



**UBL INSURERS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**



## VISION

"Our vision is to establish a position as the premier choice for corporate and consumer sector."



# MISSION

“Our mission is to become a reputable general insurer of the country by providing dedicated service to our customers. This will be accomplished by recognizing the customer needs and providing suitable products at affordable prices and servicing the claims within optimum time frame.”





## INTEGRITY

Honesty and integrity consistently guide the conduct of our business and our relationships with those outside of the company and with each other.

## RESPECT

We respect individuality and the strength that flows from the diversity of backgrounds, experience and perspectives.



## SERVICE

Our hallmark is the excellence of our service to our external clients and internally to each other.



## COLLABORATION

We value and support a spirit of teamwork, cooperation and encouragement, in an environment in which all employees can grow.



## PROTECTION

We take care of and protect our insured in a hostile legal environment better than any other company.



### **Notice of 20<sup>th</sup> Annual General Meeting**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting (AGM) of UBL Insurers Limited will be held on Friday, 24<sup>th</sup> April, 2026 at 11.00 a.m. at UBL Insurers Limited Board Room Karachi to transact the following business:

Ordinary Business:

1. To confirm minutes of the 19<sup>th</sup> Annual General Meeting held on April 25, 2025.
2. To receive, consider and adopt the audited Financial Statements and Window Takaful Operations Financial Statements of the Company for the year ended December 31, 2025 and the Chairman's review, Directors' and Auditors' report thereon.
3. To consider and, if thought fit, appoint external auditors to hold office from this AGM till the conclusion of the next AGM and to fix their remuneration for the year ending December 31, 2026. The Board Audit Committee and the Board of Directors have recommended the name of M/s. EY Ford Rhodes, Chartered Accountants.
4. To approve the remuneration of Independent Director.
5. To transact any other item with the permission of chair.

By Order of the Board

  
Abdul Sattar Vaid  
Company Secretary

April 02, 2026

Notes:

1. The share transfer books of the Company shall remain closed from Wednesday April 15, 2026 to Friday April 24, 2026 (both days inclusive). The transfer received in order at the office of Company Secretary UBL Insurers Ltd. by the close of business (5.00 p.m.) on Tuesday April 14, 2026 will be treated to have been in time for the purpose to attend and vote at the meeting.
1. **ALL SHAREHOLDERS UBL INSURERS LIMITED**
2. **ALL DIRECTORS, UBL INSURERS LIMITED**
3. **M/s EY Ford Rhodes Chartered Accountant**  
**External Auditor**
4. **CEO & CFO UBL INSURERS LTD.**

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#### **Head Office**

126-C, Jami Commercial, Street No.14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111, Fax: (92-21) 35314504.  
Email: info@ublinsurers.com, uilcomplain@ublinsurers.com  
| www.ublinsurers.com |

## Directors' Report for the year ended December 31, 2025

On behalf of the Board of Directors, I am pleased to present the Twentieth (20<sup>th</sup>) annual report of UBL Insurers Limited for the year ended 31 December, 2025:

### 1. Financial Highlights

	'Rupees 000'		
	2025	2024	%
Gross premium written	6,908,036	7,119,516	-3%
Premium earned	6,860,426	7,041,884	-3%
Net premium revenue	2,339,948	2,187,466	7%
Net claim expense	(1,488,697)	(873,794)	70%
Net commission	(143,858)	(43,620)	230%
Management expenses	(957,060)	(800,896)	19%
Underwriting results – Profit / (Loss)	(249,667)	469,156	-153%
Investment and other income	551,048	676,536	-19%
General & administrative expenses	(151,934)	(187,941)	-19%
Profit from window Takaful Operations	167,415	190,765	-12%
Profit before tax	292,760	1,123,645	-74%

### 2. Economic Overview

Pakistan's economy has showed signs of stabilization in 2025 despite of interruptions including tensions at neighboring borders, moon soon flooding, levy of US trade tariffs etc. The average inflation during 2025 has come down greatly and averaged 3.5% annually as compared to 13.1% in 2024. Resultantly, the State Bank of Pakistan (SBP) has further reduced the policy rate during the year cumulatively by 250 basis points. Such ease in monetary policy have led to a decrease in borrowing costs, stimulating growth in key sectors like manufacturing and agriculture.

The insurance sector is well positioned to benefit from this economic recovery, driven by growing awareness of risk management among businesses and individuals. The industry's focus on digital transformation and innovative products will be crucial in tapping into Pakistan's expanding insurance market. Regulatory developments aimed at enhancing transparency and governance are expected to further strengthen the sector's growth prospects.

### 3. Company Performance Review

In 2025, the Company has underwritten gross premium of Rs. 6,908 million (2024: 7,120 million) while net premium revenue increased by 7% to Rs. 2,340 million.

Premium earned during the year recorded decrease of Rs. 181 million -3% and closed stood at Rs. 6,860 million as compared to last year's Rs. 7,042 million as at December 31, 2024.

Net claim expense increased by 70% as compared to last year December 2024. The net claim ratio over net premium revenue is 64% as compared to last year's 40%.

The year's underwriting result reported a decline of -153% in profit and closed at a loss of Rs. 250 million as compared to a profit of Rs. 469 million for the year ended 31 December 2024.

Investment and other income for the year is recorded at Rs. 551 million compared to Rs. 677 million in 2024.

The company's profit before tax for the year is Rs. 293 million as compared with last year profit of Rs. 1,124 million.

The earning per share for the year 2025 is Rs 1.64 against earning per share of Rs. 5.91 in the year 2024.

#### 4. Portfolio Analysis (Conventional & Takaful)

- **Fire & Property**

Fire and property class of business constitutes 40.7% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 3.66 billion (2024: Rs. 4.18 billion). The ratio of net claims to net premium is 101.7% this year as compared to 21.2% last year. The Company reported an underwriting loss of Rs. 429 million as compared to profit of Rs. 99 million in 2024.

- **Marine and transport**

This class of business constitutes 8.2% of the total portfolio. The Company has underwritten a gross premium of Rs. 736 million in current year (2024: Rs. 839 million). The net claims ratio is 31.6% as against 17.2% last year, which resulted in an underwriting loss of Rs. 5.4 million against a profit of Rs. 78 million last year.

- **Motor**

During the year, the Company has underwritten gross premium of Rs. 2.75 billion (2024: Rs. 2.35 billion) which constitutes 30.6% of the total portfolio. The ratio of net claims to net premium for the current year is 55.5% as compared to 51.0% in 2024. The Company reported an underwriting profit of Rs. 193 million as compared to Rs. 349 million in 2024.

- **Health**

Health business constitutes 11.2% of the total portfolio. The Company has underwritten a gross premium of Rs. 1,006 million in current year (2024: Rs. 692 million). The net claims ratio is 129.6% as compared to last year 84.8%. This resulted an underwriting loss of Rs. 237 million against underwriting Profit of Rs. 59 million last year.

- **Other Classes**

The other classes of business constitute 9.3% of the total portfolio. The gross premium written was Rs. 836 million (2024: Rs. 944 million). The ratio of net claims to net premium is 67.6% as against 35.6% last year. The portfolio showed an underwriting Profit of Rs. 79 million in current year against an underwriting profit of Rs. 155 million in last year.

- **Window Takaful Operations**

The year under review was the Tenth year for Takaful business and the company was able to successfully grow gross written contribution to Rs. 2,078 million. The participant's Takaful fund reported a deficit before investment income of Rs. 254 million as compared to a surplus of 173 million in the year 2024. Net investment and other income is recoded at Rs. 131 million in 2025 as against Rs. 174 million for the year 2024. The net deficit for the year is Rs. 127 million as compare to the last year same period 2024 Rs. 348 million.

The Operator's Fund reported the profit before tax of Rs. 167 million in the year 2025 as against profit of 191 million in the year 2024.

## 5. Related Parties Transactions

The Board of Directors approve Company's transactions with associated companies / related parties at each board meeting. All the transactions executed with related parties are on arm's length basis.

## 6. Insurer Financial Strength (IFS) Rating

The Company's Financial Strength (IFS) rating stands at AA+ (Double A Plus) with stable outlook by VIS Credit Rating Company Limited for the year 2025.

## 7. Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance as set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed with the report.

During the year Six (6) meetings of the Board of Directors were held, attendance details of which are as follows:

Name of Directors	Meetings Attended
Syed Manzoor Hussain Zaidi	4
Mr. Rizwan Pervez	3
Mr. Haider Zameer Choudrey	6
Ms. Nadia Tabassum	2
Mr. Muhammad Rizwan Malik	6
Mr. Shabbir Hamza Khandwala	3
Mr. Muhammad Danish Khan	5
Mr. Sharjeel Shahid – Chief Executive Officer	3
Syed Zia Ijaz	1
Ms. Saira Shah	2
Mr. Irfan Farooq Memon	3
Mr. Zeeshan Muhammad Raza – Former CEO	3

Leave of absence was granted to directors who could not attend Board meeting(s).

During the year fee and compensation paid to the Independent Director and Chief Executive officer are as under;

	Chief Executive	Directors	Total
-----Rupees in "000"-----			
Fee*	-	2,500	2,500
Compensation	68,831	-	68,831
Number of person(s)**	2	7	8

\* Fee paid to independent director – Mr. Shabbir Hamza Khandwala.

\*\* Mr. Zeeshan Raza resigned as on May 27, 2025 and Mr. Sharjeel Shahid appointed as a CEO as on May 28, 2025.

## Board Committees

- **Audit Committee**

The committee consists of three members. During the year 2025, four (04) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Shabbir Hamza Khandwala	2
Muhammad Danish Khan	4
Ms. Nadia Tabassum	2
Mr. Irfan Farooq Memon (Retired on 25-04-2025)	2
Ms. Saira Shah (Retired on 25-04-2025)	1

Board re-constituted the committee in 95<sup>th</sup> BOD meeting held on 6<sup>th</sup> August, 2025.

Leave of absence was granted to the members who could not attend Board's Audit Committee meeting(s).

- **Ethics, Nominations, Human Resource & Remuneration Committee**

The committee consists of four members. During the year one (01) meeting of the committee was held and attended by the members as under:

Name of Member	Meetings Attended
Muhammad Danish Khan	1
Mr. Haider Zameer Choudrey	1
Mr. Rizwan Pervez	1
Mr. Zeeshan Muhammad Raza (Resigned on 27-05-2025)	1

Board re-constituted the committee in 95<sup>th</sup> BOD meeting held on 6<sup>th</sup> August, 2025.

- **Investment Committee**

The committee consists of four members. During the year 2024, four (04) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Muhammad Rizwan Malik	04
Mr. Rizwan Pervez	04
Mr. Sharjeel Shahid	02
Mr. Raheel Iqbal	02
Mr. Zeeshan Muhammad Raza	02
Mr. Nadeem Raza	02

Board re-constituted the committee in 95<sup>th</sup> BOD meeting held on 6<sup>th</sup> August, 2025.

## Management Committees

The Underwriting committee consists of four members. During the year 2025, two meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Ms. Saira Shah (Retired on 25-04-2025)	01
Mr. Zeeshan Muhammad Raza (Resigned on 27-05-2025)	01
Mr. Rashid Jameel	01
Mr. Fahad Hussain Khan	01
Mr. Sharjeel Shahid	01
Ms. Nadia Tabassum	01

The Claim committee consists of three members. During the year 2025, two meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Ms. Saira Shah (Retired on 25-04-2025)	01
Mr. Zeeshan Muhammad Raza (Resigned on 27-05-2025)	01
Mr. Munawar Ali Siddiqui	01
Mr. Rashid Jameel	01
Mr. Sharjeel Shahid	01
Mr. Yawar Amir	01
Ms. Nadia Tabassum	01

The Re-Insurance & Co-Insurance committee consists of three members. During the year 2025, two meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Muhammad Danish Khan	02
Mr. Zeeshan Muhammad Raza (Resigned on 27-05-2025)	01
Mr. Rashid Jameel Khan	02
Mr. Sharjeel Shahid	01

The Risk Management & Compliance committee consists of Four members. During the year 2025, one meeting of the committee was held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Muhammad Danish Khan	01
Mr. Sharjeel Shahid	01
Mr. Rashid Jameel Khan	01
Mr. Muhammad Anas Qureshi	01

## 8. Statement of Ethics and Business Practice

The Board has adopted the statement of ethics and business practices. All employees are informed of the statement and are required to observe these rules of conduct in relation to business.

## 9. Future Outlook

Our strategy for 2026 is to further create a unique and personalized customer experience and to move a way forward by delivering a great deal of innovation quickly to consumers through digitalization. Our Company has been and will continue to invest in the training of its employees to ensure the implementation of the relevant policies and directions of our competent regulators and other authorities.

## 10. Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International accounting standards (IAS), International Financial Reporting Standards (IFRS) or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts on the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the code of corporate governance for insurers, 2016.
- h) No Premium Deficiency Reserve has been recorded during the year in company's accounts. However the same is credited by Rs 0.19 million in books of Takaful business.
- i) Claims incurred but not reported has been reported on the bases of actuarial validation as per the SECP's guideline.
- j) During the tenth year of Takaful, the Operator's Fund reported a profit after tax of Rs. 113 million which is expected to be further improved in the upcoming years.
- k) The amount of outstanding on account of FED, FIF, EOBI, withholding taxes, Sales taxes, and SECP fees are 48 million. which are subsequently paid as per the requirement of respective taxation authorities.
- l) The key operating and financial data for the last six years is annexed.
- m) The value of investments of provident and gratuity funds based on their unaudited accounts, as on December 31, 2025, is as follows.
- n)

Provident Fund	Rs. 192 million
Gratuity Fund	Rs.107 million
- o) The statement of pattern of shareholding in the Company as at 31 December, 2025 is annexed with the report.

No material changes and commitments affecting the financial position of our Company have occurred between the end of financial year to which this balance sheet relates and the date of this report.

The Company is completely aligned with the road-map given by Securities Exchange Commission of Pakistan (SECP) for the implementation of IFRS-17.

The present external auditors Ernst & Young Ford Rhodes, Chartered Accountants. had retired and have offered

themselves for re-appointment. The Board of Audit Committee recommends that Ernst & Young Ford Rhodes, Chartered Accountants to be appointed as the statutory auditors for the year 2026.

The Company is a subsidiary of Bestway International Holdings Limited (BIHL) incorporated in London (U.K). The Bestway International Holdings Limited (BIHL) holds 55.6% of the issued share capital of UBL Insurers Limited.

The Directors of the Company would like to express their gratitude to Securities and Exchange Commission of Pakistan, Insurance Association of Pakistan and the panel of Re-insurers for their continued guidance, co-operation and support.

We also thank our valued clients for their continued patronage and support extended to our Company.

The Directors also wish to acknowledge the hard work and dedicated efforts of UBL Insurers team in achieving the goals of the Company.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

Chief Executive Officer

A handwritten signature in black ink, appearing to read 'S. Manzoor' with a horizontal line underneath.

Chairman - Board of Directors

Date: March 12, 2026

### Key operating and financial data for the last six years

'Rupees 000'

	2025	2024	2023	2022	2021	2020
Gross premium Written	6,908,036	7,119,516	7,292,850	5,248,055	4,104,343	4,041,493
Net premium revenue	2,339,948	2,187,466	1,993,150	1,839,604	1,793,771	1,841,542
Net claims	(1,488,697)	(873,794)	(931,579)	(892,633)	(959,119)	(1,127,838)
Premium deficiency (expense) / reversal	-	-	-	-	-	(3)
Management Expenses	(957,060)	(800,896)	(685,647)	(765,187)	(561,782)	(552,257)
Net commission	(143,858)	(43,620)	(83,359)	(142,452)	(191,931)	(107,637)
Underwriting result	(249,667)	469,156	292,565	39,332	80,962	53,807
Investment income	492,351	602,882	382,860	201,176	97,333	102,026
Exchange gain / (Loss)	(524)	(1,366)	27,603	10,527	(1,598)	1,215
Other Income	59,221	75,020	76,965	36,422	31,327	38,373
General and administrative	(151,934)	(187,941)	(162,823)	(142,994)	(129,818)	(127,013)
Finance costs	(24,098)	(24,871)	(24,698)	(6,637)	(4,765)	(5,114)
Profit before tax from Windows Takaful Operations	167,415	190,765	145,062	60,827	28,581	30,244
Profit before tax	292,764	1,123,645	737,534	198,653	102,022	93,538
Taxation						
– Prior	(2,121)	(775)	(996)	(176)	(1,688)	1,017
– Current	(102,146)	(439,815)	(268,256)	(110,898)	(29,745)	(26,009)
– Deferred	124	(2,161)	(12,837)	46,027	(4,410)	(1,416)
Profit after tax	188,621	680,894	455,445	133,606	66,179	67,130

**UBL Insurers Limited**  
**Pattern of Shareholding**  
**As at December 31, 2025**

Number of Shareholders	Shareholdings		Total Shares Held	Percentage %
	From	To		
7	1	100	7	0.000
1	2,495,001	2,500,000	2,500,000	2.170
1	14,000,001	14,500,000	14,088,199	12.227
1	30,000,001	35,000,000	34,565,213	30.000
1	60,000,001	65,000,000	64,063,972	55.603
<b>11</b>			<b>115,217,391</b>	<b>100.000</b>

**Category of Shareholders**  
**As at December 31, 2025**

Categories of shareholders	Number of Shareholders	Shares held	Percentage
Directors, CEO & Children	7	7	0
NIT	0	-	0
Associated Companies, undertaking & related parties	3	112,717,384	97.83
Banks, DFI & NBF	0	-	0
Insurance Companies	0	-	0
Modarabas & Mutual Funds	0	-	0
Government of Pakistan	0	-	0
Govt. Owned Entities / Banks	0	-	0
Foreign Companies	0	-	0
Joint Stock Companies	0	-	0
Charitable Trusts	0	-	0
General Public (Local)	1	2,500,000	2.17
General Public (Foreign)	0	-	-
Others	0	-	0
<b>Company Total</b>	<b>11</b>	<b>115,217,391</b>	<b>100</b>

- The aggregate shares held by the following are:

Categories of Shareholders	Shares held	Percentage
<b>Directors</b>		
1) Syed Manzoor Hussain Zaidi	1	-
2) Mr. Haider Zameer Choudrey	1	-
3) Mr. Rizwan Pervez	1	-
4) Ms. Nadia Tabassum	1	-
5) Mr. Muhammad Rizwan Malik	1	-
6) Mr. Shabbir Hamza Khandwala	1	-
7) Mr. Muhammad Danish Khan	1	-
<b>Chief Executive Officer</b>	-	-
<b>Directors/CEO's Spouse</b>	-	-
<b>Executive / Executive's Spouse</b>	-	-
<b>Associated Companies, undertaking and related parties</b>		
Bestway International Holdings Limited (BIHL)	64,063,972	55.603
United Bank Limited	34,565,213	30.000
Bestway Cement Limited	14,088,199	12.227
<b>NIT and ICP</b>	-	-
<b>Banks, DFIs and NBFIs</b>	-	-
<b>Public sector companies and corporations</b>	-	-
<b>Insurance Companies</b>	-	-
<b>Modaraba</b>	-	-
<b>Mutual Funds</b>	-	-
<b>General Public - Individuals</b>		
Local	2,500,000	2.170
	<b>115,217,391</b>	<b>100.000</b>
<b>Shareholders holding 5% or more voting interest</b>		
Bestway International Holdings Limited (BIHL)	64,063,972	55.603
United Bank Limited	34,565,213	30.000
Bestway Cement Limited	14,088,199	12.227

**STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED DECEMBER 31, 2025**

The statement is being presented to comply the section 46(6) of Insurance Ordinance 2000.

- (a) In our opinion the annual statutory accounts of the UBL Insurers Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance 2000 and any rules made thereunder;
- (b) UBL Insurers Limited has at all times in the year complied with the provisions of the Insurance Ordinance 2000 and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at December 31, 2025, the insurer continues to be in compliance with the provisions of the Insurance Ordinance 2000 and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.



Chief Executive  
Officer



Director



Director Chairman

**Statement of Compliance with the Code of Corporate Governance for Insurers, 2016**

**UBL Insurers Limited**  
**For the year ended 31 December 2025**

This statement is being presented in compliance with the Code of Corporate Governance for insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The insurer has applied the principles contained in the Code in the following manner:

1. The insurer ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Shabbir Hamza Khandwala
Executive Directors	Mr. Sharjeel Shahid
Non-Executive Directors	Mr. Syed Manzoor Hussain Zaidi Mr. Haider Zameer Choudrey Mr. Rizwan Pervez Mr. Muhammad Rizwan Malik Mr. Muhammad Danish Khan
Female Director	Ms. Nadia Tabassum

All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this insurer.

3. All the resident Directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

4. All the casual vacancies of directors filled within 90 days from the date of vacating office.
  - a. Syed Zia Ijaz resignation accepted on 28<sup>th</sup> January 2025 and Syed Manzoor Hussain Zaidi appointed at his place on 4<sup>th</sup> March 2025.
  - b. Mr. Zeeshan Raza, CEO resigned on 27<sup>th</sup> May 2025 and Mr. Sharjeel Shahid, Executive Director also appointed as CEO on 28<sup>th</sup> May 2025 in place of Mr. Zeeshan Raza.
  - c. Mr. Shabbir Hamza Khandwala appointed as Independent Director on 24<sup>th</sup> June 2025 and Mr. Sharjeel Shahid resigned as Executive Director on 24<sup>th</sup> June 2025.

**Head Office**

126-C, Jami Commercial, Street No.14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111, Fax: (92-21) 35314504.

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| www.ublinurers.com |

5. The Insurer has prepared a Code of Conduct, which has been disseminated among all the Directors and employees of the insurer.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All 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, other executive Directors and the Key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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 (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the insurer. The insurer has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. The Board arranged appropriate material/guidelines on the Orientation course(s) / training programs for its directors during the year to apprise them of their duties and responsibilities. More than 75% of the directors present are certified under Directors' training program.
11. 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.
12. 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.
13. The financial statements of the insurer were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
15. The insurer has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for insurers, 2016.
16. The Board has formed the following Management Committees;

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**Head Office**

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[www.ublinurers.com](http://www.ublinurers.com)

**Underwriting Committee**

Name of the Member	Category
Ms. Nadia Tabassum	Chairman
Mr. Sharjeel Shahid	Member
Mr. Rashid Jameel Khan	Member
Mr. Fahad Hussain Khan	Member

**Claim Settlement Committee**

Name of the Member	Category
Ms. Nadia Tabassum	Chairman
Mr. Sharjeel Shahid	Member
Mr. Rashid Jameel Khan	Member
Mr. Munawar Ali Siddiqui	Member
Mr. Yawar Amir	Member

**Reinsurance & Co-insurance Committee**

Name of the Member	Category
Mr. Muhammad Danish Khan	Chairman
Mr. Sharjeel Shahid	Member
Mr. Rashid Jameel Khan	Member

**Risk Management & Compliance Committee**

Name of the Member	Category
Mr. Muhammad Danish Khan	Chairman
Mr. Sharjeel Shahid	Member
Mr. Rashid Jameel Khan	Member
Mr. Muhammad Anas Qureshi	Member
Ms. Sidra Nasir	Member

17. The Board has formed the following Board Committee;

**Ethics, Nominations, Human Resource & Remuneration Committee**

Name of the Member	Category
Mr. Muhammad Danish Khan	Chairman
Mr. Haider Zameer Choudrey	Member
Mr. Rizwan Pervez	Member
Mr. Sharjeel Shahid	Member

**Head Office**

126-C, Jami Commercial, Street No.14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111, Fax: (92-21) 35314504.

Email: info@ublinurers.com, uilcomplain@ublinurers.com

| www.ublinurers.com |

**Investment Committee**

Name of Member	Category
Mr. Muhammad Rizwan Malik	Chairman
Mr. Rizwan Pervez	Member
Mr. Sharjeel Shahid	Member
Mr. Raheel Iqbal	Member

18. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent director and two are non-executive Directors. The Chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

**Audit Committee**

Name of Member	Category
Mr. Shabbir Hamza Khandwala	Chairman
Mr. Muhammad Danish Khan	Member
Ms. Nadia Tabassum	Member

19. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committees were as follows:

Ethics, Human Resource, Remuneration & Nomination Committee;	Half yearly
Investment Committee;	Quarterly
Audit Committee	Quarterly
Underwriting Committee;	Quarterly
Claim Settlement Committee;	Quarterly
Reinsurance & Co-insurance Committee; and	Quarterly
Risk Management & Compliance Committee	Quarterly

20. The Board has outsourced the internal audit function to BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they (or their representative) are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the insurer also meets the conditions as laid down in the said code. Moreover the persons heading the underwriting, claim, and 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.

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<b>Name of the Person</b>	<b>Designation</b>
Mr. Sharjeel Shahid	Chief Executive Officer
Mr. Syed Arsalan Zaman	Chief Financial Officer *
Mr. Muhammad Anas Qureshi	Compliance Officer
Akhtar & Hasan (Pvt) Ltd	Actuary
Mr. Abdul Sattar Vaid	Company Secretary
Mr. Ehsan-UI-Haq	Head of Internal Audit
Mr. Fahad Hussain Khan	Head of Non-Motor Underwriting
Mr. Aseem Akbar	Head of Motor Underwriting
Mr. Yawar Amir	Head of Grievance Dept / Non-Motor Claims
Mr. Owais Alam	Head of Motor Claims
Mr. Ashfaq Sharif	Head of Reinsurance
Ms. Sidra Nasir	Head of Risk Management

*\* Syed Arsalan Zaman appointed as Chief Financial Officer on October 31, 2025 in place of Mr. Nadeem Raza who resigned as on July 22, 2025.*

22. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 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 insurer 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.

23. 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.

24. The Board ensures that the Appointed Actuary complies with the requirements set out for him / her in the Code of Corporate Governance for Insurers, 2016.

25. The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016

26. The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

27. The insurer has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

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28. The Board ensures that as part of the risk management system, the insurer gets itself rated from VIS which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on January 21, 2025 is AA+ (Double A Plus) with stable outlook.

29. The Board has set up a grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

30. The insurer has obtained exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the following requirement(s) of the Code of Corporate Governance for Insurers, 2016:

- SECP vide their letter no ID/PRDD/042-RS/2025 dated May 15, 2025 have exempted for the appointment of another independent director till December 31, 2025

31. We confirm that all the material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied.



Sharjeel Shahid  
**Chief Executive officer**  
Dated: March 12, 2026

---

**Head Office**

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**EY FORD RHODES**  
Chartered Accountants  
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Dolmen City, Marine Drive, Block 4, Clifton  
P.O. Box 15541, Karachi 75600, Pakistan

UAN: +92 21 111 11 39 37  
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## Independent Auditor's Review Report

To the members of UBL Insurers Limited

### Review Report on the Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of **UBL Insurers Limited** (the Company) for the year ended **31 December 2025** in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 (the Code).

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance that reflects the status of the Company's compliance with the provisions of the Code, and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a 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

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

Chartered Accountants

Place: Karachi

Date: 30 March 2026

UDIN Number: CR202510120vPpjd5m6Z

## INDEPENDENT AUDITOR'S REPORT

To the members of UBL Insurers Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **UBL Insurers Limited** (the "Company"), which comprise the statement of financial position as at **31 December 2025**, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 Company's affairs as at 31 December 2025 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 opinion.

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

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





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with confidence

-: 2:-

In preparing the Regulatory Returns, 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Regulatory returns**

Our objectives are to obtain reasonable assurance about whether the regulatory returns 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 based on these regulatory returns.

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 are also:

- Identify and assess the risks of material misstatement of the Regulatory Returns, 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 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 regulatory returns 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 Regulatory Returns, including the disclosures, and whether the Regulatory Returns represent the underlying transactions and events in a manner that achieves fair presentation.



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-:3:-

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.

#### Report on Other Legal and Regulatory Requirement

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company'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 Omer Chughtai.

A handwritten signature in blue ink, appearing to read 'Omer Chughtai'.

Chartered Accountants

Karachi

Date: 30 March 2026

UDIN Number: AR202510120eKY1kUXAI

**UBL INSURERS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

		2025	2024
		---- (Rupees in '000) ----	
<b>Assets</b>	<b>Note</b>		
Property and equipment	5	74,877	84,306
Right-of-use-assets	6	105,630	146,275
Intangible assets	7	103	174
Investments			
Equity securities / mutual funds	8	58,695	204,797
Debt securities	9	2,782,776	3,479,953
Loans and other receivables	10	220,236	153,257
Insurance / reinsurance receivables	11	1,544,735	1,789,251
Reinsurance recoveries against outstanding claims		4,626,518	3,604,674
Salvage recoveries accrued		73,588	71,064
Deferred commission expense / acquisition cost	26	361,810	445,621
Deferred taxation	14	8,754	-
Taxation - payment less provisions	33	316,416	-
Prepayments	15	1,630,349	1,677,333
Cash and bank	16	424,304	282,871
		12,228,792	11,939,576
Total assets of Window Takaful Operations		983,128	776,261
<b>Total Assets</b>		<b>13,211,920</b>	<b>12,715,837</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary Share Capital	17	1,152,174	1,152,174
Discount on issue of right shares		(352,174)	(352,174)
Reserves	18	82,418	80,623
Unappropriated profit		1,930,910	1,982,852
<b>Total Equity</b>		<b>2,813,328</b>	<b>2,863,475</b>
<b>Liabilities</b>			
<b>Underwriting provisions</b>			
Outstanding claims including IBNR	25	5,730,221	4,167,505
Unearned premium reserves	24	2,621,297	2,573,687
Unearned reinsurance commission	26	359,031	439,222
Retirement benefit obligations	13	16,808	1,996
Insurance / reinsurance payables	20	549,882	1,399,592
Deferred taxation	14	-	4,273
Lease liabilities	19	135,080	178,688
Taxation - payment less provision	33	-	58,645
Other creditors and accruals	21	466,641	607,170
		9,878,960	9,430,778
Total liabilities of Window Takaful Operations		519,632	421,584
<b>Total Liabilities</b>		<b>10,398,592</b>	<b>9,852,362</b>
<b>Total Equity and Liabilities</b>		<b>13,211,920</b>	<b>12,715,837</b>
<b>Contingencies and commitments</b>	22		

The annexed notes 1 to 44 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Director

  
Chairman

**UBL INSURERS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

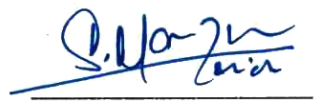
	Note	2025 ---- (Rupees in '000) ----	2024
Net insurance premium	24	2,339,948	2,187,466
Net insurance claims	25	(1,488,697)	(873,794)
Premium deficiency reversal / (expense)		-	-
Net commission and other acquisition costs	26	(143,858)	(43,620)
<b>Insurance claims and acquisition expenses</b>		<b>(1,632,555)</b>	<b>(917,414)</b>
Management expenses	27	(957,060)	(800,896)
Underwriting results		(249,667)	469,156
Investment income	28	492,351	602,882
Other income / (loss)	29	58,697	73,654
Other expenses	30	(151,934)	(187,941)
<b>Results of operating activities</b>		<b>149,447</b>	<b>957,751</b>
Finance costs	31	(24,098)	(24,871)
Profit from Window Takaful Operations - Operator's Fund	23	167,415	190,765
<b>Profit before tax</b>		<b>292,764</b>	<b>1,123,645</b>
Income tax expense	32	(104,143)	(442,751)
<b>Profit after tax</b>		<b>188,621</b>	<b>680,894</b>
<b>Earnings per share - Rupees</b>	34	<b>1.64</b>	<b>5.91</b>

The annexed notes 1 to 44 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

  
 Director

  
 Chairman



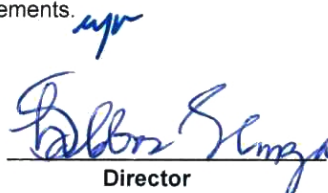
**UBL INSURERS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
	---- (Rupees in '000) ----	
<b>Profit after tax</b>	188,621	680,894
<b>Other comprehensive income</b>		
<b>Item that may be reclassified to profit and loss account in subsequent years</b>		
Change in fair value on available-for-sale investments during the year	33,780	141,697
Related tax impact	9,370	(46,679)
	-	-
Reclassification adjustments relating to available-for-sale Investments disposed during the year	(37,291)	(22,008)
	5,859	73,010
Change in fair value on available for sale investment from Window Takaful Operations	(6,557)	4,926
Related tax impact	2,493	(1,921)
	(4,064)	3,005
<b>Item that will never be reclassified to profit and loss account in subsequent years</b>		
Re-measurement gain on defined benefit obligation	(14,812)	467
Related tax impact	4,684	(182)
	(10,128)	285
Net other comprehensive income for the year	(8,333)	76,300
<b>Total comprehensive income for the year</b>	<u>180,288</u>	<u>757,194</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

  
 Director

  
 Chairman



UBL INSURERS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Attributable to equity holders of the Company				Total
	Ordinary Share Capital	Capital Reserve	Revenue Reserve		
		Discount on issue of right share	Available-for-sale investment revaluation reserve	Unappropriated profit	
(Rupees in '000)					
<b>Balance as at January 01, 2024</b>	1,152,174	(352,174)	4,608	1,483,716	2,288,324
Total comprehensive income					
Profit after tax	-	-	-	680,894	680,894
Final cash dividend at Rs. 1.58 (15.8%) per share	-	-	-	(182,043)	(182,043)
Other comprehensive loss - net of tax	-	-	76,015	285	76,300
	-	-	76,015	499,136	575,151
<b>Balance as at December 31, 2024</b>	1,152,174	- 352,174	80,623	1,982,852	2,863,475
Total comprehensive income					
Profit after tax	-	-	-	188,621	188,621
Final cash dividend at Rs. 2 (20%) per share	-	-	-	(230,435)	(230,435)
Other comprehensive income - net of tax	-	-	1,795	(10,128)	(8,332)
	-	-	1,795	(51,942)	(50,146)
<b>Balance as at December 31, 2025</b>	1,152,174	(352,174)	82,418	1,930,910	2,813,329

The annexed notes 1 to 44 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Director

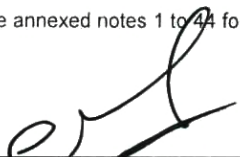
  
Chairman




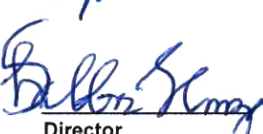
**UBL INSURERS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>Operating Cash Flows</b>			
<b>(a) Underwriting activities</b>			
Insurance premium received		7,269,957	6,879,623
Reinsurance premium paid		(5,344,534)	(4,524,282)
Claims paid		(3,643,389)	(2,773,995)
Reinsurance and other recoveries received		2,693,040	1,949,375
Commission paid		(1,295,753)	(1,372,393)
Commission received		1,005,195	1,351,897
Management expenses paid		(994,221)	(715,393)
<b>Net cash inflow from underwriting activities</b>		<u>(309,705)</u>	<u>794,832</u>
<b>(b) Other operating activities</b>			
Income tax paid		(423,643)	(381,178)
General expenses paid		(154,094)	(172,036)
Loan advanced		(11,921)	(9,194)
Loan repayments received		12,131	10,513
Payment against unclaimed insurance benefits		(12,730)	(96)
<b>Net cash outflow from other operating activities</b>		<u>(590,257)</u>	<u>(551,991)</u>
<b>Total cash inflow from all operating activities</b>		<u>(899,962)</u>	<u>242,841</u>
<b>Investment activities</b>			
Profit / return received		372,348	333,936
Dividend received		4,631	6,812
Payment for investments		(1,882,546)	(4,097,768)
Proceeds from investments		2,861,124	3,418,752
Proceeds from sale of property and equipment		27,343	2,094
Fixed capital expenditure		(32,488)	(18,923)
<b>Total cash outflow from investing activities</b>		<u>1,350,412</u>	<u>(355,097)</u>
<b>Financing activities</b>			
Dividend paid		(230,435)	(182,043)
Principal portion of lease liability paid		(54,484)	(39,563)
Interest paid		(24,098)	(24,871)
<b>Total cash outflow from financing activities</b>		<u>(309,017)</u>	<u>(246,477)</u>
<b>Net cash inflow / (outflow) from all activities</b>		<u>141,433</u>	<u>(358,733)</u>
Cash and cash equivalents at beginning of the year		282,871	641,604
<b>Cash and cash equivalents at end of the year</b>	16	<u><u>424,304</u></u>	<u><u>282,871</u></u>
<b>Reconciliation to profit and loss account</b>			
Operating cash flows		(899,962)	242,841
Depreciation expense		(76,821)	(73,440)
Financial charges expense		(24,098)	(24,871)
Profit on disposal of investments		37,291	22,008
Profit on disposal of property and equipment and right of use asset		8,439	1,049
Dividend income		4,631	6,812
Profit from window takaful operations		167,415	190,765
Increase in assets other than cash		1,197,929	1,159,878
Increase in liabilities other than borrowings		(622,673)	(1,047,882)
Amortisation expense		(72)	(181)
Provision for impairment against listed equity securities		(1,581)	(373)
Income tax expense		(104,143)	(442,751)
Interest on government securities / term finance certificates / sukuk		452,010	574,435
Exchange (loss) / gain		(524)	(1,366)
Return on bank balances		45,530	69,815
Other income		5,252	4,156
<b>Profit after taxation</b>		<u><u>188,621</u></u>	<u><u>680,895</u></u>

The annexed notes 1 to 44 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

  
 Director

  
 Chairman



**UBL INSURERS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

UBL Insurers Limited ("the Company"), a subsidiary of Bestway International Holdings Limited, was incorporated as an unlisted public limited company on June 29, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 126-C, Jami Commercial Street Number 14, D.H.A., Phase VII, Karachi. The Company currently operates a network of 27 (2024: 27) branches in various cities. The Company received Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The objects of the Company include providing general insurance services (in spheres of Fire, Marine, Aviation and Transport, Motor, Health, Bankers Blanket and Miscellaneous) and general takaful services.

The Company was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on January 1, 2016.

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

**2.1 Statement of compliance**

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

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

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, Takaful Rules, 2012, and General Takaful Accounting Regulation, 2019 shall prevail.

**2.1.1** Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

**2.1.2** A separate set of financial statements of the general Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012.

**2.2 Basis of measurement**

The financial statements have been prepared under the historical cost convention basis except for available-for-sale investments that have been measured at fair value.

**2.3 Functional and presentation currency**

The financial statements are presented in Pakistani Rupees which is also the Company's functional currency as it represents the currency of the primary economic environment in which the Company operates

**2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year**

**2.4.1** There are certain amendments that are mandatory for the Company's accounting periods beginning on January 1, 2025 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.

## 2.5 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2026:

Standard, Interpretation or Amendment	Effective date (annual period beginning on or after)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	January 01, 2026
- IFRS 7 – Financial Instruments: Disclosures	January 01, 2026
- IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28	Not yet finalized

The Company expects that such improvements / amendments to the standards (except IFRS 17) will not have any material impact on the Company's financial statements in the period of initial application.

SECP vide its SRO 1715 dated 21 November 2023 had directed the effective date of IFRS 17 as January 01, 2026. During the year, SECP extended the date of application to January 01, 2027 through its S.R.O. 1336(I)/2025 dated July 23, 2025.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk). The company has not yet determined the quantitative potential impact of the standard.

The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, This standard will be applied along with the application of IFRS 17.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	Effective date (period beginning on or after)
- IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2009
- Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21	January 01, 2027

The above standards and amendments are not expected to have any significant impact on Bank's financial statements for future periods, except for IFRS 18. There are certain other new amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2026, but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

### IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for presentation of various items within the statement of profit or loss, including specified totals and subtotals. Narrow-scope amendments have been made to IAS 7, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The company is currently working to identify all impacts the amendments will have on the financial statements of future period and notes thereto.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies as stated below have been applied consistently to all years presented in these financial statements.

#### 3.1 Property and equipment

These are stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

Depreciation on additions is charged on a straight line method from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

#### 3.2 Insurance contracts

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

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

##### a) Fire and property

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

##### b) Marine, aviation and transport

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

##### c) Motor

Motor insurance is to provide protection against losses incurred as a result of traffic accidents and against liability that

##### d) Bankers' blanket

Bankers' blanket insurance covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

##### e) Health

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

##### f) Miscellaneous

Miscellaneous insurance includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, personal accident, money and other coverage.

#### 3.2.1 Premium

Premium received / receivable under a policy / cover note is recognized as written from the date of attachment of the risk to the policy / cover note to which it relates. 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. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the Insurance Rules, 2017.

#### 3.2.2 Unearned premium reserve

Unearned premium reserve represents the portion of premium written relating to the unexpired period of coverage at the reporting date and is recognized as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the Insurance Rules, 2017.

### 3.2.3 Receivables and payables related to insurance contracts

Receivables related to insurance contracts are known as premium due but unpaid. These are recognized when due and at cost, which is the fair value of the consideration to be received less provision for impairment, if any. Premiums received in advance is recognized as liability till the time of issuance of insurance contract there against.

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

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property contracts have three months period. In miscellaneous class, some engineering insurance contracts have more than one year period whereas normally travel insurance contracts expire within one month time.

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

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

The premium recognition policy and recording mechanism for liabilities against the above contracts and claims recognition have been disclosed in their respective notes to these financial statements.

### 3.3 Commission

#### 3.3.1 Deferred commission expense / acquisition cost

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

#### 3.3.2 Commission income

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 statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

For facultative acceptance the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

### 3.4 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the 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 balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by Insurance Rules issued by Securities and Exchange Commission of Pakistan on February 9, 2017. Based on the advice of actuary, no provision for premium deficiency reserve is required for any class.

### 3.5 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangements contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under contracts as various reinsurance assets and liabilities.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Amounts due from reinsurance companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Reinsurance recoveries against outstanding claims are measured at the amount expected to be received based on reinsurance treaties.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

Reinsurance liabilities represent balances due to reinsurance companies. Due to reinsurance companies are carried at cost which is the fair value of the consideration to be paid.

### 3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, stamps in hand, bank deposits, term deposits and market treasury bill having original maturity of three months or less.

### 3.7 Investments

#### 3.7.1 Investment income

- Interest / mark-up on bank balances, term deposits and government securities is recognized on an accrual basis using the effective interest method.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Dividend income is recognized when the Company's right to receive the dividend is established.

#### 3.7.2 Classification and measurement

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for investments at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Held to maturity
- Available for sale

#### 3.7.3 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost being the fair value of the consideration given and include transaction cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Income from held to maturity investments including any premium or discount is recognized on a time proportion basis using the effective yield method and taken to the profit and loss account.

#### 3.7.4 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. Subsequent to initial recognition, these are stated at market value. The unrealized gains / losses on available for sale investments are recognized in other comprehensive income and recycled to profit and loss on disposal.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

### 3.8 Reinsurance expense

Premium Ceded to reinsurers is recognized as an expense. For reinsurance contracts operating on a proportionate basis, on attachment of the underlying policies reinsured; and for reinsurance contracts operating on a non-proportionate basis, on inception of the reinsurance contract.

The portion of reinsurance premium ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of premium ceded is recognized as an asset. Such asset is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the premium ceded relating to reinsurance contract commencing in the first month of the insurer's financial year, 3/24 of the premiums ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

### 3.9 Taxation

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

#### 3.9.1 Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover. 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.

#### 3.9.2 Deferred

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

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial statement date.

The carrying amount of deferred tax asset is reviewed at each reporting 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.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.10 Staff retirement benefits

#### 3.10.1 Defined benefit plan

The Company operates an approved funded gratuity fund for all permanent employees who have completed minimum 3 years of service under the scheme. Contributions are made to the scheme on the basis of independent actuarial recommendations using "Projected Unit Credit Method". Remeasurement of the defined benefit liability / (asset), which comprises actuarial gain and losses are recognized immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset), taking into account and change in the net defined benefit liability / (asset) during the year as a result of contribution and benefit payments. Net interest expense, current service cost and other expense related to defined benefit plans are recognized in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in the profit and loss account. The Company recognizes gain and loss on the settlement of a defined benefit plan when the settlement occurs.

### 3.10.2 Defined contribution plan

The Company operates a recognized provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 8.33% of basic salary.

### 3.11 Right of Use Assets

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements 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 right-of-use asset or end of the 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.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

#### 3.11.1 Liabilities against leases for right of use assets

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 incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### 3.12 Dividend distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the year in which such dividends are declared and transfers are made.

### 3.13 Management and other expenses

Management and other expenses are allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium written. Expenses not allocable to the underwriting business are charged as other expenses.

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

### 3.14 Claims expense

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

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

The provision for Incurred But Not Reported (IBNR) claims is determined by the Company as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, a Company shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

### 3.15 Salvage recoveries accrued

Salvage is recognized at the same time as the claims to which they relate. Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the salvage.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- a) Provision for outstanding claims including IBNR (note 3.14)
- b) Unearned premium reserve (note 3.2.2)
- c) Premium deficiency reserve (note 3.4)
- d) Defined benefit plan (note 3.10.1)
- e) Classification and measurement of investments (note 3.7.2)
- f) Useful lives of assets and methods of depreciation (note 3.1 & 5.1)
- g) Provision for current and deferred tax (note 3.9.1 & 3.9.2)
- h) Insurance / reinsurance receivables and payables (note 3.2.3)
- i) Lease liability and right-of-use asset (note 3.11.1)
- j) Allocation of management and other expenses (note 3.13)

## 5. PROPERTY AND EQUIPMENT

2025 2024  
----- (Rupees in '000) -----

Property and equipment includes:

## PROPERTY AND EQUIPMENT

Operating fixed assets

74,877 84,306

## 5.1 Operating fixed assets

Particulars	December 31, 2025									
	Cost			Accumulated Depreciation			As at December 31, 2025	Written down value as at December 31, 2025	Depreciation rate	
	As at January 1, 2025	Additions	Disposals	As at December 31, 2025	As at January 1, 2025	Depreciation for the year				Disposals
	(Rupees)								(%)	
Furniture and fixtures	32,946	5,339	(1,589)	36,696	18,389	2,566	(853)	20,103	16,593	10
Office equipment	36,264	8,641	(2,827)	42,078	23,128	5,250	(2,398)	25,980	16,098	20
Mobile Phone	2,917	1,905	(913)	3,909	2,112	755	(858)	2,009	1,900	33.3
Motor vehicles	72,363	-	(44,131)	28,232	43,879	5,412	(27,000)	22,291	5,941	20
Computer and accessories	32,565	11,053	(5,538)	38,080	19,965	6,222	(5,264)	20,923	17,157	25
Leased Hold Improvement	47,568	5,550	(448)	52,670	32,844	2,806	(168)	35,482	17,188	10
	<u>224,623</u>	<u>32,488</u>	<u>(55,446)</u>	<u>201,665</u>	<u>140,317</u>	<u>23,011</u>	<u>(36,541)</u>	<u>126,788</u>	<u>74,877</u>	

## Prior Year

Particulars	December 31, 2024									
	Cost			Accumulated Depreciation			As at December 31, 2024	Written down value as at December 31, 2024	Depreciation rate	
	As at January 1, 2024	Additions	Disposals	As at December 31, 2024	As at January 1, 2024	Depreciation for the year				Disposals
	(Rupees)								(%)	
Furniture and fixtures	32,279	1,428	(761)	32,946	16,296	2,493	(400)	18,389	14,557	10%
Office equipment	31,222	6,533	(1,491)	36,264	20,267	4,323	(1,462)	23,128	13,136	20%
Mobile Phone	2,900	395	(378)	2,917	1,736	736	(360)	2,112	805	33%
Motor vehicles	72,789	630	(1,056)	72,363	34,491	10,338	(950)	43,879	28,484	20%
Computer and accessories	26,533	9,050	(3,018)	32,565	17,886	4,662	(2,583)	19,965	12,600	25%
Leased Hold Improvement	46,933	887	(252)	47,568	30,168	2,831	(155)	32,844	14,724	10%
	<u>212,656</u>	<u>18,923</u>	<u>(6,956)</u>	<u>224,623</u>	<u>120,844</u>	<u>25,383</u>	<u>(5,910)</u>	<u>140,317</u>	<u>84,306</u>	

## 5.1.1 Disposal of fixed assets

Fixed Assets	2025				
	Cost	Book value	Sale proceeds	Mode of sale	Particulars of Buyers
	(Rupees in '000)				
Office Equipment	2,827	428	380	BID	Various
Computer Hardware	5,538	273	349	BID	Various
Furniture & Fixture	1,589	736	438	BID	Various
Motor vehicles	44,131	17,131	25,933	BID	Various
Office Premises	448	280	146	BID	Various
Mobile phones	913	55	97	BID	Various
	<u>55,446</u>	<u>18,903</u>	<u>27,343</u>		

## 5.1.2 Disposal of fixed assets

Disposal having book value exceeds Rs. 50,000/- individually

Fixed Assets	2025				
	Cost	Book value	Sale proceeds	Mode of sale	Particulars of Buyers
	(Rupees in '000)				
Computer Hardware	174	127	131	BID	Various
Furniture & Fixture	507	376	196	BID	Various
Motor vehicles	44,131	17,131	25,933	BID	Various
Office Premises	278	206	107	BID	Various
	<u>45,090</u>	<u>17,840</u>	<u>26,367</u>		

5.2 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs. 60.163 million (2024: Rs. 55.657 million).

## 6. RIGHT-OF-USE-ASSETS

2025 2024  
----- (Rupees in '000) -----

## Buildings

Opening cost		247,693	212,678
Addition		43,772	63,532
Disposal		(61,929)	(28,517)
Closing cost		<u>229,537</u>	<u>247,693</u>
Accumulated Depreciation opening		101,419	80,892
Depreciation for the year		53,810	48,057
Depreciation for disposals		(31,322)	(27,530)
Accumulated Depreciation closing		<u>123,907</u>	<u>101,419</u>
Written Down Value		<u>105,630</u>	<u>146,275</u>

## 7. INTANGIBLE ASSETS

Particulars	December 31, 2025									
	Cost			Amortisation			As at December 31, 2025	Written down value as at December 31, 2025	Amortisation Period	
	As at January 1, 2025	Additions	Disposals	As at December 31, 2025	As at January 1, 2025	Depreciation for the year				Disposals
	(Rupees)									
Computer Software										
2025	19,204	-	(5,254)	13,950	19,030	72	(5,254)	13,847	103	4 Year
2024	19,204			19,204	18,849	181		19,030	174	4 Year

7.1 Fully amortised intangible assets still in use amounted to Rs. 13.663 million (2024: Rs. million 18.917)

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## 8. INVESTMENTS IN EQUITY SECURITIES / MUTUAL FUNDS

Note	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
<b>Available-for-sale</b>	----- (Rupees in '000) -----					
<b>Listed shares</b>						
Saif Power Limited	18,877	(13,520)	5,357	18,877	(11,939)	6,938
Dolmen City REIT	14,901	(309)	14,592	14,901	(309)	14,592
Kot Addu Power Company Limited	17,519	(13,671)	3,848	17,519	(13,671)	3,848
	51,297	(27,500)	23,797	51,297	(25,919)	25,378
<b>Surplus / (deficit) on revaluation</b>			34,898			14,616
			58,695			39,994
<b>Mutual Funds</b>						
Mcb Cash Management Optimizer	-	-	-	91,265	-	91,265
Pakistan Income Enhancement Fund	-	-	-	65,760	-	65,760
MCB Pakistan Sovereign Fund	-	-	-	-	-	-
	-	-	-	157,025	-	157,025
<b>Surplus / (deficit) on revaluation</b>			-			7,778
			-			164,803
<b>Total investment in equity securities</b>			<u>58,695</u>			<u>204,797</u>

## 8.1 Provision for impairment

	2025	2024
	----- (Rupees in '000) -----	
Opening provision		25,919
Charge for the year	1,581	373
Closing provision	<u>27,500</u>	<u>25,919</u>

## 9. INVESTMENTS DEBT SECURITIES

Note	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
<b>Available-for-Sale</b>	----- (Rupees in '000) -----					
Term finance certificate	50,000		50,000	50,000		50,000
<b>Government Securities</b>						
Market treasury bills	-		-	942,715		942,715
Pakistan investment bonds	2,409,654		2,409,654	1,782,699		1,782,699
	2,409,654	-	2,409,654	2,725,414	-	2,725,414
<b>Surplus / (Deficit) on revaluation</b>			88,190			104,205
<b>Total investment - available for sale</b>	<u>2,459,654</u>	<u>-</u>	<u>2,547,844</u>	<u>2,775,414</u>	<u>-</u>	<u>2,879,619</u>
<b>Held-to-maturity</b>						
<b>Government Securities</b>						
Pakistan investment bonds	234,932		234,932	600,334		600,334
<b>Total investment - held-to-maturity</b>						
<b>Total investment - debt securities</b>	<u>2,694,586</u>	<u>-</u>	<u>2,782,776</u>	<u>3,375,748</u>	<u>-</u>	<u>3,479,953</u>

## 9.1 Term Finance Certificate (Available for sale)

	No. of Certificates		Face Value	Value of Certificates	
	2025	2024		2025	2024
			---(Rupees)---	----- (Rupees in '000) -----	
Habib Bank Limited	500	500	100,000	50,000	50,000

## 9.1.1 Term Finance Certificate (Available for sale)

Face value (Rupees in '000)	Effective yield	Profit payment	Type of security	Maturity date	2025 (Rupees in '000)	2024 (Rupees in '000)
50,000	13.81%	Quarterly	Term Finance Certificate	Perpetual	50,000	50,000

## 9.2 Government Securities (Available for sale)

Face value (Rupees in '000)	Effective yield	Profit payment	Type of security	Maturity	2025 (Rupees in '000)
575,500	19.53%	Semi-annually	3 Year PIB	4-Jul-26	579,924
1,277,000	11.82%	Semi-annually	10 Year PIB	12-Jul-28	1,228,954
100,000	12.34%	Semi-annually	5 Year PIB	17-Nov-27	100,080
204,900	15.82%	Semi-annually	3 Year PIB	15-Feb-27	212,482
110,000	11.56%	Semi-annually	5 Year PIB	17-Jul-30	110,757
128,000	12.64%	Semi-annually	10 Year PIB	10-Dec-30	114,493
150,000	16.87%	Semi-annually	3 Year PIB	4-Jul-26	151,153
					<u>2,497,844</u>

Face value (Rupees in '000)	Effective yield	Profit payment	Type of security	Maturity	2024 (Rupees in '000)
1,000,000	20.89%	On Maturity	Treasury bills	2-May-25	961,786
100,000	14.77%	Semi-annually	5 Years PIB	17-Nov-27	98,220
128,000	12.64%	Semi-annually	10 Years PIB	10-Dec-30	105,195
575,500	19.53%	Semi-annually	3 Years PIB	4-Jul-26	573,959
150,000	16.87%	Semi-annually	3 Years PIB	4-Jul-26	149,598
750,000	15.37%	Semi-annually	5 Years PIB	18-Apr-29	729,750
204,900	15.82%	Semi-annually	3 Years PIB	15-Feb-27	211,111
					<u>2,829,620</u>

## 9.3 Pakistan investment bonds (Held to Maturity)

Face value (Rupees in '000)	Effective yield	Profit payment	Type of security	Maturity	2025
250,000,000	12.94%	Semi-annually	5 Year PIB	29-Apr-27	234,932
					<u>234,932</u>
Face value (Rupees in '000)	Effective yield	Profit payment	Type of security	Maturity	2024 (Rupees in '000)
188,000	11.10%	Semi-annually	5 Years PIB	15-Oct-25	183,061
199,000	11.07%	Semi-annually	5 Years PIB	15-Oct-25	193,817
250,000	12.94%	Semi-annually	5 Years PIB	29-Apr-27	223,457
					<u>600,334</u>

9.3.1 PIBs having face value of Rs. 204.9 million (amortized cost of Rs.201.199 million) [2024: Face Value Rs. 188 million (amortized cost of Rs. 183.061 million)] are deposited with the State Bank of Pakistan in accordance with the requirements of circular no. 15 of 2008 dated July 7, 2008 issued by the Securities and Exchange Commission of Pakistan and clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000.

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10. LOANS AND OTHER RECEIVABLES	2025	2024
	----- (Rupees in '000) -----	
<b>Considered good</b>		
Accrued investment income	117,045	89,251
Security deposits	27,407	26,450
Receivable from window takaful operations	28,111	15,097
Loans to employees	1,950	2,160
Federal excise duty / sales Tax	4,449	-
Advance to suppliers	15,306	3,430
Advance to surveyors	9,315	11,064
Other receivables	16,653	5,805
	<u>220,236</u>	<u>153,257</u>

11. INSURANCE / REINSURANCE RECEIVABLES	2025	2024
	----- (Rupees in '000) -----	
<b>Unsecured and considered good</b>		
Due from insurance contract holders	1,082,518	1,430,409
Provision for impairment of receivables		
from insurance contract holders	(22,944)	(11,036)
	1,059,574	1,419,373
Due from other insurers / reinsurers	531,092	394,053
Provision for impairment of due from		
other insurers / reinsurers	(45,931)	(24,175)
	485,161	369,878
	<u>1,544,735</u>	<u>1,789,251</u>

11.1 The Company performs aging analysis of its receivable from insurance contract holders, other insurers and reinsurers and also takes into account historical experience to estimate the amount of provision against these receivables.

12. The Company has entered into co-insurance and re-insurance arrangements with various other insurance and domestic re-insurance companies. As of December 31, 2025, the aggregate net balances due from other insurers and due to domestic re-insurers arising from such arrangements amounts to Rs. 256.290 million and Rs. 110.932 million respectively. (Refer notes 11 & 20).

Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by lead insurer on behalf of other co-insurers and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements occur between the respective insurance companies in due course of business, however, the position of outstanding balances due to/from other co-insurers at a given point in time is not confirmed or reconciled with other co-insurers due to high volume of transactions and inconsistent accounting practices for classification of co-insurance balances among the insurance companies.

In the year 2022, the SECP advised the insurance sector to exchange outstanding balance information under co-insurance and re-insurance arrangements with other insurance companies operating in Pakistan as part of the annual audit process. Pursuant to that, the insurance companies through the forum of Insurance Association of Pakistan (IAP), informed the SECP that the reconciliation of balances among the insurance companies is a time-consuming exercise as it requires standardization of accounting practices within the insurance sector as a pre-requisite for such reconciliations to complete.

Notwithstanding the above developments regarding the confirmation and reconciliations of balance positions between the insurance companies, the Company believes that the current balances of co-insurers and re-insurers reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence and corroborated through confirmation of balances from several co-insurance companies.

### 13. RETIREMENT BENEFIT OBLIGATIONS

#### Defined benefit plan - funded gratuity scheme

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Deed, the Rules of the Fund, the Income Tax Ordinance, 2001 the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The latest valuation of the scheme was carried out as at December 31, 2025 by Akhtar & Hasan (Private) Limited using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

The Company faces the following risks on account of gratuity fund:

#### Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

#### Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

#### Mortality Risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

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**Withdrawal Risk**

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

**Details of Employees Valued**

	2025	2024
	----- (Rupees in '000) -----	
Total number of employees	261	252
Total monthly salary	<u>18,278</u>	<u>14,787</u>

**Reconciliation for Net Defined Benefit Liability**

Balance Sheet liability, as at January 01, 2025 / January 01, 2024	1,996	2,462
Gratuity cost recognized in P&L for the year	13,976	12,523
Net contribution to Gratuity Fund	(13,976)	(12,523)
Total amount of re-measurements recognized in OCI during the year	<u>14,812</u>	<u>(466)</u>
Balance Sheet liability, as at December 31, 2025 / December 31, 2025	<u>16,808</u>	<u>1,996</u>

**Balance Sheet Reconciliation**

	2025	2024
	----- (Rupees in '000) -----	
Fair value of plan assets	(105,964)	(116,466)
Present value of defined benefit obligations	<u>122,772</u>	<u>118,463</u>
Funded status	16,808	1,997
Unrecognized net actuarial loss / (gain)	-	-
Recognized liability	<u>16,808</u>	<u>1,997</u>

**Movement in fair value of plan assets**

Fair value as at January 01, 2025 / January 01, 2024	116,466	90,249
Expected return on plan assets	14,657	14,596
Actuarial (loss) / gain	(1,771)	3,093
Employer contributions	13,976	12,523
Benefits paid	<u>(37,364)</u>	<u>(3,995)</u>
Fair value as at December 31, 2025 / December 31, 2024	<u>105,964</u>	<u>116,466</u>

**Movement in the defined benefit obligations**

Obligation as at January 01, 2025 / January 01, 2024	118,462	92,712
Service cost	13,745	12,168
Interest cost	14,887	14,951
Actuarial gains	13,041	2,627
Benefits paid	<u>(37,364)</u>	<u>(3,995)</u>
Obligation as at December 31, 2025 / December 31, 2024	<u>122,771</u>	<u>118,463</u>

**Charge to the profit and loss account**

Current Service cost	13,745	12,168
Interest cost	14,887	14,951
Expected return on plan assets	<u>(14,657)</u>	<u>(14,596)</u>
Expense	<u>13,975</u>	<u>12,523</u>
Actual return on plan assets	<u>13,188</u>	<u>17,689</u>

**Remeasurements recognized in the statement of comprehensive income during the year**

Actuarial loss / (gain) from changes in financial assumptions	1,771	(3,093)
Experience adjustments	8,405	4,606
Return on plan assets, excluding interest income	<u>4,636</u>	<u>(1,978)</u>
	<u>14,812</u>	<u>(465)</u>

**Principal actuarial assumptions are as follows:**

Discount rate and expected return on plan assets	11.00%	12.25%
Future salary increases	10.50%	11.25%
Mortality rates	SLIC (2001-05)	SLIC (2001-05)
Rates of Employee turnover	Moderate	Moderate

The expected charge for retirement benefit obligations for the year 2025 amounts to Rs. 13.98 million.

	2025	2024	2023	2022	2021
	----- (Rupees in '000) -----				
As at December 31					
Fair value of plan assets	(105,964)	(116,466)	(90,249)	(77,616)	(66,568)
Defined benefit obligations	<u>122,771</u>	<u>118,463</u>	<u>92,712</u>	<u>82,724</u>	<u>69,607</u>
Deficit	<u>16,807</u>	<u>1,997</u>	<u>2,463</u>	<u>5,108</u>	<u>3,039</u>

**Experience adjustments**

Gain / (loss) on plan assets (as percentage of plan assets)	7.9%	4.0%	-1.8%	1.5%	-8.9%
Gain / (loss) on plan assets (as percentage of plan obligations)	6.85%	7.09%	9.07%	10.16%	12.07%

## Sensitivity Analysis on Significant Actuarial Assumptions: Actuarial Liability

Change in assumption	2025		2024		
	Increase / (decrease) in present value of defined benefit obligation		Increase / (decrease) in present value of defined benefit obligation		
	(%)	(Rupees in '000)	(%)	(Rupees in '000)	
Discount rate	+1%	-8%	(9,859)	-7.16%	(8,484)
Discount rate	-1%	9%	11,365	8.13%	9,631
Salary increases rate	+1%	10%	11,915	8.61%	10,205
Salary increases rate	-1%	-9%	(10,496)	7.70%	(9,123)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

Plan assets comprise of the following:

	2025		2024	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt	98,964	93.39%	95,430	81.94%
Mutual Funds	3,089	2.92%	8,709	7.48%
Cash and cash equivalent - net of current liabilities	3,911	0.00%	12,328	10.58%
Fair value of plan assets	<u>105,964</u>	<u>100.00%</u>	<u>116,467</u>	<u>100.00%</u>

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
<b>2025</b>					
Gratuity	9,247	10,132	49,124	136,109	204,612
<b>2024</b>					
Gratuity	7,426	7,557	76,049	109,157	200,189

## 14. DEFERRED TAXATION

Deferred taxation comprises deductible temporary differences relating to following:

	2025	2024
	----- (Rupees in '000) -----	
<b>Deferred debits arising in respect of:</b>		
- staff retirement benefits	5,463	778
- impairment against listed equity securities	8,937	10,209
- lease liability	43,901	69,689
- provision for bad debts	22,384	19,110
- accelerated depreciation	2,403	2,362
<b>Deferred credit arising in respect of:</b>		
- Surplus on revaluation	(40,004)	(49,374)
- Right of use assets	(34,330)	(57,047)
	<u>8,754</u>	<u>(4,273)</u>

## 14.1 Movement in deferred tax assets is as follows:

Opening deferred tax asset	(4,273)	43,754
<b>(Reversal) / charge to the profit and loss account</b>		
- impairment against listed equity securities	(1,273)	246
- lease liability	(25,788)	8,600
- provision for bad debts	1,378	(5,694)
- accelerated depreciation	41	587
- Right of use assets	22,717	(5,650)
<b>Arising from takaful operator fund</b>		
- provision for bad debts	1,897	745
<b>Charged / (reversal) to other comprehensive income</b>		
- staff retirement benefits	4,685	(182)
- Deficit on revaluation	9,370	(46,679)
Closing deferred tax asset	<u>8,754</u>	<u>(4,273)</u>

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		2025	2024	
		----- (Rupees in '000) -----		
<b>15. PREPAYMENTS</b>	<b>Note</b>			
Prepaid reinsurance premium ceded	24	1,586,792	1,644,208	
Prepaid tracker monitoring charges		37,305	28,281	
Prepaid miscellaneous expenses		6,252	4,844	
		<u>1,630,349</u>	<u>1,677,333</u>	
<b>16. CASH AND BANK</b>				
<b>Cash and cash equivalents</b>				
- Cash in hand		1,751	1,635	
- Policy stamps in hand		2,338	4,225	
		<u>4,089</u>	<u>5,860</u>	
<b>Cash at bank</b>				
- Current accounts	16.1	77,100	83,854	
- Savings accounts	16.2-16.3	343,115	193,157	
		<u>420,215</u>	<u>277,011</u>	
		<u>424,304</u>	<u>282,871</u>	
16.1	This includes balance with a related party amounting to Rs. 34.621 million (2024: Rs. 4.856 million).			
16.2	This includes balance with related parties amounting to Rs. 245.422 million (2024: Rs. 99.324 million).			
16.3	These carry profit rates ranging between 5.00% to 9.50% (2024: 6.60% to 13.50%) per annum.			
<b>17. SHARE CAPITAL</b>				
<b>17.1 Authorized capital</b>				
		<b>2025</b>	<b>2024</b>	
		(Number of shares)		
		150,000,000	150,000,000	
		Ordinary shares of Rs. 10 each		
			<b>2025</b>	
			----- (Rupees in '000) -----	
			1,500,000	1,500,000
<b>17.2 Issued, subscribed and paid-up capital</b>				
		<b>2025</b>	<b>2024</b>	
		(Number of shares)		
		115,217,391	115,217,391	
		Ordinary shares of Rs. 10 each fully paid in cash		
			<b>2025</b>	
			----- (Rupees in '000) -----	
			1,152,174	1,152,174
<b>17.3 Major shareholders of the Company are:</b>				
		<b>Number of shares held</b>	<b>Percentage of Shareholding</b>	
		<b>2025</b>	<b>2024</b>	
		<b>2025</b>	<b>2024</b>	
		Name of Shareholder		
		64,063,972	64,063,972	
		34,565,214	34,565,214	
		14,088,199	14,088,199	
		Bestway International Holdings Limited	55.60	
		United Bank Limited	30.00	
		Bestway Cement Limited	12.20	
			55.60	
			30.00	
			12.20	
<b>18. RESERVES</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>	
		----- (Rupees in '000) -----		
Revaluation reserves - Available-for-sale				
Listed Shares	8	34,898	22,394	
Government Securities	9	88,190	104,205	
		<u>123,088</u>	<u>126,599</u>	
Related deferred tax liability		(40,004)	(49,374)	
		<u>83,084</u>	<u>77,225</u>	
Revaluation reserves - WTO		(666)	3,398	
		<u>82,418</u>	<u>80,623</u>	
<b>19. LEASE LIABILITIES</b>				
Current		61,598	57,819	
Non-current		73,482	120,869	
		<u>135,080</u>	<u>178,688</u>	
19.1	Interest expense on lease liability amounted to Rs. 24.09 million (2024: Rs. 24.87 million).			
19.2	Total lease payment made during the year amounted to Rs. 78.58 million (2024: Rs. 39.56 million).			
<b>19.3 Amounts recognized in profit or loss account</b>				
Interest expense on lease liabilities		24,099	24,871	
Expenses relating to short-term leases (included in management and other expenses)		1,453	2,567	
Total amount recognized in profit or loss		<u>25,552</u>	<u>27,438</u>	
<b>20. INSURANCE / REINSURANCE PAYABLES</b>				
Due to foreign reinsurers		222,669	832,971	
Due to local reinsurers		208,027	434,866	
Due to Co-insurers		94,122	98,861	
Due to insurance contract holders		25,064	32,894	
		<u>549,882</u>	<u>1,399,592</u>	

20.1 Details of insurance / reinsurance payables disclosure are stated in note number 11.

21. OTHER CREDITORS AND ACCRUALS	Note	2025	2024
		----- (Rupees in '000) -----	
Agents commission payable		254,769	321,277
Federal excise duty / sales Tax		-	93,858
Federal insurance fee		1,854	4,951
Accrued expenses		84,307	106,964
Unclaimed insurance benefits	21.1	62,284	49,554
Cash margin against insurance policies		31,246	18,820
Others		32,181	11,746
		<u>466,641</u>	<u>607,170</u>

21.1 This represents outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	Note	2025	2024
		----- (Rupees in '000) -----	
More than 6 months		<u>62,284</u>	<u>49,554</u>
1 to 6 months		<u>320,233</u>	<u>138,821</u>
<b>Claims not encashed</b>			

2025					
Age-wise breakup					
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
<u>320,233</u>	<u>11,343</u>	<u>4,967</u>	<u>5,464</u>	<u>40,510</u>	<u>382,518</u>
2024					
Age-wise breakup					
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
<u>138,821</u>	<u>2,636</u>	<u>5,664</u>	<u>7,824</u>	<u>33,430</u>	<u>188,375</u>

## 22. CONTINGENCIES AND COMMITMENTS

22.1 Certain policyholders of the Company have filed cases against the Company which are pending adjudication at different levels. The management is of the view that decision for payment / non-payment of claims and the amount of claim determined was on the merits of each individual case. The management is confident that these cases will be decided in their favor and accordingly no provision has been recognized in these financial statements. However, as advised by the legal advisor, If the instant matters are decided in favor of policyholders, then UBL Insurers stands exposed to Rs. 36.44 million and damages if the Court grants and/or allows.

22.2 During the year 2023 the additional commissioner inland revenue has passed an order u/s 122 (5A) and has demanded the tax amounting to Rs. 35.7 million determined u/s 113 of the Income Tax Ordinance, 2001, the company has filed an appeal before commissioner appeals against impugned order and is of view that the case will be decided in

23. WINDOW TAKAFUL OPERATIONS	2025	2024
	----- (Rupees in '000) -----	
Assets		
Cash and bank	36,626	5,468
Investments	339,194	380,610
Current assets - other	<u>607,308</u>	<u>390,183</u>
Total assets	<u>983,128</u>	<u>776,261</u>
Total liabilities - current	<u>519,632</u>	<u>421,584</u>
Profit before taxation Operator's fund	<u>167,415</u>	<u>190,765</u>

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements for the year ended December 31, 2025.

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24. NET INSURANCE PREMIUM	Note	2025	2024
		----- (Rupees in '000) -----	
Written Gross Premium		6,908,036	7,119,516
Add: Unearned premium reserve opening		2,573,687	2,496,055
Less: Unearned premium reserve closing		(2,621,297)	(2,573,687)
Premium earned		<u>6,860,426</u>	<u>7,041,884</u>
<b>Less:</b>			
Reinsurance premium ceded		4,463,062	4,835,350
Add: Prepaid reinsurance premium opening		1,644,208	1,663,276
Less: Prepaid reinsurance premium closing		(1,586,792)	(1,644,208)
Reinsurance expense		<u>4,520,478</u>	<u>4,854,418</u>
		<u><b>2,339,948</b></u>	<u><b>2,187,466</b></u>
<b>25. NET INSURANCE CLAIMS EXPENSE</b>			
Claims paid		3,643,389	2,773,995
Add: Outstanding claims including IBNR closing	25.1	5,730,221	4,167,505
Less: Outstanding claims including IBNR opening		(4,167,505)	(3,324,856)
Claim expense		<u>5,206,105</u>	<u>3,616,644</u>
Less: Reinsurance and other recoveries received		(2,693,040)	(1,949,375)
Add: Reinsurance and other recoveries in respect of outstanding claims - opening		3,675,738	2,882,263
Less: Reinsurance and other recoveries in respect of outstanding claims - closing		(4,700,106)	(3,675,738)
Reinsurance and other recoveries revenue		<u>(3,717,408)</u>	<u>(2,742,850)</u>
		<u><b>1,488,697</b></u>	<u><b>873,794</b></u>

#### 25.1 Claim Development

The following table shows the development of claims over a period of time on gross basis.

##### Analysis on gross basis

##### Accident year

	2021	2022	2023	2024	2025
Estimate of ultimate claims cost:	----- (Rupees in '000) -----				
At end of accident year	<u>16,315,333</u>	<u>3,111,926</u>	<u>2,568,489</u>	<u>3,342,939</u>	<u>5,662,347</u>
One year later	<u>17,287,684</u>	<u>4,036,988</u>	<u>3,047,181</u>	<u>3,455,998</u>	<u>-</u>
Two years later	<u>16,974,167</u>	<u>3,812,004</u>	<u>3,035,999</u>	<u>-</u>	<u>-</u>
Three years later	<u>16,920,439</u>	<u>3,257,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Four years later	<u>16,805,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current estimate of cumulative claims	16,805,571	3,257,023	3,035,999	3,455,998	5,662,347
Cumulative payments made to date	<u>(16,444,327)</u>	<u>(2,634,702)</u>	<u>(2,389,068)</u>	<u>(2,648,204)</u>	<u>(2,370,416)</u>
Liability recognized in the statement of financial position	<u>361,245</u>	<u>622,321</u>	<u>646,931</u>	<u>807,793</u>	<u>3,291,931</u>

#### 26. NET COMMISSION EXPENSE / ACQUISITION COSTS

26. NET COMMISSION EXPENSE / ACQUISITION COSTS	Note	2025	2024
		----- (Rupees in '000) -----	
Commission paid or payable		1,145,434	1,419,862
Add: Deferred commission expense opening		445,621	421,276
Less: Deferred commission expense closing		(361,810)	(445,621)
Net Commission		<u>1,229,245</u>	<u>1,395,517</u>
Less: Commission received or recoverable		(1,005,196)	(1,351,012)
Add: Unearned reinsurance commission closing		359,031	439,222
Less: Unearned reinsurance commission opening		(439,222)	(440,107)
Commission from reinsurers		<u>1,085,387</u>	<u>(1,351,897)</u>
		<u><b>143,858</b></u>	<u><b>43,620</b></u>

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27. MANAGEMENT EXPENSES	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
Employee benefit cost	27.1	597,500	521,892
Traveling expense		8,523	6,545
Advertisements and sales promotion		1,444	(285)
Printing and stationery		20,492	21,101
Depreciation		69,043	50,520
Rent, rates and taxes		989	3,588
Legal and professional charges - business related		13,831	9,278
Electricity, gas and water		24,388	25,181
Entertainment		12,709	8,803
Office repairs and maintenance		16,766	14,414
Bank charges		4,618	4,880
Postages, telegrams and telephone		6,546	7,230
Annual supervision fee - SECP		11,055	11,332
Service charges		10,295	17,312
Tracker charges		87,601	67,858
Bad and doubtful debts		19,874	(12,698)
Miscellaneous		51,386	43,945
		<u>957,060</u>	<u>800,896</u>
<b>27.1 Employee benefit cost</b>			
Salaries, allowances and other benefits		573,170	501,061
Charges for post employment benefit	27.1.1	<u>24,330</u>	<u>20,831</u>
		<u>597,500</u>	<u>521,892</u>
27.1.1 The amount is Rs. 29.55 (2024: 26.35) million out of which Rs. 5.22 (2024: Rs. 5.52) million has allocated to UBL Insurers Limited - Window Takaful Operations.			
28. INVESTMENT INCOME	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
<b>Available-for-sale</b>			
<b>Income from equity securities</b>			
Dividend income		4,631	6,812
<b>Income from debt securities</b>			
Return on term finance certificates		6,597	10,777
Return on treasury bills		46,396	213,216
Return on Pakistan investment bonds		348,016	281,589
		405,640	512,394
- Net realized gains on investments		37,291	22,008
		442,931	534,402
Less: Impairment in value of available-for-sale securities			
- Equity Securities		(1,581)	(373)
		441,350	534,029
<b>Held to maturity</b>			
<b>Income from debt securities</b>			
Return on Pakistan investment bonds		51,001	68,853
		51,001	68,853
<b>Total investment income</b>		<u>492,351</u>	<u>602,882</u>
29. OTHER INCOME / (LOSS)	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
Return on bank balances		45,530	69,815
Gain on sale of fixed assets		8,439	1,049
Exchange gain / (loss)		(524)	(1,366)
Stale cheque		2,406	3,241
Miscellaneous income		2,846	915
		<u>58,697</u>	<u>73,654</u>
30. OTHER EXPENSES			
Legal and professional fee other than business related		2,905	3,092
Auditors' remuneration	30.1	3,513	3,178
Depreciation expense		7,779	22,921
Amortization		72	181
Communication		3,370	3,956
Rent, rates and taxes		786	-
Employee benefit cost		118,141	139,453
Miscellaneous		15,368	15,160
		<u>151,934</u>	<u>187,941</u>

		2025	2024
		----- (Rupees in '000) -----	
<b>30.1</b>	<b>Auditors' remuneration</b>		
	Audit fee	1,292	1,240
	Half yearly review fee	508	442
	Certifications	1,394	1,298
	Out of pocket expenses	319	198
		<u>3,513</u>	<u>3,178</u>
<b>31.</b>	<b>FINANCE COST</b>		
	Mark-up on lease liability	<u>24,098</u>	<u>24,871</u>
<b>32.</b>	<b>TAXATION</b>		
	For the year		
	Current	102,146	439,815
	Deferred	(124)	2,161
		<u>102,022</u>	<u>441,976</u>
	For the prior year		
	Current	2,121	775
		<u>104,143</u>	<u>442,751</u>
<b>32.1</b>	<b>Relationship between tax expense and accounting profit</b>		
	Profit before taxation for the year	<u>292,764</u>	<u>1,123,645</u>
	Tax at the applicable rate of 29% (2024: 29%)	84,902	325,857
	Super Tax at the applicable rate of 3.5% (2024: 10%)	10,247	112,365
	Tax effect of change in tax rates	-	-
	Tax effect of permanent difference	2,271	135
	Tax effect of prior year	2,121	775
	Others	4,602	3,619
		<u>104,143</u>	<u>442,751</u>
<b>32.2</b>	The assessment of the Company up to and including tax year 2025 have been deemed to be completed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) which is subject to audit under section 177 of the Ordinance.		
<b>33.</b>	<b>TAXATION - PAYMENTS LESS PROVISION</b>	2025	2024
		----- (Rupees in '000) -----	
	Balance as at January 1,	(58,644)	(72,636)
	Tax paid including deducted at source	423,643	381,178
	Provision for taxation - Takaful	55,685	73,404
	Provision for taxation	(104,267)	(440,590)
	Balance as at December 31,	<u>316,416</u>	<u>(58,644)</u>
<b>34.</b>	<b>EARNINGS PER SHARE</b>		
	The Company's earnings per share has been calculated based on the following:		
	Profit after tax for the year	<u>188,621</u>	<u>680,894</u>
		<b>(Number of shares)</b>	
	Weighted average number of ordinary shares of Rs. 10 each	<u>115,217,391</u>	<u>115,217,391</u>
		<b>(Rupees)</b>	
	Earnings per share - basic and diluted	<u>1.64</u>	<u>5.91</u>
<b>34.1</b>	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.		

## 35. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged to in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows:

	Chief Executive		Director		Executives / key management personnel		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	(Rupees in '000)							
Fees	-	-	2,500	-	-	-	2,500	-
Managerial remuneration	22,634	20,571	-	-	194,870	156,398	217,504	176,970
Director's fee	-	-	-	-	-	-	-	-
Bonus	10,000	18,000	-	-	25,151	33,486	35,151	51,486
House rent allowance	10,185	9,257	-	-	87,692	70,379	97,877	79,636
Utilities	4,527	4,114	-	-	47,770	38,565	52,296	42,679
Medical	2,263	2,057	-	-	19,487	15,996	21,750	18,053
Retirement benefits	2,529	3,000	-	-	16,975	13,437	19,504	16,437
Fuel allowance	1,574	1,514	-	-	66,880	51,989	68,455	53,503
Cell allowance	44	72	-	-	3,153	3,067	3,197	3,139
Car maintenance allowance	9,120	1,440	-	-	83,583	78,156	92,703	79,596
Driver salary	-	-	-	-	1,528	1,560	1,528	1,560
Guard salary	944	502	-	-	-	-	944	502
Others	328	72	-	-	1,126	946	1,454	1,018
	64,148	60,600	-	-	548,215	463,979	612,363	524,579
Number of persons	2	1	7	7	186	139	195	147

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year. Company has provided driver to Chief Executive Officer who is appointed on third party payroll. In addition, Company maintained vehicles are provided to the Chief Executive officers and other executive employees.

## 36. TRANSACTIONS WITH RELATED PARTIES

36.1 Related parties comprise of directors, major shareholders, key management personnel, holding company, associated companies, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year are as follows:

	2025	2024
	----- (Rupees in '000) -----	
<b>Transactions during the year with related parties</b>		
<b>Associated companies</b>		
Premium underwritten	829,994	709,728
Insurance claims paid	246,559	420,750
Bank charges	1,974	1,684
Profit on bank accounts	29,366	33,885
Commission paid	-	14,486
Commission expense	52,638	41,038
<b>Others</b>		
Premium underwritten	58,330	9,409
Insurance claims paid	1,351	824
Profit on bank accounts	-	23
Management and other expenses	212,514	150,714
<b>Employees' funds</b>		
Contribution to the provident fund	15,578	13,828
Contribution to the gratuity fund	13,976	12,523
<b>Balances with related parties</b>		
<b>Associated companies</b>		
Bank balances	280,042	104,182
Premium due but unpaid	58,245	92,693
Accrued PLS profit	-	1,751
Claim outstanding	456,123	337,755
Commission outstanding	100,156	47,518
Internal audit fee payable	503	503
<b>Others</b>		
Premium due but unpaid	1,478	513
Claim outstanding	14,780	11,779
Receivable from UBL Insurers Limited - PTF	3,048	1,548
Receivable from UBL Insurers Limited - OPF	25,063	13,549

36.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S.No	Name of related party	Basis of association / relationship
1	United Bank Limited	Associate
2	Bestway Cement Limited	Associate
3	Bestway Packaging	Common Directorship
4	Khushhali Microfinance Bank Limited	Common Directorship
5	UBL Fund Managers	Subsidiary of Associate Company
6	Bestway Renewable Technologies Limited	Others
7	Bestway Consultancy Services (Private) Limited And Foundation	Others
8	UBL Insurers Limited Employees Provident Fund	Others
9	UBL Insurers Limited Employees Gratuity Fund	Others
10	UBL Insurers Limited - Participant's Takaful Fund (PTF)	Others

## 37. SEGMENT INFORMATION

Particulars	(Audited)						Total
	For the period ended December 31, 2025						
	Fire and property	Marine, Aviation and Transport	Motor	Bankers Blanket	Health	Miscellaneous	
	(Rupees) in '000						
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	3,802,255	681,246	2,302,375	162,027	372,887	691,804	8,012,593
Less: Federal Excise Duty	(506,852)	(82,188)	(312,235)	(21,072)	(30,942)	(81,844)	(1,035,133)
Federal Insurance Fee	(32,345)	(6,021)	(20,163)	(1,396)	(3,386)	(6,114)	(69,424)
Gross written premium (inclusive of administrative surcharge)	3,263,058	593,037	1,969,977	139,559	338,559	603,846	6,908,036
Gross direct premium	3,198,082	578,630	1,897,209	139,504	338,229	594,145	6,745,799
Facultative inward premium	49,652	-	-	-	-	-	49,652
Administrative surcharge	15,324	14,406	72,768	55	330	9,701	112,585
	3,263,058	593,036	1,969,977	139,559	338,559	603,846	6,908,036
Insurance premium earned	3,416,193	597,201	1,836,190	116,117	247,373	647,352	6,860,426
Insurance premium ceded to reinsurers	(2,961,716)	(304,773)	(539,084)	(97,120)	(132,307)	(485,477)	(4,520,477)
<b>Net insurance premium</b>	454,477	292,428	1,297,106	18,997	115,066	161,875	2,339,949
Commission income	689,269	53,075	131,173	30,996	33,895	146,979	1,085,387
<b>Net underwriting income</b>	1,143,746	345,503	1,428,279	49,993	148,961	308,854	3,425,336
Insurance claims	(3,133,179)	(423,712)	(1,494,478)	(73,510)	(256,944)	175,718	(5,206,105)
Insurance claims recovered from reinsurers	2,645,667	333,288	822,767	46,195	156,668	(287,177)	3,717,407
<b>Net claims</b>	(487,512)	(90,424)	(671,711)	(27,315)	(100,276)	(111,459)	(1,488,697)
Commission expense	(672,040)	(193,579)	(258,459)	5,025	(37,249)	(72,944)	(1,229,246)
Management expenses	(426,243)	(77,466)	(344,933)	(18,230)	(11,310)	(78,878)	(957,060)
Premium deficiency expense	-	-	-	-	-	-	-
<b>Net Insurance claims and expenses</b>	(1,585,795)	(361,469)	(1,275,102)	(40,520)	(148,834)	(263,281)	(3,675,003)
<b>Underwriting results</b>	(442,049)	(15,967)	153,177	9,473	127	45,573	(249,667)
Net investment income							492,351
Other income							58,697
Other expenses							(151,934)
<b>Result of operating activities</b>							149,447
Finance costs							(24,098)
Profit from window takaful operations - Operator's fund							167,415
<b>Profit before tax</b>							<b>292,764</b>
Segment assets	4,059,571	737,797	2,450,849	173,626	421,201	751,245	8,594,290
Unallocated assets							4,617,631
							<b>13,211,920</b>
Segment liabilities	4,234,828	769,649	2,556,656	181,122	439,385	783,677	8,965,317
Unallocated liabilities							1,433,275
							<b>10,398,592</b>
Depreciation and amortisation	36,321	6,601	21,928	1,553	3,768	6,721	76,893
Unallocated capital expenditure							32,488

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Particulars	(Audited)						Total
	For the period ended December 31, 2024						
	Fire and property	Marine, Aviation and Transport	Motor	Bankers Blanket	Health	Miscellaneous	
	(Rupees) in '000						
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	4,412,679	800,771	1,907,605	126,980	97,783	891,599	8,237,417
Less: Federal Excise Duty	(565,813)	(90,342)	(247,149)	(15,625)	(19,282)	(108,505)	(1,046,716)
Federal Insurance Fee	(37,625)	(7,085)	(16,794)	(1,103)	(777)	(7,802)	(71,185)
Gross written premium (inclusive of administrative surcharge)	3,809,241	703,344	1,643,662	110,252	77,724	775,293	7,119,516
Gross direct premium	3,734,492	688,428	1,583,097	110,193	77,480	766,685	6,960,375
Facultative inward premium	59,582						59,582
Administrative surcharge	15,167	14,916	60,565	59	244	8,608	99,559
	3,809,241	703,344	1,643,662	110,252	77,724	775,293	7,119,516
Insurance premium earned	3,761,054	712,514	1,431,130	110,071	250,177	776,938	7,041,884
Insurance premium ceded to reinsurers	(3,299,991)	(306,489)	(339,145)	(93,015)	(218,883)	(596,895)	(4,854,418)
<b>Net insurance premium</b>	461,063	406,025	1,091,985	17,056	31,294	180,043	2,187,466
Commission income	930,202	66,921	75,478	26,014	65,600	187,682	1,351,897
<b>Net underwriting income</b>	1,391,265	472,946	1,167,463	43,070	96,894	367,725	3,539,363
Insurance claims	(1,603,965)	(346,771)	(953,313)	3,007	(375,274)	(340,328)	(3,616,644)
Insurance claims recovered from reinsurers	1,506,791	276,509	438,470	20,283	254,445	246,352	2,742,850
<b>Net claims</b>	(97,174)	(70,262)	(514,843)	23,290	(120,829)	(93,976)	(873,794)
Commission expense	(814,321)	(271,783)	(154,383)	4,396	(51,671)	(107,756)	(1,395,517)
Management expenses	(390,262)	(72,058)	(236,253)	(11,295)	(11,598)	(79,430)	(800,896)
Premium deficiency / (Reversal)							
<b>Net Insurance claims and expenses</b>	(1,301,757)	(414,103)	(905,479)	16,391	(184,098)	(281,162)	(3,070,207)
<b>Underwriting results</b>	89,508	58,842	261,984	59,461	(87,204)	86,563	469,156
Net investment income							602,882
Other income							73,654
Other expenses							(187,941)
<b>Result of operating activities</b>							957,751
Finance costs							(24,871)
Profit from window takaful operations - Operator's fund							190,765
<b>Profit before tax</b>							<b>1,123,645</b>

Particulars	(Audited)						Total
	As at 'December 31, 2024						
	Fire and property	Marine, Aviation and Transport	Motor	Bankers Blanket	Health	Miscellaneous	
	(Rupees) in '000						
Segment assets	4,087,253	754,677	1,763,622	118,299	83,397	831,877	7,639,125
Unallocated assets							5,076,711
							<b>12,715,836</b>
Segment liabilities	4,762,561	879,367	2,055,013	137,844	97,176	969,322	8,901,283
Unallocated liabilities							951,078
							<b>9,852,361</b>
Depreciation and amortisation	39,391	7,273	16,997	1,140	804	8,017	73,622
Unallocated capital expenditure							18,923

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	Held to Maturity	Available for Sale	Total
	(Rupees in '000)		
<b>38. MOVEMENT IN INVESTMENT</b>			
<b>As at January 01, 2024</b>			
Additions	579,296	2,324,660	2,903,956
Disposal (sale and redemptions)	-	4,097,768	4,097,768
Fair value net gains (excluding net realized gains)	-	3,718,956	3,718,956
Amortization of discount	21,038	119,689	119,689
Impairment losses	-	373	373
<b>As at December 31, 2024</b>	<b>600,334</b>	<b>3,084,418</b>	<b>3,684,752</b>
Additions	-	1,882,546	1,882,546
Disposal (sale and redemptions)	(384,143)	(2,476,981)	2,861,124
Fair value net gains (excluding net realized gains)	-	(3,511)	3,511
Amortization of discount	18,741	121,648	140,389
Impairment losses	-	(1,581)	1,581
<b>As at December 31, 2025</b>	<b>234,932</b>	<b>2,606,539</b>	<b>2,841,471</b>

### 39. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The company issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the company manage them.

#### 39.1 Insurance and risk management

##### Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year (refer note 3.2).

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health insurance contracts significant risks arise from epidemics.

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

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

##### Concentration of risk

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

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

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardizing Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2025				2024			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	-----%				-----%			
Fire and property	62.29%	37.33%	48.33%	17.95%	45.88%	14.33%	55.17%	21.58%
Marine and transport	7.04%	7.66%	1.07%	0.97%	7.10%	12.08%	1.25%	1.12%
Motor	10.05%	33.23%	35.21%	62.87%	9.00%	44.68%	30.67%	66.17%
Banker's blanket	5.31%	6.78%	1.07%	1.32%	5.73%	10.08%	0.18%	0.08%
Health	1.68%	4.60%	5.91%	6.17%	0.97%	3.02%	2.47%	2.07%
Other classes	13.63%	10.40%	8.41%	8.73%	31.32%	15.82%	10.26%	8.97%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The insurers monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the gross exposure by class of business:

Class	Maximum gross risk exposure	
	2025	2024
	------(Rupees in '000)-----	
Fire and property	2,585,225,169	2,621,018,546
Marine, aviation and transport	1,017,131,700	1,185,164,871
Motor	147,164,040	115,598,980
Banker's blanket	25,819,240	31,795,347
Health	14,639,612	5,853,820
Miscellaneous	221,868,027	299,907,042

The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

#### (b) Uncertainty in the 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 as per terms and condition of the insurance contract.

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 the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

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 other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

#### (c) 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.

Actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the SECP circular 9 of 2016.

The actuarial valuation as at December 31, 2024 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all classes of business. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business except for motor and health, the IBNR triangle for which are made on quarterly and monthly basis respectively. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

**(d) Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed above in (b) and (c).

**(e) Sensitivity analysis**

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on underwriting results and shareholder's equity is as follows:

**Average claim cost**

	Underwriting results		Shareholder's equity	
	2025	2024	2025	2024
	----- (Rupees in '000) -----			
Fire and property	48,751	9,717	32,907	5,928
Marine and transport	9,042	7,026	6,104	4,286
Motor	67,171	51,484	45,341	31,405
Health Insurance	10,028	12,083	6,769	7,371
Banker's blanket	2,732	(2,329)	1,844	(1,421)
Others	11,146	9,398	7,523	5,733
	<u>148,870</u>	<u>87,379</u>	<u>100,488</u>	<u>53,302</u>

**39.2 Financial risk management**

The Operator has exposure to the following risks from its use of financial instruments:

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

**39.2.1 Financial risk**

Maturity profile of financial assets and liabilities:

Profit rate % per annum	2025						Total	
	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments				
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in '000) -----								
<b>Financial assets</b>								
Cash and bank	5.00 - 9.50	343,115		343,115	81,190		81,190	424,304
Investments	7.50- 15.73	-	2,782,776	2,782,776	58,695		58,695	2,841,471
Loans and other receivables					192,830	27,407	220,236	220,236
Insurance / reinsurance receivables					1,544,735		1,544,735	1,544,735
Reinsurance recoveries against outstanding claims					4,626,518		4,626,518	4,626,518
Salvage recoveries accrued					73,588		73,588	73,588
Total assets - Window Takaful Operations		<u>34,294</u>	<u>339,194</u>	<u>373,488</u>	<u>532,453</u>	<u>-</u>	<u>532,453</u>	<u>905,941</u>
		<u>377,409</u>	<u>3,121,970</u>	<u>3,499,379</u>	<u>7,110,009</u>	<u>27,407</u>	<u>7,137,415</u>	<u>10,636,793</u>
<b>Financial liabilities</b>								
Outstanding claims including IBNR					5,730,221		5,730,221	5,730,221
Premium received in advance					-		-	-
Insurance / reinsurance payables					549,882		549,882	549,882
Other creditors and accruals					464,787		464,787	464,787
Lease Liability	11.55 - 23.23	61,598	73,482	135,080				135,080
Total liabilities - Window Takaful Operations		<u>-</u>	<u>-</u>	<u>-</u>	<u>519,632</u>	<u>-</u>	<u>519,632</u>	<u>519,632</u>
		<u>61,598</u>	<u>73,482</u>	<u>135,080</u>	<u>7,264,522</u>	<u>-</u>	<u>7,264,522</u>	<u>7,399,603</u>
Interest rate risk sensitivity gap		<u>315,810</u>	<u>3,048,488</u>	<u>3,364,299</u>				
Cumulative interest rate risk sensitivity gap		<u>315,810</u>	<u>3,364,299</u>					

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Profit rate % per annum	2024						Total
	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	

(Rupees in '000)

<b>Financial assets</b>								
Cash and bank	6.60 - 13.50	193,157	-	193,157	89,714	-	89,714	282,871
Investments	7.50 - 20.89	1,338,663	2,141,291	3,479,954	204,797	-	204,797	3,684,751
Loans and other receivables		-	-	-	126,806	26,450	153,256	153,256
Insurance / reinsurance receivables		-	-	-	1,789,251	-	1,789,251	1,789,251
Reinsurance recoveries against outstanding claims		-	-	-	3,604,674	-	3,604,674	3,604,674
Salvage recoveries accrued		-	-	-	71,064	-	71,064	71,064
Total assets - Window Takaful Operations		4,602	344,252	348,854	335,994	-	335,994	684,848
		1,536,422	2,485,543	4,021,965	6,222,300	26,450	6,248,750	10,270,715
<b>Financial liabilities</b>								
Outstanding claims including IBNR		-	-	-	4,167,505	-	4,167,505	4,167,505
Insurance / reinsurance payables		-	-	-	1,399,592	-	1,399,592	1,399,592
Other creditors and accruals		-	-	-	508,361	-	508,361	508,361
Lease Liability	8.48 - 24.74	57,819	120,869	178,688	-	-	-	178,688
Total liabilities - Window Takaful Operations		-	-	-	97,767	-	97,767	97,767
		57,819	120,869	178,688	6,173,225	-	6,173,225	6,351,913
Interest rate risk sensitivity gap		1,478,603	2,364,674	3,843,276				
Cumulative interest rate risk sensitivity gap		1,478,603	3,843,276					

a) **Sensitivity analysis - interest rate risk**

a.1) **Fair value sensitivity analysis for fixed rate instruments**

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

a.2) **Cash flow sensitivity analysis for variable rate instruments**

The Company is exposed to cash flow interest rate risk in respect of its balances with saving account with banks, investments in Pakistan investment bonds, term finance certificates and sukuk certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) **Sensitivity analysis - Price risk**

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

The Company's investment in equity securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities. In case of 5% decrease / increase in the market price of listed securities on December 31, 2025, with all other variables held constant, total comprehensive income for the year and net assets would be lower/higher by Rs. 6.105 million (2024: Rs. 6.608 million). The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

39.3 **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.

### 39.3.1 Exposure to credit risk and credit exposure of the financial statements

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as follows:

	Note	2025		2024	
		Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
(Rupees in '000)					
Cash and bank	16	424,304	420,215	282,871	277,011
Investments	8, 9 & 10	2,841,471	108,695	3,684,751	254,797
Loans and other receivables	10	220,236	220,236	153,256	153,256
Insurance / reinsurance receivables	11	1,544,735	1,544,735	1,789,251	1,789,251
Reinsurance recoveries against outstanding claims		4,626,518	4,626,518	3,604,674	3,604,674
Salvage recoveries accrued		73,588	73,588	71,064	71,064
Total assets of Window Takaful Operations	23	983,128	573,561	684,848	349,632
		<u>10,713,980</u>	<u>7,567,548</u>	<u>10,270,715</u>	<u>6,499,685</u>

Differences in the balances as per financial statements and maximum exposure in cash and bank and investments is due to cash in hand, policy stamps in hand, investments in government securities and equity securities of Rs. 2,970.05 million (2024 Rs. 3,771.03 million) which are not exposed to credit risk.

Bank balances represent low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2025	2024
	Short term	Long term		----- (Rupees in '000) -----	
United Bank Limited	A1+	AAA	VIS	280,042	104,182
Bank Al-Habib Limited	A1+	AAA	PACRA	30,019	9,775
Bank Alfalah Limited	A1+	AAA	PACRA	42,412	129,734
Faysal Bank Limited	A1+	AA	VIS	31,246	18,820
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	36,482	14,488
Bank Makramah Limited		Unrated		13	12
				<u>420,214</u>	<u>277,011</u>

Government securities are unrated while term finance certificates of Habib Bank Limited have long term credit rating of AA+.

#### Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have 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 manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. Further, the company is required to comply with the requirements of circular no. 2 / 2023 dated March 03, 2023 issued by the SECP which requires insurance company to place At least 60% of the total reinsurance treaty arrangement for each class of insurance business with foreign reinsurers having at least "A" or above rating, and maximum upto 40% of the total reinsurance treaty arrangement for each class of insurance business with foreign reinsurers having at least "BBB" rating, furthermore maximum upto 10% of the total reinsurance treaty arrangement for each class of insurance business, having at least "B" rating by "Standard & Poor's" or an equivalent rating by any other reputed agency. An analysis of all reinsurance assets net of provision for doubtful balances recognized by the rating of the entity from which it is due is as follows:

Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2025	2024
(Rupees in '000)				
A or above (including PRCL)	485,161	4,626,518	1,586,792	6,698,471
				5,618,760

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### 39.3.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. 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 is maintained.

The following are the contractual maturities of financial liabilities:

	Carrying Amount	
	2025	2024
	---- (Rupees in '000) ----	
<b>Non-Derivative Financial liabilities</b>		
Outstanding claims including IBNR	5,730,221	4,167,505
Insurance / reinsurance payables	549,882	1,399,592
Other creditors and accruals	464,787	508,361
Lease Liabilities	135,080	178,689
Total Liabilities of Window Takaful Operations - Operator's Fund	519,632	97,767
	<u>7,399,602</u>	<u>6,351,914</u>

The carrying amounts represent contractual cash flows maturing within one year except for non-current portion of lease liability amounting to Rs. 73.482 million.

### 39.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The Company manages the market risk exposures by following internal risk management policies. Refer 39.2.1(a) and 39.2.1(b) for discussion on interest rate risk and price risk.

### 39.3.4 Foreign Currency risk

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

### 39.4 Capital Management Policies And Procedures

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

The Company currently meets the minimum paid-up capital requirement i.e., Rs. 500 million as required by the Securities and Exchange Commission of Pakistan.

The Company currently has solvency margin in excess of minimum regulatory requirement as required under the insurance rules, 2017.

## 40. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

### 40.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

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

Items	Valuation approach and input used
Term Finance Certificate	Fair values of TFCs are determined using the MUFAP rates.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Government Securities	The fair value of Pakistan investment bonds and treasury bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.

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## FAIR VALUE OF FINANCIAL INSTRUMENTS

2025								
Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and Other Receivable	Other financial liabilities	Total	Fair value		
						Level 1	Level 2	Level 3

(Rupees in '000)

## On balance sheet financial instruments

## Financial assets measured at fair value

## - Investments

Ordinary shares of quoted companies	-	58,695	-	-	-	58,695	58,695	-	-
Mutual funds	-	-	-	-	-	-	-	-	-
Government securities	-	2,497,844	-	-	-	2,497,844	-	2,497,844	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

## Financial assets not measured at fair value

Government securities	-	-	234,932	-	-	234,932	-	-	-
Cash and Bank *	-	-	-	424,304	-	424,304	-	-	-
Loans and other receivables *	-	-	-	220,236	-	220,236	-	-	-
Salvage recoveries accrued *	-	-	-	73,588	-	73,588	-	-	-
Insurance / reinsurance receivables *	-	-	-	1,544,735	-	1,544,735	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	4,626,518	-	4,626,518	-	-	-

## Total Assets of Windows Takaful

## Operations

Investments - Mutual Funds	-	-	-	-	-	-	-	-	-
Investments - Term Deposits	-	-	-	-	-	-	-	-	-
Investments - debt securities	-	280,515	58,680	-	-	339,195	-	280,515	-
Other than investments *	-	-	-	564,530	-	564,530	-	-	-
	-	2,887,054	293,612	7,453,911	-	10,634,577	-	-	-

## Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	-	5,730,221	5,730,221	-	-	-
Insurance / reinsurance payables *	-	-	-	-	549,882	549,882	-	-	-
Other creditors and accruals *	-	-	-	-	464,787	464,787	-	-	-
Lease liability *	-	-	-	-	135,080	135,080	-	-	-
Total liabilities of Window Takaful Operations	-	-	-	-	519,632	519,632	-	-	-
	-	-	-	-	7,399,602	7,399,602	-	-	-

2024								
Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and Other Receivable	Other financial liabilities	Total	Fair value		
						Level 1	Level 2	Level 3

(Rupees in '000)

## On balance sheet financial instruments

## Financial assets measured at fair value

## - Investments

Ordinary shares of quoted companies	-	39,994	-	-	-	39,994	39,994	-	-
Mutual funds	-	164,803	-	-	-	164,803	-	164,803	-
Government securities	-	2,829,620	-	-	-	2,829,620	-	2,829,620	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

## Financial assets not measured at fair value

Government securities	-	-	600,334	-	-	600,334	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-
Cash and Bank *	-	-	-	282,871	-	282,871	-	-	-
Loans and other receivables *	-	-	-	153,256	-	153,256	-	-	-
Salvage recoveries accrued *	-	-	-	71,064	-	71,064	-	-	-
Insurance / reinsurance receivables *	-	-	-	1,789,251	-	1,789,251	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	3,604,674	-	3,604,674	-	-	-

## Total Assets of Windows Takaful

## Operations

Investments - Mutual Funds	-	36,357	-	-	-	36,357	-	36,357	-
Debt securities	-	-	-	-	-	-	-	-	-
Investments - Term Deposits	-	-	-	-	-	-	-	-	-
Investments - debt securities	-	285,723	58,529	-	-	344,252	-	285,723	-
Other than investments *	-	-	-	304,239	-	304,239	-	-	-
	-	3,406,497	658,863	6,205,355	-	10,270,715	-	-	-

## Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	-	4,167,505	4,167,505	-	-	-
Insurance / reinsurance payables *	-	-	-	-	1,399,592	1,399,592	-	-	-
Other creditors and accruals *	-	-	-	-	508,361	508,361	-	-	-
Lease liability *	-	-	-	-	178,689	178,689	-	-	-
Total liabilities of Window Takaful Operations	-	-	-	-	97,767	97,767	-	-	-
	-	-	-	-	6,351,914	6,351,914	-	-	-

\* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

## 41. PROVIDENT FUND

The following is based on un-audited financial statements for the year ended December 31, 2025 and audited financial statement for the year ended December 31, 2024.

	2025	2024
	----- (Rupees in '000) -----	
Size of the fund - net assets	185,679	197,766
Cost of investments	169,892	178,172
Percentage of investments made	97.85%	97.06%
Fair value of investments	173,633	183,567

The investments in collective investment schemes, listed equity and listed debt securities out of provident fund / trust have been made in accordance with the provisions of section 218 of the Act and the Rules formulated for this purpose.

41.1 The breakup-value of fair value of investments is as follows:

	2025	2024	2025	2024
	----- Percentage -----		----- (Rupees) -----	
Bank balances	3.90%	16.35%	6,772	30,013
Pakistan investment bonds	40.18%	37.70%	69,760	69,210
Mutual Funds	0.35%	8.52%	602	15,644
Term deposits	55.58%	37.42%	96,500	68,700
	<u>100.00%</u>	<u>100.00%</u>	<u>173,633</u>	<u>183,567</u>

## 42. NUMBER OF EMPLOYEES

	2025	2024
	----- (Number) -----	
At December 31	<u>334</u>	<u>321</u>
Average during the year	<u>329</u>	<u>313</u>

## 43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in their meeting held on

## 44. GENERAL

## 44.1 Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 12-03-2026 2025 has proposed a final cash dividend of Rs. Nil per share amounting to Rs. Nil million (2024: Rs. 2 per share amounting to Rs.230.4 million) for the year ended December 31, 2025. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on 24-04-2026. The financial statements for the year ended December 31, 2025 do not include the effect of the proposed final dividend which will be accounted for in the year ending December 31, 2026.

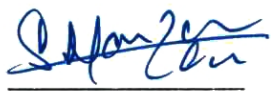
44.2 Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

44.3 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

  
Chief Executive Officer

  
Director

  
Director

  
Chairman





**UBL INSURERS LIMITED – WINDOW TAKAFUL OPERATIONS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**Shariah Supervisory Board's Report to the Board of Directors**  
For the year ended 31 December 2025

The Company, UBL Insurers Limited commenced Window Takaful Operations on January 1, 2016. By the grace of Almighty Allah and sincere efforts of Management, the year under review was the ninth successful year of Window Takaful Operations.

We acknowledge that as Shariah Supervisory Board members of Takaful Operator, it is our responsibility to provide Shariah guidelines and develop framework for assurance that the financial arrangements, contracts and transactions undertaken by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Supervisory Board are fully complied with, and that all policies and services being offered are duly approved by the Shariah Supervisory Board.

The Takaful Operator's activities and operations are periodically checked and monitored by Shariah Supervisory Board. In order to have an independent assessment of the Shariah Governance and Compliance environment of the Takaful operations under taken by the Operator and the conformity of Takaful operations with Shariah rules and principles an external Shariah audit was conducted. Further, Shariah Compliance review through Internal Shariah Compliance Officer were conducted as well. Based on their reports and statement of compliance with the Shariah Principles submitted by the Operator/Management to the Board of Directors, we hereby present our report as follows:

- i. transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Supervisory Board as well as requirements of Takaful Rules, 2012;
- ii. the investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues as per Shariah Guidelines for Investment already approved by Shariah Supervisory Board;
- iii. during the year, zero non-shariah income was reported;
- iv. takaful membership issuance process is improved and after due screening process takaful membership is issued to avoid issuance of takaful membership to non-shariah compliant business;
- v. transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OF);

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**Head Office**

126-C, Jami Commercial, Street No. 14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111 Fax: (92-21) 35314504.

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[www.ublinurers.com](http://www.ublinurers.com)

- vi. training sessions were held in across Pakistan on awareness of Takaful for Managerial and Business Development Staff and facilitated by Chairman – Shariah Supervisory Board;

We are grateful to the Board of Directors of UBL Insurers Limited, Management, and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shariah Compliance in our Takaful practices.

While concluding; in our opinion and to the best of our knowledge that over all the financial arrangements, products, services and transactions entered into by the Operator and the PTF/Waqf, as the case may be, for the year ended December 31, 2025 are in compliance with the requirements of the Shariah rules and guidelines and Allah knows the best. However, the following are recommended:

- To leverage the growing operations and network, we urge the Operator/management to arrange Takaful training sessions more frequently;
- The Operator/management should take concrete measures to play pivotal role in sound and transparent transition towards Takaful countrywide.

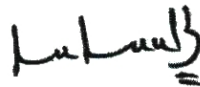
May Allah bless us with the best Tawfeeq and bestow us with success in this world and in the world hereafter, and forgive us for our mistakes A'ameen.



Mufti Muhammad Ashraf Alam Siddique  
Member Shariah Supervisory Board



Taj Muhammad  
Islamic Finance Expert & Member  
Shariah Supervisory Board



Mufti Imtiaz Alam  
Chairman & Shariah Advisor  
Shariah Supervisory Board

**March 12, 2026**


### Statement of Compliance with the Shariah Rules and Principles

The financial arrangements, contracts and transactions, entered into by UBL Insurers Limited - Window 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 as determined by the Shariah Supervisory Board 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 Supervisory Board 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 to those charged with relevant responsibilities, such as the Audit Committee / Shariah Supervisory Board and Board of Directors have been implemented;
- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Supervisory Board / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Supervisory Board and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Supervisory Board; and
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with provisions of the Takaful Rules, 2012

This has been duly confirmed by the Shariah Supervisory Board of the Operator.



**Syed Arsalan Zaman**  
Chief Financial Officer



**Sharjeel Shahid**  
Chief Executive Officer

Date: February 18, 2026

**Head Office**

126-C, Jami Commercial, Street No. 14, Phase-VII, DHA, Karachi, Pakistan. UAN: 111-845-111 Fax: (92-21) 35314504.

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## **Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012**

### **Scope**

We have been engaged by **UBL Insurers Limited** (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended **31 December 2025** (the "Report").

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

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

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

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

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

### **EY's responsibilities**

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

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on 16 February 2026. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.





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

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

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.

EY also 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, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Description of procedures performed**

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with The Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.
- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.
- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.
- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012 and Shariah Rules and Principles:
  - We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor.
  - We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions.
  - We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012.
  - We re-calculated Operator's profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.



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

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the internal Shari'ah expert.

### Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of 31 December 2025 is presented, in all material respects, in accordance with Takaful Rules, 2012.

A handwritten signature in blue ink, appearing to read 'Omer Chughtai'.

Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 30 March 2026

Karachi

## INDEPENDENT AUDITOR'S REPORT

To the members of UBL Insurers Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **UBL Insurers Limited - Window Takaful Operations** (the Operator), which comprise the statement of financial position of OPF and PTF as at **31 December 2025**, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

### Basis for Opinion

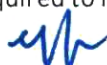
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the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

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

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





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-:2:-

## 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 Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement 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.



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with confidence

-:3:-

- 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.

#### Report on Other Legal and Regulatory Requirement

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

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

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

Chartered Accountants

Karachi

Date: 30 March 2026

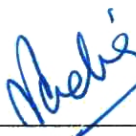
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**UBL INSURERS LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

	Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
		2025	2024	2025	2024
----- (Rupees in '000) -----					
<b>Assets</b>					
Investments					
Equity securities / mutual funds	5	-	36,358	130,049	98,474
Debt securities	6	339,194	344,252	1,122,546	1,187,602
Loan and other receivable	7	7,584	13,240	28,810	34,348
Takaful / retakaful receivables	8	-	-	635,273	547,024
Salvage recoveries accrued		-	-	-	-
Deferred taxation	11	2,217	-	-	-
Deferred wakala fee		-	-	179,416	179,831
Receivable from PTF	10	520,320	285,531	-	-
Taxation - payment less provisions		-	-	51,820	87,874
Retakaful recoveries against outstanding claims / Benefits		-	-	395,937	319,779
Deferred commission expense	20	76,713	91,037	-	-
Prepayments	12	474	375	253,696	308,720
Cash and bank	13	36,626	5,468	182,121	52,761
<b>Total assets</b>		<b>983,128</b>	<b>776,261</b>	<b>2,979,668</b>	<b>2,816,413</b>
<b>Equity and Liabilities</b>					
<b>Reserves attributable to the OPF</b>					
Statutory reserve		50,000	50,000	-	-
Revaluation reserve		(666)	3,398	-	-
Accumulated profit		414,162	301,279	-	-
<b>Total Reserves attributable to the OPF</b>		<b>463,496</b>	<b>354,677</b>	<b>-</b>	<b>-</b>
<b>Participants' Takaful Fund</b>					
Seed money		-	-	500	500
Revaluation reserve		-	-	5,802	26,455
Accumulated surplus		-	-	761,893	889,162
<b>Balance of Participants' Takaful Fund</b>		<b>-</b>	<b>-</b>	<b>768,195</b>	<b>916,117</b>
<b>Liabilities</b>					
<b>PTF Underwriting Provisions</b>					
Outstanding claims including IBNR	19	-	-	802,437	574,113
Unearned contribution reserves	17	-	-	545,799	670,147
Contribution deficiency reserves		-	-	185	-
Reserve for unearned retakaful rebate	18	-	-	67,732	82,314
		-	-	1,416,153	1,326,574
Unearned wakala fees		179,416	179,831	-	-
Takaful / retakaful payables	14	-	-	225,962	254,733
Other creditors and accruals	15	154,937	98,278	45,713	28,798
Contribution received in advance		-	-	-	-
Salvage accrued		-	-	3,325	4,660
Deferred taxation		-	1,428	-	-
Taxation - provision less payment		185,279	142,047	-	-
Payable to OPF	10	-	-	520,320	285,531
<b>Total liabilities</b>		<b>519,632</b>	<b>421,584</b>	<b>2,211,473</b>	<b>1,900,296</b>
<b>Total Equity and Liabilities</b>		<b>983,128</b>	<b>776,261</b>	<b>2,979,668</b>	<b>2,816,413</b>
<b>Contingencies and Commitments</b>					
	16				

The annexed notes 1 to 33 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



**UBL INSURERS LIMITED - WINDOW TAKAFUL OPERATIONS  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025 ----- <u>(Rupees in '000)</u> -----	2024
<b>Participants' Takaful Fund - (PTF)</b>			
Contributions earned	17	1,672,747	1,199,133
Less: Contributions ceded to retakaful	17	<u>(788,621)</u>	<u>(688,551)</u>
Net contributions revenue		884,126	510,582
Re-takaful rebate earned	18	<u>214,787</u>	<u>181,445</u>
Net underwriting income		1,098,913	692,027
Net claims - reported / settled		<u>(1,239,841)</u>	<u>(485,852)</u>
- IBNR		<u>(97,458)</u>	<u>(17,668)</u>
Charge of contribution deficiency expense	19	<u>(185)</u> <u>(1,337,484)</u>	<u>-</u> <u>(503,520)</u>
Other direct expenses		(15,880)	(15,852)
<b>Surplus / (deficit) before investment income</b>		<u>(254,451)</u>	<u>172,655</u>
Investment income	22	152,637	206,146
Other income	23	10,752	10,859
Less: Modarib's share of investment income		<u>(32,678)</u>	<u>(43,401)</u>
Provisions for doubtful contributions (net of Wakala fee)		(3,529)	1,408
<b>Surplus / (deficit) transferred to accumulated surplus</b>		<u>(127,269)</u>	<u>347,667</u>
<b>Operator's Fund - (OPF)</b>			
Wakala fee		529,154	437,454
Commission expense	20	<u>(217,652)</u>	<u>(188,490)</u>
General administrative and management expenses	21	<u>(180,224)</u>	<u>(127,020)</u>
		<u>131,278</u>	<u>121,944</u>
Modarib's share of PTF investment income		32,678	43,401
Investment income	22	46,832	54,147
Direct expenses	24	<u>(44,616)</u>	<u>(31,875)</u>
Other income	23	1,243	3,148
<b>Profit before taxation</b>		<u>167,415</u>	<u>190,765</u>
Taxation	25	<u>(54,532)</u>	<u>(74,398)</u>
<b>Profit after taxation</b>		<u>112,883</u>	<u>116,367</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



**UBL INSURERS LIMITED - WINDOW TAKAFUL OPERATIONS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
	------(Rupees in '000)-----	
<b>Participants' Takaful Fund - (PTF)</b>		
Surplus for the year	(127,269)	347,667
<b>Other comprehensive loss:</b>		
<i>Items that will be reclassified to profit and loss subsequently</i>		
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account	(13,806)	30,438
Other comprehensive income for the year	(13,806)	30,438
Reclassification adjustments relating to available-for-sale investments disposed during the year	(6,847)	(6,909)
<b>Total comprehensive income for the year</b>	<u>(147,922)</u>	<u>371,196</u>
<b>Operator's Fund - (OPF)</b>		
Profit after tax	112,883	116,367
<b>Other comprehensive loss:</b>		
<i>Items that will be reclassified to profit and loss subsequently</i>		
Change in fair value on available-for-sale investments during the year	(3,853)	5,097
Related tax impact	2,493	(1,921)
Other comprehensive income for the year	(1,360)	3,176
Reclassification adjustments relating to available-for-sale investments disposed during the year	(2,704)	(171)
<b>Total comprehensive income for the year</b>	<u>108,819</u>	<u>119,372</u>

The annexed notes 1 to 33 form an integral part of these financial statements. *myh*

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



UBL INSURERS LIMITED - WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND  
AS AT DECEMBER 31, 2025

	Attributable to Operator's Fund			Total
	Statutory Reserve	Available-for-sale investment revaluation reserve	Accumulated profit	
	(Rupees in '000)			
<b>Balance as at January 1, 2024</b>	50,000	393	184,912	235,305
Profit for the year	-	-	116,367	116,367
Other Comprehensive income for the year	-	3,005	-	3,005
<b>Balance as at December 31, 2024</b>	50,000	3,398	301,279	354,677
Profit for the year	-	-	112,883	112,883
Other comprehensive loss for the year	-	(4,064)	-	(4,064)
<b>Balance as at December 31, 2025</b>	50,000	(666)	414,162	463,496

	Attributable to Participants of PTF			Total
	Seed money	Available-for-sale investment revaluation reserve	Accumulated surplus	
	(Rupees in '000)			
<b>Balance as at January 1, 2024</b>	500	2,926	541,495	544,921
Surplus for the year	-	-	347,667	347,667
Surplus distribution to participants	-	-	-	-
Other Comprehensive income for the year	-	23,529	-	23,529
<b>Balance as at December 31, 2024</b>	500	26,455	889,162	916,117
Deficit for the year	-	-	(127,269)	(127,269)
Surplus distribution to participants	-	-	-	-
Other comprehensive loss for the year	-	(20,653)	-	(20,653)
<b>Balance as at December 31, 2025</b>	500	5,802	761,893	768,195

The annexed notes 1 to 33 form an integral part of these financial statements *myh*

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



**UBL INSURERS LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	2025	2024	2025	2024
----- (Rupees in '000) -----				
<b>Operating cash flows</b>				
(a) <b>Takaful activities</b>				
Contributions received	-	-	2,016,728	1,669,363
Retakaful contribution paid	-	-	(796,048)	(784,292)
Claims / benefits paid	-	-	(1,669,694)	(982,474)
Retakaful and other recoveries received	-	-	483,226	583,952
Commissions paid	(156,935)	(202,333)	-	-
Retakaful rebate received	-	-	214,787	224,484
Wakala fees received	322,700	409,818	-	-
Wakala fees paid	-	-	(322,700)	(409,818)
Modarib share received	-	38,000	-	-
Modarib share paid	-	-	-	(38,000)
<b>Net cash inflow / (outflow) from takaful activities</b>	<b>165,765</b>	<b>245,485</b>	<b>(73,701)</b>	<b>263,215</b>
(b) <b>Other operating activities</b>				
Income tax paid	(12,453)	(17,063)	36,054	(45,964)
General and other expenses paid	(210,572)	(150,894)	(7,308)	(14,562)
Net cash outflow from other operating activities	(223,025)	(167,957)	28,746	(60,526)
<b>Total cash inflow / (outflow) from all operating activities</b>	<b>(57,260)</b>	<b>77,528</b>	<b>(44,955)</b>	<b>202,689</b>
(c) <b>Investment activities</b>				
Profit / return received	47,419	53,894	109,389	185,053
Dividend received	5,990	354	5,624	8,906
Payment for investments	-	(833,358)	(751,462)	(3,499,723)
Proceeds from investments	35,009	630,831	810,764	2,815,186
<b>Total cash inflow / (outflow) on investing activities</b>	<b>88,418</b>	<b>(148,279)</b>	<b>174,315</b>	<b>(490,578)</b>
(d) <b>Financing activities</b>				
Qard e Hasna	-	-	-	-
Surplus paid	-	-	-	-
<b>Total cash inflow / (outflow) from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash inflow / (outflow) from all activities</b>	<b>31,158</b>	<b>(70,751)</b>	<b>129,360</b>	<b>(287,889)</b>
Cash and cash equivalents at the beginning of the period	5,468	76,219	52,761	340,651
<b>Cash and cash equivalents at the end of the period</b>	<b>36,626</b>	<b>5,468</b>	<b>182,121</b>	<b>52,761</b>
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(57,260)	77,528	(44,955)	202,688
Dividend income	3,286	183	5,624	8,906
Other investment income	43,546	53,964	147,013	197,240
Other income	1,243	3,148	10,752	10,859
Decrease in unearned contribution	-	-	124,348	(250,128)
Taxation	(54,532)	(74,398)	-	-
Increase in assets other than cash	241,975	134,264	103,430	518,305
Increase in liabilities other than borrowings	(98,053)	(121,723)	(440,803)	(296,802)
Modarib's share of investment income	32,678	43,401	(32,678)	(43,401)
<b>Profit after taxation</b>	<b>112,883</b>	<b>116,367</b>	<b>(127,269)</b>	<b>347,667</b>
Surplus in PTF	-	-	(127,269)	347,667
<b>Profit after tax attributable to OPF</b>	<b>112,883</b>	<b>116,367</b>	<b>-</b>	<b>-</b>
	<b>112,883</b>	<b>116,367</b>	<b>(127,269)</b>	<b>347,667</b>

The annexed notes 1 to 33 form an integral part of these financial statements. *myr*

  
 Chief Executive Officer

  
 Director

  
 Director

  
 Chairman



**UBL INSURERS LIMITED - WINDOW TAKAFUL OPERATIONS  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

UBL Insurers Limited - Window Takaful Operations ("the Operator"), a subsidiary of Bestway International Holdings Limited, was incorporated as an unlisted public limited company on June 29, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the Company is situated at 126-C, Jami Commercial Street Number 14, D.H.A., Phase VII, Karachi. The Company currently operates a network of 27 (2024: 27) branches in various cities. The Company received Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The objects of the Operator include providing general takaful services (in spheres of Fire, Marine, Aviation and Transport, Motor, Bankers Blanket and other)..

The Operator was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Operator commenced Window Takaful Operations on January 1, 2016.

The Operator transferred statutory reserve of Rs. 50 million for the Window Takaful Operations as per the requirement of circular 8 of 2014. For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participant Takaful Fund (PTF) on January 1, 2016 under the waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

**2. BASIS OF PREPARATION & STATEMENT OF COMPLIANCE**

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

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

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

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

**2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except available-for-sale investments that have been measured at fair value.

**2.2 Functional and presentation currency**

The financial statements are presented in Pakistani Rupees which is also the Company's functional currency as it represents the currency of the primary economic environment in which the Company operates.

**2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year**

- 2.3.1** There are certain amendments that are mandatory for the Operator's accounting periods beginning on January 1, 2025 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

**2.4 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective**

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2026:

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual period beginning on or after)</b>
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 1, 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	January 1, 2026
- IFRS 7 – Financial Instruments: Disclosures	January 1, 2026
- IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 1, 2027
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The Company expects that such improvements / amendments to the standards (except IFRS 17) will not have any material impact on the Company's financial statements in the period of initial application.

SECP vide its SRO 1715 dated 21 November 2023 had directed the effective date of IFRS 17 as January 01, 2026. During the year, SECP extended the date of application to January 01, 2027 through its S.R.O. 1336(I)/2025 dated July 23, 2025.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk). The company has not yet determined the quantitative potential impact of the standard.

The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, This standard will be applied along with the application of IFRS 17.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>Effective date (period beginning on or after)</b>
- IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 1, 2009
- Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21	January 1, 2027

The above standards and amendments are not expected to have any significant impact on Bank's financial statements for future periods, except for IFRS 18. There are certain other new amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2026, but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

**IFRS 18 - Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for presentation of various items within the statement of profit or loss, including specified totals and subtotals. Narrow-scope amendments have been made to IAS 7, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The company is currently working to identify all impacts the amendments will have on the financial statements of future period and notes thereto.

### 3 MATERIAL ACCOUNTING POLICY INFORMATION

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

#### 3.1 Takaful contracts

The takaful contracts are based on the principles of wakala. The takaful 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.

Contracts under which the Participants' Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non-happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorized into following main categories:

##### a) Fire and property damage

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

##### b) Marine, Aviation and Transport

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

##### c) Motor

Motor takaful is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

##### d) Bankers Blanket

Bankers' blanket takaful covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

##### e) Health

Health takaful includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of takaful.

##### f) Miscellaneous

Miscellaneous takaful includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, accident and health, money and other coverage.

These contracts are normally one year takaful contracts except marine and some contracts of fire and property and other class. Normally all marine takaful contracts and some fire and property contracts have three months period. In miscellaneous, some engineering takaful contracts have more than one year period whereas normally travel takaful contracts expire within one month time.

#### 3.1.1 Retakaful contracts held

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

Retakaful assets represent balances due from retakaful companies and retakaful recoveries against outstanding claims. Due from retakaful companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related takaful assets.

Retakaful liabilities represent balances due to retakaful companies. Due to retakaful companies are carried at cost which is the fair value of the consideration to be paid.

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

### **3.2 Deferred commission expense / acquisition cost**

Commission expense incurred in obtaining and recording policies is deferred and recognized in the profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

### **3.3 Reserve for unearned contribution**

Reserve for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage at the reporting date and is recognized as a liability by the Operator. This liability is calculated by applying the 1/24th method as specified in the General Takaful Accounting Regulations, 2019.

### **3.4 Contribution deficiency reserve**

The Operator maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after the date of statement of financial position in respect of the unexpired policies in that class of business as at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined.

### **3.5 Amount due to / from retakaful operators**

Amounts due to / from retakaful operators are recognized when due, and carried at cost less provision for impairment, if any. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received.

### **3.6 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand, bank deposits and term deposits having original maturity of less than three months.

### **3.7 Revenue recognition**

#### **3.7.1 Contribution**

Contribution Receivable under a policy / cover note issued is recognized as written from date of attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Contribution is recognized as revenue evenly over the period of the policy.

The unearned portion of Contribution income is recognized as a liability. Such liability is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

For facultative acceptance, the basis of recognizing Contribution and determining the unearned Contribution reserve is the same as for the direct policies.

**3.7.2 Wakala and modarib fee****Wakala Fee**

The Takaful operator manages the general takaful operations for the participants and charges 30% (2024: 30%) of gross contribution on fire & property damage, marine, aviation & transport, bankers blanket and miscellaneous and 35% (2024: 35%) of gross contribution on motor and 10% (2024: 10%) of gross contribution on Health as wakala fees against the services given to Participants' Takaful Fund. Wakala fee under a policy is recognized by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

**Modarib Fee**

The Operator also manages the participants' investment as Modarib and charges 20% (2024: 20%) of the investment income earned by the PTF as Modarib fee. It is recognized on the same basis on which the related revenue is recognized.

**3.7.3 Rebate from retakaful operators**

Re-takaful rebate from retakaful is recognized at the date from attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Re-takaful rebate is recognized as revenue evenly over the period of the policy of issuance of the underlying takaful.

The unearned portion of Re-takaful rebate is recognized as a liability. Such liability is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

For facultative acceptance, the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

**3.7.4 Investment income**

- Unrealized appreciation or diminution on revaluation of investments classified as available-for-sale is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Interest / mark-up on bank balances, term deposits and government securities is recognized on an accrual basis using the effective interest method.
- Premium or discount on debt securities classified as held to maturity is amortized using effective interest method and taken to the profit and loss account.
- Dividend income is recognized when the right to receive the dividend is established.

**3.8 Investments****3.8.1 Classification and impairment of investments**

The Operator invests in Shariah compliant financial instruments only. All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for investments classified as fair value through profit or loss in which case transaction costs are charged to the profit and loss account. All regular way purchase and sale of investments are accounted for using trade date accounting. Currently, the financial assets of the OPF and PTF are classified into the following categories:

**a) Held to maturity**

These are investments with fixed or determinable payments and fixed maturities. The Operator classifies these debt securities under "held-to-maturity" (where the Operator has intention and ability to hold till maturity) category.

These investments are subsequently measured and carried at amortized cost. Premium or discount on debt securities classified as held to maturity is amortized using effective interest method and taken to the profit and loss account.

**b) Available for sale**

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of changes in equity as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realized upon disposal.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

**3.9 Taxation**

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

**3.9.1 Current**

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover. 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.

**3.9.2 Deferred**

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial statement date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.10 Allocation of management expenses**

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

**3.11 Retakaful expense**

Contribution Ceded to re-takaful operators is recognized as an expense. For retakaful contracts operating on a proportional basis, on attachment of the underlying policies retakaful; and for retakaful contracts operating on a non-proportional basis, on inception of the retakaful contract.

The portion of retakaful Contribution ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of Contribution ceded is recognized as an asset. Such asset is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution ceded relating to retakaful contract commencing in the first month of the takaful operators financial year, 3/24 of the Contributions ceded relating to policies commencing in the second month of the takaful operator financial year, and so on.

**3.12 Receivable and Payable related to takaful contracts**

Receivables related to takaful contracts are known as Due from takaful contract holders. These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any. Contributions received in advance is recognised as liability till the time of issuance of takaful contract there against.

Provision for impairment and write-off is estimated on a systematic basis after analyzing the receivables as per their aging.

**3.13 Claims expense**

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

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

The provision for Incurred But Not Reported (IBNR) claims is determined by the Operator as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, an Operator shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

**3.14 Retakaful recoveries against outstanding claims**

Re-takaful recoveries against outstanding claims are recognized as assets at the same time as the claims which give rise to the right of recovery are recognized as liability and are measured at the amount expected to be recovered.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

- a) Provision for outstanding claims including IBNR (note 3.13)
- b) Reserve for unearned contribution (note 3.3)
- c) Contribution deficiency reserve (note 3.4)
- d) Classification and impairment of investments (note 3.8)
- e) Provision for current and deferred tax (note 3.9)
- f) Takaful / retakaful receivables (note 3.12)
- g) Deferred commission expense (note 3.2)
- h) Allocation of management expenses (note 3.10)

## 5 INVESTMENTS

## 5.1 INVESTMENTS IN EQUITY SECURITIES / MUTUAL FUNDS

Particulars	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
<b>Available-for-Sale</b>						
<b>Operator's fund (OPF)</b>						
NBP Islamic Daily Dividend Fund	-	-	-	3	-	3
NBP Islamic Mahana Amdani Fund	-	-	-	1	-	1
Alhamra Islamic Income Fund	-	-	-	35,000	-	35,000
Alhamra Islamic Money Market Fund	-	-	-	2	-	2
Alhamra Islamic Daily Dividend Fund	-	-	-	3	-	3
	-	-	-	35,009	-	35,009
Surplus on revaluation			-			1,349
<b>Carrying Value (OPF)</b>			-			<b>36,358</b>

Particulars	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
<b>Participants' fund (PTF)</b>						
NBP Islamic Daily Dividend Fund	65,031	-	65,031	50,117	-	50,117
NBP Islamic Money Market Fund	-	-	-	11,000	-	11,000
Alhamra Cash Management Optimizer	65,000	-	65,000	22,968	-	22,968
Alhamra Islamic Income Fund	-	-	-	12,646	-	12,646
Alhamra Islamic Money Market Fund	-	-	-	7	-	7
Alhamra Islamic Daily Dividend Fund	-	-	-	4	-	4
	130,031	-	130,031	96,742	-	96,742
Surplus on revaluation			18			1,732
<b>Carrying Value (PTF)</b>			<b>130,049</b>			<b>98,474</b>

## 6 INVESTMENTS IN DEBT SECURITIES

## 6.1 Operator's fund

	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
<b>Held-to-maturity</b>						
GOP Ijara Sukuk	49,649	-	49,649	49,493	-	49,493
Sukuk - Meezan Bank Limited	9,031	-	9,031	9,036	-	9,036
<b>Total investment - held-to-maturity</b>	<b>58,679</b>	<b>-</b>	<b>58,679</b>	<b>58,529</b>	<b>-</b>	<b>58,529</b>
<b>Available-for-Sale</b>						
GOP Ijara Sukuk	281,500	-	281,500	281,500	-	281,500
Surplus on revaluation	-	-	(985)	-	-	4,223
<b>Total investment - available for sale</b>	<b>281,500</b>	<b>-</b>	<b>280,515</b>	<b>281,500</b>	<b>-</b>	<b>285,723</b>
<b>Total investment - debt securities</b>	<b>340,179</b>	<b>-</b>	<b>339,194</b>	<b>340,029</b>	<b>-</b>	<b>344,252</b>

## 6.2 Operator's fund

## 6.2.1 Government Securities (Available for sale)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2025
281,500	13.59%	Semi-annually	GOP Ijara Sukuk	26-Oct-27	280,515

(Rupees in '000)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2024
281,500	13.59%	Semi-annually	GOP Ijara Sukuk	26-Oct-27	285,723

(Rupees in '000)

## 6.2.2 Government Securities (Held-to-maturity)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2025
50,000	12.93%	Semi-annually	GOP Ijara Sukuk	27-Apr-27	49,650

(Rupees in '000)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2024
50,000	12.93%	Semi-annually	GOP Ijara Sukuk	27-Apr-27	49,493

(Rupees in '000)

## 6.2.3 Sukuk - Meezan Bank Limited (Held-to-maturity)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2025
9,000	11.80%	Semi-annually	Sukuk	9-Jan-30	9,031

(Rupees in '000)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2024
9,000	12.77%	Semi-annually	Sukuk	9-Jan-30	9,036

(Rupees in '000)

## 6.3 Participants' Fund

	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
----- (Rupees in '000) -----						
<b>Held-to-maturity</b>						
Sukuk - Meezan Bank Ltd	31,106	-	31,106	31,126	-	31,126
GOP Ijara Sukuk	49,752	-	49,752	59,599	-	59,599
<b>Total investment - held-to-maturity</b>	<b>80,858</b>	<b>-</b>	<b>80,858</b>	<b>90,725</b>	<b>-</b>	<b>90,725</b>
<b>Available-for-Sale</b>						
GOP Ijara Sukuk	1,035,904	-	1,035,904	1,072,154	-	1,072,154
Surplus on revaluation			5,784			24,723
<b>Total investment - available for sale</b>	<b>1,035,904</b>	<b>-</b>	<b>1,041,688</b>	<b>1,072,154</b>	<b>-</b>	<b>1,096,877</b>
<b>Total investment - debt securities</b>	<b>1,116,762</b>	<b>-</b>	<b>1,122,546</b>	<b>1,162,879</b>	<b>-</b>	<b>1,187,602</b>

## 6.4 Participants' Fund

## 6.4.1 Government Securities (Available for sale)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2025
618,500	13.59%	Semi-annually	GOP Ijara Sukuk	21-Oct-27	616,335
417,300	11.31%	Semi-annually	GOP Ijara Sukuk	30-Sep-30	425,353
(Rupees in '000)					
Face value	Effective yield	Profit payment	Type of security	Maturity date	2024
618,500	13.59%	Semi-annually	GOP Ijara Sukuk	26-Oct-27	627,778
500,000	15.00%	On Maturity	GOP Ijara Sukuk	18-Sep-25	469,100
(Rupees in '000)					

## 6.4.2 Government Securities (Held-to-maturity)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2025
25,000	11.33%	Semi-annually	GOP Ijara Sukuk	27-Apr-27	24,876
25,000	12.89%	Semi-annually	GOP Ijara Sukuk	27-Apr-27	24,876
(Rupees in '000)					
Face value	Effective yield	Profit payment	Type of security	Maturity date	2024
10,000	11.33%	Semi-annually	GOP Ijara Sukuk	29-Jul-25	9,993
50,000	12.89%	Semi-annually	GOP Ijara Sukuk	27-Apr-27	49,606
(Rupees in '000)					

## 6.4.3 Sukuk - Meezan Bank Limited (Held-to-maturity)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2025
31,000	12.79%	Semi-annually	Sukuk	9-Jan-30	31,106
(Rupees in '000)					
Face value	Effective yield	Profit payment	Type of security	Maturity date	2024
31,000	12.77%	Semi-annually	Sukuk	9-Jan-30	31,126
(Rupees in '000)					

OPF		PTF	
2025	2024	2025	2024
----- (Rupees in '000) -----			
7,341	13,189	27,053	34,116
243	51	1,757	232
<u>7,584</u>	<u>13,240</u>	<u>28,810</u>	<u>34,348</u>

## 7 LOANS AND OTHER RECEIVABLES

Accrued investment income  
Other receivables

## 8 TAKAFUL / RETAKAFUL RECEIVABLES - PTF

## Unsecured and considered good

Due from takaful participants holders  
Provision for impairment of receivables from takaful participants holders

Due from other insurers/retakaful operators

Provision for impairment of due from other other takaful / retakaful

Note

2025

2024

----- (Rupees in '000) -----

523,034	463,438
(5,151)	(2,799)
517,883	460,639
126,759	90,651
(9,369)	(4,266)
117,390	86,385
<u>635,273</u>	<u>547,024</u>

8.1 The Operator performs aging analysis of its receivable from insurance contract holders, other insurers and reinsurers and also takes into account historical experience, to estimate the amount of provision against these receivables.

9 The Company has entered co-takaful and re-takaful arrangements with various other co-takaful and domestic re-takaful operators. As of 31 December 2025, the aggregate net balances due to other takaful and domestic re-takaful operators arising from such arrangements amounts to Rs. 37.859 million and Rs. 110.686 million respectively. (Refer notes 8 & 14)

Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by lead insurer on behalf of other co-takaful operators and in case of re-takaful operators, the contribution ceded to and claims recoverable from the re-takaful under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful arrangements occur between the respective takaful operators in due course of business, however, the position of outstanding balances due to/from other co-takaful operators at a given point in time is not confirmed or reconciled with other co-takaful due to high volume of transactions and inconsistent accounting practices for classification of co-takaful balances among the takaful operators.

In the year 2022, the SECP advised the Takaful sector to exchange outstanding balance information under co-takaful and re-takaful arrangements with other takaful operators operating in Pakistan as part of the annual audit process. Pursuant to that, the takaful operators through the forum of Insurance Association of Pakistan (IAP), informed the SECP that the reconciliation of balances among the takaful operators is a time-consuming exercise as it requires standardization of accounting practices within the takaful sector as a pre-requisite for such reconciliations to complete.

Notwithstanding the above developments regarding the confirmation and reconciliations of balance positions between the takaful operators/companies, the Company believes that the current balances of co-takaful and re-takaful reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence and corroborated through confirmation of the balances from several co insurer companies.

10 RECEIVABLE FROM (PTF) / PAYABLE TO (OPF)

	OPF		PTF	
	2025	2024	2025	2024
	----- (Rupees in '000) -----			
Wakala fee	449,966	247,854	449,966	247,854
Modarib fee	70,354	37,677	70,354	37,677
	<u>520,320</u>	<u>285,531</u>	<u>520,320</u>	<u>285,531</u>

11 DEFERRED TAXATION

Deferred debits arising in respect of provision on wakala fee  
Deferred credit arising in respect of surplus on revaluation

	Note	OPF	
		2025	2024
		----- (Rupees in '000) -----	
	11.1	1,897	745
		320	(2,173)
		<u>2,217</u>	<u>(1,428)</u>

11.1 The movement in deferred tax asset is as follows:

Opening deferred tax asset  
Income booked in the profit and loss account  
Reversal in the other comprehensive income  
Closing deferred tax asset

	OPF	
	2025	2024
	----- (Rupees in '000) -----	
	(1,428)	1,487
	1,152	(994)
	2,493	(1,921)
	<u>2,217</u>	<u>(1,428)</u>

12 PREPAYMENTS

Prepaid retakaful contribution ceded  
Tracker monitoring fee  
Prepaid software charges

	OPF		PTF	
	2025	2024	2025	2024
	----- (Rupees in '000) -----			
	-	-	248,916	305,140
	-	-	4,780	3,580
	474	375	-	-
	<u>474</u>	<u>375</u>	<u>253,696</u>	<u>308,720</u>

13 CASH AND BANK

Cash and cash equivalent  
Cash in hand  
Policy and revenue stamps

Cash at bank  
- Current account  
- Savings account

Cash and bank

13.1 & 13.2

	OPF		PTF	
	2025	2024	2025	2024
	-	-	-	-
	-	-	863	315
	2,332	866	68,035	31,658
	<u>34,294</u>	<u>4,602</u>	<u>113,223</u>	<u>20,788</u>
	<u>36,626</u>	<u>5,468</u>	<u>182,121</u>	<u>52,761</u>

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- 13.1 This includes balance with a related party amounting to Rs. 44.338 million (2024: Rs. 14.606 million).
- 13.2 Deposits on saving accounts carry profit rates ranging between 5.00% to 9.00% (2024: 5.45% to 11.04%) per annum.

14	TAKAFUL / RETAKAFUL PAYABLES	Note	PTF	
			2025	2024
			----- (Rupees in '000) -----	
	Due to takaful participants / Retakaful payable	9	159,869	220,870
	Due to other takaful operators	9	66,093	33,863
			<u>225,962</u>	<u>254,733</u>

15	OTHER CREDITORS AND ACCRUALS	Note	OPF		PTF	
			2025	2024	2025	2024
			----- (Rupees in '000) -----			
	Federal excise duty and sales tax		174	510	4,978	2,119
	Federal takaful fee		-	-	1,957	2,258
	Commissions payable		121,945	76,430	-	-
	Unclaimed takaful benefits	15.1	-	-	10,857	5,555
	Accrued expenses		6,435	6,627	5,340	4,483
	Others		1,320	1,162	19,533	12,835
	Payable to UBL Insurers Limited		25,063	13,549	3,048	1,548
			<u>154,937</u>	<u>98,278</u>	<u>45,713</u>	<u>28,798</u>

- 15.1 This represents outstanding claims in respect of which cheques have been issued by the Operator for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	2025	2024
	----- (Rupees in '000) -----	
More than 6 months	<u>10,857</u>	<u>5,555</u>
1 to 6 months	<u>109,700</u>	<u>126,442</u>

	2025					
	----- (Age-wise Breakup) -----					
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	----- (Rupees in '000) -----					
Claims not encashed	<u>109,700</u>	<u>2,894</u>	<u>3,260</u>	<u>743</u>	<u>3,960</u>	<u>120,557</u>

	2024					
	----- (Age-wise Breakup) -----					
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	----- (Rupees in '000) -----					
Claims not encashed	<u>126,442</u>	<u>720</u>	<u>818</u>	<u>867</u>	<u>3,150</u>	<u>131,997</u>

## 16 CONTINGENCIES AND COMMITMENTS

A policyholder of the Company have filed a case against the Company which is pending adjudication. The management is of the view that decision for payment / non-payment of claim and the amount of claim determined was on the merits of each individual case. The management is confident that this case will be decided in their favour and accordingly no provision has been recognized in these financial statements. However, as advised by the legal advisor, If the instant matters are decided in favour of policyholders, then UBL Insurers stands exposed to Rs. 5.03 million and damages if the Court grants and/or allows.

		PTF	
		2025	2024
		----- (Rupees in '000) -----	
17	<b>NET CONTRIBUTION</b>		
	<b>Written gross contribution</b>	2,077,553	1,886,716
	Less: Wakala fee	(528,738)	(478,348)
	<b>Contribution Net of Wakala Fee</b>	1,548,815	1,408,368
	Add: Unearned contribution reserve opening	490,315	281,080
	Less: Unearned contribution reserve closing	(366,383)	(490,315)
	<b>Contributions Earned</b>	1,672,747	1,199,133
	<b>Retakaful contribution ceded</b>	(732,397)	(841,928)
	Add: Prepaid retakaful ceded opening	(305,140)	(151,763)
	Less: Prepaid retakaful ceded closing	248,916	305,140
	<b>Retakaful expense</b>	(788,621)	(688,551)
	<b>Net Contribution</b>	884,126	510,582
18	<b>RETAKAFUL REBATE</b>		
	Retakaful rebate/commission received	200,205	224,483
	Add: Unearned retakaful rebate/commission opening	82,314	39,276
	Less: Unearned retakaful rebate/commission closing	(67,732)	(82,314)
		214,787	181,445
		PTF	
		2025	2024
		----- (Rupees in '000) -----	
19	<b>TAKAFUL BENEFITS / CLAIMS EXPENSE</b>		
	<b>Benefits / Claims paid</b>	1,669,694	982,474
	Add: Outstanding benefits / claims including IBNR closing	802,437	574,113
	Less: Outstanding benefits / claims including IBNR opening	(574,113)	(377,202)
	<b>Claim expense</b>	1,898,018	1,179,385
	<b>Re-Takaful and other recoveries received</b>	(483,226)	(583,952)
	Add: Re-Takaful and other recoveries in respect of outstanding claims closing	(392,612)	(315,119)
	Less: Re-Takaful and other recoveries in respect of outstanding claims opening	315,119	223,206
	<b>Retakaful and other recoveries revenue</b>	(560,719)	(675,865)
	<b>Net Claims Expense</b>	1,337,299	503,520
19.1	<b>BENEFIT / CLAIM DEVELOPMENT</b>		

The following table shows the development of claims over a period of time on gross basis.

**Analysis on gross basis**

Accident year	2021	2022	2023	2024	2025
	----- (Rupees in '000) -----				
At end of accident year	1,023,329	444,306	490,577	1,146,125	1,863,177
One year later	1,101,438	447,475	475,742	1,251,235	-
Two years later	1,108,416	443,806	470,983	-	-
Three years later	1,110,760	437,473	-	-	-
Four years later	1,098,080	-	-	-	-
Current estimate of cumulative claims	1,098,080	437,473	470,983	1,251,235	1,863,177
Cumulative payment made to date	(1,056,683)	(401,935)	(424,100)	(1,176,008)	(1,259,786)
Liability recognised in the statement of financial position	41,397	35,538	46,883	75,227	603,391



	Note	OPF	
		2025	2024
<b>24 DIRECT EXPENSES</b>		----- (Rupees in '000) -----	
Legal and professional fee other than business related		874	559
Auditor's remuneration	24.1	1,786	1,705
Shariah audit fee		521	474
Employee benefit cost		36,736	26,383
Communication		1,021	811
Miscellaneous		3,678	1,943
		<u>44,616</u>	<u>31,875</u>
<b>24.1 Auditor's remuneration</b>			
Audit fee		666	606
Half yearly review		161	147
Certifications		742	674
Out of pocket expense		217	278
		<u>1,786</u>	<u>1,705</u>
<b>25 TAXATION</b>			
<b>For the year</b>			
Current		55,684	73,404
Deferred		(1,152)	994
		<u>54,532</u>	<u>74,398</u>
<b>25.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation for the year		<u>167,415</u>	<u>190,765</u>
Tax at the applicable rate of 32.5% (2024: 39%)		54,410	74,398
Others		122	-
	0.32573032	<u>54,532</u>	<u>74,398</u>
<b>26 COMPENSATION OF EXECUTIVES</b>		----- (Rupees in '000) -----	
		<b>Executives</b>	
		2025	2024
Managerial remuneration		1,094	957
Bonus		285	-
House rent allowance		492	431
Utilities		219	191
Medical		109	96
Retirement benefits		182	159
Fuel allowance		935	877
Vehicle allowance		1,200	1,200
Cell allowance		36	36
Driver salary		120	120
Others		11	11
		<u>4,683</u>	<u>4,078</u>
Number of persons		<u>1</u>	<u>1</u>

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.





## 29 MOVEMENT IN INVESTMENT

	Operator Fund			Total
	Held to maturity	Available for sale	Fair Value through P & L	
----- (Rupees in '000) -----				
<b>Operator's Fund</b>				
<b>Balance as at January 1, 2024</b>	110,469	116,644	-	227,113
Additions	54,000	779,359	-	833,359
Disposal (sale and redemptions)	(106,000)	(576,831)	-	(682,831)
Fair value net gains (excluding net realized gains)	-	3,005	-	3,005
Discount / premium amortization	60	(97)	-	(37)
<b>Balance as at January 1, 2025</b>	58,529	322,080	-	380,609
Additions	-	-	-	-
Disposal (sale and redemptions)	-	(35,009)	-	(35,009)
Fair value net gains (excluding net realized gains)	-	(6,557)	-	(6,557)
Discount / premium amortization	151	-	-	151
<b>Balance as at December 31, 2025</b>	58,680	280,514	-	339,194

	Window Takaful Operation			Total
	Held to maturity	Available for sale	Fair Value through P & L	
----- (Rupees in '000) -----				
<b>Participants' Takaful Fund</b>				
<b>Balance as at January 1, 2024</b>	390,598	476,097	-	866,695
Additions	360,000	3,139,724	-	3,499,724
Disposal (sale and redemptions)	(660,000)	(2,455,187)	-	(3,115,187)
Fair value net gains (excluding net realized gains)	-	23,529	-	23,529
Discount / premium amortization	127	11,189	-	11,316
<b>Balance as at January 1, 2025</b>	90,725	1,195,352	-	1,286,077
Additions	-	751,462	-	751,462
Disposal (sale and redemptions)	(10,000)	(800,764)	-	(810,764)
Fair value net gains (excluding net realized gains)	-	(20,653)	-	(20,653)
Discount / premium amortization	132	46,341	-	46,473
<b>Balance as at December 31, 2025</b>	80,857	1,171,738	-	1,252,595

## 30 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Operator issues contracts that transfer Takaful risk or financial risk or both. This section summarizes these risks and the way the Operator manages them.

## 30.1 Takaful risk management

**Takaful risk**

The risk under any takaful contract is the possibility that the takaful event occurs and the uncertainty of the amount of compensation to the takaful. Generally most takaful contracts carry the takaful risk for a period of one year (refer note 3.1).

The Operator accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health takaful contracts significant risks arise from epidemics.

The Operator'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 retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic takaful events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures.

**(a) Frequency and severity of claims**

Risk associated with general takaful 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, retakaful arrangements and proactive claim handling procedures.

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

**Concentration of risk**

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the participant. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc. are extracted from the layout plan of the participant facility. Such details form part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a participant's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine participant damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardizing Target Accumulations) codes with reference to the accumulation of sum covered in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional retakaful arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2025				2024			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	----- % -----				----- % -----			
Fire and property	19.48%	-0.98%	36.41%	4.93%	13.09%	-0.83%	27.09%	5.51%
Marine and transport	7.24%	-0.96%	1.70%	-0.45%	10.46%	2.79%	1.11%	-0.05%
Motor	39.07%	60.00%	57.44%	94.54%	38.79%	70.04%	42.33%	73.03%
Health	21.14%	40.00%	0.00%	0.00%	21.36%	24.34%	26.41%	21.02%
Banker's blanket	6.84%	1.76%	0.23%	0.32%	7.36%	2.21%	0.07%	0.10%
Miscellaneous	6.23%	0.18%	4.22%	0.66%	8.93%	1.44%	3.00%	0.40%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The operator monitors concentration of takaful exposurer primarily by class of business. The table below sets out the concentration of the maximum gross risk exposure on a single policy by class of business at date of statement of financial position:

Class	Maximum gross risk exposure	
	2025	2024
	----- (Rupees in '000) -----	
Fire and property	473,255,005	425,912,228
Marine, aviation and transport	260,532,116	243,536,265
Motor	61,933,376	55,584,041
Health	34,884,287	27,505,777
Bankers blanket	15,920,600	5,044,200
Miscellaneous	21,222,455	16,529,254

The Operator minimizes its exposure to significant losses by obtaining retakaful from a number of retakaful operators, who are dispersed over several geographical regions.

**(b) Uncertainty in the estimation of future claim payments**

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all takaful events as per terms and condition of the takaful contract.

An estimated amount of the claim is recorded immediately on the intimation to the Operator. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Operator 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 other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

**(c) Key assumptions**

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement 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.

Actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the SECP circular 9 of 2016.

IBNR is determined by using the "Chain Ladder Method" for all classes of business including in-patient claims of accident and health class. Alternative method is used for accident and health out-patient (OP) takaful. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for motor which is made on a quarterly basis and health which is made on monthly basis. For accident and health OP business, IBNR has been set equal to monthly average of OP claims reported in preceding three months, including margins for adverse deviations. For accident and health takaful business, a loss ratio method has been used. The methods used, and the estimates made, are reviewed regularly.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution.

**(d) Changes in assumptions**

The Operator did not change its assumptions for the takaful contracts as disclosed above in (b) and (c).

**(e) Sensitivity analysis**

The takaful claim liabilities are sensitive to the incidence of participant events and severity / size of claims. The impact of 10% increase / decrease in incidence of participant events on underwriting results and participants' Takaful Fund is as follows:

	Underwriting results		Participants' Takaful Fund	
	2025	2024	2025	2024
<b>Average claim cost</b>	----- (Rupees in '000) -----			
Fire and property	738	641	498	391
Marine and transport	768	289	518	177
Motor	42,760	36,316	28,863	22,152
Health	89,191	12,687	60,204	7,739
Banker's blanket	178	238	120	145
Miscellaneous	113	183	76	111
	<u>133,748</u>	<u>50,354</u>	<u>90,279</u>	<u>30,715</u>

### 30.2 Financial risk management

The Board of Directors of the Operator has overall responsibility for the establishment and oversight of the Operator's risk management framework. The Operator has exposure to the following risks from its use of financial instruments:

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

#### Risk management framework

Every takaful operator is exposed to a wide range of risks, some discrete and some interdependent; integrated risk management entail strong governance processes; ensuring greater accountability, transparency and risk awareness in underwriting, investment and strategic decisions. The Board of Directors take ultimate responsibility for supervising the Operator's risk management framework. Risk management framework covers the need to review the strategy of a Operator and to assess the risk associated with it.

The Audit Committee oversees compliance by management with the Operator's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Operator. The Audit Committee is assisted in its oversight role by an Internal Audit Function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 30.2.1 Financial risk

Maturity profile of financial assets and liabilities:

##### OPF

	Profit rate % per annum	2025						Total
		Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in '000)								
<b>Financial assets</b>								
Cash and bank	5.50 - 6.70	34,294	-	34,294	2,332	-	2,332	36,626
Investments	10.31-12.49	-	339,194	339,194	-	-	-	339,194
Loan and other receivable		-	-	-	7,584	-	7,584	7,584
Receivable from PTF		-	-	-	520,320	-	520,320	520,320
		34,294	339,194	373,488	530,236	-	530,236	903,724
<b>Financial liabilities</b>								
Other creditors and accruals		-	-	-	154,763	-	154,763	154,763
		-	-	-	154,763	-	154,763	154,763
Interest rate risk sensitivity gap		34,294	339,194	373,488				
Cumulative interest rate risk sensitivity gap		34,294	373,488					

##### PTF

	Profit rate % per annum	2025						Total
		Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in '000)								
<b>Financial assets</b>								
Cash and bank	5.00 - 9.00	113,223	-	113,223	68,898	-	68,898	192,121
Investments	10.31-12.49	-	1,122,546	1,122,546	130,049	-	130,049	1,252,595
Takaful / retakaful receivables		-	-	-	635,273	-	635,273	635,273
Retakaful recoveries against outstanding claims		-	-	-	395,937	-	395,937	395,937
Loan and other receivable		-	-	-	28,810	-	28,810	28,810
Salvage recoveries accrued		-	-	-	-	-	-	-
		113,223	1,122,546	1,235,769	1,258,967	-	1,258,967	2,494,736
<b>Financial liabilities</b>								
Outstanding claims including IBNR		-	-	-	802,437	-	802,437	802,437
Payable to OPF		-	-	-	520,320	-	520,320	520,320
Takaful / retakaful payables		-	-	-	225,962	-	225,962	225,962
Salvage payable		-	-	-	3,325	-	3,325	3,325
Other creditors and accruals		-	-	-	38,778	-	38,778	38,778
		-	-	-	1,590,822	-	1,590,822	1,590,822
Interest rate risk sensitivity gap		113,223	1,122,546	1,235,769				
Cumulative interest rate risk sensitivity gap		113,223	1,235,769					

## OPF

	2024							Total
	Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in '000)								
<b>Financial assets</b>								
Cash and bank	5.53 - 11.04	4,602	-	4,602	866	-	866	5,468
Investments	12.49 - 20.99	-	344,252	344,252	36,357	-	36,357	380,609
Loan and other receivable		-	-	-	13,240	-	13,240	13,240
Receivable from PTF		-	-	-	285,531	-	285,531	285,531
		4,602	344,252	348,854	335,994	-	335,994	684,848
<b>Financial liabilities</b>								
Other creditors and accruals		-	-	-	97,767	-	97,767	97,767
		-	-	-	97,767	-	97,767	97,767
Interest rate risk sensitivity gap		4,602	344,252	348,854				
Cumulative interest rate risk sensitivity gap		4,602	348,854					

## PTF

	2024							Total
	Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in '000)								
<b>Financial assets</b>								
Cash and bank	5.45 - 11.04	20,788	-	20,788	31,973	-	31,973	52,761
Investments	12.49 - 20.99	479,093	708,509	1,187,602	98,474	-	98,474	1,286,076
Takaful / retakaful receivables		-	-	-	547,024	-	547,024	547,024
Retakaful recoveries against outstanding claims		-	-	-	319,779	-	319,779	319,779
Loan and other receivable		-	-	-	34,348	-	34,348	34,348
Salvage recoveries accrued		-	-	-	-	-	-	-
		499,881	708,509	1,208,390	1,031,598	-	1,031,598	2,239,988
<b>Financial liabilities</b>								
Outstanding claims including IBNR		-	-	-	574,113	-	574,113	574,113
Payable to OPF		-	-	-	285,531	-	285,531	285,531
Takaful / retakaful payables		-	-	-	254,733	-	254,733	254,733
Salvage payable		-	-	-	4,660	-	4,660	4,660
Other creditors and accruals		-	-	-	24,421	-	24,421	24,421
		-	-	-	1,143,458	-	1,143,458	1,143,458
Interest rate risk sensitivity gap		499,881	708,509	1,208,390				
Cumulative interest rate risk sensitivity gap		499,881	1,208,390					

## a) Sensitivity analysis- interest rate risk

## a.1) Fair value sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Operator and PTF.

## a.2) Cash flow sensitivity analysis for variable rate instruments

The OPF and PTF are exposed to cash flow interest rate risk in respect of its balances with saving account with banks and investments in sukuk certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the OPF and PTF.

## b) Sensitivity analysis- Price risk

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

The Operator's securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

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

	OPF		
	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2025	-	+5%	-
	-	-5%	-
December 31, 2024	36,358	+5%	1,818
	(36,358)	-5%	(1,818)

	PTF		
	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2025	130,049	+5%	6,502
	(130,049)	-5%	(6,502)
December 31, 2024	98,474	+5%	4,924
	(98,474)	-5%	(4,924)

### 30.2.2 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 Operator 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.

#### Exposure to credit risk and credit exposure of the financial instruments

Credit risk of the Operator and PTF arises principally from the balances with banks, investments (except for investment in government securities, units of mutual funds and listed equity shares), contribution due but unpaid, amount due from other takaful operator / retakaful operator, retakaful and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the participants and other takaful operator / retakaful operator and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at December 31, 2024 is as follows:

	2025		2024	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
	----- (Rupees in '000) -----			
<b>OPF</b>				
Equity Securities	-	-	36,357	36,357
Debt Securities	339,194	9,031	344,252	9,036
Receivable from PTF	520,320	520,320	285,531	285,531
Loan and other receivable	7,584	7,584	13,240	13,240
Cash and bank	36,626	36,626	5,468	5,468
	<u>903,724</u>	<u>573,561</u>	<u>684,848</u>	<u>349,632</u>

Differences in the balances as per financial statements and maximum exposure in investments is mainly due to investments in government securities of Rs. 330.16 million (2024 Rs. 335.22 million) which are not exposed to credit risk.

	2025		2024	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
	----- (Rupees in '000) -----			
<b>PTF</b>				
Equity Securities	130,049	130,049	98,474	98,474
Debt Securities	1,122,546	31,106	1,187,602	31,126
Loan and other receivable	28,810	28,810	34,348	34,348
Takaful / retakaful receivables	635,273	635,273	547,024	547,024
Retakaful recoveries against outstanding claims	395,937	395,937	319,779	319,779
Cash and bank	182,121	181,258	52,761	52,446
	<u>2,494,736</u>	<u>1,402,433</u>	<u>2,239,988</u>	<u>1,083,197</u>

Differences in the balances as per financial statements and maximum exposure in investments is mainly due to investments in government securities and policy stamps of Rs. 1,084.35 million (2024 Rs. 1,156.53 million) which are not exposed to credit risk.

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Bank balances represent low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances and investments in term deposits can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Short Term Rating	Long Term Rating	2025	2024
----- (Rupees in '000) -----					
Meezan Bank Limited - Participant Takaful Fund	VIS	A-1+	AAA	41,451	1,629
Dubai Islamic Bank Pakistan Limited - Participant Takaful Fund	VIS	A-1+	AA	32,057	31,657
BankIslami Pakistan Limited - Participant Takaful Fund	PACRA	A1	AA-	26,897	2,694
Faysal Bank Limited - Participant Takaful Fund	VIS	A-1+	AA+	36,517	1,860
UBL Ameen- Participant Takaful Fund	VIS	A-1+	AAA	44,338	14,606
				181,260	52,446

Bank	Rating Agency	Short Term Rating	Long Term Rating	2025	2024
----- (Rupees in '000) -----					
Meezan Bank Limited - Operator Fund	VIS	A-1+	AAA	4,063	1
Dubai Islamic Bank Pakistan Limited - Operator Fund	VIS	A-1+	AA	2,332	866
BankIslami Pakistan Limited - Operator Fund	PACRA	A1	AA-	30,231	4,601
				36,626	5,468

Government securities are unrated while credit quality of term deposits have been given above in bank-wise ratings.

### Concentration of credit risk

Concentration of credit risk arises 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 manages concentration of credit risk through diversification of activities among individuals, groups and industry segments. The Operator enters into re-takaful / co-takaful arrangements with re-takaful operator / other takaful operator having sound credit ratings accorded by reputed credit rating agencies. Further, the Operator is required to comply with the requirements of circular no. 2 / 2023 dated March 03, 2023 issued by the SECP which requires takaful Operator to place At least 60% of the total retakaful treaty arrangement for each class of takaful business with foreign retakaful operators having at least "A" or above rating, and maximum upto 40% of the total retakaful treaty arrangement for each class of takaful business with foreign retakaful operators having at least "BBB" rating, furthermore maximum upto 20% of the total retakaful treaty arrangement in case of takaful business may be placed with the foreign retakaful operators, having at least "B" rating by "Standard & Poor's" or an equivalent rating by any other reputed agency. An analysis of all retakaful assets net of provision for doubtful balances recognized by the rating of the entity from which it is due is as follows:

Amount due from other cotakaful / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid retakaful contribution ceded	2025	2024	
----- (Rupees in '000) -----					
A or above (including PRCL)	117,390	395,937	248,916	762,243	711,304
	117,390	395,937	248,916	762,243	711,304

### 30.2.3 Liquidity risk

Liquidity risk is defined as the risk that the Operator will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Operator might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Operator 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 is maintained.

The following are the contractual maturities of financial liabilities:

#### Non-Derivative Financial liabilities

	Carrying Amount	
	2025	2024
----- (Rupees in '000) -----		
<b>OPF</b>		
Other creditors and accruals	154,763	97,767
	154,763	97,767
<b>PTF</b>		
Outstanding claims including IBNR	802,437	574,113
Payable to OPF	520,320	285,531
Retakaful / co-takaful payables	225,962	254,733
Other creditors and accruals	38,778	24,421
	1,587,497	1,138,798

The carrying amounts represent contractual cash flows maturing within one year.

**30.2.4 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The Operator manages the market risk exposures by following internal risk management policies. Refer 30.2.1(a) and 30.2.1(b) for discussion on interest rate risk and price risk.

**30.2.4.1 Foreign Currency risk**

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

**30.3 Capital Management**

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

The Operator manages its fund structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

The fund currently has solvency margin in excess of minimum regulatory requirement as required under the general takaful accounting regulations, 2019.

**31 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Operator is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- 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 Operator has no items to report in this level.

Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Government Securities	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters.

OPF

2025							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3

(Rupees in '000)

**On-balance sheet financial instruments****Financial assets measured at fair value****Investments**

- Units of open ended mutual fund	-	-	-	-	-	-	-
- GOP Ijara sukuk	280,515	-	-	280,515	-	280,515	-

**Financial assets not measured at fair value**

Cash and bank *	-	-	36,626	36,626	-	-	-
Investment in term deposit *	-	-	-	-	-	-	-
Sukuk *	-	58,679	-	58,679	-	-	-
Loan and other receivable *	-	-	7,584	7,584	-	-	-
Receivable from PTF *	-	-	520,320	520,320	-	-	-
	280,515	58,679	564,530	903,724			

**Financial liabilities not measured at fair value**

Other creditors and accruals *	-	-	-	154,763	154,763		
	-	-	-	154,763	154,763		

## PTF

2025							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)							

**On-balance sheet financial instruments****Financial assets measured at fair value****Investments**

- Units of open ended mutual fund	130,049	-	-	130,049	-	130,049	-
- GOP Ijara sukuks	1,041,688	-	-	1,041,688	-	1,041,688	-

**Financial assets not measured at fair value**

Cash and bank *	-	182,121	-	182,121	-	-	-
Investment in term deposit *	-	-	-	-	-	-	-
Sukuks *	-	80,858	-	80,858	-	-	-
Takaful / ReTakaful receivables *	-	635,273	-	635,273	-	-	-
Loan and other receivable *	-	28,810	-	28,810	-	-	-
Re-takaful recoveries against outstanding claims *	-	395,937	-	395,937	-	-	-
Salvage recoveries accrued *	-	-	-	-	-	-	-
	<b>1,171,737</b>	<b>80,858</b>	<b>1,242,141</b>	<b>2,494,736</b>			

**Financial liabilities not measured at fair value**

Underwriting provision for outstanding claims including IBNR *	-	-	802,437	802,437	-	-	-
Takaful / Retakaful payables*	-	-	225,962	225,962	-	-	-
Payable to OPF*	-	-	520,320	520,320	-	-	-
Salvage payable accrued	-	-	3,325	3,325	-	-	-
Other creditors and accruals *	-	-	38,778	38,778	-	-	-
	-	-	<b>1,590,822</b>	<b>1,590,822</b>			

## OPF

2024							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)							

**On-balance sheet financial instruments****Financial assets measured at fair value****Investments**

- Units of open ended mutual fund	36,358	-	-	36,358	-	36,358	-
- GOP Ijara sukuks	285,723	-	-	285,723	-	285,723	-

**Financial assets not measured at fair value**

Cash and bank *	-	5,468	-	5,468	-	-	-
Investment in term deposit *	-	-	-	-	-	-	-
Corporate Sukuks *	-	58,529	-	58,529	-	-	-
Loan and other receivable *	-	13,240	-	13,240	-	-	-
Receivable from PTF*	-	285,531	-	285,531	-	-	-
	<b>322,081</b>	<b>58,529</b>	<b>304,239</b>	<b>684,849</b>			

**Financial liabilities not measured at fair value**

Other creditors and accruals *	-	-	97,767	97,767	-	-	-
	-	-	<b>97,767</b>	<b>97,767</b>			

## PTF

2024							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)							

**On-balance sheet financial instruments****Financial assets measured at fair value****Investments**

- Units of open ended mutual fund	98,474	-	-	98,474	-	98,474	-
- GOP Ijara sukuks	1,096,878	-	-	1,096,878	-	1,096,878	-

**Financial assets not measured at fair value**

Cash and bank *	-	52,761	-	52,761	-	-	-
Investment in term deposit *	-	-	-	-	-	-	-
Corporate Sukuks*	-	90,725	-	90,725	-	-	-
Takaful / ReTakaful receivables *	-	547,024	-	547,024	-	-	-
Loan and other receivable *	-	34,348	-	34,348	-	-	-
Re-takaful recoveries against outstanding claims *	-	319,779	-	319,779	-	-	-
Salvage recoveries accrued*	-	-	-	-	-	-	-
	<b>1,195,352</b>	<b>90,725</b>	<b>953,912</b>	<b>2,239,988</b>			

**Financial liabilities not measured at fair value**

Underwriting provision for outstanding claims including IBNR *	-	-	574,113	574,113	-	-	-
Retakaful / co-takaful payables *	-	-	254,733	254,733	-	-	-
Payable to OPF*	-	-	285,531	285,531	-	-	-
Salvage payable accrued*	-	-	4,660	4,660	-	-	-
Other creditors and accruals *	-	-	24,421	24,421	-	-	-
	-	-	<b>1,143,458</b>	<b>1,143,458</b>			

\* The operator / participant has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

## 32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in their meeting held on 12-03-2026.

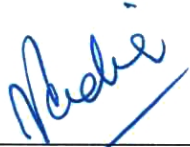
## 33 GENERAL

33.1 All figures have been rounded off to the nearest rupees, unless otherwise stated.

33.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

  
\_\_\_\_\_  
Chief Executive Officer

myh

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Chairman

## Head Office & Branches Information

### Head Office

Plot # 126-C, Jami Commercial, Street No. 14, Phase VII, D.H.A, Karachi.  
Postal Code 75500, UAN: 021-111 845 111  
Tel: 021-38704311

### City Branch

Office No. 608 & 609, Uni Tower, 6th Floor, I. I. Chundrigar Road, Karachi.  
Tel: 021-32424707, 32424699, 32468396, 32415539

### Corporate Branch

Office No. 403, 4th Floor, Fayyaz Centre, Sindhi Muslim Society, Main Shahrah-e-Faisal, Karachi.  
Tel: 021-34323064-65-66

### Lahore Regional Office

Office No. 501, 5th Floor, Siddique Trade Centre, Main Boulevard, Gulberg-II, Lahore.  
UAN: 042- 111 845 111  
Tel - 042-35770029-30

### Islamabad Regional Office

Office No. 228, 229 & 230, 2nd Floor, Luxus Mall, Gulberg Greens, Islamabad,  
UAN: 051-111 845 111  
Tel: 051-2344345-48

### Faisalabad Regional Office

Office No. 17, 18, 19 First Floor, Saeed Arcade, 721 Batala Colony, Satyiana Road, Faisalabad.  
UAN: 041- 111 845 111  
Tel: 041-38555681-82-83

### Multan Regional Office

1st Floor, Chen One Tower, 74-Abdali Road, Multan.  
UAN: 061-111 845 111  
Tel: 061-34500171-72

### Cantt Branch Lahore

3rd Floor, Executive Plaza, 92-Commercial Area Cavalry Ground, Lahore Cantt, Lahore.  
Tel: 042 36619851-52-53-54

### Hyderabad Branch

Office No. 03 F/F, 1st Floor, Salman Tower, Opposite R T Restaurant, Auto Bhan Road, Latifabad, Hyderabad.  
Tel: 022-3823362-63-64

### Mall Road Branch Faisalabad

Office No. 1, 3rd Floor, Fatima Tower, Kohinoor City, Faisalabad.  
Tel: 041-38721852-53-54

### Peshawar Branch

Office No. A-3 & A-4, 1st Floor, Lamsy Arcade, Fakhr-e-Alam Road, Peshawar Cantt, Peshawar.  
Tel: 091-5279544, 091-5286412

### Sea View Branch

Plot # 126-C, 4th Floor, Jami Commercial, Street No. 14, Phase VII, D.H.A, Karachi.  
UAN: 111 845 111  
Tel: 021-35314517

### D.H.A Branch

Plot # 100-C, Office # 101, 1st Floor, Main Khayaban-e-Jami, Commercial Street No. 11, Phase VII, D.H.A, Karachi.  
Tel: 021-35314530-32-33

### Karachi Branch

Plot # 26-C, 1st Floor, Ayyubi Commercial, Street No. 4, Phase 7 Extension, DHA, Karachi. Tel: 021-35345123-24

### New Unit Branch

Plot # 126-C, 4th Floor, Jami Commercial, Street No. 14, Phase VII, D.H.A, Karachi.  
UAN: 111 845 111  
Tel: 021-35314524

### Jami Commercial Branch

Plot # 100-C, Office # 102, 1st Floor, Main Khayaban-e-Jami, Commercial Street No. 11, Phase VII, D.H.A, Karachi.  
Tel: 021-35314556-57-58

### Glass Tower Branch

Plot # 100-C, Office # 101, 1st Floor, Main Khayaban-e-Jami, Commercial Street No. 11, Phase VII, D.H.A, Karachi.  
Tel: 021-35314540

### KEPZA Branch

Plot # N-2, Sector B-III, Karachi Export Processing Zone Authority Phase-1, Landhi Industrial Area, Mehran Highway, Karachi. Tel: 021-35130835-36

### Multan Fiesta Garden Branch

Office # 504, 5th Floor, United Mall, Abdali Road, Multan.  
Tel: 061-34515049-50-51

### Multan City Branch

Office No. 123/ABC, 1st Floor, Shama Plaza, Old Bahawalpur Road, Nishtar Chowk, Multan.  
Tel: 061-34515045-46-47

### Garden Town Branch Lahore

Suit No. 06, 1st Floor, Shan Arcade, Barkat Market, New Garden Town, Lahore. Tel: 042-35889258-59-60

### Faisal Complex Branch

Office No. P-20, Ground Floor, Behind Bank Al-Habib Limited, Bilal Road, Civil Lines, Faisalabad.  
Tel: 041-2647100, 041-2648100

### Shahrah-e-Faisal Branch

Plot # 16-C, Office No. 402, 4th Floor, Ittehad Lane No. 12, Phase II Ext, DHA, Karachi. Tel: 021 - 38736301

### South Branch

126-C, Ground Floor, Jami Commercial, Street No. 14, Phase VII, D.H.A, Karachi.  
UAN: 021-111 845 111  
Tel: 021-35247118

### Delta Branch

126-C, Ground Floor, Jami Commercial, Street No. 14, Phase VII, D.H.A, Karachi.  
UAN: 021-111 845 111  
Tel: 021-35247119

### Creek Branch

Plot # 31-C, Office No. 302, 3rd Floor, Ittehad Commercial Lane - 1, Phase VI, Defense Officers Housing Authority, Karachi.  
Tel: 021-35155628, 29, 30

### CBG Unit

Plot No. 2/6, Room No. 706, 7th Floor, Block 3, Horizon Tower, Clifton, Karachi.  
Tel: 021-34166182-83-84

### Canal Road Branch Faisalabad

70-Officers Colony No.1, East Canal Road, Near ITHM Collage, Faisalabad.  
Tel: 041-38725022-23

### M.T Khan Road Branch

Office No. 01, First Floor, Bahria Complex-3, M.T. Khan Road, Karachi.  
Tel: 021-35612725-26-27-28

### Sub Office Rahim Yar Khan

**Multan Regional Office**  
Office No. 06, 1st Floor, Iqbal Complex, Model Town, Shahi Road, Rahim Yar Khan  
Tel: 068-35888808

### Sub Office Sukkur

**City Branch Karachi**  
Eidgah Road, Near Forest Office, Sukkur.  
Cell: 0331-2734835, 0306-3128904

### Sub Office Faisalabad

**Multan Regional Office**  
Office No. 2, 3rd Floor, Wahab Centre, Main Susan Road, Faisalabad.  
Tel: 041-38723830 - 041-8723833

### Sub Office D. G. Khan

**Multan City Branch**  
Mohib Trader, 1st Floor, 18 Block, Opp Ghazi Medical Collage, Jampur Road, Dera Ghazi Khan.  
Cell: 0344-1555554