,177</u>
--------------------------------------	--	---	---	--------------------	--------------------

13 BANK BALANCES

Cash at bank:					
Saving accounts	13.1	<u>19,296,109</u>	<u>402,529,946</u>	<u>304,927,274</u>	<u>1,914,448,854</u>

13.1 Deposits on saving accounts carry profit rates ranging from 9.5% to 12.5% (2024 : 10% to 19.75 %) per annum.

14 STATUTORY FUND

This represents total amount of Rs. 600 million (2024: Rs.600 million) deposited by the Operator as statutory fund to comply with the provisions of paragraph 4 of circular no. 8 of 2014 with section 11(1)(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan (SECP), which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

-----Rupees-----

15 RESERVES

Unrealized gain on available for sale investment		9,313,820	4,993,783	107,591,895	34,364,428
Revenue Reserves					
Unappropriated profit		310,400,997	279,998,833	2,078,576,991	1,645,941,843
Capital Reserves					
		<u>319,714,817</u>	<u>284,992,616</u>	<u>2,186,168,886</u>	<u>1,680,306,271</u>

16 SEED MONEY

It represents the initial amount deposited by the Operator of Rs. 1,000,000 in Waqf fund to create a Participant's Retakaful Fund.

Participant's Retakaful Fund

		December 31, 2025	December 31, 2024
17	OUTSTANDING CLAIMS INCLUDING IBNR	Rupees	
	Facultative business	227,374,031	220,011,192
	Treaty	555,176,959	377,869,156
17.1	Facultative business	782,550,990	597,880,348
	Fire	83,256,615	77,772,186
	Marine cargo	725,606	231,606
	Accident	16,763,884	11,832,974
	Engineering	126,627,926	130,174,426
		227,374,031	220,011,192

17.2 The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, on May 30, 2017, SECP issued separate guidelines for the Operator for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Operator, guidance is hereby extended, that the Operator shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) the cedant(s) shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Operator wrote letter to each ceding entity to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding entities shared their IBNR Claim Reserves. The Operator recorded Facultative IBNR claim reserves on basis of actuarial valuation which amounts to Rs. 25.653 million.

		Participant's Retakaful Fund	
		December 31, 2025	December 31, 2024
18	UNEARNED CONTRIBUTION RESERVES	Rupees	
	Facultative business	76,073,186	64,358,376
	Treaty	689,616,233	812,124,652
		765,689,419	876,483,028
18.1	Facultative business		
	Fire	44,403,669	41,068,588
	Marine cargo	458,940	448,699
	Marine hull	1,312,918	387,857
	Accident	5,356,163	2,483,732
	Aviation	580,999	815,706
	Engineering	23,960,497	19,153,794
		76,073,186	64,358,376
18.2	Treaty		
	Proportional	594,979,127	706,108,919
	Non-proportional	94,637,106	106,015,733
		689,616,233	812,124,652

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Rupees			

19	TAKAFUL/ RETAKAFUL PAYABLES		
	Amount due to other takaful operators	31,332,290	71,420,978
	Amount due to other retakaful operators	300,400,849	181,051,611
		331,733,139	252,472,589

Operator's Retakaful Fund	Participant's Retakaful Fund
----------------------------------	-------------------------------------

December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
----------------------	----------------------	----------------------	----------------------

-----Rupees-----

**20 TAXATION- PROVISION
LESS PAYMENT**

Balance at beginning of the year	(54,123,865)	(55,709,310)	-	-
Income tax deducted at source on dividend income	8,252,041	4,063,241	32,595,276	16,180,854
on bank profit	1,897,257	9,979,999	11,424,446	43,521,575
Payment of income tax	10,149,298	14,043,240	44,019,721	59,702,429
Provision for current tax	(19,437,449)	(68,167,105)	(44,019,721)	(59,702,429)
Transfer to / Payable to Pakistan Reinsurance Company Limited	(54,123,865)	(55,709,310)	-	-
Balance at end of the year	(9,288,151)	(54,123,865)	-	-

Operator's Retakaful Fund

December 31, 2025	December 31, 2024
----------------------	----------------------

-----Rupees-----

21 DEFERRED TAXATION

**Taxable temporary differences
Unrealized gain on available for sale of investments**

Opening balance	3,192,746	485,982
Charged to other comprehensive income	2,762,001	2,706,764
	<u>5,954,747</u>	<u>3,192,746</u>

Operator's Retakaful Fund

December 31, 2025	December 31, 2024	Participant's Retakaful Fund December 31, 2025	December 31, 2024
----------------------	----------------------	--	----------------------

-----Rupees-----

22 OTHER CREDITORS AND ACCRUALS

Sindh sales tax payable	39,767	177,380	3,960	3,960
General sales tax payable	162	-	-	-
Income tax deducted at source	90,168	142,638	26,730	26,730
Audit fee payable	1,147,860	1,029,860	-	-
Miscellaneous creditors/accrued Expenses	92,100	-	1,000	1,000
	<u>1,370,057</u>	<u>1,349,878</u>	<u>31,690</u>	<u>31,690</u>

23 PAYABLE TO PAKISTAN REINSURANCE COMPANY LIMITED

Receipt from cedent	23.1	-	69,679,288	-
Income tax		118,382,637	64,258,772	-
Salaries		163,608	8,649,485	-
Sindh sales tax payable		543,151	-	-
Bonus		-	762,271	-
		<u>119,089,396</u>	<u>143,349,816</u>	<u>-</u>

23.1 This represented deposits made erroneously in the bank account of the operator which pertained to cedent of Pakistan Reinsurance Company Limited.

24 CONTINGENCIES AND COMMITMENTS

24.1 The Operator was served with a notice by Sindh Revenue Board (SRB) in 2016 for non filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance services provided by the Operator. Pakistan Reinsurance Company Ltd has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit and loss account would amount to Rs. 277.738 million pertaining to the 2025 (2024: Rs. 260.914 millions) on retakaful operations excluding any additional penalty or default surcharge and the cumulative amount from the periods from 2018 to 2015 would aggregate to Rs. 1,148.602 million (2024: Rs. 869.864 million).

24.2 There are no commitments as at December 31, 2025 (December 31 2024: Nil).

December 31, 2025	December 31, 2024
----------------------	----------------------

25 NET CONTRIBUTION	Note	-----Rupees-----	
Written gross contribution		1,851,589,365	2,007,031,199
Less: wakala fee	25.1	<u>(392,476,595)</u>	<u>(356,852,235)</u>
Contribution net of wakala fee		1,459,112,770	1,650,178,964
Add: unearned contribution reserve opening		876,483,028	653,713,006
Less: unearned contribution reserve closing		<u>(765,689,419)</u>	<u>(876,483,028)</u>
Contribution earned		1,569,906,379	1,427,408,942
Retakaful contribution ceded		<u>322,624,028</u>	<u>176,467,228</u>
Add: prepaid retakaful contribution opening		148,038,177	165,831,810
Less: prepaid retakaful contribution closing		<u>(249,781,036)</u>	<u>(148,038,177)</u>
Retakaful expense		<u>1,349,025,210</u>	<u>1,233,148,081</u>

25.1 WAKALA FEE

Gross wakala fee		370,317,873	401,406,240
Add: unearned wakala fee opening		175,296,606	130,742,601
Less: unearned wakala fee closing		<u>(153,137,884)</u>	<u>(175,296,606)</u>
	25.1.1	<u>392,476,595</u>	<u>356,852,235</u>

25.1.1 This represents expense for Participants Retakaful Fund and revenue for Operator's Retakaful Fund. The Operator manages the Window Retakaful Operations for the participants and charges 20% of the gross contribution written as wakala fee against the services.

26 TAKAFUL BENEFITS / CLAIMS EXPENSE

Benefits/ claims paid		900,676,738	919,200,658
Less: outstanding benefits/ claims including IBNR - opening		<u>(597,880,348)</u>	<u>(612,623,902)</u>
Add: outstanding benefits / claims including IBNR - closing	26.1	782,550,990	597,880,348
Claims expense		<u>1,085,347,380</u>	<u>904,457,104</u>
Retakaful and other recoveries received		<u>90,164,244</u>	<u>13,809,748</u>
Add: retakaful and other recoveries received- opening		<u>(207,495,090)</u>	<u>(229,063,419)</u>
Less: retakaful and other recoveries received- closing		204,388,782	207,495,090
Retakaful and other recoveries (expense) / revenue		<u>(87,057,936)</u>	<u>7,758,581</u>
Net claims expenses		<u>998,289,444</u>	<u>912,215,685</u>

26.1 CLAIM DEVELOPMENT TABLE

The Operator maintains adequate reserves in respect of its retakaful 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 retakaful.

Accident year	2021	2022	2023	2024	2025	Total
Estimate of ultimate claims cost						
-At the end of accident year	419,141,589	669,723,829	514,936,709	857,546,295	823,547,654	3,284,896,076
-One year later	239,693,229	465,234,177	335,250,872	572,014,614	-	1,612,192,892
-Two years later	211,431,405	164,468,410	121,083,345	-	-	496,983,160
Liability recognized in the statement of financial position	49,764,437	40,338,452	62,554,465	240,495,677	389,397,959	782,550,990

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024

-----Rupees-----

27 INVESTMENT INCOME

Income from equity securities- available for sale

Dividend income	<u>32,095,895</u>	22,109,382	<u>126,911,521</u>	<u>88,863,572</u>
-----------------	-------------------	------------	--------------------	-------------------

28 OTHER INCOME

Profit on bank deposits	9,858,778	58,965,312	73,453,899	264,861,482
Liabilities written back	-	3,475,514	-	-
	<u>9,858,778</u>	<u>62,440,826</u>	<u>73,453,899</u>	<u>264,861,482</u>

29 MODARIB'S FEE

The Operator of the Window Retakaful manage the participant's investments as a Modarib and charge 25% of Modarib's share of the investment income earned and profit on bank deposits by the Participant's Retakaful Fund. The Modarib's fee earned during the year is as follows:

	Operator's Retakaful Fund		Participant's Retakaful Fund		
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
	-----Rupees-----				
Investment income earned	126,911,521	88,863,572	(126,911,521)	(88,863,572)	
Profit on bank deposits	73,453,899	264,861,482	(73,453,899)	(264,861,482)	
	<u>200,365,419</u>	<u>353,725,054</u>	<u>(200,365,419)</u>	<u>(353,725,054)</u>	
Modarib' share of income at 25%	29.1	50,091,355	88,431,264	(50,091,355)	(88,431,264)
30 TAXATION					
Current tax		19,437,449	76,716,567	44,019,721	59,702,429
		<u>19,437,449</u>	<u>76,716,567</u>	<u>44,019,721</u>	<u>59,702,429</u>
30.1 Relationship between tax expense and accounting profit					
Profit before tax		49,839,613	174,787,448	-	-
Tax at the applicable rate of 39% (2024: 39%) including super tax at 10%		19,437,449	68,167,105	-	-
Tax deducted at source written off		-	-	44,019,721	59,702,429
Prior year		-	8,549,462	-	-
Charge for the year		<u>19,437,449</u>	<u>76,716,567</u>	<u>44,019,721</u>	<u>59,702,429</u>
31 COMMISSION EXPENSE					
Commission paid or payable				383,661,080	408,481,781
Add: deferred commission expense opening				184,582,059	114,413,227
Less: deferred commission expense closing				(152,970,534)	(184,582,058)
				<u>415,272,605</u>	<u>338,312,950</u>
32 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES					
Salaries, allowance and other benefits				12,362,063	12,772,042
Shariah advisor fee				3,000,000	2,735,721
Auditor's remuneration	32.1			950,400	861,360
Others				3,097,941	364,185
				<u>19,410,404</u>	<u>16,733,308</u>
32.1 Auditor's remuneration					
Half yearly review				158,400	132,000
Annual audit fee				288,000	240,000
Shariah audit fee				198,000	165,000
Regulatory returns				198,000	165,000
Out of pocket expense				108,000	159,360
				<u>950,400</u>	<u>861,360</u>
33 NUMBER OF EMPLOYEES					
				2025	2024
				---Number of Persons---	
Number of employees at the year end				<u>5</u>	<u>6</u>
Average number of employees during the year				<u>5</u>	<u>6</u>

PARTICIPANT'S RETAKAFUL FUND

For the year ended December 31, 2025

	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Gross written contribution	151,573,612	6,136,634	11,505,162	1,483,136,348	199,237,609	1,851,589,365
Wakala fees	(28,733,307)	(1,040,266)	(1,726,546)	(318,853,228)	(42,123,247)	(392,476,594)
Unearned contribution-opening	61,038,088	836,556	2,483,732	706,108,919	106,015,733	876,483,028
Unearned contribution-closing	(68,945,165)	(1,771,858)	(5,356,163)	(594,979,127)	(94,637,106)	(765,689,419)
Takaful contribution earned	114,933,228	4,161,066	6,906,185	1,275,412,912	168,492,989	1,569,906,380
Retakaful-Ceded	-	-	-	-	322,624,028	322,624,028
Prepaid retakaful-opening	-	-	-	-	148,038,177	148,038,177
Prepaid retakaful-closing	-	-	-	-	(249,781,036)	(249,781,036)
Takaful contribution ceded to retakaful					220,881,169	220,881,169
Net contribution revenue	114,933,228	4,161,066	6,906,185	1,275,412,912	(52,388,180)	1,349,025,211
Net underwriting income (A)	114,933,228	4,161,066	6,906,185	1,275,412,912	(52,388,180)	1,349,025,211
Benefits paid	79,096,380	8,980	637	699,747,747	121,822,994	900,676,738
Outstanding benefits/claims-opening	(207,946,612)	(231,606)	(11,832,974)	(316,745,476)	(61,123,680)	(597,880,348)
Outstanding benefits/claims-closing	209,884,541	725,606	16,763,884	548,708,997	6,467,962	782,550,990
Takaful claims	81,034,309	502,980	4,931,547	931,711,268	67,167,276	1,085,347,380
Retakaful recoveries received	-	-	-	-	90,164,244	90,164,244
Retakaful recoveries against outstanding claims-opening	(46,843,750)	-	-	-	(160,651,340)	(207,495,090)
Retakaful recoveries against outstanding claims-closing	63,414,500	-	-	-	140,974,282	204,388,782
Takaful claims recovered from retakaful	16,570,750	-	-	-	70,487,186	87,057,936
Net benefit expenses	64,463,559	502,980	4,931,547	931,711,268	(3,319,910)	998,289,444
Charge of contribution deficiency reserve	-	-	-	-	-	13,947,000
Net benefits and expenses (B)	64,463,559	502,980	4,931,547	931,711,268	(3,319,910)	1,012,236,444
Underwriting results (C=A-B)	50,469,669	3,658,086	1,974,638	343,701,644	(49,068,270)	336,788,767
Other Income						
Investment income						126,911,520
Profit on bank deposits						73,453,898
Modarib share of PTF investment income and bank profit						(50,091,355)
(Provision) / reversal of for doubtful contributions receivables						(10,407,961)
Surplus transferred to accumulated surplus						476,654,869

For the year ended December 31, 2025

	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Segment assets	77,203,533	354,372	1,071,233	118,995,825	159,901,703	357,526,666
Unallocated assets						4,219,721,552
Total assets						<u>4,577,248,218</u>
Segment liabilities	278,829,706	2,497,464	22,120,047	1,143,688,124	101,105,068	1,548,240,409
Unallocated liabilities						541,838,924
Total liabilities						<u>2,090,079,333</u>
OPERATOR'S RETAKAFUL FUND						
Wakala fee	28,733,307	1,040,266	1,726,546	318,853,228	42,123,247	392,476,595
Commission	(6,093,766)	(69,990)	(184,406)	(408,924,443)	-	(415,272,605)
Management expenses	(1,421,040)	(51,448)	(85,388)	(15,769,272)	(2,083,256)	(19,410,404)
Net commission and expenses	(7,514,806)	(121,438)	(269,794)	(424,693,715)	(2,083,256)	(434,683,009)
	<u>21,218,501</u>	<u>918,829</u>	<u>1,456,752</u>	<u>(105,840,487)</u>	<u>40,039,991</u>	<u>(42,206,414)</u>
Other income						
Investment income						32,095,895
Profit on bank deposits						9,858,778
Modarib fee						50,091,355
Profit before tax						<u>49,839,614</u>
Taxation						(19,437,449)
Profit after tax						<u>30,402,165</u>
Segment assets	3,658,075	38,926	55,012	149,218,521	-	152,970,534
Unallocated assets						1,055,584,518
Total assets						<u>1,208,555,052</u>
Segment Liabilities	13,789,033	354,372	1,071,233	118,995,825	18,927,421	153,137,884
Unallocated Liabilities						135,702,352
Total liabilities						<u>288,840,235</u>

PARTICIPANT'S RETAKAFUL FUND

For the year ended December 31, 2024

	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Gross written contribution	155,369,820	2,410,574	14,047,849	1,614,764,590	220,438,366	2,007,031,199
Wakala fees	(32,059,775)	(343,891)	(2,849,894)	(287,629,097)	(33,969,578)	(356,852,235)
Unearned contribution-opening	65,967,142	145,438	2,685,353	529,489,816	55,425,257	653,713,006
Unearned contribution-closing	(61,038,088)	(836,556)	(2,483,732)	(706,108,919)	(106,015,733)	(876,483,028)
Takaful contribution earned	128,239,099	1,375,565	11,399,576	1,150,516,390	135,878,312	1,427,408,942
Retakaful-ceded	-	-	-	-	176,467,228	176,467,228
Prepaid Retakaful-opening	-	-	-	-	165,831,810	165,831,810
Prepaid Retakaful-closing	-	-	-	-	(148,038,177)	(148,038,177)
Takaful contribution ceded to retakaful	-	-	-	-	194,260,861	194,260,861
Net contribution revenue	128,239,099	1,375,565	11,399,576	1,150,516,390	(58,382,549)	1,233,148,081
Net underwriting income (A)	128,239,099	1,375,565	11,399,576	1,150,516,390	(58,382,549)	1,233,148,081
Benefits/claims paid	19,693,945	-	775,007	872,002,683	26,729,023	919,200,658
Outstanding benefits/claims-opening	(92,841,036)	(99,137)	(2,817,282)	(455,742,767)	(61,123,680)	(612,623,902)
Outstanding benefits/claims-closing	207,946,612	231,606	11,832,974	371,401,194	6,467,962	597,880,348
Takaful claims	134,799,521	132,469	9,790,699	787,661,110	(27,926,695)	904,457,104
Retakaful recoveries received	-	-	-	-	13,809,748	13,809,748
Retakaful recoveries against outstanding claims-opening	-	-	-	-	(229,063,419)	(229,063,419)
Retakaful recoveries against outstanding claims-closing	46,843,750	-	-	-	160,651,340	207,495,090
Takaful claims recovered from retakaful	46,843,750	-	-	-	(54,602,331)	(7,758,581)
Net benefits and expenses (B)	(87,955,771)	(132,469)	(9,790,699)	(787,661,110)	(26,675,636)	(912,215,684)
Underwriting results (C=A-B)	40,283,328	1,243,096	1,608,877	362,855,280	(85,058,185)	320,932,397
Profit on bank deposits						264,861,482
Dividend income						88,863,572
Modarib share of PTF investment income and bank profit						(88,431,264)
Contribution deficiency reserved						-
Reversal for doubtful contributions						35,657,889
Surplus transferred to accumulated surplus						621,884,076

For the year ended December 31, 2024

	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Segment assets	59,051,368	167,311	496,746	141,221,784	181,854,487	382,791,696
Unallocated assets						3,484,775,508
Total assets						<u><u>3,867,567,204</u></u>
Segment liabilities	268,984,700	1,068,162	14,316,706	1,077,510,113	112,483,695	1,474,363,376
Unallocated liabilities						411,897,557
Total liabilities						<u><u>1,886,260,933</u></u>
OPERATOR'S RETAKAFUL FUND						
Wakala Fee	32,059,775	343,891	2,849,894	287,629,097	33,969,578	356,852,235
Commission	(7,089,308)	(104,468)	(667,143)	(330,505,313)	53,282	(338,312,950)
Management Expenses	(1,498,714)	(16,076)	(133,225)	(13,497,300)	(1,587,993)	(16,733,308)
Net commission and expenses	(8,588,022)	(120,544)	(800,368)	(344,002,613)	(1,534,711)	(355,046,259)
	<u>23,471,753</u>	<u>223,347</u>	<u>2,049,526</u>	<u>(56,373,516)</u>	<u>32,434,867</u>	<u>1,805,977</u>
Profit on bank deposits						62,440,826
Investment income						22,109,382
Modarib share of PTF investment income and bank profit						88,431,264
Profit before tax						<u>174,787,448</u>
Taxation						(76,716,567)
Profit after tax						<u><u>98,070,881</u></u>
Segment Assets	2,170,369	44,524	112,665	182,254,500	-	184,582,058
Unallocated Assets						1,077,723,469
Total assets						<u><u>1,262,305,527</u></u>
Segment Liabilities	12,207,618	167,311	496,746	141,221,784	21,203,147	175,296,606
Unallocated Liabilities						202,016,305
Total liabilities						<u><u>377,312,911</u></u>

2025	
Operator's Retakaful Fund	Participant's Retakaful Fund
Available for sale	
-----Rupees-----	

35 MOVEMENT IN INVESTMENTS

At beginning of previous year	23,555,412	115,763,546
Additions	178,046,140	672,682,718
Fair value gain - net	6,713,880	24,647,793
At beginning of current year	208,315,432	813,094,057
Additions	323,843,854	2,144,316,245
Fair value gain - net	7,082,038	73,227,467
At end of current year	539,241,324	3,030,637,769

36 MANAGEMENT OF RETAKAFUL AND FINANCIAL RISK

The risks involved with financial instruments and the Operator's approach to managing such risks are as follow:

36.1 Retakaful risk

The risk under a Retakaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting benefits. By the very nature of a Retakaful contract, it is random and therefore unpredictable. The principal risk faced under such contact is that, the occurrence of the covered events and the severity of reported benefits. The Operator's risk profile is improved by diversification of these risk of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subject.

The Operator principally issues the general Retakaful cover. Risks under these policies usually cover a twelve month duration.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

Frequency and severity of benefits

Risk associated with general Retakaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the Retakaful events. This has been managed by underwriting strategy, retakaful arrangements and proactive benefit handling procedures.

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

- Fire and property damage
- Marine, aviation and transport
- Motor
- Miscellaneous

Uncertainty in the estimation of future benefits payment

Benefits on general Retakaful contracts are payable on a benefit occurrence basis. The Participant Retakaful is liable for all covered events that occur during the term of the Retakaful contract including the event reported after the expiry of the Retakaful contract term.

An estimated amount of the benefit is recorded immediately on the intimation to the operations. 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 benefits.

There are several variable factors which affect the amount and timing of recognized benefit liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of benefit settlements. However, uncertainty prevails with estimated benefit liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

36.2 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge its obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements. Further, management monitors exposure to credit risk through review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continuously assessing the credit worthiness of counter parties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Operator's credit risk exposure is not significantly different from that reflected in the financial statements.

The management monitors and limits the Operator's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure as specified below:

	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		2025	2024	2025	2024
		-----Rupees-----			
Bank balances	13	19,296,109	402,529,946	304,927,274	1,914,448,854
Takaful / retakaful receivables	7	-	-	573,316,942	585,782,001
Other receivables	6	919,990	7,484,813	61,058,531	23,412,420
Receivable from Participant's Retakaful Fund - net	8	196,127,095	159,393,278	(196,127,095)	(240,730,793)

The Operator did not hold any collateral against the above during the year. General provision is made for takaful / retakaful receivables and other receivables according to the Operator's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due.

The credit quality of the bank in which the Operator maintained its own and Participant's Funds' bank balance and markup on bank deposits accrued can be assessed below with reference to external credit ratings.

2025

Rating			Operator's Retakaful Fund	Participant's Retakaful Fund
Short Term	Long Term	Rating Agency		
A-1+	AAA	JCR-VIS	72,822	1,100,202
A-1+	AA	JCR-VIS	19,223,287	303,827,072
			19,296,109	304,927,274

2024

Rating			Operator's Retakaful Fund	Participant's Retakaful Fund
Short Term	Long Term	Rating Agency		
A-1+	AAA	JCR-VIS	7,823,316	90,098,672
A-1+	AA	JCR-VIS	394,706,630	1,824,350,181
			<u>402,529,946</u>	<u>1,914,448,854</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provision for doubtful receivables.

The credit quality of customers from whom the amount of retakaful receivables can be assessed with reference to external credit ratings.

	Amount Receivable in Rs.
A or above	610,866,004
Others	<u>64,476,739</u>
	<u><u>675,342,743</u></u>

36.3 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, no amount has been impaired.

36.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator'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 stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities on the basis of an undiscounted cash flow;

Operator's Retakaful Fund	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Maturity up to one year</u>
2025		-----Rupees-----	
Financial liabilities:			
Other creditors and accruals	1,239,960	1,239,960	1,239,960
Payable to related party	<u>119,089,396</u>	<u>119,089,396</u>	<u>119,089,396</u>
	<u>120,329,356</u>	<u>120,329,356</u>	<u>120,329,356</u>
2024			
Financial liabilities:			
Payable to Participant Retakaful Fund-net	-	-	-
Other creditors and accruals	1,029,860	1,029,860	1,029,860
Payable to related party	143,349,816	143,349,816	143,349,816
	<u>144,379,676</u>	<u>144,379,676</u>	<u>144,379,676</u>

	Carrying amount	Contractual cash flows	Maturity up to one year
	-----Rupees-----		
Participant's Retakaful Fund			
2025			
Financial liabilities:			
Outstanding claims including IBNR	782,550,990	782,550,990	782,550,990
Takaful/ retakaful payables	331,733,139	331,733,139	331,733,139
Other creditors and accruals	31,690	31,690	31,690
	<u>1,114,315,819</u>	<u>1,114,315,819</u>	<u>1,114,315,819</u>
2024			
Financial liabilities:			
Outstanding claims including IBNR	597,880,348	597,880,348	597,880,348
Takaful/ retakaful payables	252,472,589	252,472,589	252,472,589
Other creditors and accruals	31,690	31,690	31,690
	<u>850,384,627</u>	<u>850,384,627</u>	<u>850,384,627</u>

36.5 Market risk

Market risk is a risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the portfolio and by following the internal guidelines established by the relevant committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

36.5.1 Profit/interest rate risk

Profit/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 Operator invests in securities and has deposits that are subject to interest / mark-up rate risk. The Operator 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 the Operator's and Participant's Retakaful fund to Profit/interest rate risk based on contractual repricing or maturity dates whichever earlier is as follows:

OPERATOR'S RETAKAFUL FUND

2025	Effective rate per annum (%)	Profit/Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
		-----Rupees-----				
Financial assets						
Bank balances	9.5% to 12.5%	19,296,109	-	19,296,109	-	19,296,109
Investments		-	-	-	539,241,324	539,241,324
Other receivable		-	-	-	919,990	919,990
Subtotal		<u>19,296,109</u>	<u>-</u>	<u>19,296,109</u>	<u>540,161,314</u>	<u>559,457,423</u>
Financial liabilities						
Other creditors and accruals		-	-	-	1,370,057	1,370,057
Subtotal		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,370,057</u>	<u>1,370,057</u>
		<u>19,296,109</u>	<u>-</u>	<u>19,296,109</u>	<u>538,791,257</u>	<u>558,087,366</u>
On balance sheet sensitivity gap		<u>19,296,109</u>	<u>-</u>	<u>19,296,109</u>	<u>538,791,257</u>	

2024	Effective rate per annum (%)	Profit / Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
-----Rupees-----						
Financial assets						
Bank balances	9% to 10%	402,529,946	-	402,529,946	-	402,529,946
Investments		-	-	-	208,315,432	208,315,432
Other receivables		-	-	-	7,484,813	7,484,813
Subtotal		402,529,946	-	402,529,946	215,800,245	618,330,191
Financial liabilities		-	-	-	-	-
Insurance / reinsurance payables		-	-	-	-	-
Other creditors and accruals		-	-	-	1,349,878	1,349,878
Subtotal		-	-	-	1,349,878	1,349,878
		402,529,946	-	402,529,946	214,450,367	616,980,313
On balance sheet sensitivity gap		402,529,946	-	402,529,946	214,450,367	

PARTICIPANT'S RETAKAFUL FUND

2025	Effective rate per annum (%)	Profit / Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
-----Rupees-----						
Financial assets						
Bank balances	9.5% to 12.5%	304,927,274	-	304,927,274	-	304,927,274
Investments		-	-	-	3,030,637,769	3,030,637,769
Other receivable net		-	-	-	61,058,531	61,058,531
Takaful / retakaful receivables		-	-	-	573,316,942	573,316,942
Subtotal		304,927,274	-	304,927,274	3,665,013,242	3,969,940,516
Financial liabilities						
Outstanding claims including IBNR		-	-	-	299,136,344	299,136,344
Takaful / retakaful payables		-	-	-	58,819,041	58,819,041
Payable to Operatotr's Retakaful Fund		-	-	-	29,557,577	29,557,577
Other creditors and accruals		-	-	-	1,000	1,000
Subtotal		-	-	-	387,513,962	387,513,962
		304,927,274	-	304,927,274	3,277,499,281	3,582,426,554
On balance sheet sensitivity gap		304,927,274	-	304,927,274	3,277,499,281	

2024	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
-----Rupees-----						
Financial assets						
Bank balances	9% to 10%	1,914,448,854	-	1,914,448,854	-	1,914,448,854
Investments		-	-	-	813,094,056	813,094,056
Other receivable		-	-	-	23,412,420	23,412,420
Receivable from Operator's Retakaful Fund - net		-	-	-	-	-
Takaful / retakaful receivables		-	-	-	585,782,001	585,782,001
Subtotal		1,914,448,854	-	1,914,448,854	1,422,288,477	3,336,737,331
Financial liabilities						
Outstanding claims including IBNR		-	-	-	299,136,344	299,136,344
Takaful/retakaful payables		-	-	-	58,819,041	58,819,041
Payable to Operator's Retakaful Fund		-	-	-	29,557,577	29,557,577
Other creditors and accruals		-	-	-	1,000	1,000
Subtotal		-	-	-	387,513,962	387,513,962
		1,914,448,854	-	1,914,448,854	1,034,774,516	2,949,223,369
On balance sheet sensitivity gap		1,914,448,854	-	1,914,448,854	1,034,774,516	

Sensitivity analysis for variable rate instruments

Profit rate risk arises from possibility that changes in profit rate will effect the value of financial instruments. Rate risk is the risk of decline in earning due to adverse movement of the rate curve. The operator is exposed to profit rate risk for certain deposits with the banks.

The below table summarize the price risk as at December 31, 2025 and 2024 and show the effect of 10% increase and decrease in market rate as at the year end. The selected changes does not reflect what could be considered to be the best or worst case scenarios.

OPERATOR'S RETAKAFUL FUND

	Fair value	Effect on profit before tax	Effect on Operator's Fund
-----Rupees-----			
December 31, 2025			
10% increase	19,296,109	1,929,611	1,370,024
10% decrease	19,296,109	(1,929,611)	(1,370,024)
December 31, 2024			
10% increase	402,529,946	40,252,995	28,579,626
10% decrease	402,529,946	(40,252,995)	(28,579,626)
	Fair value	Effect on profit before tax	Effect on Operator's Fund
-----Rupees-----			

PARTICIPANT'S RETAKAFUL FUND

December 31, 2025			
10% increase	304,927,274	30,492,727	21,649,836
10% decrease	304,927,274	(30,492,727)	(21,649,836)
December 31, 2024			
10% increase	1,914,448,854	191,444,885	135,925,869
10% decrease	1,914,448,854	(191,444,885)	(135,925,869)

	Total	Level 1	Level 2	Level 3
2025	----- Rupees -----			
Financial assets measured at fair value				
Available-for-sale investment				
Mutual funds				
- Operator's Fund	539,241,324	539,241,324	-	-
- Participant Retakaful Fund	3,030,637,769	3,030,637,769	-	-
2024				
Financial assets measured at fair value				
Available-for-sale investment				
Mutual funds				
- Operator's Fund	208,315,432	208,315,432	-	-
- Participant Retakaful Fund	813,094,056	813,094,056	-	-

37	STATEMENT OF SOLVENCY	December 31, 2025	December 31, 2024
	Note	Rupees	Rupees
Assets			
Investments	6	3,030,637,769	813,094,056
Takaful/retakaful receivables	8	573,316,942	585,782,001
Other receivable	7	61,058,531	23,412,420
Prepayment	14	249,781,036	148,038,177
Deferred wakala fee	12	153,137,884	175,296,606
Retakaful recoveries against outstanding claims	11	204,388,782	207,495,090
Bank balances	15	304,927,274	1,914,448,854
Total Assets (A)		<u>4,577,248,218</u>	<u>3,867,567,204</u>
In-admissible assets as per section 32 (2) of Insurance Ordinance, 2000			
Contribution due since more than three months		(320,172,819)	(339,818,899)
Total In-admissible assets (B)		<u>(320,172,819)</u>	<u>(339,818,899)</u>
Total Admissible Assets (C=A-B)		<u>4,257,075,399</u>	<u>3,527,748,305</u>
Total Liabilities			
Qard-e-Hasna	9	300,000,000	300,000,000
Underwriting Provisions			
Outstanding benefits including IBNR	19	782,550,990	597,880,348
Unearned contribution reserves	20	765,689,419	876,483,028
Receivable from Operator's Retakaful Fund - net	9	196,127,095	159,393,278
Takaful/retakaful payable	22	331,733,139	252,472,589
Other creditors and accruals	25	31,690	31,690
Total Liabilities (D)		<u>2,390,079,333</u>	<u>2,186,260,933</u>
Total Net Admissible Assets (E=C-D)		<u>1,866,996,066</u>	<u>1,341,487,372</u>

The Participant's Retakaful Fund has complied with the minimum solvency requirement as against the requirement of section 36 of the Insurance ordinance, 2000.

38 CAPITAL MANAGEMENT

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

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with approximate mix of capital elements.

Amount of Rs. 600 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

The Operator monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of Operator' and Participant' Retakaful Fund.

The Operator's net debt to equity ratio as at December 31, 2025 was as follows:

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	2025	2024	2025	2024
	-----Rupees-----			
Total liabilities	288,840,235	377,312,911	2,090,079,333	1,886,260,933
Less: cash and cash equivalents	(19,296,109)	(402,529,946)	(304,927,274)	(1,914,448,854)
Net debt	<u>269,544,126</u>	<u>(25,217,035)</u>	<u>1,785,152,059</u>	<u>(28,187,921)</u>
Total Operator's Fund / Balance of Participant's Retakaful Fund	<u>919,714,817</u>	<u>782,914,618</u>	<u>2,187,168,886</u>	<u>1,681,306,271</u>
Net debt to equity ratio	29%	-3%	82%	-2%

39 SUBSEQUENT EVENT

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Operator.

41 GENERAL

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

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED

as at December 31, 2025

Pattern of Shareholdings

# Of Shareholders	Shareholdings'Slab			Total Shares Held
706	1	to	100	19,783
564	101	to	500	188,790
477	501	to	1000	414,321
1292	1001	to	5000	3,589,763
501	5001	to	10000	3,960,105
217	10001	to	15000	2,858,592
151	15001	to	20000	2,815,281
110	20001	to	25000	2,576,738
102	25001	to	30000	2,901,212
52	30001	to	35000	1,717,664
40	35001	to	40000	1,535,902
26	40001	to	45000	1,130,746
66	45001	to	50000	3,259,121
26	50001	to	55000	1,375,401
19	55001	to	60000	1,123,608
15	60001	to	65000	947,752
16	65001	to	70000	1,091,133
15	70001	to	75000	1,103,705
12	75001	to	80000	938,889
6	80001	to	85000	502,000
11	85001	to	90000	975,994
6	90001	to	95000	558,609
55	95001	to	100000	5,482,000
6	100001	to	105000	610,847
3	105001	to	110000	329,800
8	110001	to	115000	905,108
15	115001	to	120000	1,787,115
6	120001	to	125000	735,654
6	125001	to	130000	767,975
8	130001	to	135000	1,064,732
3	135001	to	140000	418,998
4	140001	to	145000	570,853
10	145001	to	150000	1,498,000
3	150001	to	155000	459,213
8	155001	to	160000	1,256,465
3	160001	to	165000	491,656
2	165001	to	170000	330,070
6	170001	to	175000	1,039,796
4	175001	to	180000	718,839
2	180001	to	185000	363,464
2	185001	to	190000	378,000
3	190001	to	195000	577,680
11	195001	to	200000	2,197,997
2	200001	to	205000	409,200
1	205001	to	210000	210,000
2	210001	to	215000	424,447

1	215001	to	220000	217,489
5	220001	to	225000	1,117,890
4	240001	to	245000	968,724
2	245001	to	250000	500,000
1	255001	to	260000	259,197
2	260001	to	265000	529,057
2	270001	to	275000	547,957
7	295001	to	300000	2,100,000
1	305001	to	310000	305,901
1	310001	to	315000	315,000
1	320001	to	325000	320,980
1	330001	to	335000	332,301
3	345001	to	350000	1,045,500
3	355001	to	360000	1,073,187
1	365001	to	370000	369,699
1	370001	to	375000	375,000
1	375001	to	380000	380,000
2	395001	to	400000	800,000
1	405001	to	410000	405,500
1	415001	to	420000	417,000
2	420001	to	425000	848,227
1	425001	to	430000	429,997
1	430001	to	435000	431,960
1	435001	to	440000	439,197
3	445001	to	450000	1,349,997
1	460001	to	465000	463,500
2	465001	to	470000	934,974
2	480001	to	485000	967,800
1	485001	to	490000	486,000
5	495001	to	500000	2,500,000
1	500001	to	505000	501,800
1	505001	to	510000	509,500
2	520001	to	525000	1,050,000
2	585001	to	590000	1,176,664
4	595001	to	600000	2,400,000
1	600001	to	605000	605,000
1	610001	to	615000	611,500
1	620001	to	625000	624,000
1	625001	to	630000	629,997
1	635001	to	640000	636,174
2	645001	to	650000	1,297,000
1	665001	to	670000	667,797
1	675001	to	680000	678,881
1	680001	to	685000	681,000
2	695001	to	700000	1,400,000
1	715001	to	720000	720,000
1	720001	to	725000	721,000
1	725001	to	730000	729,993
1	760001	to	765000	762,592
1	810001	to	815000	812,448

1	815001	to	820000	817,339
1	820001	to	825000	824,397
1	840001	to	845000	844,364
1	845001	to	850000	846,729
1	860001	to	865000	860,529
2	895001	to	900000	1,799,997
1	920001	to	925000	921,500
1	955001	to	960000	957,597
2	995001	to	1000000	2,000,000
1	1060001	to	1065000	1,065,000
1	1115001	to	1120000	1,117,541
4	1120001	to	1125000	4,498,092
1	1130001	to	1135000	1,134,746
1	1150001	to	1155000	1,151,997
1	1185001	to	1190000	1,187,997
1	1195001	to	1200000	1,200,000
1	1245001	to	1250000	1,250,000
1	1260001	to	1265000	1,264,000
1	1295001	to	1300000	1,300,000
2	1385001	to	1390000	2,775,997
1	1575001	to	1580000	1,578,409
1	1750001	to	1755000	1,751,500
1	1795001	to	1800000	1,800,000
1	1850001	to	1855000	1,850,500
1	1930001	to	1935000	1,932,897
1	1995001	to	2000000	2,000,000
1	2095001	to	2100000	2,100,000
1	2335001	to	2340000	2,339,994
1	2495001	to	2500000	2,500,000
1	3185001	to	3190000	3,187,190
1	3235001	to	3240000	3,239,919
1	3295001	to	3300000	3,300,000
1	3695001	to	3700000	3,700,000
1	3790001	to	3795000	3,795,000
1	4695001	to	4700000	4,700,000
1	10045001	to	10050000	10,048,500
1	14935001	to	14940000	14,937,000
1	31660001	to	31665000	31,665,000
1	219695001	to	219700000	219,696,603
1	458995001	to	459000000	458,999,268
<hr/> 4736 <hr/>				<hr/> 900,000,000 <hr/>

PAKISTAN REINSURANCE COMPANY LIMITED
Pattern of Shareholding
as at December 31, 2025

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government of Pakistan			
THE SECRETARY MINISTRY OF COMMERCE,	1	458,999,268	51.00
Directors, Chief Executive Officer, and their spouse and minor children			
DR. NAZIM LATIF	1	165	0.00
TARIQ QADDUS	1	100	0.00
MALEEHA MIMI BANGASH	1	100	0.00
Associated Companies, undertakings and related parties			
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	219,696,603	24.41
Banks, Development Financial Institution, Non-Banking Financial Institution.			
	3	31,712,406	3.52
Insurance Companies			
	3	15,807,529	1.76
Foreign Companies			
	-	-	-
Modarabas and Mutual Funds			
	7	5,112,916	0.57
General Public			
a. Local	4,602	153,402,029	17.04
b. Foreign	57	969,412	0.11
Others			
	59	14,299,472	1.59
Totals		4,736	900,000,000
		100.00	

Share holders holding 10% or more	Shares Held	Percentage
THE SECRETARY MINISTRY OF COMMERCE,	458,999,268	51.00
STATE LIFE INSURANCE CORP. OF PAKISTAN	219,696,603	24.41



Pakistan Reinsurance Company Limited
FORM OF PROXY
Annual General Meeting

I/We, _____ of _____ being a member of **Pakistan Reinsurance Company Limited** and holder of _____ ordinary shares hereby appoint Mr./Mrs. _____ of _____ or failing him/her _____ of _____ as my / our proxy in my absence to attend and vote for me / us and on my / our behalf at the 26th Annual General Meeting of the Company to be held on April 30, 2026 at 11:00 am at Karachi and at any adjournment thereof.

Signed this _____ day of April, 2026.

Affix Rupees Five
Revenue Stamp

Signature of Member(s)

Shareholder's Folio No _____

or CDC

Participant I D. No. _____

and Sub Account No. _____

Witnesses:

1. Signature _____
Name _____
Address _____
CNIC or Passport No. _____

2. Signature _____
Name _____
Address _____
CNIC or Passport No. _____

NOTE:

1. The member is requested:
 - i) To affix revenue stamp of Rs.5/- at the place indicated above.
 - ii) To sign across the revenue stamp in the same style of signature as is registered with the Company.
 - iii) To write down his/her/their folio number.
 - iv) Attach an attested photocopy of their valid Computerized National Identity Card/Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
2. In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
3. CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.

نیابت کا فارم
غیر معمولی عام اجلاس

میں/ہم، ساکن _____ ساکن _____ بحیثیت _____
رکن پاکستان ری انشورنس کمپنی لمیٹڈ اور حامل ہیں _____ عام حصص کے، اس دستاویز کے ذریعے سے جناب/ آنسہ/ بیگم
یا ان کی عدم دستیابی کی صورت میں، جناب/ آنسہ/ بیگم ساکن _____ کو بطور
اپنے مجاز نمائندہ (proxy) کے منتخب کرتا ہوں/کرتے ہیں کہ وہ میری/بماری غیر موجودگی میں میری/بماری جانب سے کراچی میں 11 بجے
صبح، 30 اپریل 2026 کو منعقد ہونے والے غیر معمولی عام اجلاس میں شرکت کر سکے اور ووٹ دے سکے یا اس کے ملتوی شدہ اجلاس میں۔

دستخط
اپریل 2026

پانچ روپے کا
ریونیو ٹکٹ
چسپاں کریں

رکن / ارکان کے دستخط

حصص کنندہ کا فولیو یا سی ڈی سی (CDC) نمبر

شرکت کرنے والے کا شناختی کارڈ نمبر

اور سب اکاؤنٹ نمبر

گواہان:	گواہ - 1	گواہ - 2
دستخط		
نام		
پتہ		
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر		

نوٹ:

- رکن سے درخواست ہے کہ؛
 - اوپر مختص کی گئی جگہ پر پانچ روپے کو ریونیو ٹکٹ چسپاں کریں۔
 - ریونیو ٹکٹ کے اوپر دستخط، وہی کریں جو کمپنی کے پاس رجسٹر ہے۔
 - اپنا فولیو نمبر تحریر کریں
 - اپنے موثر (valid) کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ، بورڈ کی قرارداد مجاز نمائندہ (proxy) کی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی مصدقہ نقل اس نیابت کے فارم کے ساتھ جمع کروائیں۔
- نیابت لازمی طور پر ایسے شخص کو دینی چاہیے جو کمپنی کا رکن ہو، ما سوائے ایسی صورت میں کہ نامزد مجاز نمائندہ کمپنی کا ملازم ہو اس کے لیے مختار نامہ / بورڈ کی قرارداد کی مصدقہ نقل اس شخص کے انتخاب کے ساتھ منسلک ہونی چاہیے۔
- نیابت فارم کے موثر ہونے کے لیے ضروری ہے کہ وہ ہر طرح سے مکمل، کمپنی کے رجسٹرڈ آفس میں متعین تاریخ/وقت سے 48 گھنٹے پہلے موصول ہو جانی چاہیے۔
- CDS حصص کنندگان یا ان کے مجاز نمائندہ اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کے ساتھ شرکت کرنے والے کا شناختی نمبر اور ان کے اکاؤنٹ نمبر ساتھ لائیں تاکہ ان کی شناخت میں آسانی ہو۔ تفصیلی طریقہ کار غیر معمولی عام اجلاس کے نوٹ (note) کے نوٹس (notes) میں درج ہے۔
- اگر کمپنی کے رکن نے بطور مجاز نمائندہ ایک سے زیادہ مرتبہ نامزد کیا گیا ہے اس کے لیے ایک سے زیادہ نیابت فارم جمع کروائے ہیں تو نیابت کی ایسی تمام دستاویزات کو غیر موثر قرار دے گی۔



Pakistan Reinsurance Company Limited



PRC Towers, 32-A, Lalazar Drive
M. T. Khan Road, P.O. Box: 4777
Karachi-74000, Pakistan.



(92-21) 99202908-15



(92-21) 99202921-22



prcl@pakre.org.pk



www.pakre.org.pk