



THE FUTURE IS HERE!

INNOVATION AT THE CORE OF TOMORROW

ANNUAL REPORT '25





“

**EACH DEVELOPMENT
IS DESIGNED TO
SIMPLIFY EXPERIENCES,
STRENGTHEN
ACCESSIBILITY AND
CREATE A MORE
SEAMLESS WAY TO
ENGAGE WITH US.**



ABOUT OUR ANNUAL REPORT 2025

Coverage & Contents

Adamjee Insurance Company Limited (the Company) proudly presents its annual report for the year 2025. The Annual Report 2025 covers the twelve-month period from 1 January 2025 to 31 December 2025. Significant events, if any, that took place up to the date of authorization of financial statements and the date of directors' report, i.e. 18 February 2025 have also been explained in relevant sections of the report. The most recent previous report of the Company was dated 31 December 2024.

The Company has included the following content elements for the users of this report:

Organizational overview & external environment

This section introduces the users with our Vision & Mission, Core values, Code of Conduct, Ethics & values, Board of Directors and Management Team.

It also provides information about our business model, geographical presence, products & services, achievements and the external environment in which we operate.

Strategy and resource allocation

This section appraises the users about our short, medium and long term strategic

objectives, strategies adopted and available resources along with their allocation to achieve these objectives

Risk and opportunities

This section enables the users to understand key risks the Company is facing and opportunities it has and how the Company is dealing with them.

Governance

This section contains Directors' report, Statement of Compliance with the Code of Corporate Governance and enables users to understand our ownership and operating structure.

It also provides highlights of the functioning of Board Committees as well as various Governance Policies of the Company,

IT Governance & Cybersecurity

This section provides insights regarding IT Governance and Cybersecurity Framework of the Company and Company's use of Enterprise Resource Planning (ERP) System.

Performance and position

This section provides the users with relevant information and analysis of financial performance and strength of the Company over the last six years.

**THE COMPANY ALWAYS
STRIVES FOR THE BEST
PRACTICES IN CORPORATE
REPORTING FOR ALL
STAKEHOLDERS AND
SHAREHOLDERS.**

Outlook

This section provides information regarding the outlook of the Company and status of projects in the pipeline.

Stakeholders' relationship and engagement

This section explains in detail the policies and measures being taken by the Company to engage and maintain healthy relationship with its stakeholders.

Sustainability and Corporate social responsibility

This section highlights our efforts for sustainability and our contribution towards society to fulfil our social responsibility.

Financial Statements

This section contains Unconsolidated Financial Statements, Consolidated Financial Statements and Financial Statements of Window Takaful Operations along with Auditors' Reports thereon.

Other Information

This section contains the Notice of the Annual General Meeting, Pattern of shareholding and other necessary information.

Scope and boundaries

The scope and boundaries of this report have been derived from the following laws, rules, regulations and frameworks:

- International Financial Reporting Standards 'IFRS' issued by the International Accounting Standards Board 'IASB' as are notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

- In case requirements of IFRS differ, the provisions of or the directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019, have been followed.
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- Code of Corporate Governance for Insurers, 2016
- International Integrated Reporting Framework, and
- Guidelines for best practices on corporate reporting prescribed by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP).

Adoption of IR Framework and Responsibility for the report

The Company always strives for the best practices in corporate reporting for all stakeholders and general public. Our commitment towards adoption of International Integrated Reporting Framework by applying fundamental concepts and guiding principles, in addition to content elements, into our annual report is a forward step to giving an overview of the Company's philosophy to explain the connection between its financial and non-financial information.

The board of directors of the Company acknowledges its responsibility to ensure the integrity of this annual report and assesses that the presentation of this report in accordance with the International Integrated Reporting Framework is still at the preliminary stage. However, the Company will continue to hone the information produced to make it even easier to understand, while considering the interests of stakeholders reading this report.

External Assurances

Independent Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

Riaz Ahmad & Company, Chartered Accountants

Independent Auditors' Report on Audit of Unconsolidated Financial Statements

Riaz Ahmad & Company, Chartered Accountants

Independent Auditors' Report on Audit of Consolidated Financial Statements

Riaz Ahmad & Company, Chartered Accountants

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Compliance with the Shariah Principles

Riaz Ahmad & Company, Chartered Accountants

Shariah Advisor's Report to the Board of Directors

Mufti Muhammad Hassaan Kaleem

Independent Auditors' Report on Audit of Window Takaful Operations

Riaz Ahmad & Company, Chartered Accountants

Basis of preparation and presentation

The information in this report has been included in accordance with the requirements of applicable laws, rules, regulations and frameworks as explained in 'Scope and boundaries' section. In addition to that the Company has benchmarked the materiality principle to gauge as to what information is to be disclosed in this report. Hence, this report contains only those matters which have material implications for the Company and its ability to create value over the short, medium and long term.

For feedback, suggestions and queries:
info@adamjeeinsurance.com



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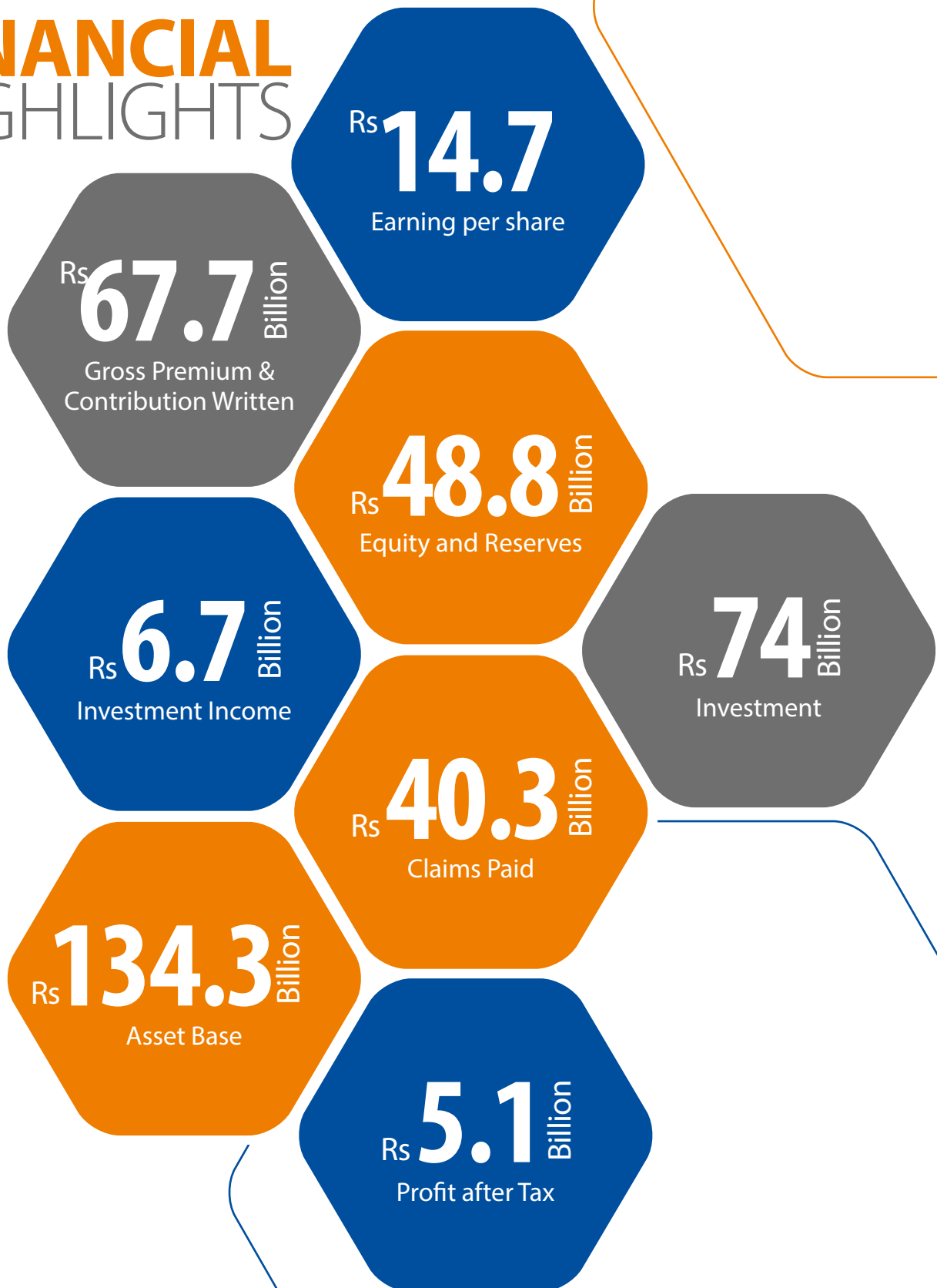


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ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT





adamjee
digital





Progress today is no longer defined by what lies ahead, but by what is already taking shape. At Adamjee Insurance, the future is not a distant vision, it is an active reality driven by innovation, intention, and a commitment to continuous advancement.

Over the year, we have introduced new digital capabilities, from the launch of our mobile application to a reimagined website and strengthened technological infrastructure. Each development reflects a deliberate step towards creating smarter, more accessible, and more responsive ways to engage with us.

This year's theme, "[The Future is Here: Innovation at the Core of Tomorrow](#)," captures this momentum. It represents an approach where innovation is not occasional, but embedded at the core of how we think, operate, and deliver value. Every advancement contributes to a future that is already in motion.

As we move forward, our focus remains clear: to build on this foundation, continue evolving with purpose, and shape a future where innovation consistently enhances experience, strengthens trust, and drives meaningful progress. Because at Adamjee Insurance, the future is not something we anticipate, it is something we are already creating.



Stronger foundations, built for what's next.

As industries grow more complex, the systems behind them must keep pace. We protect your assets with solutions that drive steady, reliable progress.





DIGITAL

Conventional

Takaful

Select from our finest offerings



Health



Motor



Marine



Travel

Services



Claims



Workshop



Hospital



Endorsement

+ Link Policy

Get Insured Get Moving!



Home



My Policies



Support

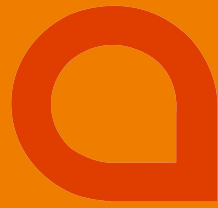


Claims

Q1

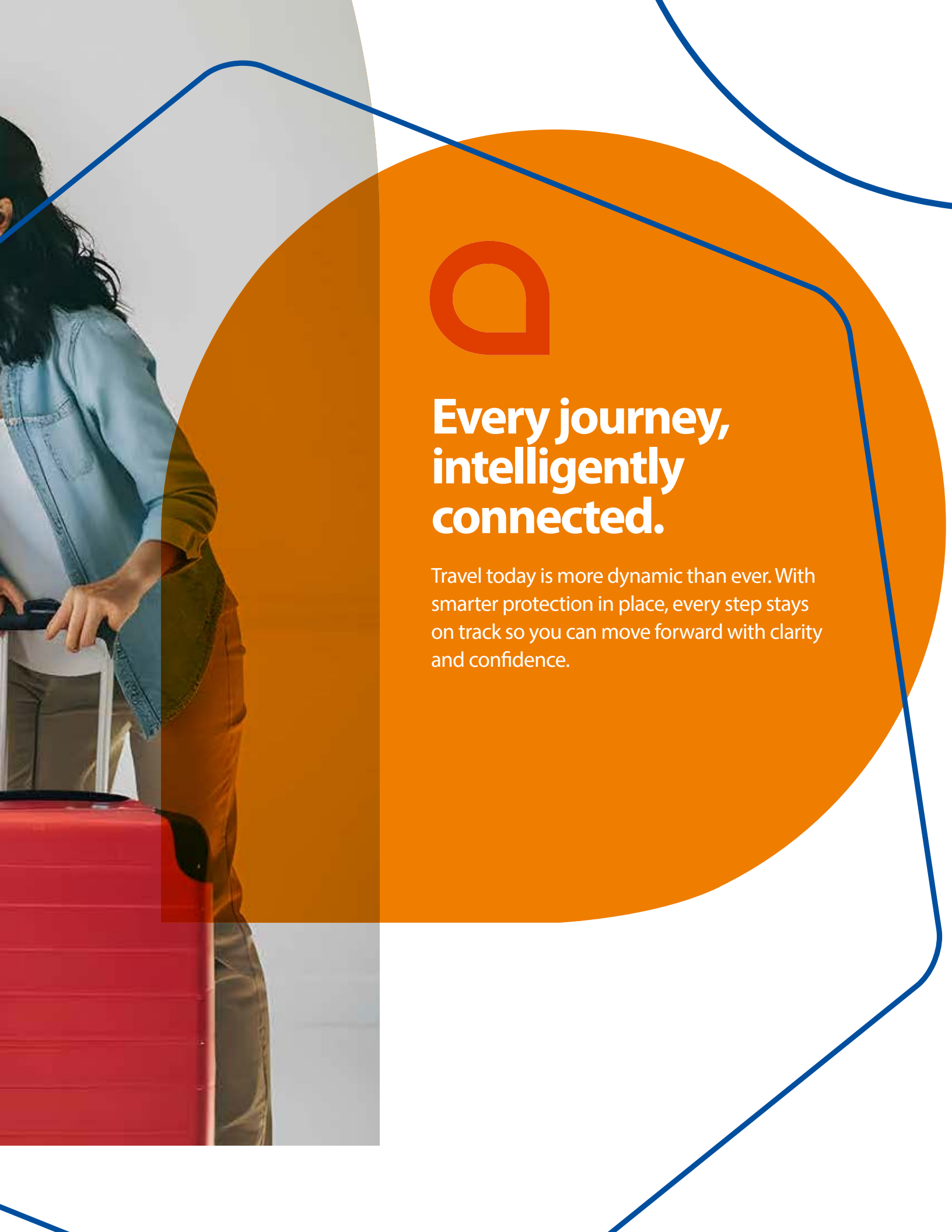
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\$0





Every journey, intelligently connected.

Travel today is more dynamic than ever. With smarter protection in place, every step stays on track so you can move forward with clarity and confidence.







Supporting growth, season after season.

Agriculture depends on balance, timing, and resilience. Our solutions protect every stage, helping each season lead to stronger, more certain outcomes.

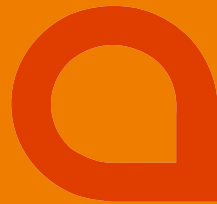


Protection that keeps up with the road ahead.

No two journeys are the same. With coverage that responds as things change, you stay prepared for whatever comes next.







Well-being, powered by smarter support.

Health security today is proactive and connected. We bring together care and innovation to support you at every stage.



Built to power progress at every level.

Behind every operation is a system that keeps it moving. We protect the work that drives results, so progress is never slowed.







Smarter networks. Stronger outcomes.

In a fast-moving world, precision matters. We protect your cargo across every route, keeping movement steady and secure.



VISION & MISSION

Our will is to Explore, Innovate and
Differentiate

Our Passion is to provide Leadership to the
insurance Industry

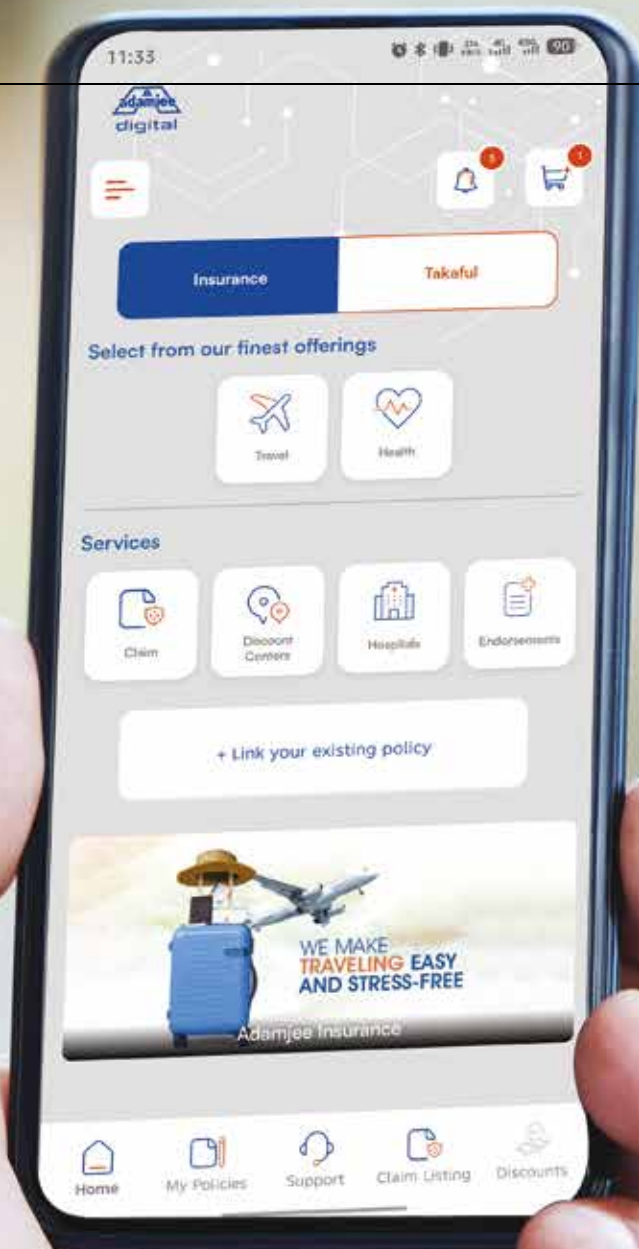
CORE VALUES

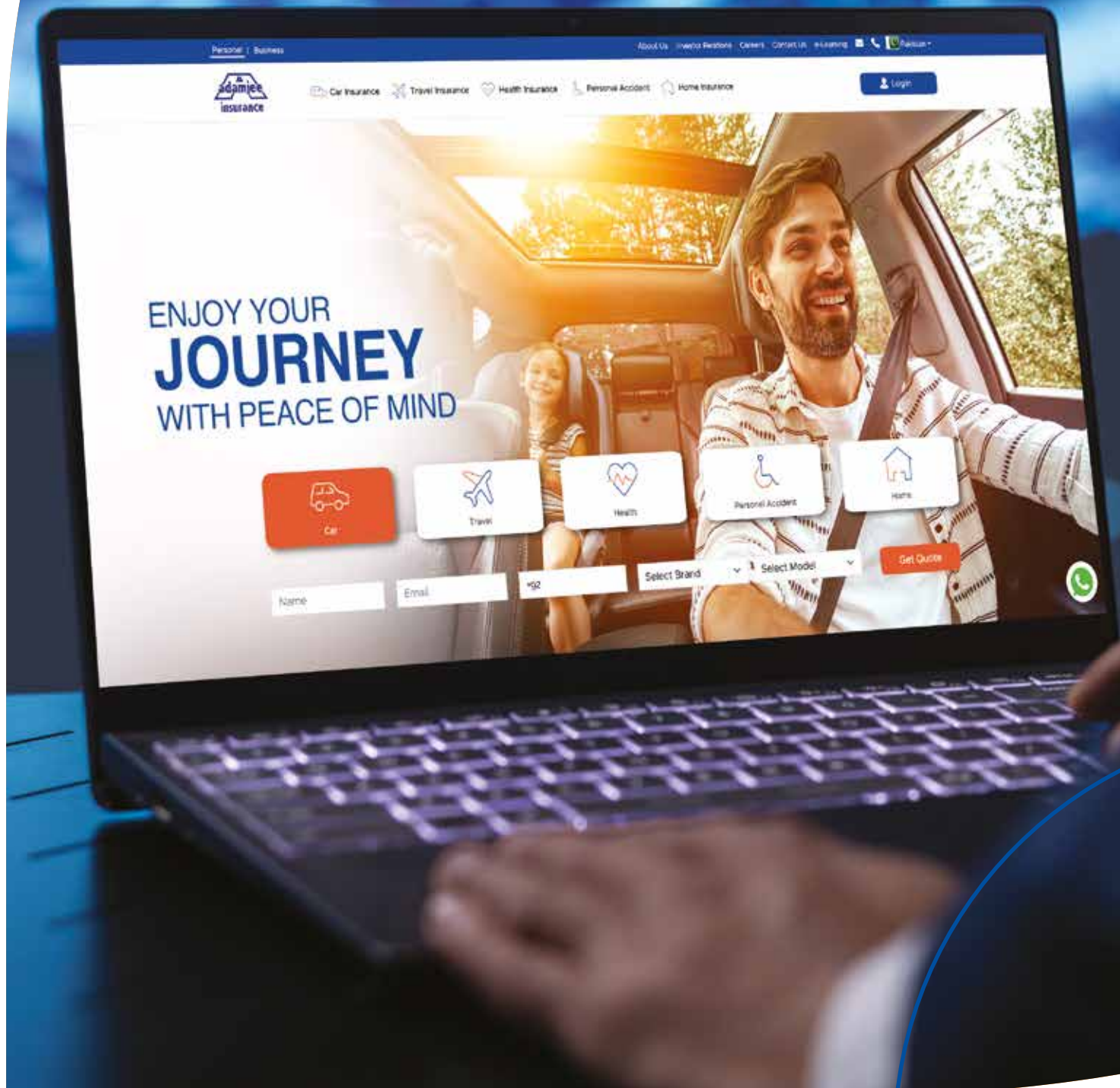
Integrity - Transparency and honesty
without compromise

Humility - Empathy, self-esteem and
respect in all relationships

Fun at Workplace - Work-life balance

Corporate Social Responsibility -
Service to humanity





STRATEGIC OBJECTIVE

- To lead the insurance industry by providing outstanding customer service and maximizing the long-term value for shareholders
- To add value to our stakeholders' relationship
- To maximize utilization of our digital infrastructure to enhance productivity and reduce operational costs whilst ensuring risk mitigation and regulatory compliance

COMPANY INFORMATION

BOARD OF DIRECTORS

Umer Mansha	Chairman
Ibrahim Shamsi	Director
Imran Maqbool	Director
Maha Rehman	Director
Sadia Younas Mansha	Director
Shahmeer Khalid Butt	Director
(Subject to approval of SECP)	
Shaikh Muhammad Jawed	Director
Muhammad Ali Zeb	Managing Director & Chief Executive Officer

ADVISOR

Mian Muhammad Mansha

AUDIT COMMITTEE

Shahmeer Khalid But	Chairman
(Subject to approval of SECP)	
Ibrahim Shamsi	Member
Shaikh Muhammad Jawed	Member
Umer Mansha	Member

ETHICS, HUMAN RESOURCE AND REMUNERATION COMMITTEE

Maha Rehman	Chairman
Umer Mansha	Member
Ibrahim Shamsi	Member
Muhammad Ali Zeb	Member

INVESTMENT COMMITTEE

Imran Maqbool	Chairman
Shaikh Muhammad Jawed	Member
Umer Mansha	Member
Muhammad Ali Zeb	Member
Muhammad Asim Nagi	Member

COMPANY SECRETARY

Tameez-ul-Haque, FCA

CHIEF FINANCIAL OFFICER

Muhammad Asim Nagi, FCA

EXECUTIVE MANAGEMENT TEAM

Muhammad Ali Zeb
Muhammad Asim Nagi
Adnan Ahmad Chaudhry
Asif Jabbar
Muhammad Salim Iqbal

AUDITORS

Riaz Ahmed & Company
Chartered Accountants
10-B, Saint Mary Park,
Main Boulevard, Gulberg III, Lahore 54660, Pakistan

SHARIAH ADVISOR

Mufti Muhammad Hassan Kaleem

SHARE REGISTRAR

CDC Share Registrar Services Ltd
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi-74400
Tel: (92) 0800-23275
Fax: (92-21) 34326053

BANKERS

Abu Dhabi Commercial Bank, UAE
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
Khushali Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Mobilink Microfinance Bank Limited
National Bank of Pakistan
Samba Bank Limited
The Punjab Provincial Cooperative Bank Limited
United Bank Limited
Zarai Taraqati Bank Limited

REGISTERED OFFICE

Adamjee House, 80/A, Block E-1,
Main Boulevard, Gulberg III,
Lahore - 54000, Pakistan
Phone: (92-42) 35772960-79
Fax (92-42) 35772868
Email: info@adamjeeinsurance.com
Web: www.adamjeeinsurance.com



CODE OF CONDUCT, ETHICS AND VALUES

As one of the leading insurance companies of Pakistan, we have great responsibility to conduct our business with utmost honesty and integrity. We prioritize the interests of our various stakeholders and create an environment that helps the business to achieve sustainable growth.

At Adamjee Insurance Company Limited (AICL) we pay close attention to the way we conduct our business in line with the standards set by the Board. This code of conduct contains the guidelines for it. We strive to follow these guidelines at all levels which helps us to create value for our stakeholders.

This code is ingrained in our organizational values and helps us in protecting the interests of our shareholders, investors, customers, employees, regulators and business partners.

The Company is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of Business activities, transactions and interactions.

This Code of Conduct serves to:

- Emphasize the Company's commitment to ethics and compliance with the laws and regulations
- Set forth basic standards of ethical and legal behavior
- Provide reporting mechanisms for known or suspected ethical or legal violations
- Help prevent and detect wrongdoings

Salient Characteristics of Code of Conduct, Ethics and Values

Integrity

All Members of Board of Directors and Employees shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating competitors, suppliers, customers, and colleagues ethically. In case of any breaches that cause damage to the reputation of the Company, strict action will be taken immediately.

Customers

AICL is committed to providing the best customer experience and offer value in terms of the quality of the service. We make sure that our customers are fully satisfied with our service.

Shareholders

AICL strictly follows the principles of the Code of Corporate Governance and works

in accordance with international standards to provide reliable, timely and accurate information to shareholders.

Business Partners

AICL is committed to ensure mutually beneficial relationships with its business partners. There is continuous engagement and communication to make sure business is conducted ethically and in accordance with the law.

Community Involvement

Being part of the corporate community, AICL recognizes its responsibility towards the society and strives to work towards the betterment of the community.

Health, Safety and Environment

Health, Safety and Environmental (HSE) responsibilities constitute an essential part of AICL's operations. These become the core

of the Company's activities. The Company hopes to safeguard people's health and minimize the environmental impact of their jobs. AICL's HSE policy observes all existing laws, regulations and amendments.

Compliance with Laws, Rules and Regulations

Obedying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. In conducting business, the employees shall comply with applicable governmental laws, rules and regulations of the countries in which AICL operates. AICL ensures compliance with the Anti-Money Laundering (AML) Act, 2010, AML Rules, 2008 and the AML/CFT Regulations, 2018 together with the guidelines thereunder.

Use of Company assets

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation.

Confidentiality

Employees must maintain the confidentiality of the business information entrusted to them, except when disclosure is authorized. Business information includes information that might be harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

Equal Employment opportunity

At Adamjee Insurance equal opportunities are given to all employees without any discrimination on the basis of age, race, ethnicity, religion and gender and these characteristics are not the basis of any employment decision.

Insider Trading

Employees should refrain from Insider trading at all costs and abide by the guidelines provided by SECP.

Conflict of Interest

A conflict can arise when an employee takes actions or has interests that may make it difficult to perform his or her work for the Company, objectively and effectively. Conflicts of interest may also arise when an employee or members of his or her family, receives personal benefits as a result of his or her position at the Company.

- An employee has a prime responsibility to the company and is expected to avoid any activity that could interfere with that responsibility.

- The Company purchases equipment, material, and services for various aspect of its operations. The employees are forbidden from holding any personal financial interest, directly or indirectly in any deal of supplying goods or services to the Company.
- Employees should not engage in any outside business or activity that might interfere with their duties and responsibilities to the Company.
- Any conflict of Interest should be reported to the respective line manager.

Anti-Bribery and Corruption

It is mandatory for all stakeholders to comply with the rules and laws set to govern corruption and bribery.

Employees are prohibited to engage in such activities and in case of any breach, severe penalties will have to be faced.

Political Participation

No membership of any political party or involvement in any political movement is allowed. Moreover, from any political representatives / authorities influence is strictly prohibited.

Workplace Harassment

AICL will maintain an environment that is free from harassment and in which everyone is equally respected.

Workplace harassment is defined as any action that creates an intimidating, hostile or offensive work environment. Such actions include, but are not limited to, sexual harassment, disparaging comments based on gender, race or religion.

Receiving gifts or Favors

All employees are expected to refrain from receiving any gifts or favors that gives the employee an unfair advantage and

might affect the ability of the employee to take unbiased decisions. In case if a gift is received by an employee, it should be submitted to the supervisor as soon as possible.

External Communication & Media Relations

At AICL all employees should report to the Marketing Department and take written approval for any contact with media or writing any type of article which represent or misrepresent the Company position in any mean, Chairman, CEO, CFO and Company Secretary or employee nominated by CEO are authorized to contact media.

Use of Personal Devices at Work

Employees are only allowed to use their personal devices such as cell phones and laptops for business purposes such as attending business call. Personal should only be attended when it's unavoidable.

Whistle Blowing Policy

AICL has a formal whistle blowing policy in place to protect employees from any improper acts and provides them a medium to report any illegal, improper or unethical acts. The employees may also report questionable behavior by sending an email to voice@adamjeeinsurance.com (confidentiality will be ensured).

CHAIRMAN'S REVIEW

It is my privilege to present the performance review of the Company for the financial year 2025, and to reflect on how the Board of Directors and Management have navigated through a dynamic and evolving landscape.

The past year has reaffirmed our belief that resilience and adaptability are not merely responses to change, they are the foundations of sustained success. In an environment shaped by economic recalibration, rapid digital evolution, and shifting global dynamics, Adamjee Insurance has continued to move forward with confidence and purpose.

The year 2025 has been a defining year in our digitalisation journey. As the world increasingly embraces technology-driven solutions, we have placed digital transformation at the core of our strategy, reimagining how we operate, how we engage, and how we deliver value. From enhancing customer touchpoints to streamlining internal processes, our investments in digital infrastructure are enabling faster, smarter, and more personalized insurance solutions.

Building on the transformation initiated in the previous year, we have strengthened our strategic direction, enhanced operational agility, and embraced opportunities arising from improving macroeconomic indicators and greater market stability. These developments have enabled us to reinforce our position as a forward-looking leader in Pakistan's insurance landscape.

Our solid performance is underpinned by a clear focus on innovation and customer-centricity. Through digitalisation, we are not only improving efficiency but also reshaping the customer experience, making insurance more accessible, transparent, and responsive. By leveraging data, automation, and emerging technologies, we are better equipped to anticipate customer needs and deliver meaningful, real-time solutions. Equally central to our journey is our commitment to strong governance and prudent risk

management. The Board remains dedicated to upholding the highest standards of transparency, accountability, and ethical conduct. As we expand our digital capabilities, we continue to strengthen our cybersecurity frameworks and data governance practices to ensure trust and reliability for our customers.

Sustainability continues to be a strategic priority. Our approach to Environmental, Social, and Governance (ESG) integration is rooted in the belief that responsible business practices drive long-term value. Digitalisation plays a key role in this effort, enabling smarter resource utilization, reducing environmental impact, and fostering more inclusive access to insurance solutions. By embedding sustainability across our operations, we are enhancing efficiency, mitigating risks, and contributing positively to society at large.

None of our achievements would be possible without the dedication and professionalism of our employees. Their willingness to embrace change, build new capabilities, and lead with innovation has been instrumental in advancing our digital agenda. I extend my sincere appreciation to our employees for their invaluable contribution during the year.

Looking ahead, we remain optimistic about the future. With digitalisation as a central pillar of our growth strategy, a strong foundation, and the trust of our stakeholders, Adamjee Insurance is well-positioned to lead through innovation, deliver superior service, and achieve sustainable growth in the years to come.

On behalf of the Board of Directors, I would like to express our gratitude to our valued customers, business partners, reinsurers, regulators, and shareholders for their continued confidence and support. Together, we will continue to shape a future defined by resilience, innovation, and enduring success.

Umar Mansha, Chairman

“

**THIS YEAR, WE
HAVE ACCELERATED
OUR DIGITAL
TRANSFORMATION
JOURNEY, HARNESSING
INNOVATION TO
STREAMLINE PROCESSES
AND ELEVATE THE
CUSTOMER EXPERIENCE.”**



ہے، جس سے وسائل کا بہتر استعمال، ماحول پر کم اثر، اور انشورنس تک سب کے لیے آسان رسائی ممکن ہوتی ہے۔ اپنے کاموں میں اس سوچ کو شامل کر کے ہم کارکردگی بہتر بنا رہے ہیں، خطرات کم کر رہے ہیں، اور معاشرے میں مثبت کردار ادا کر رہے ہیں۔

ہماری کامیابیاں ہمارے ملازمین کی محنت اور خلوص کے بغیر ممکن نہیں۔ تبدیلی کو اپنانا، نئی مہارتیں سیکھنا، اور جدت کے ساتھ آگے بڑھنا ہماری ڈیجیٹل حکمت عملی کو کامیاب بنانے میں بہت اہم رہا ہے۔ میں اپنے ملازمین کا سال بھر فراہم کردہ ان کی قیمتی خدمات پر دل سے شکریہ ادا کرتا ہوں۔

آگے دیکھتے ہوئے، ہم مستقبل کے بارے میں پُر امید ہیں۔ ڈیجیٹلائزیشن کو اپنی ترقی کی حکمت عملی کا اہم حصہ بناتے ہوئے، مضبوط بنیاد اور اپنے شراکت داروں کے اعتماد کے ساتھ، آدھی انشورنس جدت کے ذریعے آگے بڑھنے، بہتر خدمات فراہم کرنے، اور آنے والے برسوں میں دیرپا ترقی حاصل کرنے کے لیے اچھی پوزیشن میں ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے معزز صارفین، کاروباری شراکت داروں، ری انشوررز، ریگولیٹرز، اور شیئر ہولڈرز کا ان کے مسلسل اعتماد اور تعاون پر شکریہ ادا کرتا ہوں۔ ہم مل کر ایک ایسا مستقبل بناتے رہیں گے جو مضبوطی، جدت، اور دیرپا کامیابی پر مبنی ہوگا۔

عمر منشا
چیئر مین

چیرمین کا جائزہ

مجھے خوشی ہے کہ میں مالی سال ۲۰۲۵ء کے لیے کمپنی کی کارکردگی کا جائزہ اور جس طرح بورڈ آف ڈائریکٹرز اور انتظامیہ نے تیزی سے بدلتے ہوئے ماحول میں کام کیا ہے اُسے آپ کے سامنے پیش کر رہا ہوں۔

گزشتہ سال نے ہمارے اس یقین کو مزید مضبوط کیا کہ استقامت اور حالات کے مطابق خود کو ڈھالنے کی صلاحیت صرف تبدیلی کا رد عمل نہیں بلکہ دیرپا کامیابی کی بنیاد ہیں۔ ایک ایسے ماحول میں جہاں معیشت میں تبدیلی، تیز رفتار ڈیجیٹل ترقی، اور بدلتے ہوئے عالمی حالات شامل ہیں، آدمی انشورنس نے اعتماد اور واضح مقصد کے ساتھ آگے بڑھنا جاری رکھا ہے۔

سال ۲۰۲۵ء ہمارے ڈیجیٹلائزیشن کے سفر میں ایک اہم سال رہا ہے۔ جیسے جیسے دنیا ٹیکنالوجی پر مبنی حل اپنا رہی ہے، ہم نے ڈیجیٹل تبدیلی کو اپنی حکمت عملی کا اہم حصہ بنایا ہے اور یہ نئے سرے سے طے کیا ہے کہ ہم کیسے کام کرنا ہے، کیسے رابطہ کرنا ہے، اور کیسے اپنے صارفین کو فائدہ پہنچانا ہے۔ صارفین سے رابطے کے طریقے بہتر بنانے سے لے کر اندرونی عمل کو بہتر اور آسان بنانے تک، ڈیجیٹل نظام میں ہماری سرمایہ کاری ہمیں تیز، زیادہ سمجھدار، اور زیادہ ذاتی نوعیت کی انشورنس خدمات فراہم کرنے کے قابل بن رہی ہے۔

گزشتہ سال شروع کی گئی تبدیلی کے اقدام کو آگے بڑھاتے ہوئے ہم نے اپنی حکمت عملی کی سمت کو مزید مستحکم کیا ہے، کام کرنے میں لچک پیدا کی ہے اور معیشت کے بہتر ہوتے ہوئے بڑے اشاریوں اور مارکیٹ کے استحکام سے فائدہ اٹھایا ہے۔ ان اقدامات نے ہمیں پاکستان کے انشورنس شعبے میں ایک آگے کا سوچنے والے ادارے کے طور پر مزید مضبوط کیا ہے۔

ہماری مضبوط کارکردگی کی بنیاد جدت اور صارف مرکزیت پر واضح توجہ ہے۔ ڈیجیٹلائزیشن کے ذریعے ہم نہ صرف کارکردگی کو بہتر بنا رہے ہیں بلکہ صارف کے تجربے کو بھی نئی شکل دے رہے ہیں، جس سے انشورنس زیادہ قابل رسائی، شفاف، اور مؤثر ہو رہی ہے۔ ڈیٹا، آٹومیشن، اور ابھرتی ہوئی ٹیکنالوجی کے استعمال سے ہم صارفین کی ضروریات کا بہتر اندازہ لگانے اور بامعنی، فوری حل فراہم کرنے کے لیے زیادہ مؤثر طور پر تیار ہیں۔

ہماری اس پیش رفت میں مضبوط نظام اور خطرات کو احتیاط سے سنبھالنے کا عزم بھی بہت اہم ہے۔ بورڈ شفافیت، ذمہ داری کا احساس، اور اخلاقی طرز عمل کے اعلیٰ معیار برقرار رکھنے کے لیے پرعزم ہے۔ جیسے جیسے ہم اپنی ڈیجیٹل صلاحیتوں کو بڑھا رہے ہیں، ہم اپنے صارفین کے اعتماد کو برقرار رکھنے کے لیے سائبر سیورٹی اور ڈیٹا کے نظام کو بھی مضبوط بنا رہے ہیں۔

دیر تک قائم رہنے والی ترقی ہماری اہم ترجیح ہے۔ ماحولیاتی، سماجی، اور گورننس (Environmental, Social, and Governance - ESG) کے اصولوں کو اپنانے کے لیے ہمارا نقطہ نظر اس بات پر مبنی ہے کہ ذمہ داری سے کاروبار کرنے کے طریقے طویل مدت میں فائدہ دیتے ہیں۔ ڈیجیٹلائزیشن اس میں اہم کردار ادا کرتی

CEO'S MESSAGE

It is with great pride that I present Adamjee Insurance Company's Annual Report for the financial year 2025, reflecting our achievements, strategic initiatives, and the resilience that has defined our journey this year.

In 2025, Adamjee Insurance continued to thrive in a dynamic and unpredictable global landscape. We have faced challenges head-on and transformed them into valuable opportunities for growth. Our unwavering focus on customer-centric solutions, innovation, and operational excellence has fortified our leadership in Pakistan's insurance industry.

This year marked record achievements by Adamjee Insurance. We experienced an impressive 16% growth in Written Premiums and a 17% increase in Contribution Margin; our total written premiums reached a staggering mark of Rs. 67.7 billion, surpassing the previous year's written premiums of Rs. 58.2 billion. This is the highest premium ever recorded by any general insurer of Pakistan. Furthermore, our Profit Before Tax surged to Rs. 8.36 billion, up from Rs. 6.71 billion in 2025, further strengthening our financial position and demonstrating our readiness for long-term success.

Our success is a testament to the strategic vision that guides us, a vision that combines technological innovation, process optimization, and an unwavering focus on customer satisfaction. We prioritize transparency and trust, allowing us to set new industry benchmarks and

solidify our reputation as the preferred choice for comprehensive insurance solutions.

At the heart of our progress is our dedicated workforce. We have cultivated an inclusive and ethical work culture, empowering our employees to innovate, grow, and elevate service standards. By investing in talent development and fostering a forward-thinking mindset, we have created an environment where creativity and excellence flourish. Our people's passion to strive for betterment continues to be the driving force behind our success.

As we look to the future, our goal is not only to maintain our market leadership role but also to expand our horizons. With a firm commitment to sustainable growth, digital transformation, and superior customer service, we are poised to continue reshaping the insurance industry. Our mission is simply to deliver unparalleled value, build lasting trust with our stakeholders, and set new standards of excellence in the industry.

I extend my deepest gratitude to our valued customers, business partners, shareholders, regulators, board of directors and employees for their continued support. With your patronage, we will continue to drive forward with confidence, resilience, and an unwavering commitment to excellence.

Muhammad Ali Zeb,
MD & Chief Executive Officer



WE ARE COMMITTED TO LEVERAGING THE LATEST TECHNOLOGY TO DELIVER SEAMLESS ACCESS TO OUR PRODUCTS AND SERVICES, PRIORITIZING SUPERIOR VALUE FOR OUR CUSTOMERS."



BOARD OF DIRECTORS



UMER MANSHA
Chairman

Mr. Umer Mansha holds a bachelor's degree in Business Administration from USA. He has served on the Board of Directors of various listed companies for more than 24 years. He also holds the position of Chief Executive Officer of Nishat Mills Limited. In addition, he has been serving on the boards of various other businesses.

Other Directorships:

- Adamjee Life Assurance Company Ltd.
- Hyundai Nishat Motor (Pvt) Limited
- MCB Bank Limited
- National Textile Foundation
- Nishat (Raiwind) Hotels & Properties Ltd.
- Nishat Agriculture Farming (Private) Limited
- Nishat Agrotech Farms (Pvt) Limited
- Nishat Dairy (Private) Limited
- Nishat Developers (Private) Limited
- Nishat Hotels & Properties Ltd
- Nishat Mills Ltd.
- Nishat Sutas Dairy Limited



IBRAHIM SHAMSI
Director

Ibrahim Shamsi is the Chief Executive Officer of Joyland (Pvt.) Limited and AA Joyland (Pvt.) Limited and is the Chairman of Cotton Web (Pvt.) Limited. Ibrahim earned his MBA from the Lahore University of Management Sciences (LUMS). He has done Advance Management Program from Harvard University, USA.

Other Directorships:

- A. Joyland (Pvt) Limited
- MCB Islamic Bank Ltd
- AFLAK Developers
- AGROHUB INTERNATIONAL (PVT) LTD
- Cotton Web Limited
- Dupak Developers Pakistan Pvt. Limited
- Dupak Premier Properties (Pvt) Ltd
- Dupak Properties (Pvt) Limited
- Dupak Residency (Pvt) Ltd
- Dupak Tameer Limited
- Fortress Financials Services Pvt. Ltd.
- Fortress Square Services (Pvt) Limited
- Fortress Developers (Private) Limited
- Ibsal Properties Limited
- Joyland Construction Pvt Ltd.
- Joyland Entertainment (Pvt) Ltd
- Joyland Limited
- Siddiqsons Limited.
- Siddiqsons Tin Plate Limited
- SIDDIQSONS ENERGY LIMITED
- Fortress Builder Private Limited
- Dupak Skyline Private Limited
- Dupak Towers Private Limited
- Ashrie Tech Pvt Ltd



SHAHMEER KHALID BUTT
Director

Mr. Shahmeer Khalid Butt is a Corporate Finance & Investment Professional and has worked in different organizations in Pakistan and United Arab Emirates. Mr. Butt currently serves as Managing Director at Next Pharmaceuticals Products (Pvt.) Ltd. He has previously served in Corporate Finance roles with the Al Futtaim Group (UAE) and served as a Board Member on Public Listed Companies. He holds a B.Sc. (Hons.) degree in Investment and Financial Risk Management from Bayes Business School - City St George's, University of London. He also holds membership of Lahore's chapter of Entrepreneurs Organization (EO) and is a Certified Director from Pakistan Institute of Corporate Governance.

Other Directorships:

- Next Pharmaceuticals Products (Pvt.) Ltd.



IMRAN MAQBOOL
Director

Imran Maqbool served as President & Chief Executive Officer of MCB Bank Limited (MCB) for nine years. Before taking on CEO position, he served MCB for ten years in senior management positions covering Retail, Islamic, Corporate, Special Assets and Sri Lanka Operations of the Bank. Prior to joining MCB in 2002, Mr. Maqbool worked in local banking operations of Bank of America and Citi Bank for more than 17 years. He is a seasoned professional with over 37 years of diverse banking experience. Mr. Maqbool has served as Board member of multinational and local companies, including Vice Chairman of Pakistan Banks' Association. He holds MBA degree from Institute of Business Administration (IBA) Karachi and MS in Management from MIT Sloan School of Management, Massachusetts USA.

Other Directorships:

- Adamjee Life Assurance Company Limited
- Export Import Bank of Pakistan
- Deposit Protection Corporation



MAHA REHMAN
Director

Maha Rehman is a development professional with over 25 years of diverse, cross-sectoral experience in the not-for-profit sector, as well as the corporate sector with expertise in Monitoring & Evaluation, MarComms, Strategy and Organizational Development. Ms. Rehman holds Board positions at the Lahore based Fatima Memorial Hospital, NUR Foundation, NUR International University, Lahore, Adamjee Insurance, Lahore, as well as GoRead.pk, Karachi, Pakistan. Ms. Rehman is the co-founder of NUR Foundation and NUR Center for Research and Policy, the technical research arm of NUR- Fatima Memorial System, Lahore, Pakistan. Ms. Rehman also leads the Management Committee at NUR International University, Lahore (NIU). NIU is accredited by the Higher Education Commission of Pakistan and chartered by the Government of Punjab. Ms. Rehman has worked across Pakistan as well as in Canada. She has also taught at the Executive MBA programme at SZABIST, Karachi. Her work has been published internationally. Ms. Rehman is a certified Board Director and is currently based in Lahore, Pakistan. Apart from her professional interests, Ms. Rehman is an avid gardener.

Other Directorships:

- Fatima Memorial Hospital
- NUR Foundation
- NUR International University
- GoRead.pk



SADIA YOUNAS MANSHA
Director

Sadia Younas Mansha has more than 20 years of diversified professional experience in Textile, Knitwear, Dairy and Agriculture Farming. She is currently serving in the capacity of Managing Director of Nishat Dairy (Pvt) Limited and Nishat Agriculture Farming (Pvt) Limited. She is also the Chief Executive Officer of Golf View Land (Pvt) Limited.

Other Directorships:

- Golf View Land (Pvt) Limited
- Nishat Agriculture Farming (Private) Limited
- Nishat Sutas Dairy Limited
- Nishat Dairy (Private) Limited
- Pakgen Power Limited



SHAIKH M. JAWED
Director

S. M. Jawed possesses extensive expertise in the efficient management of cutting-edge industrial operations. His remarkable technical proficiency has earned numerous accolades and merits for outstanding performance in exporting industrial products from Pakistan. Under his guidance, the industrial entity he leads has received prestigious awards, contributing significantly to the country's foreign exchange reserves.

A recipient of technical education in Industrial Technology from the UK, Mr. S. M. Jawed has been honored with a Gold Medallion Award from the International Export Association, UK, highlighting the company's excellence in production and export.

In addition to his leadership in the industrial sector, he holds Directorship / shareholding in following entities, reflecting his diverse business interests.

Other Directorships:

- Adamjee Life Assurance Co. Limited.
- Din Textile Mills Limited;
- Din Leather (Pvt.) Limited;
- Din Farm Products (Pvt.) Limited;
- MCB Bank Limited;



MUHAMMAD ALI ZEB
MD & Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and completed post graduate diploma in Organizational Leadership from Saïd Business School, University of Oxford. He has over 30 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as the Chief Financial Officer in 2005 where he was promoted as Executive Director Finance. He was appointed as the Chief Executive Officer in 2008 and remained in this position until March 2011. Before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013. Ali also served as the Chief Financial Officer at City School (Pvt) Limited. He has served as the Chairman, Insurance Association of Pakistan in 2014.

Other Directorships:

- Adamjee Life Assurance Company Limited
- MCB Bank Limited
- Nishat Sutas Dairy Limited
- Pakgen Power Limited

ROLE AND RESPONSIBILITIES OF CHAIRMAN

- Chairman provides leadership to the Board and presides the Board meetings.
- Establishes a strong governance structure in which not only the effectiveness of the overall Board, but also of an individual member, increases.
- Creates an environment that promotes open communication, strong corporate relations that allow every individual member to express their viewpoints and have constructive debates at Executive and management level of the organization.
- Exercise strict impartiality on every matter and ensures to act in accordance with the provisions of the Companies Act 2017, Code of the Corporate Governance and the Memorandum and Articles of Association of the Company.
- Ensures that the Company's policies and objectives set by the board are in the best interests of the organization and encourage future development and sustainable long-term growth.
- Conduct meetings with Chief Executive Officer (CEO) to ensure that the objectives and strategies set by the Board are successfully implemented by the management.
- Makes sure that all the important issues and upcoming changes are thoroughly discussed in the board meeting and a way forward is established.
- Ensures that shareholders' and other Stakeholders' views are taken into consideration and effective communication is established between the stakeholders and the Board.



MANAGEMENT TEAM



MUHAMMAD ALI ZEB

Managing Director & Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and completed post graduate diploma in Organizational Leadership from Said Business School, University of Oxford. He has over 30 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as the Chief Financial Officer in 2005 where he was promoted as Executive Director Finance. He was appointed as the Chief Executive Officer in 2008 and remained in this position until March, 2011. Before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013. Ali also served as the Chief Financial Officer at City School (Pvt) Limited. He has served as the Chairman, Insurance Association of Pakistan in 2014.



MUHAMMAD ASIM NAGI

Executive Director Finance & Chief Financial Officer

Muhammad Asim Nagi has over 28 years of experience in Accounts and Finance. He is an Economics graduate from University College London and is a Fellow of the Institute of Chartered Accountants in England & Wales. Asim is also a member of the Institute of Chartered Accountants of Pakistan and a Fellow of the Association of Chartered Certified Accountants in United Kingdom. He has worked with a number of organizations at the management level in the UK, including Ernst & Young LLP and UHY Hacker Young LLP in London. His experience in UK comprised assurance and transaction advisory, in particular, IPOs, stock exchange flotations and reverse takeovers. He has also worked with A.F. Ferguson & Co., Chartered Accountants (a member firm of Pricewaterhouse Coopers) and has headed the Internal Audit function at DH Corporation Limited. Asim has been with Adamjee Insurance Company Limited since November 2011 and has served as the Executive Director Finance & Chief Financial Officer since 2014.



ADNAN AHMAD CHAUDHRY

Executive Director Commercial

Adnan Ahmad Chaudhry has over 33 years of combined experience in engineering, manufacturing, and insurance sectors. He has done his Master's in Counselling and Coaching for Change from INSEAD. He is a qualified engineer B.E. (Electrical) from UET Lahore. He started his career in 1993 from Arden Engineering & Automation after which he moved to ALSTOM in 1995. He served as Senior Sales Engineer (Abu Dhabi Branch) at Al Hassan Group of Companies in 2000 and as General Manager Sales & Operations at Classic Needs Pakistan (Pvt.) Ltd. from 2003 to 2007.

Adnan has been with Adamjee Insurance since 2008, joined as the Head of Motor Department and became General Manager Operations in 2010 and has served as the Executive Director Commercial since 2013.

MANAGEMENT TEAM



ASIF JABBAR
Executive Director Technical

Asif Jabbar has 33 years of insurance experience in the areas of underwriting, risk management, operations, and sales. He started his career in 1993 with Adamjee Insurance Company Limited where he held different leadership roles. In 2012, he moved to Marsh Operations in Pakistan with Unique Insurance Brokers as Chief Operating Officer. As an insurance broker, the areas of his specialty were energy, property, and business interruption. In 2013, he rejoined Adamjee Insurance Company Limited as an Executive Director Technical. He specialises in Project Finance Insurance. He holds a Bachelor's degree in Commerce & Economics. He is a Fellow of the Chartered Insurance Institute, London and a Chartered Insurer from CII, London. He is also a CMILT from London.



MUHAMMAD SALIM IQBAL
Executive Director Reinsurance

Muhammad Salim Iqbal has over 37 years of experience in the insurance and reinsurance sector. Salim started his career in 1987 from Wahidis Associates (Pvt.) Ltd. He then joined Adamjee Insurance in 1989 as Probationary Officer and was progressively promoted to the position of Deputy Chief Manager - Engineering Department in 1994, after which he joined Al-Dhafra Insurance Company, Abu Dhabi in 1995 as Manager Marine Aviation and Reinsurance. Salim returned to Pakistan in 2005 and joined New Jubilee Insurance Company as Head of Reinsurance. He later joined Adamjee Insurance Company Ltd. in 2006 as Deputy General Manager, Reinsurance. He moved on to IGI Insurance Limited in 2009 as Head of Underwriting and rejoined Adamjee Insurance in 2010 as General Manager Technical. Salim is currently serving as Executive Director Reinsurance. He is a Chartered Insurer and Life Member of Pakistan Engineering Council.

Muhammad Salim Iqbal is a qualified engineer B.E. (Civil Engg.) and Fellow of Chartered Insurance Institute (FCII). He has served as member of IAP's Fire Section Committee & Engineering Insurance Subcommittee in 2009-10 and was also a member of Marine Technical Committee of Emirates Insurance Association from 1997 till 2005.

ROLE AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

- Responsible for leading the Company's long term strategies that maximize shareholders value.
- Provides leadership to the management to efficiently and effectively run the business processes in accordance with the plans and policies approved by the Board. Furthermore, decides the course of actions needed to achieve the objectives set by the Board.
- Be a communication bridge between the Board and the management and convene meetings with Chairman on the critical issues that need to be discussed with the Board.
- Ensures that the Board is provided with relevant information on timely basis for making important decisions
- Engage in effective communication with various stakeholders and establish strong relationships.
- Undertake all necessary actions in ordinary course of business which are in interest of the Company
- Have the authority to appoint or terminate any employee except the appointment, remuneration and terms and conditions of employment of the Chief Financial Officer and the Company Secretary which is determined by the Board and they shall be removed only after the approval of the Board.
- To ensure that the Company maintains the highest standards in conducting the business with regard to applicable laws and regulations.
- To monitor risk management to make sure that management is able to control and mitigate risks.
- Ensure that effective and efficient internal controls are established and followed by the management.
- To ensure and uphold the positive image of the Company.

BOARD COMMITTEES

Audit Committee	
Shahmeer Khalid Butt	Chairman - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Shaikh Muhammad Jawed	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director

Ethics, Human Resources and Remuneration Committee	
Maha Rehman	Chairperson - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director
Umer Mansha	Member - Non-Executive Director

Investment Committee	
Imran Maqbool	Chairman - Non-Executive Director
Shaikh Muhammad Jawed	Member - Non-Executive Director
Umer Mansha	Member - Non Executive Director
Muhammad Ali Zeb	Member - Executive Director
Muhammad Asim Nagi	Member - Chief Financial Officer

MANAGEMENT COMMITTEES

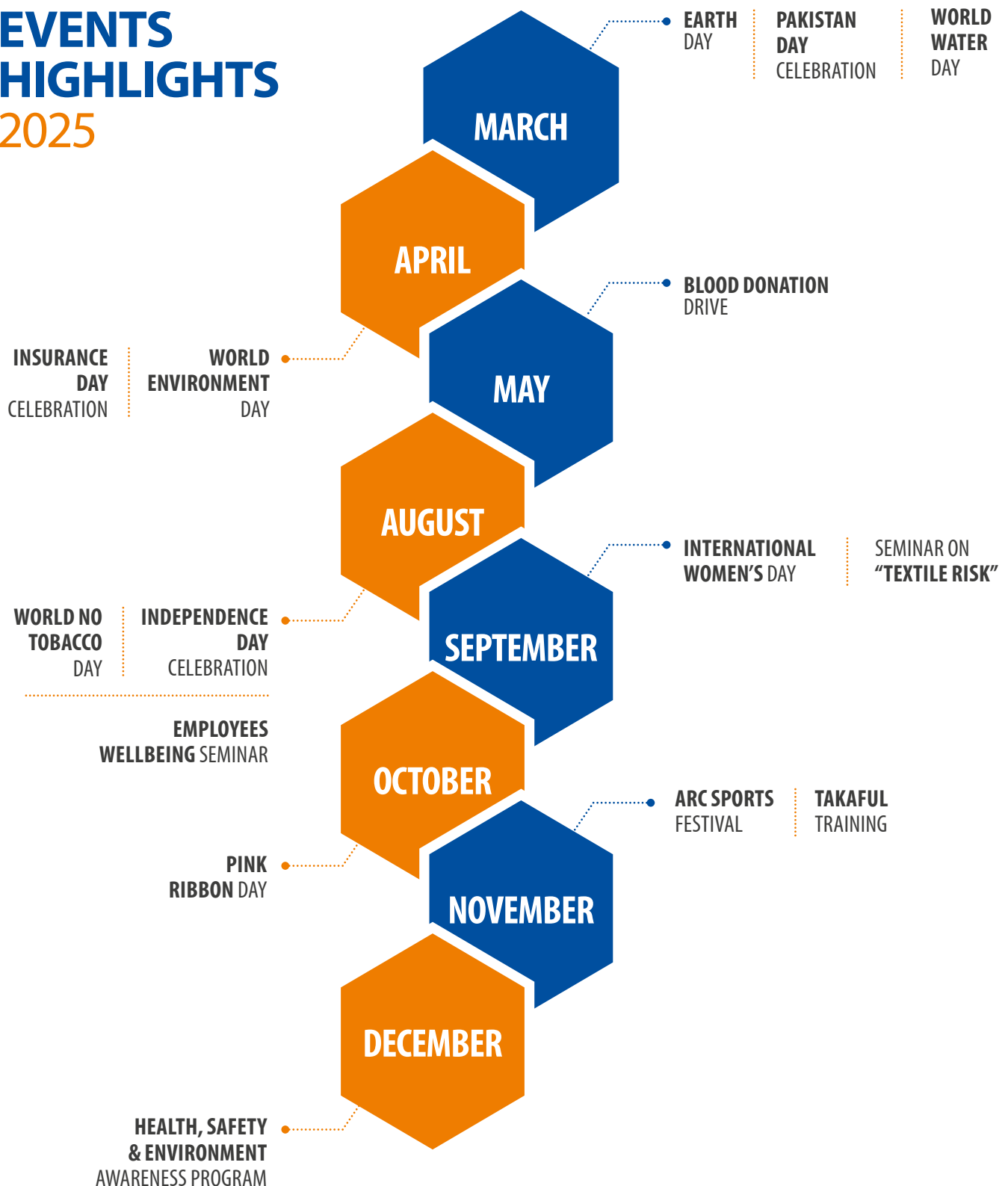
Underwriting Committee	
Umer Mansha	Chairman
M. Ali Zeb	MD & CEO
Asif Jabbar	Head of Underwriting

Claim Settlement Committee	
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Syed Ameer Hassan Naqvi	Head of Claims

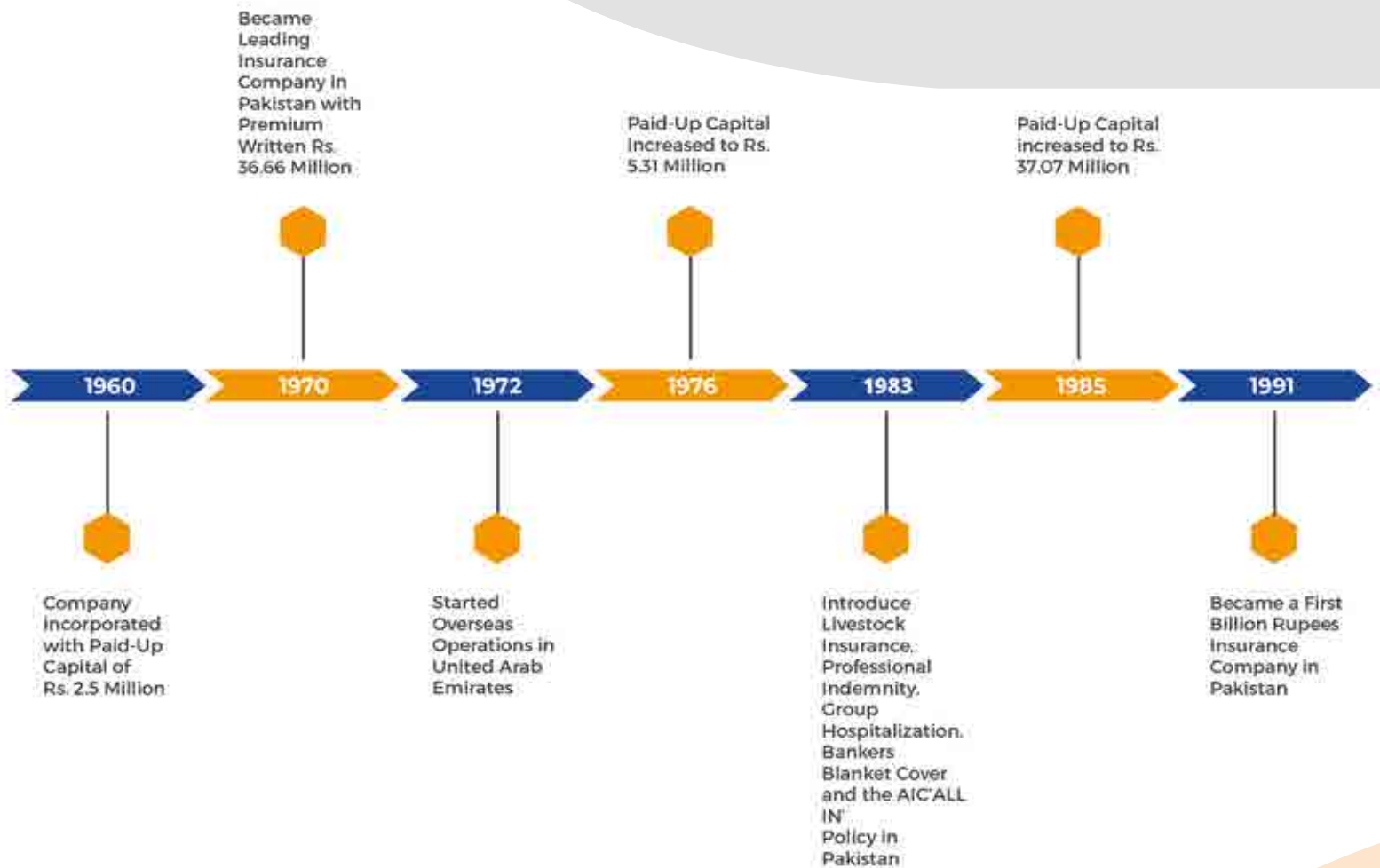
Risk Management & Compliance	
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Compliance / Claims
Tameez ul Haque	Company Secretary
Waqar Ali	Compliance Officer

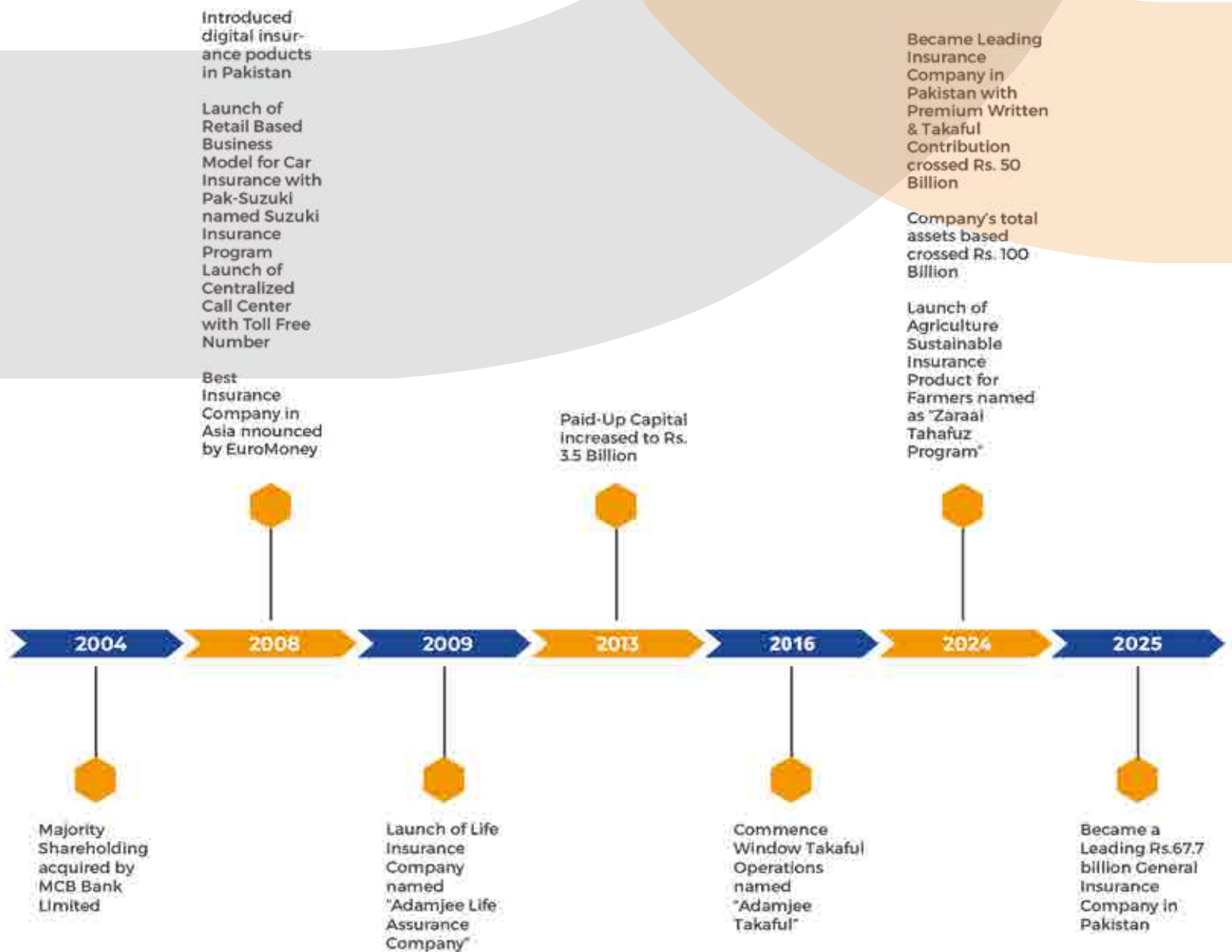
Reinsurance & Coinsurance	
Muhammad Ali Zeb	Chairman
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Underwriting
Adnan Ahmad Chaudhry	Head of Commercial

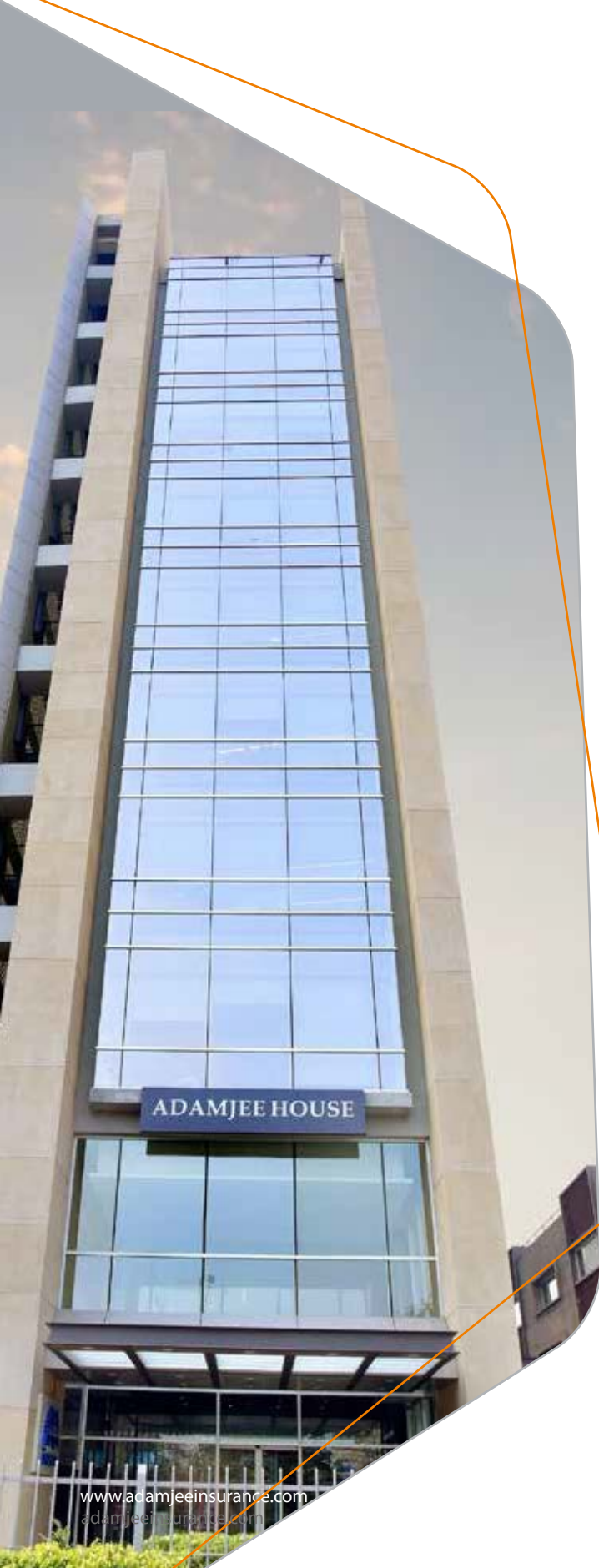
EVENTS HIGHLIGHTS 2025



OUR JOURNEY OVER THE YEARS







COMPANY PROFILE

Adamjee Insurance Company Limited (AICL) is one of the largest general insurance companies in Pakistan, incorporated as a Public Limited Company on 28 September 1960 and is listed on Pakistan Stock Exchange Limited. AICL has a unique advantage of having regional presence in United Arab Emirates (UAE) and maintains its standing through an unwavering commitment to its corporate philosophy. AICL's competitive advantage is achieved by having the largest paid-up capital and reserves, and a well-diversified business portfolio.

A Truly Dynamic Business Setting

AICL aims to deliver innovative customer solutions, owing to its wide-ranging line of products. Its employees are dedicated to delivering their best for its valued customers, trained with all the skills necessary for a truly outstanding customer service. The Company's focus on strengthening and expanding its global presence is reflected in its tapping the growth potential available in the UAE market. AICL has life assurance operations under a separate entity namely, Adamjee Life Assurance Company Limited.

Delivering Value to Customers

Adamjee Insurance is broadly involved in underwriting the following classes of business:

- Fire and Property
- Marine Aviation and Transport
- Motor
- Accident & Health
- Miscellaneous Insurance

As a pioneer in the coverage of Oil & Gas (upstream & midstream), Wind and Thermal Energy Risks, AICL has successfully assumed the role of the leading player in Pakistan's insurance industry. The Company has also managed to secure business being brought in by foreign investors entering Pakistan to execute construction or infrastructure development projects. AICL's confidence lies in the large number of banking and financial sector clients that AICL insures. Some of AICL's high risk-value projects include risk-coverage provision to Petrochemical Factories and Industrial Risk projects. AICL also specializes in insuring Engineering and Telecom concerns.

Alternatively, AICL serves Pakistan's primary industry by providing coverage to the Textile and Sugar sectors. AICL is proud to be the premier insurer of Kidnap & Ransom, Professional Indemnity, Product Liability and other specialized lines in Pakistan. A wide range of Shariah-compliant Takaful Products are also offered through AICL's top-of-the-line Window Takaful Operations, serving customers from all walks of life, on a much larger scale.

AICL's customer-centric approach drives it forward in customer care. The Company's financial strength allows the timely settlement of hefty claims. A competent team of professionals works tirelessly to ensure comprehensive customer satisfaction and a 24/7 dedicated customer care call center is always on call.

PRODUCTS AND SERVICES

CONVENTIONAL/TAKAFUL



FIRE & PROPERTY

- Property All Risk
- Comprehensive Machinery
- Consequential Loss Of Profit
- Energy
- Ginning Stock Policy
- Home
- Fire Policy
- Shopowner's Comprehensive Policy



MOTOR

- Comprehensive Car
- Commercial Vehicle
- Motorcycle Comprehensive
- Motor Third Party Liability



ENGINEERING

- Machinery
- Electronic Equipment
- Boiler & Pressure Vessel
- Contractor's All Risks
- Erection All Risks
- Contractor's Plant & Machinery
- Comprehensive Projects



HEALTH

- Micro Health
- Group Health
- Retail Health



MISCELLANEOUS

- All Risk Valuable
- Bankers Policy
- Burglary
- Cash in Safe
- Cash in Transit
- Cellular Mobile Phone
- Contractual Liability
- Credit Card Travel Inconvenience Policy
- Crop
- Director & Officers Liability
- Doctor Professional Indemnity Policy
- Electronic & Computer Crime
- Employer's Liability policy
- Fidelity Guranatee Policy
- Foreign Exchange Dealers Policy
- General Professional Indemnity Policy
- Gosecure Travel
- Kidnap & Ransom
- Livestock
- Loss of Licence
- Neon Sign Policy
- Personal Accident
- Plastic Card
- Plate Glass
- Product Liability Policy
- Public Liability
- Workmen's Compensation



MARINE

- Marine Hull and Machinery
- Marine Cargo
- Marine Umbrella Liability
- Aviation

AWARDS & ACCOLADES

2025

- First Position in Best Corporate & Sustainability Report 2024 Award by ICAP & ICMAP in Insurance Sector
- Silver Awarded in Best Corporate & Sustainability Report 2024 Award by South Asian Federation of Accountants (SAFA)

2024

- First Position in Best Corporate & Sustainability Report 2023 Award by ICAP & ICMAP in Insurance Sector
- Bronze Awarded in Best Corporate & Sustainability Report 2023 Award by South Asian Federation of Accountants (SAFA)
- Top 25 Companies Award by Pakistan Stock Exchange (PSX)
- Digital Transformation Award 2024 by CXO Global
- Most Sustainable General Insurance Company Award 2024 by The Global Economic

2023

- First Position in Best Corporate & Sustainability Report 2022 Award by ICAP & ICMAP in Insurance Sector
- Winner of Asia's Outstanding Insurance Company in Pakistan by Asia Money
- Certificate of Merit in Best Corporate & Sustainability Report 2022 Award by South Asian Federation of Accountants (SAFA)
- Best General Insurance Company in Pakistan by World Finance

2022

- First Position in Best Corporate & Sustainability Report 2021 Award by ICAP & ICMAP in Insurance Sector
- Bronze Awarded in Best Corporate & Sustainability Report 2021 Award by South Asian Federation of Accountants (SAFA)
- Silver Awarded in SAARC Anniversary Award 2021 by South Asian Federation of Accountants (SAFA)
- Top 25 Companies Award by Pakistan Stock Ex- change (PSX)

2021

- First Position in Best Corporate & Sustainability Report 2020 Award by ICAP & ICMAP in Insurance Sector
- Certificate of Merit in SAARC Anniversary Award for Corporate Governance in 2020
- Winner of Asia's Outstanding Insurance Company in Pakistan 2020 by Asia Money
- Best General Insurance Company in Pakistan by World Finance

2020

- Best General Insurance Company in Pakistan by World Finance
- Best Domestic General Insurer in Pakistan by Insurance Asia, Singapore

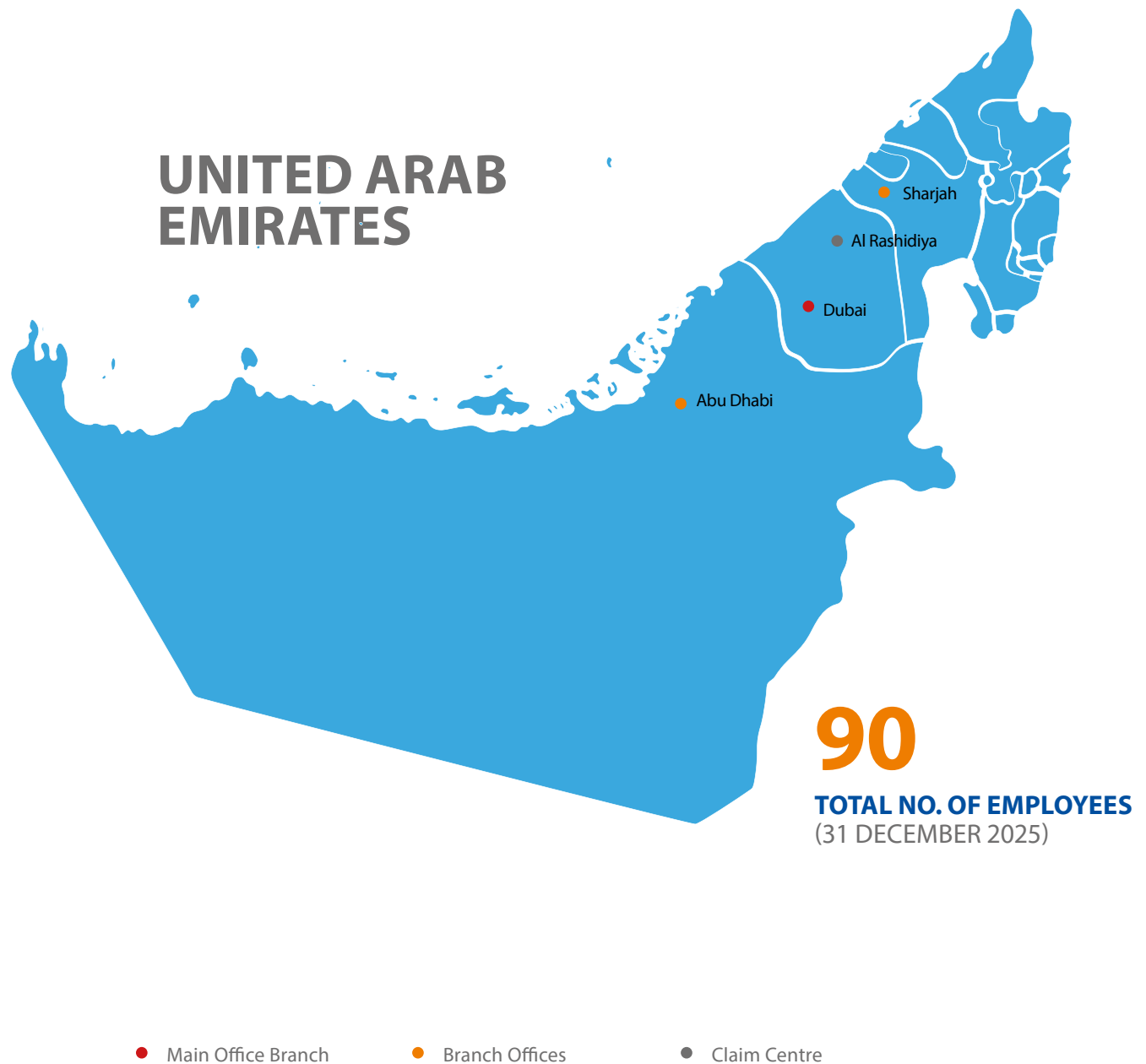
2018-19

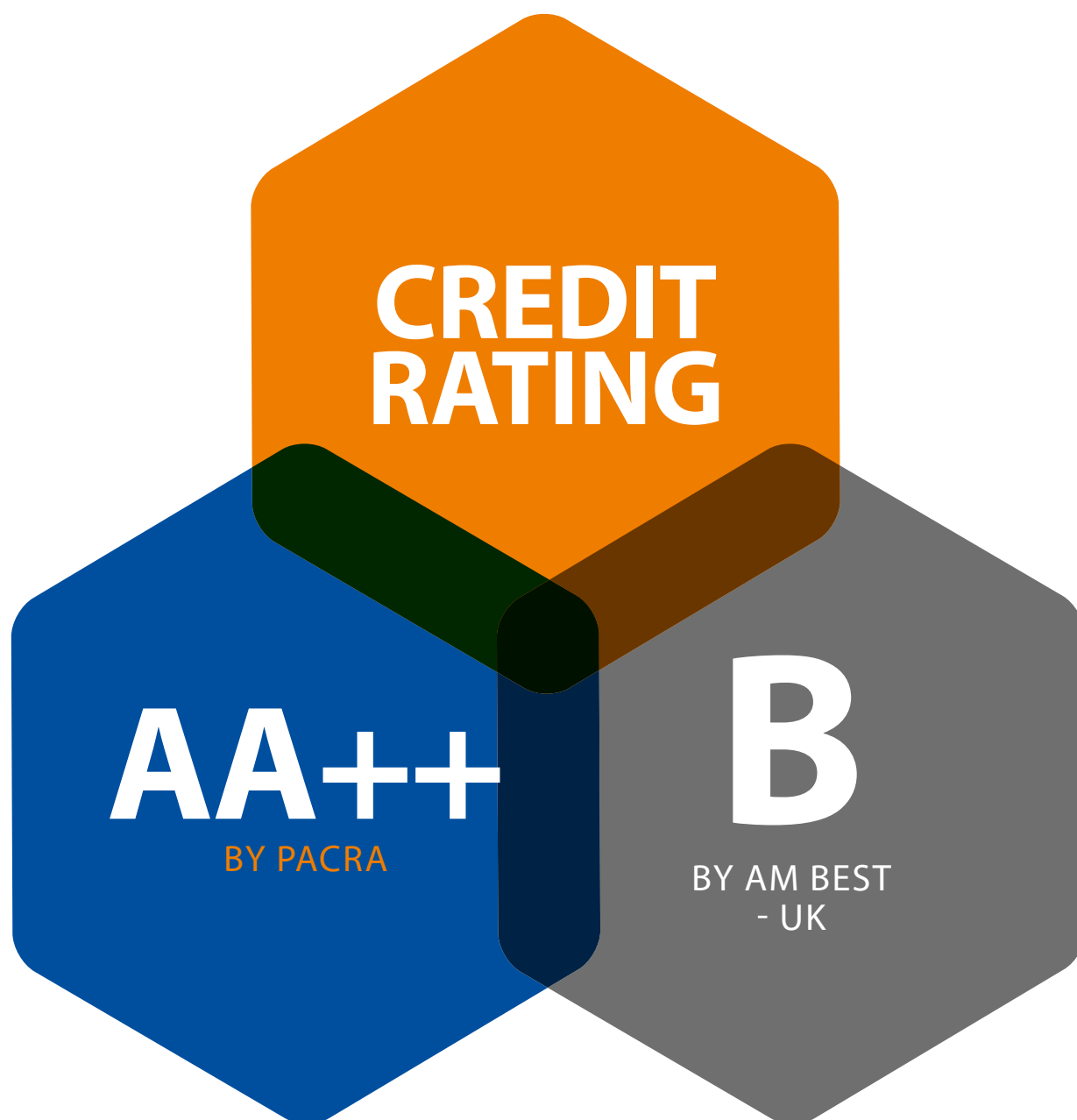
- Best General Insurance Company in Pakistan by World Finance
- Breakthrough Insurer of the Year 2019 by YALLACOMPARE Banking and Insurance Awards UAE
- "Distinguished Insurance Company 2018 under One Belt One Road initiative" by Insurance Research Institute of Fudan University, China



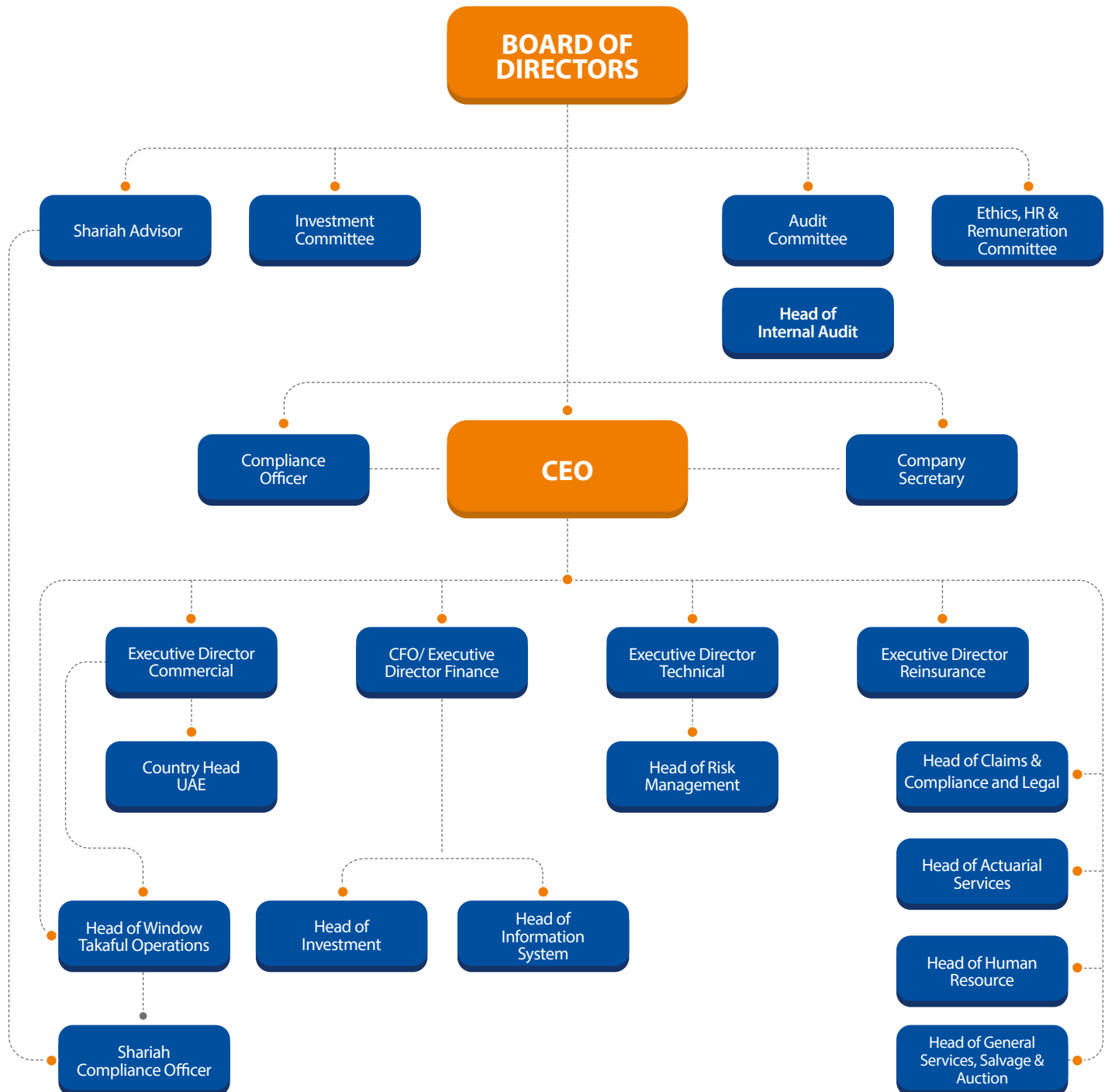
OUR GEOGRAPHICAL PRESENCE







ORGANIZATIONAL STRUCTURE



COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The state of competition in an industry largely depends on five basic forces, commonly described as 'Porter's Five Forces Framework'. According to this framework, competitiveness does not only come from competitors. Rather, the state of competition in an industry depends on five basic forces depicted in below diagram:



THREAT OF NEW ENTRANTS

The threat of new entrants in Pakistan's general insurance sector is generally classified as moderate. The market offers growth potential, considering relatively low insurance penetration and increasing demand for motor, health, property, and SMEs. New entrants are subject to extensive regulatory, capital, and execution barriers that reduce the ease of entry. At the same time, digital distribution and Insurtech partnerships are gradually lowering some traditional barriers, keeping the threat from being low.

Regulatory and Capital Barriers

Entering the general insurance business in Pakistan requires obtaining a license and complying with a robust regulatory framework. New entrants are required to meet minimum capital requirements, solvency expectations, governance standards, and reporting obligations. These requirements necessitate a significant upfront investment. Beyond initial licensing, insurers must maintain ongoing solvency margins, actuarial discipline, internal controls, and compliance structures. These requirements collectively reduce the threat of new entrants.

Need for Reinsurance Capacity and Risk Management

General insurance involves exposure to high-severity events (e.g., fire, floods, industrial accidents) that can generate large claims. New insurers must secure reinsurance arrangements to manage peak risks and meet underwriting capacity needs. Adamjee Insurance being an established insurer has long-standing relationships with reinsurers and stronger historical data to support pricing and underwriting capacity. New entrants may face higher reinsurance costs, tighter terms, or limited capacity until they build credibility and a stable portfolio.

Distribution Access and Relationship Networks

A major challenge for new entrants is to build a competitive distribution channel. In Pakistan, general insurance sales rely heavily on agents, brokers, corporate relationships and bank partnerships.

Adamjee Insurance has competitive advantage in industry due to its comprehensive distribution networks, Preferred-Insurer status with corporate clients, and long-term relationships across its value chain as corporate customers generally prefer insurers with proven claims-paying ability and service history.

Brand Trust and Claims Reputation

Insurance is fundamentally a promise-to-pay in the event of loss, therefore, trust plays a vital role in customer's choice of selecting the insurer, especially for property, engineering, marine, and liability lines where claim amounts can be substantial. New entrants generally struggle to convince customers that they can deliver a smooth claims experience.

Adamjee Insurance has built a reputation for claims responsiveness, fairness, technical competence, surveyor networks, and service infrastructure over the decades.

Product Standardization and Price Competition

Many general insurance products, especially motor and basic property covers, are relatively standardized, which can encourage new players to enter the market by lowering prices. However,

this can create a trap, as intense price competition can compress margins quickly. Without strong underwriting discipline and claims controls, new entrants may grow rapidly but accumulate loss-making portfolios, making long-term survival difficult. So, while standardization reduces product differentiation barriers, it increases the operational risk for new players.



BARGAINING POWER OF CUSTOMERS

The bargaining power of customers in Pakistan's insurance sector is considered moderate to high, influenced by market structure, regulatory oversight, and increasing customer awareness. The sector comprises a large number of conventional and takaful operators offering relatively similar products. This availability of alternatives strengthens customers' ability to compare prices, coverage options, and service quality, thereby enhancing their bargaining power.

Customers in Pakistan are generally price-sensitive, especially in retail segments such as motor and health insurance. Since insurance products are often perceived as standardized, customers can switch insurers with relative ease, particularly for short-term policies. Corporate and institutional clients, due to their large premium volumes, possess even greater bargaining power, allowing them to negotiate favourable premium rates, customized coverage, and value-added services.

Regulatory supervision by the Securities and Exchange Commission of Pakistan (SECP) has improved transparency and consumer protection, further empowering customers. Enhanced disclosure requirements and complaint resolution mechanisms have reduced information asymmetry, enabling customers to make more informed decisions.

However, the bargaining power of customers is somewhat constrained by low insurance penetration and limited insurance literacy, particularly in rural areas. Many customers lack technical understanding of policy terms and risk assessment, which reduces their ability to negotiate effectively.

Overall, as competition intensifies and customer awareness continues to rise, the bargaining power of customers in Pakistan's insurance sector is expected to increase further.

Considering the challenges posed by the customers' bargaining ability, the Company is focused to offer competitive pricing, innovative solutions, and better service quality, especially in form of speedy claims processing.



BARGAINING POWER OF SUPPLIERS

In Pakistan's insurance industry, the bargaining power of suppliers is generally moderate, as insurers rely on specialized external partners to underwrite risks, distribute policies, and manage claims. Suppliers for insurance industry include agents, brokers, reinsurers, bancassurance partners, surveyors & loss adjusters, workshop & repair networks, hospitals (for health insurance), technology vendors, and specialized technical talent such as actuaries. Suppliers in some aspects of the insurance business are able to influence the insurers while in other aspects, the insurers are in better position to avert their influences. For example, reinsurers can exert influence on pricing and underwriting terms for large commercial risks or catastrophe-exposed risks, because insurers need reinsurance capacity to protect their balance sheets and meet solvency expectations. While in high-volume business segments such as motor insurance and routine claims services, insurers can often choose from many workshops, vendors, and service providers, which reduces supplier leverage and enables insurers to negotiate better terms and performance-based service levels.

Adamjee Insurance being one of the largest insurance companies, has strong countervailing power because its scale gives the Company better access to reinsurance markets and wider vendor options. Further, in-house capabilities relating to underwriting, risk management, claim processing and analytics built by the Company over the decades of its operations enable it to negotiate better terms.



THREAT OF SUBSTITUTE PRODUCTS

In Pakistan's insurance industry, the threat of substitute products is generally considered as moderate. As most of the large insurance companies offer similar products and services, may it be property, marine, motor or health insurance. Further, many individuals and small businesses often manage risk through alternatives, especially where coverage is standardized and price sensitivity is high.

Customers' inclination to substitute products for their needs constitutes a moderate level threat. Adamjee Insurance has introduced workable innovations in insurance products, including on demand and usage-based insurance products, which have great appeal for consumers looking for an alternative to the traditional products.



EXISTING COMPETITORS

Existing competition in Pakistan's general insurance industry is high and largely driven by price, distribution network and claims performance, because many core products such as motor, basic property, and certain marine covers, are considered as relatively similar across insurers. The market features multiple conventional insurers alongside takaful operators, which increases customer choice and intensifies competition, especially in retail lines where policies are renewed annually and switching cost is also low.

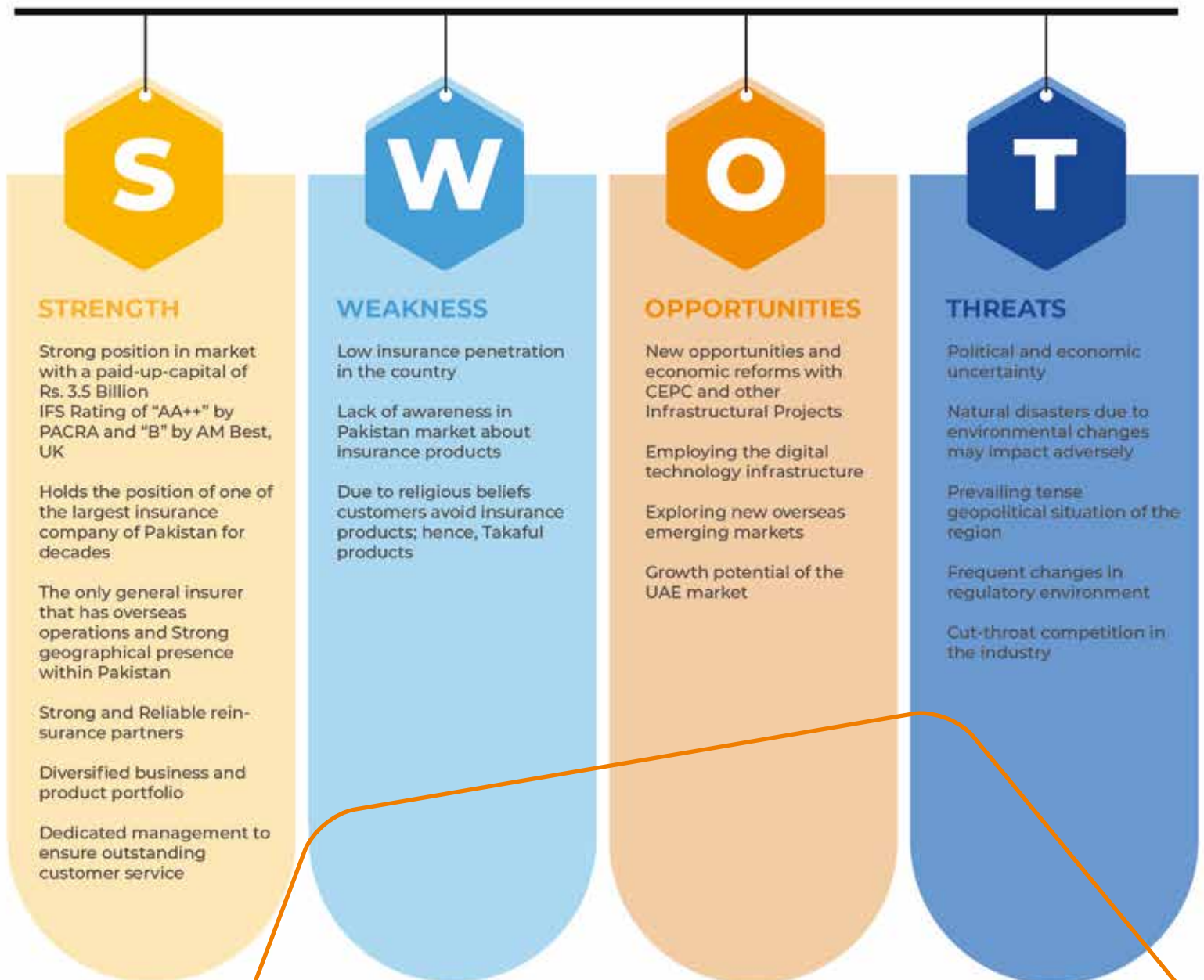
Competition becomes even sharper in corporate and commercial business, where brokers and large clients can invite multiple quotations and push insurers to undercut premiums, offer broader terms, or provide value-added services to win the accounts. This often leads to aggressive pricing cycles, particularly in motor and large-ticket corporate segments, putting pressure on underwriting margins and making disciplined risk selection a key differentiator.

As a result, insurers compete not only on premium rates but also on quality of service and claim settlement efficiency, since customers and brokers increasingly judge insurers by claims experience.

Over time, the competitive landscape has also been shaped by growing digital channels, pushing insurers to invest in technology and better customer experience to not only retain their existing customer base but also to expand their market share.

Adamjee Insurance has successfully placed itself as an 'Insurer-of-Choice' in this cut-throat competitive environment through its large distribution network, innovative products, value-added services, disciplined underwriting, claim settlement efficiency, investment in advance technologies and better quality of services for customer satisfaction.

SWOT ANALYSIS



PESTEL ANALYSIS

PESTEL analysis is a framework used to understand the external macro-environment that affects a country's business environment and industry performance. In Pakistan, PESTEL helps organizations evaluate key national and

regional factors such as political stability, regional geopolitical situation, economic conditions, social trends, technology adoption, environmental risks, and legal requirements before making strategic decisions like investing, expanding, pricing,

hiring, or entering new markets. Furthermore, it also enables the organizations to identify and understand the opportunities and threats in the external environment.



POLITICAL

The political stability of a country has always been a major factor in deciding the growth of the economy. Business environment in a country is also affected by regional geopolitical situation, law-and-order conditions and regulatory environment, as these factors impact supply chains, investor confidence, and operational continuity.

Pakistan's political landscape has become largely stable since elections in 2024, and law & order situation is also satisfactory. Structural reform measures being taken by the Government are enhancing the business-friendly environment. Regional geopolitical front, however, presents uncertainties that has potential to adversely affect the businesses across various regions.

Strict monitoring by Securities and Exchange Commission of Pakistan (SECP) ensures transparency for insurance sector.

Adamjee Insurance closely monitors the developments in the Political and Regulatory environment and adapts its strategies accordingly.



ECONOMIC

After a contraction of 0.21% in FY 2022-23, the GDP of Pakistan grew modestly for the second consecutive year with growth rate of 2.63% in FY 2023-24 and 3.09% in FY 2024-25. The growth trend is expected to continue in FY 2025-26 as well. GDP of Pakistan is expected to grow at 3.2% in FY 2025-26 as per IMF while SBP estimates the GDP to grow in range of 3.75% to 4.75%.

Inflation has been a major concern in last few years, and FY 2025 witnessed a significant reduction in average CPI inflation which reduced to 4.5% as compared to 23.4% in FY 2024, owing to strict monetary and fiscal measures.

The external front also posted positive results, as Current Account yielded a surplus, after over a decade, of USD 1.9 billion approximately. However, the first half of FY 2026 closed with a deficit of USD 1.2 billion while the start of third quarter of FY 2026 witnessed surplus in the current account. Government has taken various measures to stabilize the exchange rate in recent years, and these measures have yielded dividends also. In near future, the exchange rates are expected to remain stable.

The State Bank of Pakistan (SBP) also continued easing the policy rate which stood at 10.5% till December 2025.

Concerning Pakistan Stock Exchange (PSX), the KSE-100 Index posted 51% return during 2025 closing at 174,054 in the year 2025 as compared to 115,127 in the year 2024.

The macroeconomic indicators are showing signs of gradual stabilization of the economic front.



SOCIAL

Pakistan's social landscape is shaped by rapid population growth, urbanization, and diverse cultural traditions. While the country has made progress in infrastructure and economic development, challenges remain in education, healthcare, and income inequality. Rising inflation and limited employment opportunities continue to place pressure on household incomes, increasing financial vulnerability. At the same time, a young population improving literacy, and expanding digital connectivity present strong opportunities for growth and inclusion. These dynamics are gradually transforming consumer behavior and increasing demand for better financial, social, and public services. Overall, Pakistan's social environment reflects both structural challenges and significant long-term potential.



TECHNOLOGICAL

Technological changes are reshaping Pakistan's insurance industry, which has traditionally been agent driven, paper based, and characterized by low penetration (below 1% of GDP). The emergence of Digital Platforms, Insurtech, Artificial Intelligence (AI), Data Analytics, and Mobile Financial Services is forcing insurers to rethink strategy and pushing them towards digitalization.

Further, innovative digital solutions are taking over the insurance market and have a very positive impact on the returns. Customers today look for convenience, so technological advancements have become a key factor in retaining and increasing the customer base. In addition, technology allows the organizations to work with real-time information which enables them to take informed decision.

Adamjee Insurance has invested substantially in technological infrastructure over the years and continues to do so to utilize technology to enhance customer satisfaction, reduce operational costs, enhance productivity and to introduce innovative products, digitalization and automation of policies and procedures.



ENVIRONMENT

Climate change is specifically posing significant threats to South Asian Region in recent years. As a result, Pakistan is facing severe impacts of the environmental challenges, including devastating floods in recent years, heatwaves and poor air quality, with city like Lahore ranked amongst the most polluted ones globally. Although the Insurance business does not have direct impact on environment in form of carbon emission or other waste materials, but it is directly affected by the events of atmospheric disturbances like floods, earthquakes etc. in form of increased insurance claims costs. Hence, environmental changes pose significant challenges for insurance industry.

Adamjee Insurance being cognizant of the risks, not only contributes towards society by offering multiple products to cover for the loss that may be caused by atmospheric disturbances but also covers its own risks by further strengthening reinsurance arrangements.



LEGAL

In 2025, the legal framework of Pakistan's insurance industry, regulated by the Securities and Exchange Commission of Pakistan (SECP), was strengthened through key reforms. These included higher minimum capital requirements for insurers and a shift toward a risk-based capital regime. The introduction of draft Actuarial Valuation Rules 2025 improved the assessment of liabilities and solvency. SECP also emphasized better corporate governance and mandatory actuarial functions within companies. Additionally, steps were taken to support digital and microinsurance models. Overall, these developments aimed to enhance transparency, financial stability, and policyholder protection.

VALUE CHAIN FRAMEWORK

EXTERNAL



UPSTREAM

- Re-insurer / Re-takaful
- Re-insurance brokers / Re-takaful brokers
- Insurance brokers



DOWNSTREAM

- Sales
- Aggregators
- Retailers Distribution Network
- Consumer / Policyholder / Corporate Client

SUSTAINABLE LONG TERM VALUE

INTERNAL

PRIMARY ACTIVITIES

Marketing, Sales and Distributor:

- Extensive branch network in Pakistan & UAE
- Pioneer in establishing retail sales network
- Experienced and competent sales force
- Marketing, PR & Corporate Communication and Advertising,
- Performance Marketing for Online Sales Generation using Social Media & Alliances with Online Sales Aggregators
- Robust relationship with Insurance Brokers

Underwriting:

- Focus on Enterprise Risk Management steps to underwrite risks
- Diversified Product Portfolio for Insurance & Takaful
- Adequate risk evaluation techniques before underwriting
- Conduct timely training to risk professionals to practice new risk management techniques

Claims Management:

- Use of SECP Proficient surveyor's network
- Appointment of Surveyor's as per risk merit
- Dedicated centralized Claim management department
- Hands on information of Claims Process
- Smooth process for Claim Payments

Assets & Investment Management:

- Invest in Long-term quality fixed assets
- Evaluate investment opportunities for placement of funds in diversified instruments for sustainable growth
- Portfolios are built to mitigate market and interest rate risks

Customer Experience & Service Quality:

- Dedicated 24/7 Call Center for Claims & Complaints
- 9001:2015 ISO Certified Company
- Focus on use of digital technology to ensure excellence in customer experience
- Department for Compliant Management
- Customer Satisfaction Surveys

SUPPORT ACTIVITIES

Governance & Risk Management:

- Implementation of Enterprise Risk Management framework
- Maintaining SECP regulatory compliance
- Compliance with Codes of Corporate Governance
- Adequate Re-insurance/ Re-takaful arrangements
- Actuarial services to support operations
- Strong internal control

Technological Advancement:

- Focus on digitalization
- Implementation of Enterprise Resource Management Specialized for Insurance
- Implementation of Takaful Specialized ERP
- Implementation of Business Intelligence System
- State of the art Information System Processes to meet highest security standards
- Online Portals for Motor, Travel and Health Insurance/ Takaful

Finance and Reporting:

- Financial reporting in compliance with applicable IFRS and provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the rules & regulations formulated thereunder
- Integrated ERP System for MIS reporting and decision making
- Finance as a business partner
- Investors' Relations Management

Human capital management:

- Transparent and fair recruitment process
- Focus on Training & Development Programs
- Fair system for appraisal management and rewards
- Activities for employee engagement and motivation
- Collaborative and self-motivated environment

GROWTH ACROSS CORE BUSINESS MODELS



BUSINESS MODEL & VALUE CREATIONS

Mission, Vision, Code of Conduct & Ethics



● INPUTS

● OUTPUTS

● OUTCOMES

FINANCIAL CAPITAL

- Paid-Up Capital: Rs 3.5 billion
- Total Asset: 134.3 billion
- Equity: 40.8 billion
- Combined Investment and Cash & Bank Portfolio: 84.6 billion

- Earnings per Share (EPS): Rs 14.66
- ROE: 10.5%
- Current Ratio: 1.7 times
- Liquid Assets / Total Assets: 71.6%

- Gross Written Premium & Contribution: Rs 67.7 billion
- Claims Paid: Rs 40.3 billion
- Total Investments: Rs 73.9 billion
- Profit after Tax: Rs 5.1 billion

HUMAN CAPITAL

- Total Employees: 1015
- Highly Skilled, Experienced and Competent Employees
- Training & Development Programs
- Performance Management System

- Female staff Ratio: 19%
- Male Staff Ratio: 81%
- No. of Training Conducted; 10
- Employee Engagement Programs: 7

- More focus on customer centricity, Service excellence and customer engagement
- Increase innovation & Competitiveness
- Increase Employees Satisfaction

MANUFACTURED CAPITAL

- Property & Equipment Value is Rs 8.4 billion
- 2 Call Centers (Pakistan & UAE)
- 3 Dedicated Doctors Helplines (Karachi, Lahore & Islamabad)

- 3 Minutes Average Call Resolution Duration
- 30,000+ Customers received Value Added Services
- 900+ Retail Distribution Network

- Digital sales increase in retail segment and multi channel distribution
- Strengthening actuarial capabilities & Market Expansion through analytics for existing and new product developments
- Strong in house team based service architecture

INTELLECTUAL CAPITAL

- Technological Infrastructure is based on Centralized ERP and integrated with functional and technical departments.
- Dedicated Online Portals for Health, Travel, Motor and Window Takaful Operations.

- 98% Policies issued through Electronically.
- Travel insurance product integrated with leading bank app.
- 24000+ Customers received Value Added Services

- Credit Ratings: Pakistan Credit Rating Agency (PACRA) has given Highest Rating 'AA++' and UK Based Rating Agency AM Best given 'B'
- Improving Governance Culture
- Increase Focus on Digitalization

SOCIAL & RELATIONSHIP CAPITAL

- All Leading/ Regional Hospitals are on-board with Health Insurance.
- All Leading Auto- Assemblers, Workshops on-board for Motor Claims
- Partnerships with Local NGO's for Micro Insurance
- Dedicated Teams for CPEC & Special Projects
- Globally renowned and Reliable Re- Insurers/ Retakaful Partners
- Alliances with Digital Aggregators
- Largest distribution network with Partner Banks, and Auto Assemblers, Dealerships

- Edge for Presence in all remote locations of Pakistan
- Wellness Programs & Medical Camps
- Increase in Crop & Livestock

- Contribution to National Exchequer: Rs. 2.7 Billion
- Increased Wellness Programs

NATURAL CAPITAL

- Green Office Initiative
- Largest Insurer of Renewable Energy Projects
- Invested in Green Initiative Projects in Karachi and Lahore Head Office. i.e; Complete LED's based Electrical Infrastructure

- Plantation increased in Karachi and Lahore Offices
- Efficient use of Electricity & Water
- Reduction in Energy Cost
- Paperless environment initiatives

- WWF Certification
- Green Initiatives
- Improved Energy Mix

Legislative and Regulatory Environment

The Government of Pakistan and the regulatory authority, namely, Securities and Exchange Commission of Pakistan (SECP) have made various enactments, rules and regulations to regulate the Insurance Sector in the country. These enactments and the rules and regulations made thereunder aim to provide guidelines for the sector relating to various aspects of the insurance business including, but not limited to, minimum capital requirement for insurers, day to day insurance operations, know your customers (KYC), data maintenance and protection, anti-money laundering and counter financing of terrorism, accounting of transactions, presentation of financial statements, handling of complaints and grievances and so on. The policies of the Government of Pakistan tend to achieve transparency and promote adoption of best practices in all aspects of the insurance business.

Political environment and other countries that may affect our ability to implement our strategy

Political stability in any country plays a vital role in promoting the environment that helps the businesses to grow. Since Pakistan came into being, the political environment has remained somewhat uncertain and unstable. This instability is also reflected in the uneven and irregular growth trends of the country. Pakistan has gone through another severe political crisis in recent years. However, since the elections in 2024 the political horizon seems to have become somewhat stable. This stability is expected to also stabilize the economic environment of the country, which in turn is expected to positively influence the performance of the Company. Regional and global geo-political environments also affect the political and economic conditions of the country and thus affect the ability of the Company to implement its strategies.

The prevailing geopolitical volatility in the Middle East poses a substantial risk to the stability of both regional and global political and commercial landscapes. The current situation has the potential to disrupt economic activity, strain diplomatic relations, and undermine investor confidence far beyond the region. Given the fluidity and unpredictability of the situation, governments and organizations worldwide may be compelled to adopt extraordinary or precautionary measures to safeguard their interests and ensure continuity.

Adamjee Insurance continuously monitors the changes in the political environment both at national and regional levels and re-aligns its strategies to the changing environment, if required.

Significant changes from prior years

There were no significant changes in this section from the prior years.



STRATEGY AND RESOURCE ALLOCATION

OUR STRATEGIES AND OBJECTIVES

Our Vision & Mission

Our will is to Explore, Innovate and Differentiate

Our Passion is to provide Leadership to the insurance Industry

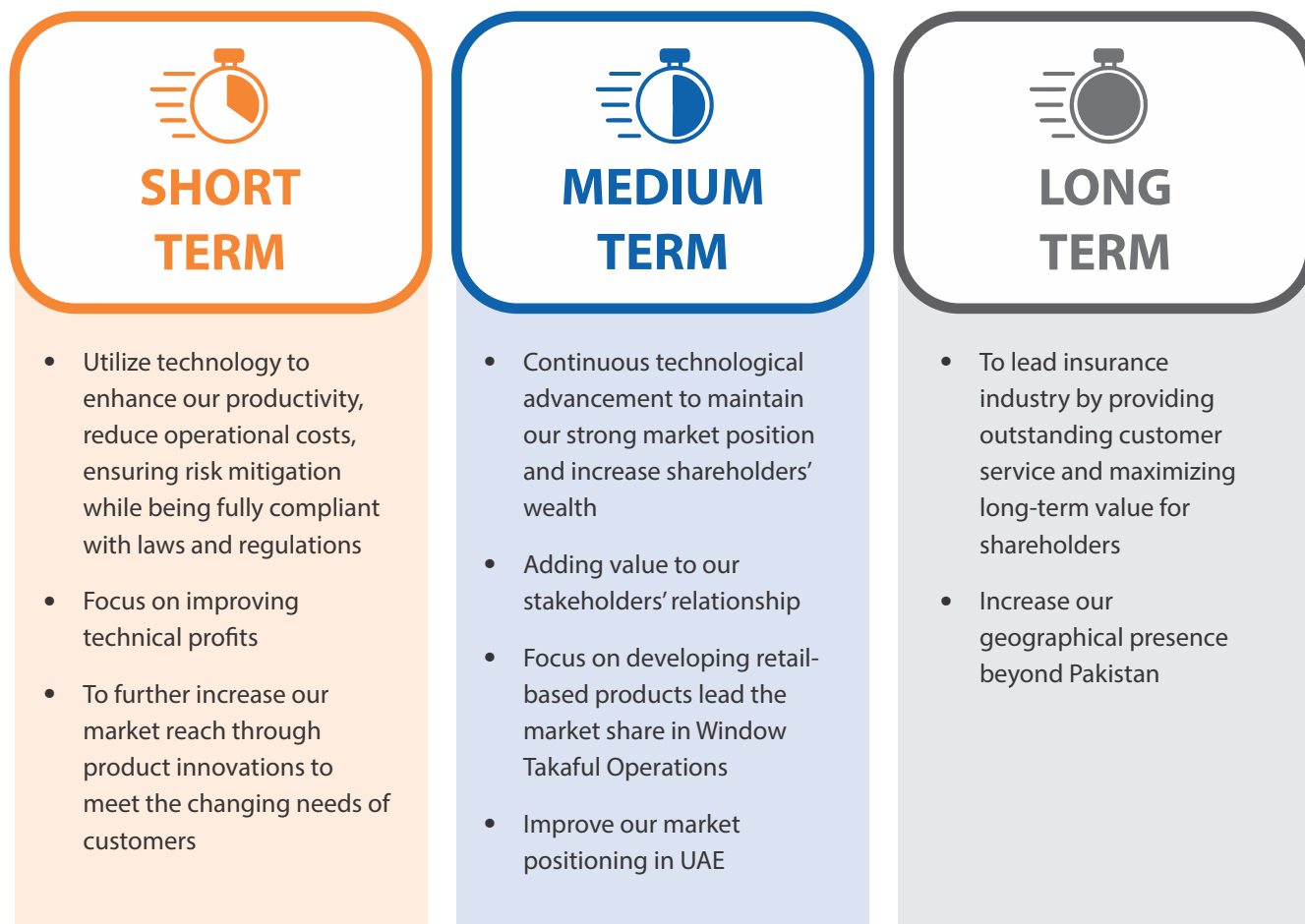
Our Strategic Objectives

- To lead the insurance industry by providing outstanding customer service and maximizing the long-term value for shareholders
- To add value to our stakeholders' relationship
- To maximize utilization of our digital infrastructure to enhance productivity and reduce operational costs whilst ensuring risk mitigation and regulatory compliance

STRATEGY AND RESOURCE ALLOCATION

Strategic Objectives

Our short, medium, and long-term objectives derived from our Vision, Mission and Strategic Objectives are as follows:



Strategies in place to achieve our strategic objectives

Being one of the leading insurance companies, we have a massive responsibility towards our customers, and we strive to meet the changing needs of our customers by utilizing our digital infrastructure and capabilities to provide them with seamless experience. We evaluate the risk factors carefully and come up with innovative solutions to mitigate risks. We have highly trained employees who continuously work towards delivering the best value to our customers.

We believe there is always a room for improvement, therefore, we keep looking for areas to improve. We practice the highest standards of corporate governance and abide by all the laws and regulations of the countries that we operate in. We strive to build healthy professional relationships with all our stakeholders.

We believe in setting a high benchmark in the insurance industry whilst maintaining our position as the market leader. We remain focused on achieving a long-term sustainable growth and maximizing value for our shareholders. We will continue to make positive contributions to our community and strengthen our presence as leader.

Strategic Objectives	Strategies to achieve objectives	KPI	Future relevance of KPI
Utilize technology to enhance productivity, reduce operational cost and ensure risk mitigation while being fully compliant with laws and regulations	• Introduction of digitalization in insurance industry • Automation of procedures in line with policies • Automation of all operational and support processes	Reduction in operational cost and operational efficiency	This is an ongoing process and will remain relevant in foreseeable future
Focus on improving technical profits	• Explore untapped market section to increase business pool • Further strengthen underwriting process • Improve reinsurance & retakaful treaties • Streamlining of operational cost • Improve of processes to bring in operational efficiencies	Increase in profitability from core business	This is an ongoing process and will remain relevant in foreseeable future
To increase our market reach through product innovation to meet the changing needs of the customers	• Innovative and alternate product • Development of rural market products for rural areas • Cross selling of Health & Motor products • Micro insurance in collaboration with leading NGO's	Increase in revenue and outreach	This is an ongoing process and will remain relevant in foreseeable future
Continuous technological advancement to maintain our strong market position	• Upgradation of technological tools to achieve competitive advantage • Use of artificial intelligence and robotic process automation	Sustainable growth	This is an ongoing process and will remain relevant in foreseeable future
Add value to our stakeholders' relationship	• Provide support for rural development through partnering with NGOs for micro-insurance • To ensure customer satisfaction in all customer dealings • Continue financial support to the community in various areas	Corporate social responsibility	This is an ongoing process and will remain relevant in future
Focus on developing retail-based products and increasing market share of Window Takaful Operations	• Strengthen relationships with our business partners • Open new branches for Window Takaful Operations • Fulfill takaful needs of customers and provide Shariah Compliant Products to Islamic Banks	Enhance outreach and Improve Quality of services	This is an ongoing process and will remain relevant in future
To lead the insurance industry by providing outstanding customer service and maximizing the long-term value for the shareholders	• Strengthen leadership position by bringing all round positivity • Anticipate the changing market dynamics in order to meet evolving customers' needs • Expand techno-commercial teams working with local and international brokers	Sustainable Growth	This is an ongoing process and will remain relevant in future
Improve our market positioning in UAE	• Introduction of motor insurance portal in UAE with new marketing strategy • Utilize AICL's close working relations with brokers, online aggregators, and other sales channels to expand • Expand digital presence in all seven emirates followed by physical presence • Diversification in non-motor lines of business	Increase market penetration and improve positioning in UAE	This is an ongoing process and will remain relevant in future

Strategic Objectives	Strategies to achieve objectives	KPI	Future relevance of KPI
Increase our geographical presence beyond Pakistan	- Explore opportunities to expand in other GCC Countries - Our International experience gives us the edge to understand and deal with challenges in new geographical territories	Geographical growth	This is an ongoing process and will remain relevant in future

Method, Assumptions in Compiling and Changes in KPIs

Key Performance Indicators (KPIs) are the benchmarks to measure the performance of an organization. The Company recognizes the importance of aligning the KPIs to the overall strategic objectives as otherwise the resources and efforts of the organization would not be directed to achieve those objectives. The Company sets the KPIs, to measure its performance towards achievement of the strategic objectives and regularly reviews those KPIs to ensure that these are the effective, accurate and relevant to gauge the performance of the company towards achieving strategic objectives.

Our Key Resources & Capabilities and Resource Allocation Plan

Organizational resources are the assets available with an organization for utilization in the provision of services. Effective and efficient utilization of these resources is pivotal towards the achievement of strategic objectives as resource allocation and strategy execution are interdependent. Apart from other factors, the success of AICL, where it stands today, is the result of in-depth and well-thought-out resource allocation planning, careful implementation and continuous monitoring.



Financial Resources

Financial resources also termed as 'Financial Capital' include pool of funds that is available to an organization for use in the provision of services. Financial Capital is obtained through financing either equity or grants or generated through operations or investments.

Major factors affecting availability, quality and affordability of financial capital include:

- Political environment
- General economic conditions
- Fiscal and Monetary policies

Financial Capital of the Company is utilized effectively and efficiently under the guidelines developed by the Board of Directors. Below is a brief synopsis of the major financial resources and their management:

Cash and Liquidity Management

Maintaining adequate liquidity to meet the claims liability, day-to-day working capital requirements and investing surplus funds to generate income is the primary objective of the cash and liquidity management function which is handled by the 'Treasury Department' of the Company. The Treasury Department is equipped with competent professionals with relevant experience of multiple years and operates under the supervision of the Chief Financial Officer.

During the year, the Company has paid Rs. 40,279 million (2024: Rs. 31,231 million) on account of claims to the insured and takaful participants and Rs. 1,208 million (2024: Rs. 1,037 million) as dividends to the shareholders.

Investments Management

Investment function is responsible for handling all investments of the Company. The function as per requirements of the Code of Corporate Governance is segregated into the Front, Middle and Back Office to ensure adequate internal controls. Further, the investment function is equipped with professionals with experience of multiple years and is headed by the chief financial officer under the supervision of the Investment Committee of the Board. Decisions regarding investments are taken by the Investment Committee.

Investment position and its performance are also reviewed by the Board on quarterly basis.

Investment in Technology

Adamjee Insurance has invested appropriately in technological infrastructure over the years and continues to do so to utilize technology to enhance customer satisfaction, reduce operational costs, enhance productivity and to introduce:

- Innovative products
- Digitalization in insurance industry
- Automation of policies and procedures
- Automation of operational and support processes

Alignment of Financial Resources to Strategic Objectives

Financial Capital Function	Resource Allocation's Key Targets	To Achieve Strategic Objectives
 Cash & Liquidity Management	• Ensuring liquidity for growth initiatives • Promotional activities to increase market share • Strengthen cashflow forecasting to support business planning • Enhance working capital efficiency • Maintain financial stability	• To further increase our market reach through product innovations to meet the changing needs of customers • Adding value to our stakeholders' relationship • Lead the market in Window Takaful Operations • Improve our market positioning in UAE
 Investment Management	• Enable strategic investments • Optimize return on invested capital • Monitor and optimize portfolio performance • Support long-term value creation	• Increase shareholders' wealth • Increase our geographical presence beyond Pakistan
 Investment in Technology	• Build scalable and future ready infrastructure • Enhance operational efficiency and productivity • Support innovative product development • Reduce operational risks and strengthen Cybersecurity • Improve customer experience • Strengthen decision making through data analytics	• Utilize technology to enhance our productivity, reduce operational costs, ensuring risk mitigation while being fully compliant with laws and regulations • Continuous technological advancement to maintain our strong market position and increase shareholders' wealth • To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders



Human Capital

Human capital also termed as 'Human Resource' is extremely important in myriad of areas ranging from strategic planning to company image, customer satisfaction to legal compliance and so on. Hence, the importance of Human Capital for achieving organization's strategic objectives cannot be over emphasized.

Major factors affecting availability, quality and affordability of human capital include:

- Market competition to attract and retain adequately experienced and skilled human resource
- Continuous professional development through training to enhance skillset of human resource, especially to meet the requirements of digitalization

and manage the remote / hybrid working environment

- Flexible culture that offers adequate opportunities for growth and work-life balance

The Company has a team of around 1,015 competent employees with adequate experience, skills and qualifications to manage the day-to-day operations. Market competitive remunerations along with adequate opportunities for growth are ensured to attract and retain the best resources. Various on-job trainings are also conducted from time to time to enhance the skillset of the employees. Further, management takes keen interest in identifying and planning succession for all key positions.

Ethics, Human Resource and Remuneration Committee of the Board oversee this function.

Alignment of Human Capital to Strategic Objectives

Human Capital Function	Resource Allocation's Key Targets	To Achieve Strategic Objectives
 Recruitment & Retention of skilled resources	• Build capabilities required for growth • Strengthen innovation and competitive advantage • Improve execution of strategic initiatives • Unbiased recruitment policies • Performance based growth culture • Market competitive remunerations • Career growth opportunities • Work-Life balance	• Focus on improving technical profits • To further increase our market reach through product innovations to meet the changing needs of customers • Adding value to our stakeholders' relationship • To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders
 Continuous Professional Development	• Build and strengthen capabilities to support growth • Enhance work force agility and adaptability • Strengthen technical and digital competencies • Enhance cross functional collaboration for better service delivery • Performance based growth culture • Ensure regulatory compliance	• Focus on improving technical profits • Focus on developing retail-based products and maintaining the market leading share in Window Takaful Operations • To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders

Alignment of Human Capital to Strategic Objectives

Human Capital Function	Resource Allocation's Key Targets	To Achieve Strategic Objectives
 Succession Planning	• Ensure leadership continuity • Develop the next line of managers for key positions	• To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders



Manufactured Capital

Manufactured capital refers to manufactured physical objects that are available to an organization for use in the provision of services.

Major factors to consider for availability, quality and affordability of manufactured capital include:

- Potential delays in provision of required equipment from vendors
- Comprehensive 'Business Continuity Plan' to ensure availability of required property and equipment in the events of unexpected disruptions

The physical assets of the Company are broadly classified as:

- Land
- Buildings

- Furniture & fixtures
- Motor Vehicles
- Machinery & equipment
- Computer equipment

The physical assets of the Company are efficiently utilized for the purpose of business and are adequately covered against potential threats through insurance coverage, managing access to the Company premises via biometric / proximity card identification, monitoring entry and exit points through surveillance cameras and security guards. Physical assets are managed through Fixed Assets Register with each asset assigned an identification tag. Further, these assets are subject to both planned and surprise physical verification which are conducted from time-to-time.

The Business Continuity Plan is designed to ensure availability of required resources in the event of disruptions to keep the business activities up and running.

Alignment of Manufactured Capital to Strategic Objectives

Manufactured Capital	Resource Allocation's Key Targets	To Achieve Strategic Objectives
 Investment in physical & digital infrastructure	• Procurement of latest and cost-effective equipment • Development of advanced digital and future ready infrastructure • Lower long-term operating costs • Support workforce productivity and collaboration	• Utilize technology to enhance our productivity, reduce operational costs, ensuring risk mitigation while being fully compliant with laws and regulations

Alignment of Manufactured Capital to Strategic Objectives

Manufactured Capital	Resource Allocation's Key Targets	To Achieve Strategic Objectives
 Availability of physical & digital infrastructure	- Uninterrupted availability of physical and digital infrastructure ensuring continuity of business operations - Enhance efficiency and reduce downtime - Improve customer experience through timely and high-quality service delivery	- Adding value to our stakeholders' relationship - To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders



Intellectual Capital

Intellectual Capital refers to organizational knowledge-based intangibles, including 'Intellectual Property' such as patents, copyrights, software, rights and licenses and 'Organizational Capital' such as knowledge, systems, procedures and protocols.

Major factors challenging the availability, quality and affordability of intellectual capital include:

- Continuous enhancement / upgradation of information technology infrastructure to achieve operational efficiencies and meet the requirements of digitalization

- Increasing competition to attract and retain adequately experienced and skilled human resource

Over the years, the Company has made substantial investment in its information technology infrastructure and through its experience of operations spread over 60 years has also refined, standardized and documented its operating procedures. The procedures are flexible and adaptive to absorbing innovations necessary to respond to changes initiated by external factors. The library of the said procedures is effectively and efficiently utilized to introduce new and alternate products, expand customer base, and resultantly increase profits.

Alignment of Intellectual Capital to Strategic Objectives

Intellectual Capital Function	Resource Allocation's Key Target	To Achieve Strategic Objectives
 Standardized and documented processes	- Strengthen the knowledge base for routine operations and growth - Simplified processes for agile service delivery and customer satisfaction - Support digital transformation	- Focus on improving technical profits - Adding value to our stakeholders' relationship
 Innovative Solutions	- Development of innovative products to fulfil the needs of our customers - Data-driven decision making	To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders



Social and Relationship Capital

Social and Relationship Capital includes shared norms, common values and behavior, key stakeholder relationships, intangible association with organization's brand and reputation and organization's social license to operate.

Major factors to consider for availability, quality and affordability of social and relationship capital include:

- Identifying and fulfilling the growing needs of various stakeholders
- Provision of work environment that ensures protection of the employees staff's health and safety
- Promoting and monitoring the culture of strict

adherence to the laws, regulations, and ethical standards to maintain good reputation of the Company

Social and relationship capital is one of the key assets that an organization holds. It is the image and reputation of the organization that all stakeholders carry with them and plays an important role in achievement of strategic objectives and future growth. The Company realizes the due importance of social and relationship capital and assigns customer satisfaction as top priority in all customer dealings. The Company has maintained a healthy relationship with customers, agents, surveyors, reinsurers, reinsurer brokers, vendors, banks and all other stakeholders. Further, the Company also engages in various CSR activities, to give back to the society.

Alignment of Social and Relationship Capital to Strategic Objectives

Social and Relationship Capital Function	Resource Allocation's Key Target	To Achieve Strategic Objectives
 Identification of stakeholders and their needs	• Maintain healthy and sustained relationships with all stakeholders (more detail is provided in 'Stakeholder Relationship and Engagement' section)	• To further increase our market reach through product innovations to meet the changing needs of customers • Adding value to our stakeholders' relationship • To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders
 Corporate Social Responsibility	• Fair business practices • Compliance with all applicable laws • Upholding ethical standards • Enhance business value and positive image of the Company (more detail is provided in 'Sustainability and Corporate Social Responsibility' section)	• Adding value to our stakeholders' relationship • To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders



Natural Capital

Natural Capital refers to all renewable and non-renewable environmental resources and processes that provide services that support the past, current or future prosperity of an organization and include air, water, land, minerals, forests, etc. Natural capital creates the ecosystems for human beings to survive. It is of utmost importance that an organization efficiently manages natural capital to avoid any harm to the ecosystem in the long term.

Major factors to consider for natural capital include:

- To protect the environment by reducing carbon footprint
- To promote culture whereby natural resources are efficiently utilized

The Company continues to contribute to the sustainable environment by gradually moving towards paperless operations, installing energy conservative technologies, encouraging plantation across all its premises, and encouraging efficient use of water and energy to reduce wastage. The Company pledges to continue to work towards promoting green office environment.

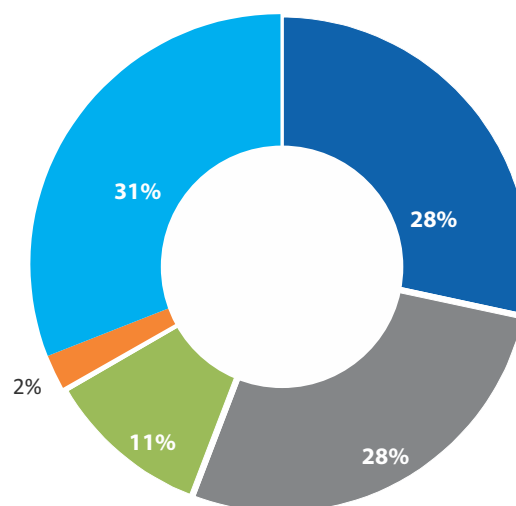
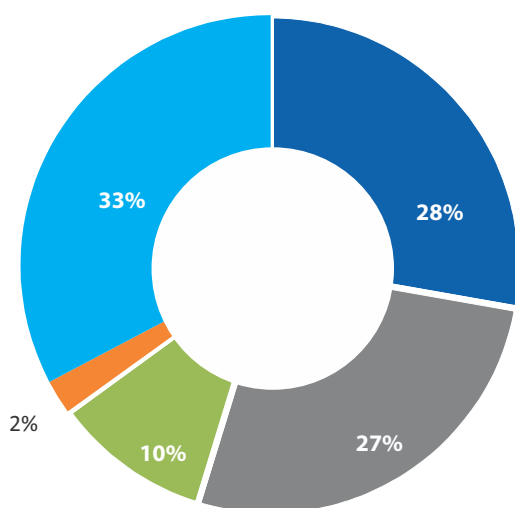
Alignment of Natural Capital to Strategic Objectives

Natural Capital	Resource Allocation's Key Target	To Achieve Strategic Objectives
 Efficient use of Natural Capital and reduce carbon footprint	• Gradually shifting to Paperless environment • Plantation in offices • Use of energy conservative technology • Efficient use of water (more detail is provided in "Sustainability and Corporate Social Responsibility" section)	• Adding value to our stakeholders' relationship • To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

WEALTH GENERATED	2025		2024	
	(Rupees In '000')	%	(Rupees In '000')	%
Gross premium earned	57,266,930		48,537,838	
Investment and all other income	8,267,141		6,838,219	
	65,534,071		55,376,057	
Management and other expenses	(53,588,334)		(45,690,274)	
	11,945,737	100.00	9,685,783	100.00
WEALTH DISTRIBUTED				
To employees	3,317,647	27.77	2,747,813	28.37
To government	3,221,649	26.97	2,658,341	27.45
	6,539,296	54.74	5,406,154	55.82
To share holders				
Cash dividend	1,225,000	10.25	1,050,000	10.84
To providers of financial capital as finance cost	6,357	0.05	7,061	0.07
To society as donation	1,750	0.01	3,500	0.04
Retained in business				
Depreciation and amortization	265,616	2.22	218,866	2.26
Retained profit	3,907,718	32.71	3,000,202	30.98
	4,173,334	34.94	3,219,068	33.23
	11,945,737	100.00	9,685,783	100.00

2025 2024



■ To employees ■ Donations ■ To Government ■ Depreciation / amortization
■ Cash Dividend ■ Retained Profit ■ Finance cost

Factors Affecting Strategy and Resource Allocation

There are various factors, both external and internal, that affect the Company's strategy and resource allocation. Following are some of the major external factors that are considered in strategy and resource allocation.

Technological Changes

Technological changes are reshaping Pakistan's insurance industry, which has traditionally been agent driven, paper based, and characterized by low penetration (below 1% of GDP). The emergence of Digital Platforms, Insurtech, Artificial Intelligence (AI), Data Analytics, and Mobile Financial Services is forcing insurers to rethink both strategy and resource allocation.

Some of the key effects of technological changes are as below:

Strategic Shift towards Digital-First Business Model

Pakistan's insurance industry is gradually taking measures to transition from traditional, paper-based processes to digital first, customer-centric models due to rapidly rising digital adoption.

Automation of Core Insurance Processes

Automation through core insurance systems, workflow tools, and AI-based underwriting is replacing manual, paper-based operations.

Emphasis on Partnerships and Ecosystem Strategy

Pakistan's insurance transformation is being accelerated by partnerships between insurers, fintechs, telcos and microfinance institutions.

Microinsurance and Inclusive Digital Business Models

As Pakistan's insurance penetration is extremely low (less than 1% of GDP), digital microinsurance and mobile-based takaful models are becoming a strategic imperative. Fintechs and telcos are playing a key role in expanding digital insurance access.

Effects of technological changes on Strategy

- Prioritization of digital channels
- Emphasis on smooth digital experience
- Gradual shift from agent-dependent growth to direct-

to-customer and hybrid model

- Shift from operating as standalone insurers to becoming part of digital ecosystems
- Focus on co creation of innovative products with non-traditional partners
- Shift towards insurance embedded in telco and wallet ecosystem
- Expansion into low-premium and high-volume market

Effects of technological changes on Resources

- Higher initial investments in digital transformation and integration programs
- Investment in partnership management teams and digital alliance units
- Increased demand for IT, data analytics and cybersecurity professionals
- Higher costs for training
- Decrease in need of having physical presence (branches)

Societal Changes

Societal changes such as demographic shifts, changing consumer attitudes, rising urbanization, education levels, and social awareness have a significant impact on how insurance companies in Pakistan formulate their strategies and deploy their resources.

Effects of societal changes on Strategy

- Focus on expansion of Takaful products due to growing demand for shariah compliant insurance
- Designing innovative and tailored products to meet the needs of customers
- More emphasis on transparent communication and customer education about insurance / takaful products
- Reputation management has become a strategic priority

Effects of societal changes on Resources

- Higher focus on customer service and relationship management skills
- Greater reliance on digital platforms to serve younger and urban populations

Environmental Changes

Pakistan is facing severe impacts of climate change. Severe floods in 2022 & 2025 and heatwaves in recent years are the prime exhibition of the toll climate change is taking on Pakistan. Environmental changes have a direct and material impact on insurance sector, influencing both strategic decisions and resource allocation.

Effects of environmental changes on Strategy

- Greater strategic focus on risk assessment and disaster coverage
- Reassess underwriting in high risk flood and earthquake zones
- Revision of premium pricing to reflect higher environmental risk
- Increased emphasis on reinsurance arrangements to manage catastrophic losses
- Development of crop and livestock insurance products
- Gradual integration of environmental risk disclosure into corporate reporting

Effects of environmental changes on Resources

- Increased cost of reinsurance arrangements
- Increased demand for actuarial experts
- Training of staff on sustainability and environmental risk governance

Resource Constraints

General insurance sector in Pakistan faces a range of emerging resource constraints that shape its strategic priorities and operational resilience. Key pressures stem from limited availability of specialized human capital, particularly in specialized underwriting, advanced actuarial analysis, complex claims management and catastrophe risk modelling. These constraints have potential to restrict insurers' ability to price risks accurately in complex scenarios and manage increasingly volatile loss patterns. These constraints have compelled general insurers to adopt more conservative underwriting strategies, increased reinsurance dependence, and prioritize portfolio quality over aggressive volume growth. At the same time, technological resource pressures arising from the need to invest in digital claims platforms,

cybersecurity, etc. also place strain on capital in short term.

As a result, strategic focus is shifting toward cost discipline, cautious market expansions, and operational efficiency.

These factors are comprehensively considered, accounted for and incorporated into Adamjee Insurance's Strategies, KPIs and Resource Allocation Plans.

Our Commitment to Addressing Integrity and Ethical Issues

We are committed to achieving our business objectives in a transparent, open, and accountable manner, and sustaining a culture of integrity in everything we do:

- Compliance with the policies, procedures and standards are mandatory for all our employees, and regular training and awareness sessions are conducted to ensure that the policies are clearly understood and acted upon.
- Placement of mechanism for integrity risk assessments on an ongoing basis.
- Reviewing and ensuring the performance management systems are aligned with the organization's ethical goals.

Initiatives for Promoting and Enabling Innovation

Adamjee insurance has embedded innovation in its strategic objectives and encourages innovation throughout the organization. The Company has developed a centralized structure for innovation and has in place an Insurtech and Innovation Group. The Insurtech and Innovation Group is working under the supervision of the Management Committee and comprises members from various functions. The objective of the Group is not only to develop Insurtech products but also bring new ideas and to approach existing products, processes, and ideas in new ways.

Further, new ways of thinking in order to design better solutions, services and solve the current problems are also encouraged and deliberated at the forum of our Insurtech and Innovation Group.

Strategy on market development, product and service development

Adamjee Insurance is committed to driving innovation and expanding its product portfolio to meet the evolving needs of the customers. The insurance market is witnessing a significant shift, with increasing demand for affordable, accessible, and tailored insurance solutions. In response, Adamjee Insurance is focusing on the development of new products and services, with a particular emphasis on microinsurance, to cater to the needs of the underserved segments of the population.

Microinsurance is a cornerstone of Adamjee Insurance's strategy, aimed at providing financial protection to low-income individuals and families. This product is designed to be affordable, easy to understand, and accessible to the masses, particularly those in rural and semi-urban areas. By leveraging digital platforms and partnerships with microfinance institutions, Adamjee Insurance aims to simplify the enrolment process and ensure widespread adoption.

Adamjee Insurance is also investing in technology-driven solutions to enhance customer experience and accessibility. This includes user-friendly mobile apps, online claim processing, and AI-powered chatbots for instant customer support. These initiatives are designed to make insurance services more convenient and efficient, ensuring that customers can access support whenever and wherever they need it.

Strategy to Manage Liquidity and Repayment of Debts

Liquidity refers to the ability of an organization to fulfil its short-term liabilities when they become due. Managing liquidity is important as even profitable organizations may find it difficult to run their operations smoothly in the absence of adequate funds or liquid assets.

The key element of the Company's liquidity management strategy is to maintain sufficient liquid assets to meet its claims and other liabilities. Liquidity requirements are kept into consideration while making investment decisions. Bank balance maintained with high rated scheduled banks (including balance subject to encumbrance) amounts to Rs. 10,636 million (2024: Rs.7,023 million). Further, liquid ratio is 1.3 times as at December 31, 2025 (2024: 1.2 times).

The Company had no debt liability to repay during the year 2025.

Liquidity position is closely monitored on a routine basis under the supervision of the Chief Financial Officer.

Significant plans and decisions

Significant plans that are in line with our mission & vision include the following:

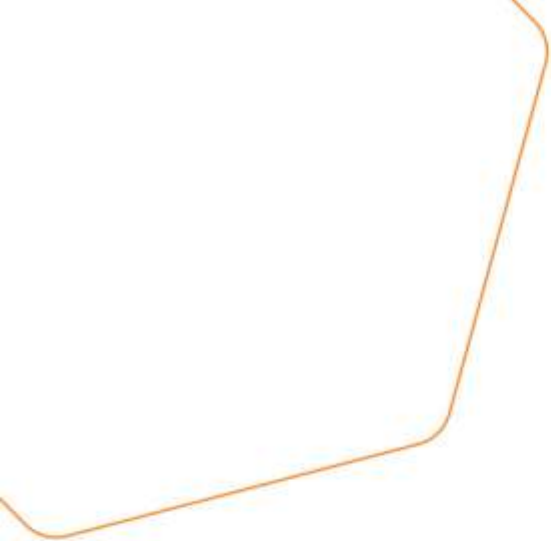
- Expansion & Growth in our existing portfolio
- Focus on retail-based product market including Health, Motor, Travel & Agricultural products
- Expansion of Window Takaful Operations in Pakistan
- Develop non-motor lines of business in UAE
- Product development with the help of digital technologies

Significant decisions regarding restructuring

There were no significant decisions taken regarding restructuring or discontinuance of any business operation or segment during the year 2025.

Significant changes from prior years

The Company regularly monitors the prevailing circumstances and evaluates the need to realign its objectives and strategies. However, there were no significant changes in objectives and strategies during the year 2025.



TURNING

CHALLENGES INTO VALUE
RISKS AND OPPORTUNITIES



ENTERPRISE RISK MANAGEMENT FRAMEWORK

At Adamjee Insurance Company Limited, the Enterprise Risk Management process is broken down into eight steps as depicted below:



Identification

- By collaborating with a variety of departments, all the possible risks affecting the Company are identified, and to build an understanding about them, an in-depth knowledge about them is gathered.
- One of the primary sources of risk identification continues to be thorough interviews and discussions. Brainstorming sessions are conducted internally among the relevant stakeholders to identify the risks and opportunities affecting the Company. Questionnaires are also shared with the departments to get additional insights.
- Some risks and opportunities are identified once audits or inspections are carried out, both internal and external.
- Incident investigations and scenario analysis are also carried out, which also help in recording specific risks and opportunities that are relevant to the Company.

Description

- Risks are described in detail at this stage, and the exact source of the risk is established.

Analysis

- Impact of the risk is estimated qualitatively, and its impact on the Company.
- Impact and probability of the risks are rated at this step, which assists in making a judgment about the risk rating.

- A credible worst-case scenario is built and its impact on financial statements is checked based on its likelihood of occurrence. This helps in quantifying the risk.
- At this stage, immediate stakeholders are also identified. For example, in Capital Adequacy Risk, the immediate stakeholder would be Finance Department.

Ranking

- Based on the Risk Analysis, the Risk is rated keeping in view its impact and probability of occurrence.
- Risk ranking is done based on its rating, which can be either Critical, High, Medium, or Low.

Evaluation

- At this stage, Risk is evaluated in terms of:
 - Risk appetite of the Company, as per Board's guidance
 - Tolerance level of the Risk, as per Board's guidance

Treatment

- Risk treatment stance can either be to avoid the risk completely or reduce it
- Residual risks are also established at this stage.

Resourcing Controls

- Clear risk strategies are documented regarding each risk.

- Existing controls are also reviewed and a potential action for improvement is noted.

Monitoring

- Risk is continuously monitored based on its recorded Impact, Probability and Risk Rating.
- It is ensured that the Risk Controls are always in place.
- Any fluctuations in observations regarding the Risk are reported to the stakeholders and the concerned authority.

Commitment of the Board in the ERM Process

The Board of Directors of the Company is fully committed and takes full responsibility for the establishment and oversight of effective risk management systems and controls. These controls are implemented keeping in view the level of risk tolerance of the Company. The following measures have been taken by the Board:

Approve the ERM framework which should assist the management to establish and maintain effective systems and controls to manage business risks. A comprehensive ERM framework ensures that all risks are identified, measured, monitored, and controlled on an on-going basis at all levels.

Establish a risk management committee in pursuit of robust risk assessment of the principal risks facing the Company at management level which should comprise of one Board Member and cross-functional business executives who review and monitor the key risks and their overall exposure. This includes risk categories that pertain directly, or indirectly to existing operations and profitability to foreseeable operations and profitability of the Company. This committee then has the responsibility to ensure that the risk management program is implemented as planned.

The Board has also delegated the responsibility of managing ERM framework to the CEO and the senior management who have the responsibility to identify, assess, manage, and report the risk events in a timely manner. The functional heads on the other hand have the responsibility to develop a list of risks being faced by their respective units, both that are current and anticipated, along with the risk profile and action plans to mitigate

those risks.

On a periodic basis, the key risk updates are shared with the Board and how they are being addressed by the management.

The Board also reviews and approves Risk Tolerance and Appetite on an annual basis. If there are sudden material changes in the circumstances, this activity is done on quarterly basis instead.

Board's Statement on Risk Tolerance and Risk Management

At Adamjee Insurance, we acknowledge that effective risk management is essential for maintaining financial stability, fulfilling our commitments to policyholders, and achieving sustainable growth.

As a non-life insurer, we encounter a wide range of risks, including underwriting, market, credit, operational, and emerging risks. To manage these exposures effectively, the Board has established a structured risk tolerance framework and comprehensive risk management policies.

Risk Tolerance Framework

- The Company adopts a moderate risk tolerance approach, striking a balance between growth opportunities and financial stability.
- Risk tolerance is defined as the level of risk we are prepared to accept while ensuring solvency, profitability, and adherence to regulatory requirements.
- Our risk appetite statement sets clear thresholds for key risk categories:
 - Underwriting risk: We aim to manage the combined ratio in line with our profitability objectives.
 - Market risk: We aim to manage investment portfolio volatility to ensure it remains within acceptable levels.
 - Credit risk: We manage counterparty exposures to ensure appropriate diversification and risk mitigation.
 - Operational risk: We maintain zero tolerance for fraud and significant compliance breaches.

Risk Management Policies

To implement our risk tolerance framework, we adhere to the following policies:

- **Underwriting Policy:** Stringent underwriting standards, data-driven pricing models, and portfolio diversification mitigate high-risk exposures.
- **Reinsurance Policy:** A structured reinsurance program provides protection against catastrophic losses and claims volatility.
- **Investment Policy:** The Company's approach towards investment ensures asset-liability matching, liquidity management, and capital preservation.
- **Regulatory Compliance Policy:** We fully comply with applicable statutory and solvency requirements, with risk assessments aligned to IFRS 17 where applicable.
- **Operational Risk Policy:** Strong cybersecurity measures, internal controls, and governance frameworks are in place to mitigate operational risks.

Oversight and Review

- The Board's Risk Management Committee oversees risk governance, ensuring risk-taking aligns with strategic objectives.

- Regular stress testing and scenario analysis are conducted to assess resilience in adverse conditions.
- The Company maintains a proactive risk management approach, reviewing and updating policies annually or as required in response to market and regulatory changes.

Through this structured risk management framework, Adamjee Insurance remains committed to financial resilience, policyholder protection, and long-term sustainability.

Board's statement on assessment of Principal Risks

At Adamjee, we recognize that effective risk management is critical to ensuring financial stability, regulatory compliance, and long-term sustainability. As a non-life insurance provider, we operate in a dynamic environment where various risks can impact our ability to meet obligations to policyholders and stakeholders. The Board, in collaboration with the Risk Management Committee, conducts a thorough assessment of principal risks as detailed below, to maintain a robust risk management framework.

Key Risks

The following are the key risks that affect the Company, their consequences, their risk rating, and how the Company has control over them. The probability and risk rating of each risk offers insight over the likelihood and magnitude, whereas control offers insight over the steps that the Company has taken to avoid or reduce the specific risk.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
1	 Financial	Regulatory Risk	Internal	In case the Company is not able to meet regulatory deadlines, it might cause problems as AICL might be penalized by regulatory authorities in both UAE and Pakistan.	The company may face: 1. Fines from the regulator in both UAE and in Pakistan. 2. Any other consequences that the regulator might find appropriate.	Significant	Unlikely	High	The Company has: 1. Established a dedicated working group for regulatory submissions. 2. Dedicated enough resources at this stage to meet regulatory deadlines and monthly internal targets. 3. Increased engagement with Appointed Actuary. 4. Financial impact assessments of IFRS 17 deliverables are carried out on a regular basis to increase awareness about the regulatory requirements.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
2	 Financial	Credit Risk	External	The Company is exposed to credit risk against the following counterparts: 1. Reinsurance / coinsurance counterparties. 2. Assets held with banks. 3. Insurance debtors (Policyholders, brokers, and development officers). 4. Receivables from other insurance companies.	If any counterparty fails to meet its obligations in accordance with agreed terms, it will cause a financial loss to the company, which will affect: 1. Capital requirements. 2. Credit rating. 3. Liquidity position.	Significant	Moderate	High	The Company aims to transact with financially sound and reputable parties having high credit worthiness to avoid potential loss. Reduce exposure to counterparty defaults by implementing strict credit assessment and exposure limits.
3	 Financial	Reserve Risk	Both	There is volatility associated with actual runoff of claims. There is volatility in frequency as well as severity. Note that this includes all reserves established by claims department as well.	The Company will face unanticipated losses in certain quarters due to inadequate reserves, in case the actual IBNR is higher than expected IBNR.	Major	Moderate	High	Reserves are calculated with built in margins, especially for long tail claims, to ensure inadequacy is avoided.
4	 Strategic	Capital Adequacy / Solvency Margin Risk	External	This risk may arise due to: 1. Credit Risk in case key debtors' default. 2. Market risk in case there is a significant decline in investment value. 3. Inadequate claim reserves. 4. Poor underwriting. 5. Inappropriate reinsurance arrangements. 6. Changes in solvency regulations.	This would result in: 1. An inability to meet minimum capital requirements, which will affect company's trade license renewal 2. Company's credit rating.	Significant	Moderate	High	The Company aims to maintain strong capital adequacy ratio or solvency margin which is above the regulatory requirement. Moreover, regular assessments of capital needs are made.
5	 Strategic	Sovereign Risk	External	The Company will be exposed to sovereign risk in case the following events happen: 1. Worsening of foreign exchange balance of payments position. 2. Default by government of Pakistan in servicing of debts. 3. Unstable country credit rating by international rating agencies.	The company will face the following issues: 1. Inability to maintain credit rating required by UAE insurance law, which should impact the overseas operations. 2. Relationships with international reinsurance companies will deteriorate, resulting in high reinsurance cost or no reinsurance arrangements.	Major	Moderate	High	The Company aims to improve its foothold in the Middle East markets along with Pakistan. Hence, the company will: 1. Regularly carry out sovereign risk assessments and the impact on operations. 2. Monitor economic indicators such as foreign reserves, discount rate and exchange rate. 3. Invest in assets that are not severely affected by country's default. 4. Keep the revenue mix diversified.
6	 Strategic	Political Risk	External	Company may fail to achieve its business objectives due to the following events: 1. Political instability. 2. Riots, terrorism, or wars. 3. Inadequate supplies of basic facilities in the country. 4. Deteriorating law and order situation. 5. Frequent power and gas outages.	Due to political instability in the country: 1. The Company may fail to meet the business targets. 2. Service to customers will be affected. 3. Cost of doing business will increase.	Major	Moderate	High	The Company aims to achieve optimal level of service performance to its customers. Hence, the company will: 1. Regularly carry out political risk assessments and the impact on operations. 2. Monitor economic indicators such as foreign reserves, discount rate and exchange rate. 3. Issue instructions to underwriters to exercise prudent judgment before accepting risks, in case of deteriorating law and order situation. 4. Maintain adequate catastrophic cover from reinsurer.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
7	 Financial	Liquidity Risk	External	The Company is exposed to liquidity risk if any of the following events occur: 1. Financial obligation falls due earlier than anticipated. 2. Credit default by significant counterparty.	Company's inability to pay off its contractual obligations in a timely manner may result in: 1. Disputes with clients and litigations. 2. Delays in salaries to employees. 3. Delays in payment to government authorities. 4. Adverse impact on solvency and rating.	Significant	Unlikely	High	The Company aims to maintain adequate liquidity to be able to meet liabilities when they fall due. Hence, it is preferred to avoid this risk. There are automated management information systems in place that help in managing this risk adequately.
8	 Operational	Processing of fake or fraudulent claims	Internal	Company may be exposed to risk of financial loss on processing of fake or false claims due to: 1. Ineffective claim authentication process. 2. Collusion of surveyors and employees. 3. Undocumented claims payment process.	This may result in financial loss to the company. There is a possibility of fines and penalties by the regulator as well.	Moderate	Moderate	High	The Company has a strong control over claim payments as per approved claims authorization matrix. The protocols have been defined in the internal claims manual. Moreover, claims are not processed without necessary documentation.
9	 Operational	Credit Rating Risk	External	The Company faces a risk of not maintaining the credit rating. This will happen if the Company does not manage capital adequacy ratio, credit risk, market risk and liquidity risk appropriately.	Due to a deterioration in credit rating, the Company will face: 1. Reputation risk. 2. Loss of customer confidence. 3. Loss of market share. 4. Risk of low reinsurance arrangements.	Significant	Moderate	High	The Company aims to maintain a strong IFS rating and financial strength. Company will manage operational and financial aspects to keep its rating strong and steady. Company strength is benchmarked against rating agency criteria from time to time, and any concerns that are highlighted are raised immediately. Moreover, the management reviews financial strength quarterly, and how it impacts IFS rating.
10	 Operational	Travel Restriction Risk	External	Travel restrictions placed on Pakistanis by other countries may hinder travel of shared function employees for business meetings, client servicing, project execution, and regional coordination. This may affect timely deployment of staff and reduce operational flexibility.	Due to restriction, the Company may face the following issues: 1. Delay in business travel and client meetings. 2. Difficulty in deploying shared function employees for regional assignments. 3. Increased operational cost due to alternate travel arrangements. 4. Potential delay in project execution and decision-making.	Significant	Moderate	Medium	Company plans travel well in advance and monitors visa policy updates regularly. Alternative virtual meeting arrangements are used where possible. Backup personnel may be assigned for critical assignments. Regional coordination is maintained through remote communication until travel access improves.
11	 Underwriting Risk	Insufficient underwriting or inadequate pricing	Internal	This is where risks are not assessed properly, and unwanted or undesired risks are added to the portfolio resulting in losses which were not initially anticipated at the time the business was accepted. Moreover, insufficient pricing of unusual risks could result in unanticipated loss ratios.	Unanticipated claims will adversely impact the profitability of the company. Inadequate pricing will result in company not receiving adequate compensation for the risks it has signed up for.	Significant	Moderate	High	Performance of each business portfolio is being monitored on a regular basis. Unwanted or undesired results are taken note of and discussed between departments for the most appropriate measures that are required to make the correction.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
12	 Strategic and Financial	Currency and Inflation Risk	External	Currency devaluation takes place which leads to high inflation. Continuous decrease in PKR value might result in increase in claim costs for the Company which will affect profitability. Additionally, a devalued currency will also lead to more volatility of foreign branch's profit and loss results.	If this risk is realized the Company will face the following issues: 1. Claim costs will increase, especially for Motor and Health lines of business. 2. Unearned premium reserve (UPR) runoff will become expensive if inflation is higher than the inflation assumption used at the time of pricing and underwriting. 3. A devalued currency will also lead to more volatility of foreign branch's profit and loss results.	Moderate	Moderate	High	1. The Company aims to minimize this risk through active modelling and scenario analyses which should help in strengthening the underwriting side. 2. Underwriting function is being equipped to reflect expected currency devaluation in inflation assumptions at pricing points. 3. Foreign exchange rates are observed and monitored on a regular basis.
13	 Strategic and Financial	Climate Change Risk	External	The Company faces the risk of increased frequency and severity of climate-related events, including heavy rains, floods, heatwaves, and other extreme weather conditions arising from climate change. This may result in higher claim costs, pressure on underwriting results, disruption of branch operations, and increased exposure to catastrophic losses.	1. Increased claim costs due to property and motor damage from severe weather events. 2. Higher catastrophic loss exposure impacting profitability. 3. Increased cost and pricing pressure on reinsurance protection. 4. Operational disruption at branches and service locations. 5. Potential increase in insurance premiums affecting affordability and market competitiveness.	Significant	High	High	1. Maintain adequate catastrophe cover through reinsurers. 2. Strengthen underwriting practices to reflect emerging climate trends in pricing and portfolio selection. 3. Enhance operational resilience through digital platforms and remote work capability. 4. Monitor catastrophe exposure regularly and review reinsurance adequacy periodically.
14	 Strategic and Financial	Geopolitical Conflict	External	Regional geopolitical landscape, especially emerging conflict in middle east region, may create significant operational and economic disruptions.	1. Market volatility affecting business planning and claim patterns 2. Increase in energy & fuel prices and operating costs. 3. Delays in supply chain and logistics activities. 4. Increased marine exposure due to vessel delays, route diversions, cargo accumulation, and potential marine loss events. 5. Potential increase in marine claims and pressure on marine underwriting.	Significant	Moderate	High	1. Management monitors geopolitical developments and shipping route exposure regularly. 2. Reinsurance protection is reviewed for marine and catastrophe-related exposures. 3. Business continuity arrangements support remote operations where needed. 4. Financial planning considers inflationary and supply-side pressures arising from regional instability.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
15	 Governance & Compliance	Regulatory Non-Compliance	External	Failure to comply with ESG (Environmental, Social, and Governance) regulations may result in legal penalties, reputational damage, and operational restrictions.	1. Financial penalties and legal actions for non-compliance. 2. Reputational damage, leading to loss of investor and customer confidence. 3. Potential regulatory intervention or operational restrictions.	Significant	High	High	1. Implement a comprehensive ESG compliance framework. 2. Conduct regular internal audits to ensure adherence to evolving regulations. 3. Engage with regulators proactively to stay updated on compliance requirements. 4. Provide ongoing training to employees on ESG policies and best practices.
16	 Legal and Compliance	Regulatory Risk – Capital Requirement	External	The Company faces the risk of changes in regulatory capital requirements in Pakistan and Middle East jurisdictions, which may require additional capital allocation, solvency monitoring, and compliance adjustments. While no material regulatory change is expected in United Arab Emirates, proposed capital requirement changes in Pakistan are expected to be implemented in 2026.	1. Increased capital requirement may place pressure on solvency and retained earnings. 2. Additional compliance burden on finance and regulatory teams. 3. Possible restrictions or regulatory action in case of non-compliance. 4. Impact on growth plans, underwriting capacity, and dividend decisions.	Major	Likely	Medium	Management performs regular capital adequacy assessments and stress testing against emerging regulatory proposals. Regulatory developments are monitored continuously, and retained earnings are maintained to support potential future capital increases.

Key Opportunities

Following are the key opportunities that are available to Adamjee Insurance Company Limited. The probability and impact rating of each opportunity offers insight over the likelihood and magnitude, whereas strategy offers insight over the steps that the Company has taken to create value from the specific opportunity.

Opportunity	Internal or External	Description	Consequence	Strategy	Probability	Impact
 Data	Internal	Data has become the most important thing in the modern world. It is not only important to gather all the data from target market, but it is also important to store it properly so that it can be used for the company's benefits.	The Company can make sure that all relevant data is gathered from the target market, such as policyholders. Once all data is gathered, it can be ensured that all data is stored properly, and can be extracted through relevant usable reports, where it shows key insights.	The Company can use new technology related to predictive analytics and data science to ensure that the stored data gives useful predictions and shows trends that might help the Company in decision making.	High	High
 Reinsurance Needs	Both	With the years of data that is available with the Company, the company can predict how much reinsurance coverage is required.	By following adequate methodologies of assessing reinsurance requirements, the company can ensure that appropriate reinsurance is purchased, so that there is minimum risk of over reinsurance or under reinsurance.	With the help of automated software such as Meta Risk, the Company can predict with a certain level of confidence how much reinsurance is required, and what kind of reinsurance arrangements would be optimal.	High	High
 Skilled Human Resources	Both	The success of service industry mostly depends on customer satisfaction to some extent. With skilled human resources, the Company can ensure that customer facilitation is kept a priority.	With skilled human resources, the Company will be able to make sure that customers get complete guidance, from insurance policy selection to claim handling.	The Company can either hire new High skilled resources who are experts in this service industry or carry out professional internal training to train the existing staff.		High

Opportunity	Internal or External	Description	Consequence	Strategy	Probability	Impact
 Automating Manual Processes	Internal	Most of the companies are highlighting manual processes that consume time and energy and finding ways to automate them.	By eliminating slow and tedious processes, the Company will be able to find overall efficiency and will be able to meet its obligations adequately. This will also save time for employees, who will then have more quality time to invest in the organization. Automation should also improve overall customer experience.	From time to time, the Company can do audits of different processes such as internal administration process of employee expense reimbursement, or process of policy cancellations. Time should be devoted to how the processes can be made quicker. If required, technology can be acquired.	High	Moderate
 Changing Customer Needs	External	Considering how the market dynamics are changing, there is an opportunity to observe how the customer needs are changing and cater to them. For example, COVID-19 motivated people to buy health insurance, whereas some people discontinued their insurances due to slow economy.	The Company can observe how the customer demands are changing and try to fill in the gaps by launching new products. Moreover, the company can also investigate and offer discounts on existing products in case there are margins, and in case that is what the mass population requires as per changing economic environment.	Several stakeholders in the company, such as Actuarial, Marketing and Underwriting can collaborate and see if discounts are viable and invest time in Research and Development of new insurance products.	High	High
 Emerging Retail Segment	Both	The Company has noted that there is growth potential especially in the retail segment in lines such as motor, health, personal lines, travel, etc.	Due to the emerging retail segment, the Company will have to ensure that this segment is captured to improve the revenue streams of the company.	The Company has built a strategy to sell to the retail segment. One such strategy is to set up call centers to acquire the retail customers directly. Further strategies need to be built to develop retail focused products and market them adequately to the potential customers.	High	Moderate

Revamping and Innovating Enterprise Risk Management

The Company is in the process of enhancing and modernizing its Enterprise Risk Management framework. A parallel structure is being implemented while the existing framework remains operational to ensure a seamless transition.

Key highlights of the revamped ERM framework include:

Redefined Risk Categories

The primary and secondary risk categories have been restructured in alignment with the recommendations of the Institute and Faculty of Actuaries.

Expanded Risk Register

The risk register has been enhanced with additional fields to improve risk assessment and monitoring:

- Credible Worst-Case Scenario (CWCS)
- Likelihood of CWCS over a one-year period
- Severity of CWCS in terms of impact on the Profit & Loss statement
- Expected Loss associated with CWCS
- Risk Category Decision, classifying risks as:
 - Key Risk
 - Monitor with Key Risk Indicators
 - No Action Required
- Key Risk Indicator (KRI) Descriptions and Thresholds

Enhanced Risk Monitoring

Moving forward, key risk indicator values will be evaluated against predefined thresholds on a quarterly basis to ensure proactive risk management.

Advanced Capital Modeling

Capital models have been integrated using a globally recognized subscription-based platform for major lines of business, providing comprehensive Profit & Loss distributions to support strategic decision-making.

- Extensive stress testing of financial and solvency position is carried out for all business segments. Idiosyncratic as well as systemic scenarios are tested to

make sure that projected solvency is adequate under all regulatory regimes that the Company is exposed to.

- Extensive financial recovery planning is also carried out. The purpose of this exercise is to make sure that the Company has suitable financial recovery options and plans in case there is stress to the financial or solvency position.

This revamped ERM framework aims to strengthen risk governance, enhance financial resilience, and align risk-taking activities with the Company's long-term objectives.

Adequacy of Capital Structure

Share Capital and Reserves	2025	2024	2023
Rupees in thousand			
Authorized Share Capital	3,750,000	3,750,000	3,750,000
Issued, Subscribed and Paid-Up Capital	3,500,000	3,500,000	3,500,000
Reserves	19,243,865	14,941,400	7,963,751
Unappropriated Profit	26,071,003	22,183,838	19,156,318
Total Equity	48,814,868	40,625,238	30,620,069
Cash and Bank – Conventional Business *	10,635,719	7,023,251	5,252,776
Cash and Bank – WTO Operator's Fund	306,242	295,515	76,860
Cash and Bank – WTO Participants' Takaful Fund	345,757	896,141	586,319

The table above shows highlights regarding adequacy of capital structure of AICL. Moreover, the Company has maintained healthy cashflows in the last 3 years, and there have been no instances of default in payments.

There is absolutely no inadequacy in the capital structure.

* Includes bank balance subject to encumbrance (please refer note 15 in unconsolidated financial statements)

Managing ESG-Related Supply Chain Risks at Adamjee

The Company operates through an extensive and complex supply chain to produce and distribute insurance products across various regions and jurisdictions. This supply chain encompasses both internal operations and a wide array of external parties, including third-party administrators, brokers, hospitals, motor workshops, surveyors, and reinsurers. Given the extensive network of partnerships and operational touchpoints, the Company recognizes the need for robust Environmental, Social, and Governance (ESG) policies that not only govern its internal operations but also extend across the entire supply chain.

By integrating ESG principles into its risk management framework, the Company aims to enhance sustainability, mitigate reputational risks, and foster long-term resilience in the face of evolving regulatory and ethical expectations.

Currently, the Company is exposed to the following ESG risks:

Environmental Compliance and Regulatory Risks

- The introduction of new environmental regulations can necessitate the restructuring of physical operations, leading to increased compliance costs and potential disruptions. Non-compliance with these regulations can expose the Company to legal

penalties, operational inefficiencies, and reputational damage.

- The Company must proactively monitor regulatory changes and ensure that all its physical operations and those of its partners align with evolving environmental standards.

Workplace Safety and Equity Risks

- Any lapses in workplace safety or equity, whether within the Company or at external partner locations, can lead to reputational damage and potential legal liabilities.
- Ensuring fair labor practices, diversity, and inclusivity across the supply chain is essential to maintaining the Company's credibility and social responsibility commitments.

Corporate Governance and Ethical Conduct Risks

- As an insurance provider, the Company operates in a business environment that is fundamentally built on trust. Any failures in corporate governance, whether due to lack of oversight, unethical decision-making, or weak internal controls, could lead to significant reputational loss and financial repercussions.
- A strong governance framework is critical for ensuring ethical business practices, compliance with laws, and transparency in decision-making.

Fraud and Mis-Selling Risks

- The insurance industry is particularly vulnerable to fraudulent activities and mis-selling practices, especially as distribution through external parties increases. If external partners engage in fraudulent activities or mislead customers, the Company could face regulatory penalties, financial losses, and reputational damage.
- It is essential to implement stringent due diligence and monitoring mechanisms to prevent such activities and uphold the company's integrity.

Corruption and Money Laundering Risks

- Corruption and money laundering within the supply chain could not only disrupt business operations but also expose the Company to legal liabilities and reputational risks.
- Ensuring strict compliance with anti-money laundering (AML) regulations and anti-corruption

policies is necessary to safeguard the Company's reputation and operational stability.

Cybersecurity and Data Privacy Risks

- With an increasing reliance on digital platforms and data-driven decision-making, the risk of cybersecurity breaches and data privacy violations remains ever-present.
- Any breach in the Company's internal systems or those of external partners could result in financial losses, regulatory penalties, and erosion of customer trust.
- Protecting sensitive data and ensuring compliance with data privacy laws is a priority for maintaining customer confidence and operational security.

The organization is diligently integrating Environmental, Social, and Governance (ESG) principles into its Enterprise Risk Management (ERM) framework to enhance sustainable business practices. It continuously monitors evolving regulations to ensure full compliance with legal and industry standards. In addition, workplace safety remains a key priority, upheld through dedicated committees that oversee and enforce safety protocols across all operational levels.

Before entering into any partnerships or contractual agreements with external entities, the Company adheres to stringent due diligence measures, including comprehensive "Know Your Customer" (KYC) procedures. This approach helps mitigate risks associated with third-party engagements, ensuring transparency and accountability in business dealings.

Recognizing the increasing threat of cyber risks, the Company has also made substantial investments in cybersecurity initiatives. These efforts are aimed at strengthening its digital infrastructure, preventing data breaches, and safeguarding sensitive information from potential cyber threats. By proactively enhancing its cybersecurity framework, the Company reinforces its commitment to data protection and risk mitigation in an increasingly digital landscape.

Overall, the Company's strategic focus on ESG integration, regulatory compliance, workplace safety, third-party risk management, and cybersecurity reflects its commitment to sustainable growth, operational resilience, and corporate responsibility.

Sustainability Risks & Opportunities

The Company is committed to reducing its exposure to sustainability related risks and to leveraging sustainability related opportunities.

Sustainability related risks and opportunities along with their potential impact on financial performance are given below

Name	Risk or Opportunity	Description	Potential Impact	Mitigation or Extension
 Access to human capital	Risk	The Company operates in a highly specialized service industry and relies almost entirely on a quality workforce to deliver quality insurance products and services. If the current exodus of human capital from Pakistan continues, it will become more and more challenging to attract and retain the right talent.	If this risk materializes the Company will not be able to deliver quality products and services that it is currently delivering.	Various initiatives are taken to retain employees that are both financial and non-financial. Regular surveys are also conducted to make sure that employee satisfaction is high.
 Access to clean air	Risk	Smog levels in various cities in Pakistan have been increasing every year. During some weeks of the year employees are unable to commute to work.	If smog levels continue to rise the Company will have to make permanent changes to the way operations are conducted. This could include work from home arrangements during early winter months when smog levels are at their highest.	Mitigation by Company in isolation is not possible. This is something that will have to be taken up by regulatory bodies.
 Data privacy	Risk	The Company uses and stores vast amounts of customer data. Any potential data breach from an internal or external source can be considered an incident.	Any data breach is likely to result in significant reputational loss to the Company.	The Company has made significant investments in cybersecurity systems and experts to avert the realization of this risk.
 Green products and services	Opportunity	As the sustainable energy market is growing, the Company is finding opportunities to market new products such as solar panel insurance.	This will ultimately benefit the Company from a financial perspective.	The Company completes regular surveys of insurance products in markets where sustainable solutions have already been implemented.
 Cost savings from sustainable energy	Opportunity	Sustainable energy consumption is likely to increase operational efficiency and reduce costs. This is possible because of annually high energy costs from traditional sources in Pakistan.	This will ultimately benefit the Company from a financial perspective.	The Company is exploring ways of incorporating sustainable energy solutions at its premises.
 Investor alignment	Opportunity	As the Company moves towards ESG best practices, the expectation is that investor confidence will increase.	This will ultimately have a positive impact on the Company's corporate value.	Various ESG initiatives are being taken by the Company.



FOUNDATION OF TRUST

CORPORATE GOVERNANCE



DIRECTORS' REPORT

to the Members on Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the 65th Annual Report of your Company together with the audited unconsolidated financial statements for the year ended 31 December 2025.

ECONOMIC OVERVIEW

The fiscal year 2025 witnessed gradual stabilization in the economy with GDP growth rate of 3%, approximately, supported by ongoing reforms, moderating inflation and improving fiscal indicators. Significant reduction was witnessed in average Consumer Price Index (CPI) inflation which stood at 4.5% in FY 2025 as against 23.4% in FY 2024, owing to strict monetary and fiscal measures. The external front also posted positive results, as Current Account yielded a surplus, after over a decade, of USD 1.9 billion approximately, primarily due to increase in worker remittances. However, the first half of FY 2026 closed with a deficit of USD 1.2 billion. The State Bank of Pakistan (SBP) also gradually reduced the policy rate to 10.5% in December 2025 which was 13% in December 2024.

Pakistan faced devastating monsoon season that began around the end of June and lasted till mid September 2025. Intense and persistent rainfall triggered widespread flooding in several regions, causing significant loss of life and damage to infrastructure and agricultural output. Despite the magnitude of the calamity, the economy demonstrated notable resilience and effectively offset the adverse impacts of the disaster.

Concerning Pakistan Stock Exchange (PSX), the KSE-100 Index posted 51% return during 2025 closing at 174,054 in the year 2025 as compared to 115,127 in the year 2024.

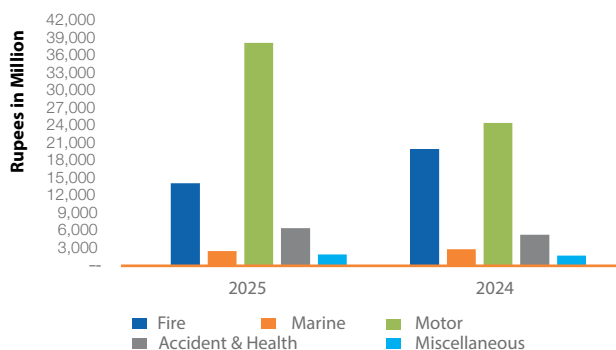
Standard & Poor's upgraded Pakistan's long-term credit rating to 'B-' from 'CCC+' with stable outlook.

COMPANY PERFORMANCE REVIEW

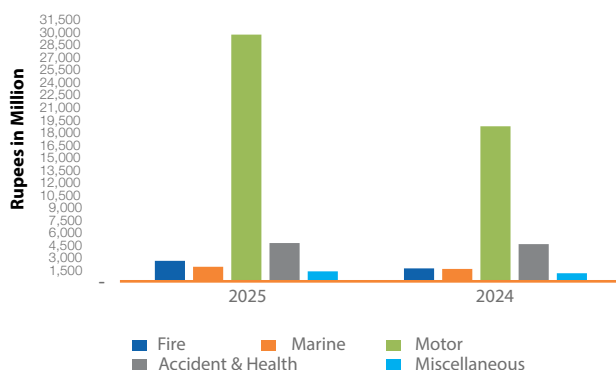
The Company performed well in 2025 as we closed the year delivering sound financial results with a premium growth of 16% in Conventional Business and contribution growth of 17% in Window Takaful Operations over the preceding year. We continued to follow the strategy of sustainable growth by focusing on further strengthening risk and compliance management.

In 2025, the gross premium increased to Rs. 63,144 million (excluding Rs. 4,566 million contributions generated through Window Takaful Operations) as compared to Rs. 54,266 million in 2024 (excluding Rs. 3,898 million

GROSS PREMIUM



NET PREMIUM



contributions generated through Window Takaful Operations). The net insurance premium revenue was 63% (Rs. 39,554 million) of total gross premium underwritten as compared to the net insurance premium revenue of 50% (Rs. 26,983 million) in 2024.

The net claims ratio remained at 66% in both 2025 and 2024. Net Commission and other acquisition costs increased to 16% in 2025 as compared to 15% in 2024 and Management expenses decreased to 17% in 2025 as compared to 19% in 2024.

Consequently, the underwriting results reported a profit of Rs. 400 million in 2025 as against profit of Rs. 152 million in 2024.

The return-on-investment portfolio remained 9% in 2025 and 2024.

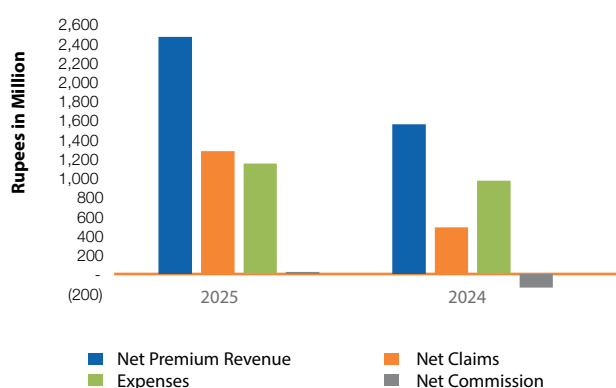
Profit before tax amounted to Rs. 8,354 million in 2025 recording an increase of 25% as compared to profit of Rs. 6,709 million in 2024. Profit after tax also increased by 27% to Rs. 5,133 million as compared to profits of Rs. 4,050 million in 2024.

PORTFOLIO ANALYSIS

Fire & Property Damage

Fire and property class of business constituted 22% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 14,115 million (2024: Rs. 19,963 million). Net claims to net premium ratio increased to 52% in 2025 as compared to 31% in 2024. As a result, fire and property class posted underwriting profit of Rs. 29 million in 2025 as compared to Rs. 244 million in 2024.

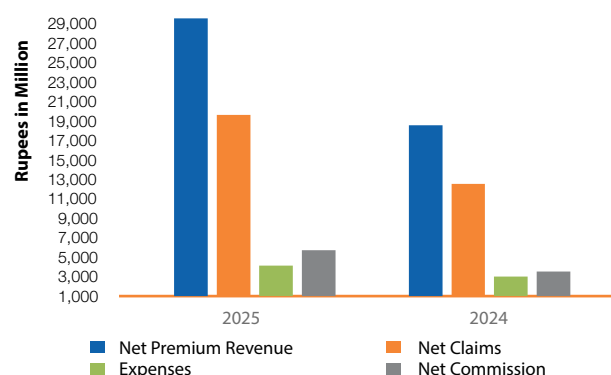
FIRE & PROPERTY DAMAGE



Motor

Motor class of business constituted 61% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 38,143 million (2024: Rs. 24,433 million). Net claims to net premium ratio decreased to 66% in 2025 as compared to 68% in 2024. As a result, Motor class posted underwriting profit of Rs. 87 million in 2025 as compared to a loss of Rs. 526 million in 2024.

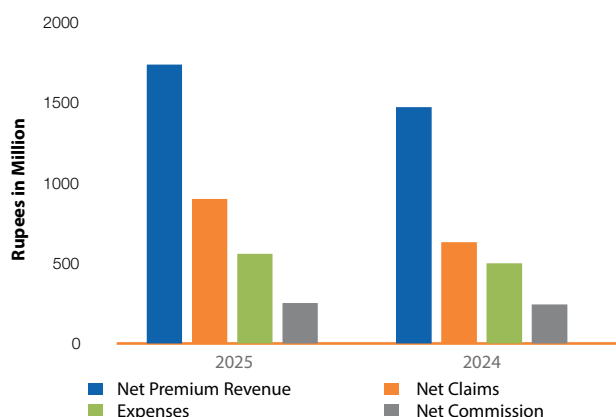
MOTOR



Marine, Aviation & Transport

Marine, Aviation & Transport class of business constituted 4% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 2,504 million (2024: Rs. 2,831 million). Net claims to net premium ratio increased to 52% in 2025 as compared to 43% in 2024. This portfolio showed underwriting profit of Rs. 29 million in 2025 as compared to Rs. 98 million in 2024.

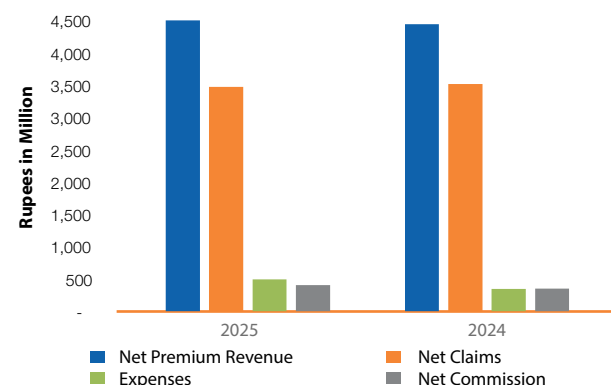
MARINE, AVIATION & TRANSPORT



Accident & Health

Accident & Health class of business constituted 10% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 6,449 million (2024: Rs. 5,313 million). Net claims to net premium ratio decreased to 76% in 2025 as compared to 79% in 2024. As a result, this portfolio showed underwriting profit of Rs. 227 million (2024: Rs. 229 million).

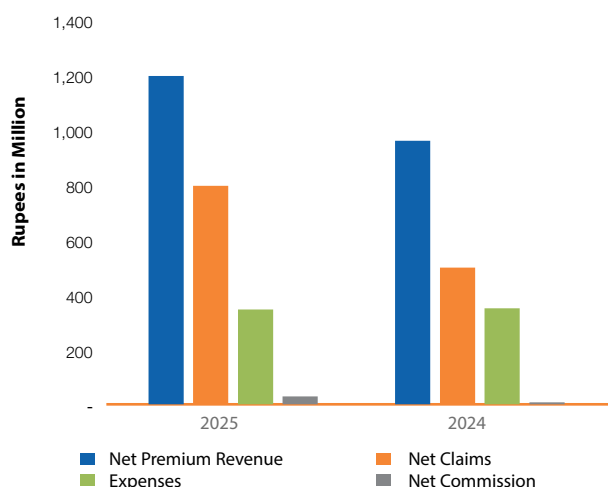
ACCIDENT & HEALTH



Miscellaneous

The miscellaneous class of business constituted 3% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 1,933 million (2024: Rs. 1,725 million). Net claims to net premium ratio increased to 67% in 2025 as compared to 52% in 2024. As a result, miscellaneous portfolio's underwriting profit decreased to Rs. 28 million in 2025 as compared to Rs. 107 million in 2024.

MISCELLANEOUS



INVESTMENT INCOME

Investment income of the Company witnessed an increase of 29% in 2025 over the preceding year.

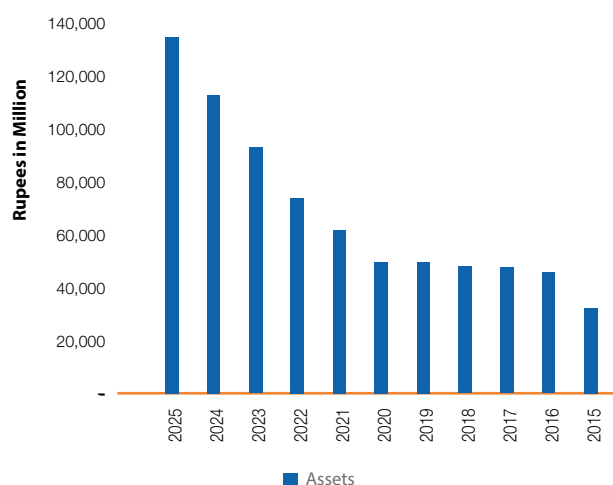
The break-up of investment income is as under:

	2025	2024
	(Rupees in million)	
Dividend income	3,700	3,550
Return on fixed income securities	824	650
Income from term deposits	831	547
Gain on sale of 'available-for-sale' investments (net of impairment)	1,309	404
Net investment income	<u>6,664</u>	<u>5,151</u>

COMPANY'S ASSETS

Total assets of the Company as on 31 December 2025 amounted to Rs. 134,307 million as against Rs. 112,496 million in 2024 (restated). Total investments of Conventional Business increased by 34% to Rs. 73,933 million as compared to Rs. 55,082 million in 2024. The management's strategy is to optimize utilization of funds over a long-term investment horizon to maximize investment returns.

ASSETS



ASSETS BREAK-UP



WINDOW TAKAFUL OPERATIONS

The Company's Window Takaful Operations – Operator's Fund closed the year with an increase of 17% in gross contribution written at Rs. 4,566 million as compared to Rs. 3,898 million in 2024 and has made a profit after tax of Rs. 269 million as compared to profit of Rs. 349 million in 2024.

OUTSIDE PAKISTAN OPERATIONS – UNITED ARAB EMIRATES & EXPORT PROCESSING ZONE

The Company has three fully functional branches located in Dubai, Sharjah and Abu Dhabi and one branch in Export Processing Zone (EPZ). The UAE branches are regulated under the relevant UAE laws applicable to the local insurance companies.

Outside Pakistan operations witnessed a significant growth of 62% in written gross premium (2024: 78%). Net claims to net premium ratio also decreased to 68% in 2025 as compared to 70% in 2024. As a result, Outside Pakistan Operations reported a profit before tax amounting to Rs. 962 million in 2025 as compared to a loss of Rs. 223 million in 2024.

PROSPECTS FOR 2026

Amid the current political and economic environment, the prospects for the upcoming year 2026 are presenting both opportunities and challenges. Gradual stabilization of the economy, reduction in inflation and interest rates are positive signs for the business environment while internal, regional, and global geopolitical landscape, especially the emerging political tensions in middle east, can present severe challenges.

Insurance Industry in Pakistan observed several peaks and dips in recent years. However, it successfully managed to keep pace with the development of the economy and other sectors. Amid the current macro-economic and internal and regional political environment, we foresee distressed growth trajectory of Insurance Sector during the year 2026.

GOVERNMENT OF PAKISTAN POLICIES AND THEIR IMPACT

The Government of Pakistan and the regulatory authority, namely, the Securities and Exchange Commission of Pakistan (SECP) have made various enactments, rules and regulations to regulate the Insurance Sector in the country. These enactments and the rules and regulations made thereunder aim to provide guidelines for the sector relating to various aspects of the insurance business including, but not limited to, minimum capital requirement for insurers, day to day insurance operations, know your customers (KYC), data maintenance and protection, anti-money laundering and counter financing of terrorism, accounting of transactions, presentation of financial statements, handling of complaints and grievances and so on. The policies of the Government of

Pakistan tend to achieve transparency and promote adoption of best practices in all aspects of the insurance business.

DIRECTORS

Total number of directors was 8 during the year 2025 and comprises as under:

1. Total Number of Directors:

- I. Male 6
- ii. Female 2

2. Composition of Board:

- i. Independent directors 2**
 - Maha Rehman – Female
 - Shahmeer Khalid Butt – Male
- ii. Non-Executive directors - Male 4**
 - Ibrahim Shamsi
 - Imran Maqbool
 - Shaikh Muhammad Jawed
 - Umer Mansha
- iii. Non-Executive director - Female 1**
 - Sadia Younas Mansha
- iv. Executive director 1**
 - Muhammad Ali Zeb

ELECTION OF DIRECTORS

The three (3) years tenure of the Board of Directors was completed on 29 May 2025 in terms of the Companies Act, 2017. The shareholders in Extraordinary General Meeting held on 28 May 2025 elected the following 7 directors for a period of three years.

- Ibrahim Shamsi *
- Imran Maqbool *
- Maha Rehman ***
- Muhammad Azeem Rashid*****
- Sadia Younas Mansha **
- Shahmeer Khalid Butt ****
- Shaikh Muhammad Jawed *
- Umer Mansha *

* Non-Executive Director - Male

** Non-Executive Director – Female

*** Independent Director – Female

**** Independent Director – Male

***** Muhammad Azeem Rashid resigned on 5 August 2025. Casual vacancy was filled on 12 August 2025 by appointing Shahmeer Khalid Butt as independent director

APPOINTMENT OF CHIEF EXECUTIVE

Under the relevant provisions of the Companies Act, 2017, within fourteen days from the date of election of directors, the Board on 4 June 2025 reappointed Muhammad Ali Zeb as the Chief Executive for a period of 3 years.

CHAIRMAN OF THE BOARD OF DIRECTORS

Umer Mansha was reappointed as Chairman of the Board with effect from 29 May 2025 for a period of 3 years. In terms of the requirements of the Companies Act, 2017, the Chairman of the Board should be appointed within 14 days of election of directors.

DIRECTORS' REMUNERATION

The Board of Directors has approved the remuneration of the members of the Board (Non-Executive Directors including independent directors) for attending meetings of the Board. The meeting fee of Rs. 25,000/- per meeting is paid to directors. Travel expenses by air from city of residence to the city of the meeting are paid with hotel accommodation, if availed.

The aggregate amount of remuneration is mentioned at Note 38 of the Unconsolidated Financial Statements.

BOARD MEETINGS & ATTENDANCE

During the year 2025, five meetings of the Board of Directors were held and attended by the Directors as under:

Directors	January to May	June to December
Umer Mansha	2	3
Ibrahim Shamsi	2	3
Imran Maqbool	2	3
Maha Rehman	-	2
Mohammad Arif Hameed (Retired 28/5/2025)	2	-
Khawaja Jalaluddin (Retired 28/5/25)	1	-
Mohammad Azeem Rashid (Resigned 5/8/25)	-	1
Shahmeer Khalid Butt (Appointed 12/8/25)	-	2
Sadia Younas Mansha	2	3
Shaikh Muhammad Jawed	2	3
Muhammad Ali Zeb – CEO	2	3

BOARD COMMITTEES & ITS MEMBERS

The Board has formed the following committees:

AUDIT COMMITTEE

Members	January to May	June to December
Chairman Independent Director	Muhammad Arif Hameed	- Muhammad Azeem Rashid (Resigned on 5.8.2025) - Shahmeer Khalid Butt (Appointed on 12.8.2025)
Member Non-Executive Director	Ibrahim Shamsi	Ibrahim Shamsi
Member Non-Executive Director	Shaikh Muhammad Jawed	Shaikh Muhammad Jawed
Member Non-Executive Director	Umer Mansha	Umer Mansha

ETHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE

Members	January to May	June to December
Chairman Independent Director	Khawaja Jalaluddin	Maha Rehman
Member Non-Executive Director	Ibrahim Shamsi	Ibrahim Shamsi
Member Non-Executive Director	Umer Mansha	Umer Mansha
Member Executive Director (MD & CEO)	Muhammad Ali Zeb	Muhammad Ali Zeb

INVESTMENT COMMITTEE

Members	January to May	June to December
Chairman Non-Executive Director	Shaikh Muhammad Jawed	Imran Maqbool
Member Non-Executive Director	Imran Maqbool	Shaikh Muhammad Jawed
Member Non-Executive Director	Umer Mansha	Umer Mansha
Member Executive Director (MD & CEO)	Muhammad Ali Zeb	Muhammad Ali Zeb
Member Chief Financial Officer	Muhammad Asim Nagi	Muhammad Asim Nagi

STATEMENT OF COMPLIANCE WITH CODE(S) OF CORPORATE GOVERNANCE

Statement of compliance with code(s) of corporate governance is separately provided in Annual Report at page 122.

RISK MITIGATION

Risk Mitigation is a proactive review and plan for the organization's current and potential risks. One of the vital functions in risk mitigation at Adamjee Insurance is the Physical Risk Management of fixed assets being offered for insurance, whether Industrial, Infra-structure, Commercial or Private Dwellings. Risk Management involves assessment of the various sections, processes and departments and it analyses the perils to which these fixed assets are exposed to. Adamjee Insurance carries out risk surveys which give our underwriters an insight into pre-defined categories of risks and those risks which cross certain financial thresholds, sometimes even before issuing an insurance quotation and/or an insurance policy. This is the reason why we have a dedicated team of well-qualified and experienced risk surveyors who carry out the largest number of risk surveys every year in the industry. The underwriters equipped with maximum information about the risk are then in a better position to accept or reject the risk with more conviction and confidence.

Once the risk is accepted for underwriting, the right price and appropriate terms are provided for the benefit of our valued customers. The recommendations made by the risk surveyors help the customers in improving their processes and operations, thus mitigating the risk exposures significantly.

The Company pays particular attention to the underwriting controls. Each class of insurance is headed by qualified and experienced underwriters, who manage and control the underwriting in their respective class of business. The utmost aim in any underwriting process is to protect the bottom-line of the Company. This is achieved by accurately estimating the exposures and the probability of future losses and thereby developing appropriate terms and conditions for each proposed risk for insurance and also deciding carefully on the retention of each risk.

Underwriting involves a number of technical controlling protocols. These protocols include Risk Categorization Grid, defined underwriting authorities, Check Lists for underwriters, guidelines by class of business, rate

monitoring mechanism, underwriting peer reviews and practice for seeking guidance on large and intricate risks from Risk Exposure Group (REG). This Group is represented by Executive Director Technical, Executive Director Commercial, Head of Claims and Compliance and Executive Director Re-Insurance. The Risk Categorization Grid defines Very High Risks, High Risks, Medium Risks and Low Risks Categories.

The Company has a very effective Reinsurance Treaty Programme in place which along with Facultative Risk Wise arrangements provides a bespoke protection to the Company against different types of risks. Both Reinsurance and Coinsurance arrangements are effectively used as risk mitigating tools against all types of risk exposures and to augment Company's risk appetite.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed in the Annual Report at page 516. The format of reporting, Form 20, has been slightly amended to comply with the reporting requirements under the Code of Corporate Governance for Insurers, 2016.

For the category of 'Executive', the Board of Directors has set the threshold for the year 2025. In addition to CEO, CFO, Head of Internal Audit and Company Secretary, officers in the cadre of Executive Director and above are included in the category of 'Executives'. The threshold is reviewed by the Board annually.

EARNINGS PER SHARE

During the year under review, earnings per share were Rs. 14.66/- (2024: Rs. 11.57/-). Detailed working has been reported in Note 37 to the Unconsolidated Financial Statements in this regard.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The system provides, though not absolute, but reasonable assurance that adequate control mechanisms have been established within the operational businesses.

The Company's internal control system is commensurate with its size, scale, and complexities of its operations. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same. It also reviews the quarterly Internal Audit Reports. Internal financial controls deployed within the Company have been found satisfactory throughout the year.

CSR activities

The CSR initiatives taken during the year 2025 have been separately mentioned in the annual report at page 208.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

The impact of the Company's business on the environment is actually next to nothing, since Adamjee Insurance does not have any manufacturing and/or energy-resource-based business set-up. With around 1,015 employees, we feel that we have a responsibility for environmental protection and have involved ourselves in areas that we can influence in a positive manner. We are focusing on reducing the use of paper and gradually moving towards a paperless environment. We are sensitizing our staff to behave in an environmentally friendly manner to save on electricity/power consumption and water usage.

HUMAN RESOURCE

At Adamjee Insurance, we believe that Human Capital is our core asset. We nurture the seeds of growth and flourish because of our people, who keep adding value through utmost efforts. Our aim is to provide growth opportunities and bring a performance-based culture where rewards are linked with the participation of our employees. That is why our people are more engaged, feel secure and resultantly employees' satisfaction indicators, i.e. productivity, engagement index and turnover for the year 2025 are inspiring in the Company.

ISO 9001:2015 CERTIFICATION

Adamjee Insurance has always strived to enhance customer satisfaction through continually improving its quality management system practices, processes and standards. By the new version of ISO 9001:2015, Adamjee Insurance has once again assured customers that it will continue to fulfill their insurance, regulatory and quality requirements, adding even more value to its customer services. This upgraded standard is conferred by Lloyd's Register Quality Assurance.

The certification has a continuation of our adherence to internationally established standards for quality system.

At the Company, we are fully aware of how beneficial this standard (ISO 9001:2015) is for us, which includes but not limited to enhanced organized operating environment, better working conditions, increased job satisfaction and enhanced customer satisfaction.

IFS Ratings

During the year, The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Insurer Financial Strength (IFS) rating of the Company as "AA++" (Double A plus plus). This rating denotes a very strong capacity to meet policyholders' contract obligations. Risk factors are considered modest and the impact of any adverse business and economic factors is expected to be very limited.

AM Best has affirmed the financial strength rating of the Company to "B (fair)" with negative outlook which denotes adequate risk-adjusted capitalization maintained by the Company.

SUBSIDIARY COMPANY

The Company has annexed its consolidated financial statements along with its separate financial statements. Adamjee Life Assurance Company Limited (ALIFE) is a subsidiary company of Adamjee Insurance Company Limited having 83.5% stake in the paid-up capital of ALIFE. A brief description of ALIFE is given below for the historical record.

ALIFE was incorporated in Pakistan under the Repealed Companies Ordinance, 1984 on 4 August 2008 as a public unlisted company and commenced operations from 24 April 2009. ALIFE till Feb 2020 was a subsidiary of AICL and an associate of IVM Intersurer B.V. (IVM), having 74.28% and 25.72% holdings, respectively in the capital of ALIFE.

In February 2020, the Company acquired the remaining stake of 25.72% in ALIFE from IVM, which made it a wholly owned subsidiary of the Company.

During the year 2021, 156,450,600 right shares at value of Rs. 10/- per share were offered by ALIFE. These shares were subscribed to by the Company. The paid-up capital of ALIFE after issue of rights was raised to Rs. 2,500 million.

10% stake in ALIFE, equivalent to 25 million shares, was offered by the Company through book building. 75% shares, i.e. 18,750,000 shares were offered to successful bidders and 25% shares i.e. 6,250,000 shares to retail investors. During the first quarter of 2022 ALIFE was listed on Pakistan Stock Exchange.

On 23 June 2025 16,250,000 shares of ALIFE were sold through stock market. On 15 July 2025 5% bonus shares were issued by ALIFE and AICL holding in ALIFE was increased by 10,437,500 shares. As at 31 December 2025 the Company held 219,185,662 shares of ALIFE (83.5% of paid-up capital of ALIFE). During 2025, ALIFE declared 10% interim cash dividend and 15% final cash dividend.

EVENTS AFTER BALANCE SHEET DATE

There are no significant events that took place between the date of financial statements and date of this report.

RECOMMENDATION FOR DIVIDEND

An interim dividend @ 20% (Rupees 2.00 per share) (2024: @ 15% [Rupee 1.5 per share]) was paid during the year. The Board recommended final cash dividend @ 20% Rs. 2.00 per share (2024: @15% Rs. 1.5 per share).

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Companies Act, 2017, the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Codes) and is pleased to give the following statements:

- The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required under the Companies Act, 2017.
- The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made have been disclosed, and accounting estimates made on the basis of prudent and reasonable judgment.

- Financial Statements have been prepared by the Company in accordance with the International Financial Reporting Standards as applicable in Pakistan. The departure therefrom (if any), is disclosed adequately and explained.
- The system of internal control is sound and is being implemented and monitored. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives and provide reasonable, but not absolute assurance against material misstatements or loss.
- The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.
- Key operating and financial data for the last six years is included in this Annual Report in summarized form.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of 31 December 2025, except those disclosed in the financial statements.
- The value of investments, including accrued income of provident and gratuity funds on the basis of un-audited accounts as on 31 December 2025, is as follows:

	(Rupees in '000)
Provident Fund	1,953,483
Gratuity Fund	550,781

AUDITORS

The Board of Directors, on the recommendation of the Audit Committee, proposed the appointment of Riaz Ahmed & Company, Chartered Accountants, as statutory auditors for the next term.

STATUS OF PENDING INVESTMENT DECISION

The decision to make investment in Nishat Mills Limited under the authority of resolution passed on 28 May 2016, was not implemented fully. The status of decision is explained to members as under as required vide Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulation 2017.

STATUS OF INVESTMENT UNDER REGULATION 4 (2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017:

Description	Nishat Mills Ltd
Date of approval	28 May 2016
Total Investment	Rs 625 million
Amount of Investment made up to 31 December 2025	Rs 161.053 million
Reasons for deviation from the approved timeline of investment, when investment decision was to be implemented in stipulated time	The special resolution is valid for 11 years, hence no deviation
Material changes in financial statement since date of resolution passed	
a. Breakup value per share	June 2015: Rs. 216.56 December 2025: Rs. 436.45
b. Earnings per share	June 2015: Rs. 11.13 December 2025: Rs. 9.52
c. Balance Sheet footing	June 2015: Rs. 101.14 billion December 2025: Rs. 282 billion

ACKNOWLEDGEMENT

The Company would like to thank its shareholders for the confidence they have shown in us. We express our sincere thanks to our customers, employees, strategic partners, vendors and suppliers.

We also appreciate the continuing support and guidance provided by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan during the year.

For and on behalf of the Board

Lahore: 18 February 2026


Shaikh Muhammad Jawed
Director


Muhammad Ali Zeb
MD & CEO

زیر التوا سرمایہ کاری کے فیصلے کی حیثیت

28 مئی 2016ء کو منظور شدہ قرارداد کے تحت نشاط ملز لمیٹڈ میں سرمایہ کاری کا فیصلہ مکمل طور پر نافذ نہیں کیا گیا۔ اس فیصلے کی حیثیت اراکین کو کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ اداروں میں سرمایہ کاری) ریگولیشنز 2017ء کے ریگولیشن 4(2) کے مطابق درج ذیل بیان کی جاتی ہے۔

کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ اداروں میں سرمایہ کاری) ریگولیشنز 2017ء کے ریگولیشن 4(2) کے تحت سرمایہ کاری کی حیثیت:

تفصیل	نشاط ملز لمیٹڈ
منظوری کی تاریخ	28 مئی 2016ء
کل سرمایہ کاری	625 ملین روپے
31 دسمبر 2025ء تک کی گئی سرمایہ کاری	161.053 ملین روپے
سرمایہ کاری کے منظور شدہ ٹائم لائن سے انحراف کی وجوہات، جبکہ سرمایہ کاری کے فیصلے کو مقررہ مدت میں نافذ کیا جانا تھا	خصوصی قرارداد 11 سال کے لیے موثر ہے، لہذا کوئی انحراف نہیں کیا گیا
قرارداد منظور ہونے کی تاریخ کے بعد مالیاتی گوشواروں میں ہونے والی اہم تبدیلیاں:	
ا۔ فی شیئر بریک آپ ویلیو	جون 2015ء: 216.56/- روپے دسمبر 2025ء: 436.45/- روپے
ب۔ فی شیئر آمدنی (نقصان)	جون 2015ء: 11.13/- روپے دسمبر 2025ء: 9.52/- روپے
ج۔ بیلنس شیٹ حجم	جون 2015ء: 101.14 ملین روپے دسمبر 2025ء: 282 ملین روپے

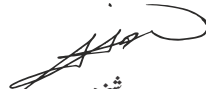
اعتراف

کمپنی اپنے شیئر ہولڈرز کا شکریہ ادا کرتی ہے جنہوں نے ہم پر اعتماد کا اظہار کیا۔ ہم اپنے صارفین، ملازمین، اسٹریٹجک پارٹنرز، وینڈرز اور سپلائرز کے بھی شکر گزار ہیں۔ ہم سال بھر کے دوران سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ مسلسل تعاون اور رہنمائی کو بھی سراہتے ہیں۔



محمد علی زیب

مینیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر



شیخ محمد جاوید

ڈائریکٹر

بورڈ کیلئے اور اس کی جانب سے

لاہور: 18 فروری 2026ء

2016ء اور لیسٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء (کوڈز) کے تحت احاطہ کیے گئے ہیں اور درج ذیل گوشواروں کی فراہمی پر اظہارِ مسرت کرتے ہیں:

- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے آپریشن کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- کمپنی نے کمپنیز ایکٹ 2017ء کے تحت اکاؤنٹس کے مناسب کھاتوں کو برقرار رکھا ہے۔
- کمپنی نے مالی بیانات کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسیز پر عمل کیا ہے۔ جہاں کہیں بھی تبدیلیاں کی گئی ہیں، ان کا انکشاف کیا گیا ہے، اور حساب کتاب کے تخمینے دانٹشمنڈ اور معقول فیصلے کی بنیاد پر کیے گئے ہیں۔
- پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ معیارات کے مطابق کمپنی کی طرف سے مالیاتی بیانات تیار کیے گئے ہیں۔ ان سے انحراف (اگر کوئی ہے)، مناسب طور پر ظاہر اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام درست ہے اور اس پر عمل درآمد اور نگرانی کی جارہی ہے۔ تاہم، اس طرح کے نظام کو مقاصد کے حصول میں ناکامی کے خطرے کو ختم کرنے اور معقول فراہم کرنے کی بجائے انتظام کرنے کیلئے ڈیزائن کیا گیا ہے، لیکن مادی غلط بیانیوں یا نقصان کے خلاف قطعی یقین دہانی نہیں۔
- کمپنی کی مبادیات مضبوط ہیں اور اس کے جاری رہنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
- اس سالانہ رپورٹ میں گزشتہ چھ برسوں کا کلیدی آپریٹنگ اور فنانشل ڈیٹا خلاصے کی شکل میں شامل کیا گیا ہے۔
- ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2025ء تک بقیہ ہیں، سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔
- 31 دسمبر 2025ء کو غیر آڈٹ شدہ کھاتوں کی بنیاد پر پروویڈنٹ اور گریجویٹ فنڈز کی جمع شدہ آمدنی سمیت سرمایہ کاری کی قیمت درج ذیل ہے:

(روپے '000 میں)

1,953,483

550,781

پروویڈنٹ فنڈ

گریجویٹ فنڈ

آڈٹرز

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو اگلی مدت کے لیے قانونی آڈٹرز مقرر کرنے کی سفارش کی ہے۔

فروری 2020ء میں، کمپنی نے IVM سے ALIFE میں 25.72% کا بقیہ حصہ حاصل کر لیا ہے،

جس نے اسے کمپنی کا مکمل ملکیتی ذیلی ادارہ بنادیا ہے۔

سال 2021ء کے دوران ALIFE کی طرف سے 10/- فی شیئر کے حساب سے 156,450,600 رائٹ شیئرز کی پیشکش کی گئی۔ یہ حصص کمپنی کی طرف سے سبکدوش کیے گئے تھے۔ رائٹ شیئرز کے اجرا کے بعد ALIFE کا ادا شدہ سرمایہ بڑھا کر 2,500 ملین روپے کر دیا گیا۔

بک بلڈنگ کے ذریعے ALIFE میں 25 ملین شیئرز کے مساوی 10% حصص فروخت کرنے کے لیے انتظامات جاری ہیں۔ 75% حصص یعنی 18,750,000 شیئرز کا میاب بولی وینڈگان کو اور 25% شیئرز یعنی 6,250,000 حصص خوردہ سرمایہ کاروں کو پیش کیے جائیں گے۔ 2022ء کی پہلی سہ ماہی کے دوران ALIFE کو پاکستان اسٹاک ایکسچینج پر درج کیا گیا تھا۔

23 جون 2025ء کو ALIFE کے 16,250,000 شیئرز اسٹاک مارکیٹ کے ذریعے فروخت کیے گئے۔ 15 جولائی 2025ء کو ALIFE نے 5% بونس شیئرز جاری کیے اور AICL کی ALIFE میں ہولڈنگ میں 10,437,500 شیئرز کا اضافہ ہوا۔ 31 دسمبر 2025ء تک AICL کے پاس ALIFE کے 219,185,662 شیئرز (ALIFE کے ادا شدہ سرمائے کا 83.5%) موجود ہیں۔ سال 2025ء کے دوران ALIFE نے 10% عبوری نقد منافع اور 15% حتمی نقد منافع کا اعلان کیا۔

بیلنس شیٹ کی تاریخ کے بعد کے واقعات

مالی گوشواروں کی تاریخ اور اس رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر واقعات رونما نہیں ہوئے۔

منافع کے لیے سفارش

ایک عبوری منافع 20% (2.00 روپے فی شیئر) کی شرح سے (2024ء میں @ 15% [1.5 روپے فی شیئر]) سال کے دوران ادا کیا گیا۔ بورڈ نے حتمی نقد منافع 20% (2.00 روپے فی شیئر) کی شرح سے (2024ء میں @ 15% [1.5 روپے فی شیئر]) کی سفارش کی ہے۔

ادارہ جاتی اور مالیاتی رپورٹنگ فریم ورک کا گوشوارہ

ادارہ جاتی قوانین، قواعد و ضوابط جو وہاں بنائے گئے ہیں، کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی امور کو بیان کرتے ہیں۔ بورڈ اپنی کارپوریٹ ذمے داریوں سے پوری طرح واقف ہے جیسا کہ کمپنیز ایکٹ 2017ء، کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان

2015:9001 کے نئے ورژن کے ذریعے، آدجی نے ایک بار پھر صارفین کو یقین دلایا ہے کہ وہ ان کی انشورنس، ریگولیٹری اور معیار کے تقاضوں کو پورا کرتا رہے گا، اور اس کی کسٹمر سروسز میں مزید قدر کا اضافہ ہو گا۔ یہ آپ گریڈ شدہ معیار Lloyd's Register Quality Assurance کے ذریعے دیا گیا ہے۔

سرٹیفیکیشن میں معیار کے نظام کے لیے بین الاقوامی سطح پر قائم کردہ معیارات پر ہماری پابندی کا تسلسل ہے۔

AICL میں، ہم اس بات سے پوری طرح واقف ہیں کہ یہ معیار (ISO 9001:2015) ہمارے لیے کتنا فائدہ مند ہے جس میں بہتر منظم آپریٹنگ ماحول، بہتر کام کے حالات، ملازمت کی اطمینان میں اضافہ اور صارفین کی اطمینان میں اضافہ شامل ہے لیکن یہ سب کچھ اسی تک محدود نہیں۔

IFS کی درجہ بندیاں

سال کے دوران، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی بیمہ کنندہ مالیاتی استحکام (IFS) کی درجہ بندی کو ”++“ ڈبل اے پلس (پلس) کے طور پر برقرار رکھا ہے۔ یہ درجہ بندی پالیسی ہولڈرز کے معاہدے کی ذمہ داریوں کو پورا کرنے کی بہت مضبوط صلاحیت کی نشاندہی کرتی ہے۔ خطرے کے عوامل کو معمولی سمجھا جاتا ہے اور کسی بھی منفی کاروبار اور اقتصادی عوامل کے اثرات بہت محدود ہونے کی توقع کی جاتی ہے۔

اے ایم بیٹ نے منفی آؤٹ لک کے ساتھ کمپنی کے مالیاتی استحکام کی درجہ بندی کو ”B (ٹھیک)“ قرار دینے کی توثیق کی ہے جو کہ کمپنی کی طرف سے برقرار رکھے گئے ایک مضبوط ریسک ایڈجسٹ کیپٹل سٹریٹجی کی نشاندہی کرتا ہے۔

ذیلی کمپنی

کمپنی نے اپنے الگ مالیاتی گوشواروں کے ساتھ ملحقہ مالیاتی گوشواروں کو جوڑ دیا ہے۔ آدجی لائف انشورنس کمپنی لمیٹڈ (ALIFE) آدجی انشورنس کمپنی لمیٹڈ (AICL) کی ایک ذیلی کمپنی ہے جس کے ALIFE کے ادا شدہ سرمائے میں 83.5% حصص ہیں۔ ALIFE کی ایک مختصر تفصیل ذیل میں دی گئی ہے:

ALIFE کو پاکستان میں منسوخ شدہ کمپنیز آرڈیننس 1984ء کے تحت 4 اگست 2008ء کو ایک پبلک آن لیسٹڈ کمپنی کے طور پر شامل کیا گیا تھا اور اس نے 24 اپریل 2009ء سے کام شروع کیا تھا۔ ALIFE فروری 2020ء تک AICL کا ذیلی ادارہ اور IVM Intersurer B.V. (IVM) کا ایک ایسوسی ایٹ تھا جس کی ALIFE کے سرمائے میں بالترتیب 74.28% اور 25.72% شیئر ہولڈنگ تھی۔

یقین دہانی فراہم کرتا ہے کہ آپریشنل کاروباروں کے اندر مناسب کنٹرول میکانزم قائم کیے گئے ہیں۔

کمپنی کا اندرونی کنٹرول سسٹم اس کے سائز، پیمانے، اور اس کے آپریشنز کی پیچیدگیوں کے مطابق ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی اندرونی کنٹرول کے نظام کی موزونیت اور تاثیر کا فعال طور پر جائزہ لیتی ہے اور اسے مضبوط کرنے کے لیے بہتری کی تجویز پیش کرتی ہے۔ یہ سہ ماہی اندرونی آڈٹ رپورٹس کا بھی جائزہ لیتا ہے۔ کمپنی کے اندر تعینات اندرونی مالیاتی کنٹرول سال بھر میں تسلی بخش پائے گئے ہیں۔

CSR سرگرمیاں

سال 2025ء کے دوران اٹھائے گئے CSR اقدامات کا صفحہ 208 پر سالانہ رپورٹ میں الگ سے ذکر کیا گیا ہے۔

کمپنی کے کاروبار کا ماحولیات پر اثر

ماحولیات پر کمپنی کے کاروبار کا اثر درحقیقت کچھ بھی نہیں ہے، کیونکہ آدجی کے پاس کوئی مینوفیکچرنگ اور / یا توانائی کے وسائل پر مبنی کاروبار کا سیٹ آپ نہیں ہے۔ تقریباً 1,015 ملازمین کے ساتھ، ہم محسوس کرتے ہیں کہ ماحولیات تحفظ بھی ہماری ذمہ داری ہے اور ہم نے خود کو ایسے شعبوں میں شامل کیا ہے جن پر ہم مثبت انداز میں اثر انداز ہو سکتے ہیں۔ ہم کاغذ کے استعمال کو کم کرنے اور بندرتغییر کاغذ کے ماحول کی طرف بڑھنے پر توجہ دے رہے ہیں۔ ہم بجلی / توانائی کے استعمال اور پانی کے استعمال کو بچانے کے لیے اپنے عملے میں ماحول دوست انداز میں برتاؤ کرنے کے لیے احساس پیدا کر رہے ہیں۔

انسانی وسائل

آدجی انشورنس میں، ہم سمجھتے ہیں کہ انسانی سرمایہ ہمارا بنیادی اثاثہ ہے۔ ہم اپنے لوگوں کی وجہ سے ترقی اور پھلنے پھولنے کے بیجوں کی پرورش کرتے ہیں، جو پوری کوششوں کے ذریعے قدر میں اضافہ کرتے رہتے ہیں۔ ہمارا مقصد ترقی کے مواقع فراہم کرنا اور کارکردگی پر مبنی ثقافت لانا ہے جہاں ہمارے ملازمین کی حوصلہ افزائی کے لیے انعامات منسلک ہوں۔ اسی لیے، ہمارے لوگ زیادہ مصروف ہیں، محفوظ محسوس کرتے ہیں اور اس کے نتیجے میں ملازمین کے اطمینان کے اشارے، یعنی پیداواری صلاحیت، مصروفیت کا اشاریہ اور سال 2025ء کے لیے کمپنی کا ٹرن اوور بھی متاثر کن ہے۔

ISO 9001:2015 سرٹیفیکیشن

آدجی انشورنس نے ہمیشہ اپنے کوالٹی مینجمنٹ سسٹم کے طریقوں، عمل اور معیارات میں مسلسل بہتری کے ذریعے صارفین کی اطمینان کو بڑھانے کی کوشش کی ہے۔ ISO

کارپوریٹ گورننس کے کوڈ (ز) کے ساتھ تعمیل کا گوشوارہ

کارپوریٹ گورننس کے ضابطوں کی تعمیل کا گوشوارہ صفحہ 122 پر سالانہ رپورٹ میں الگ سے فراہم کیا گیا ہے۔

خطرات کی تخفیف:

خطرات کی تخفیف، ادارے کے موجودہ اور ممکنہ خطرات کے لیے ایک فعال جائزہ اور منصوبہ ہے۔ آدجی انشورنس میں خطرے کو کم کرنے میں ایک اہم کام بیمہ کے لیے پیش کیے جانے والے فکسڈ اثاثوں کا فزکل رسک مینجمنٹ ہے، چاہے صنعتی، انفراسٹرکچر، کمرشل ہو یا پرائیویٹ ڈویلپنگ۔ رسک مینجمنٹ میں مختلف حصوں، عمل اور محکموں کا جائزہ شامل ہوتا ہے اور یہ ان خطرات کا تجزیہ کرتا ہے جن سے یہ مقررہ اثاثے سامنے آتے ہیں۔ آدجی انشورنس رسک سروے کرتا ہے جو ہمارے انڈر رائٹرز کو خطرات کے پہلے سے طے شدہ زمروں اور ان خطرات کے بارے میں بصیرت فراہم کرتا ہے جو بعض مالیاتی حدود کو عبور کرتے ہیں، بعض اوقات انشورنس کو ٹیشن اور / یا انشورنس پالیسی جاری کرنے سے پہلے بھی۔ یہی وجہ ہے کہ ہمارے پاس قابل اور تجربہ کار رسک سروسپرویزر کی ایک سرشار ٹیم ہے جو صنعت میں ہر سال سب سے زیادہ رسک سروے کرتی ہے۔ خطرے کے بارے میں زیادہ سے زیادہ معلومات سے لیس انڈر رائٹرز اس کے بعد زیادہ یقین اور اعتماد کے ساتھ خطرے کو قبول یا مسترد کرنے کے لیے بہتر پوزیشن میں ہوتے ہیں۔

ایک بار جب انڈر رائٹنگ کے لیے خطرہ قبول کر لیا جاتا ہے، تو ہمارے قابل قدر صارفین کے فائدے کے لیے ایک صحیح قیمت اور مناسب شرائط فراہم کی جاتی ہیں۔ رسک سروسپرویزر کی طرف سے دی گئی سفارشات صارفین کو ان کے عمل اور آپریشنز کو بہتر بنانے میں مدد کرتی ہیں، اس طرح خطرے کے سامنے کو نمایاں طور پر کم کیا جاتا ہے۔

کمپنی انڈر رائٹنگ کنٹرولز پر خاص توجہ دیتی ہے۔ بیمہ کی ہر کلاس کی سربراہی اہل اور تجربہ کار انڈر رائٹرز کرتے ہیں، جو اپنے متعلقہ طبقے کے کاروبار میں انڈر رائٹنگ کا انتظام اور کنٹرول کرتے ہیں۔ کسی بھی انڈر رائٹنگ کے عمل کا سب سے بڑا مقصد کمپنی کے نچلے حصے کی حفاظت کرنا ہے۔ یہ ایکسپوزرز اور مستقبل میں ہونے والے نقصانات کے امکان کا درست اندازہ لگا کر اور اس طرح انشورنس کے لیے ہر مجوزہ خطرے کے لیے مناسب شرائط و ضوابط تیار کر کے اور ہر خطرے کو برقرار رکھنے کے بارے میں احتیاط سے فیصلہ کر کے حاصل کیا جاتا ہے۔

انڈر رائٹنگ میں متعدد تکنیکی کنٹرولنگ پروٹوکول شامل ہیں۔ ان پروٹوکولز میں رسک کیٹگریزیشن گرڈ، متعین انڈر رائٹنگ اتھارٹیز، انڈر رائٹرز کے لیے چیک لسٹ، کاروبار

کے طبقے کے لحاظ سے رہنما خطوط، شرح کی نگرانی کا طریقہ کار، انڈر رائٹنگ پیسز ریویو اور رسک ایکسپوزر گروپ (REG) سے بڑے اور پیچیدہ خطرات پر رہنمائی حاصل کرنے کی مشق شامل ہیں۔ اس گروپ کی نمائندگی ایگزیکٹو ڈائریکٹر ٹیکنیکل، ایگزیکٹو ڈائریکٹر کمرشل، ہیڈ آف کلیمز اینڈ کمپلائنس اور ایگزیکٹو ڈائریکٹر ری انشورنس کرتے ہیں۔ خطرے کی درجہ بندی کا گرڈ بہت زیادہ خطرات، زیادہ خطرات، درمیانے خطرات اور کم خطرات کے زمرے کی وضاحت کرتا ہے۔

کمپنی کے پاس ایک بہت ہی موثر ری انشورنس ٹریٹی پروگرام ہے جو فیکٹوری رسک وائرز انتظامات کے ساتھ ساتھ کمپنی کو مختلف قسم کے خطرات سے پہلے سے تحفظ فراہم کرتا ہے۔ از سر نو بیمہ اور مشترکہ بیمہ دونوں انتظامات کو موثر طریقے سے ہر قسم کے رسک ایکسپوزرز کے خلاف رسک کم کرنے والے ٹولز کے طور پر اور کمپنی کی خطرے کی بھوک کو بڑھانے کے لیے استعمال کیا جاتا ہے۔

شیر ہولڈنگ کا پیٹرن

شیر ہولڈنگ کا پیٹرن صفحہ 516 پر سالانہ رپورٹ میں منسلک ہے۔ رپورٹنگ کی ضروریات کی تعمیل کرنے کے لیے رپورٹنگ کے فارمیٹ، فارم 20 میں کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016ء کے تحت قدرے ترمیم کی گئی ہے۔ 'ایگزیکٹو' کی کیٹگری کے لیے بورڈ آف ڈائریکٹرز نے سال 2025ء کے لیے حد مقرر کی ہے۔ سی ای او، سی ایف او، ہیڈ آف انٹرئل آڈٹ اور کمپنی سیکریٹری کے علاوہ ایگزیکٹو ڈائریکٹر اور اس سے اوپر کے کیڈر کے افسران بھی 'ایگزیکٹو' کے زمرے میں شامل ہیں۔ بورڈ ہر سال حد کا جائزہ لیتا ہے۔

فی حصص آمدنی

زیر جائزہ سال کے دوران فی حصص آمدنی / -14.66 روپے رہی (2024ء میں 11.57/- روپے)۔ اس کی تفصیلی وضاحت غیر مجتمع مالیاتی گوشواروں کے نوٹ 37 میں دی گئی ہے۔

اندرونی مالیاتی کنٹرول اور اس کی موزونیت

بورڈ نے اپنے کاروبار کے منظم اور موثر طرز عمل کو یقینی بنانے کے لیے پالیسیز اور طریقہ کار اپنایا ہے جس میں کمپنی کی پالیسیز کی پابندی، اس کے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام اور ان کا پیچہ لگانا، اکاؤنٹنگ ریکارڈ کی درستگی اور مکمل ہونا اور قابل اعتماد مالیاتی افشادات کی بروقت تیاری شامل ہے۔ یہ نظام، اگرچہ مطلق نہیں، لیکن معقول

آڈٹ کمیٹی

ممبر	جنوری تا مئی	جون تا دسمبر
چیئر مین آزاد ڈائریکٹر	محمد عارف حمید (ریٹائرڈ 28 مئی 2025ء)	محمد عظیم راشد (مستعفی 15 اگست 2025ء)
ممبر نان ایگزیکٹو ڈائریکٹر	ابراہیم شمس	شاہ میر خالد بٹ (تقرر 12 اگست 2025ء)
ممبر نان ایگزیکٹو ڈائریکٹر	شیخ محمد جاوید	شیخ محمد جاوید
ممبر نان ایگزیکٹو ڈائریکٹر	عمر منشا	عمر منشا

اخلاقیات، انسانی وسائل اور معاوضہ کمیٹی

ممبر	جنوری تا مئی	جون تا دسمبر
چیئر مین آزاد ڈائریکٹر	خواجہ جلال الدین	ماہارحمین
ممبر نان ایگزیکٹو ڈائریکٹر	ابراہیم شمس	ابراہیم شمس
ممبر نان ایگزیکٹو ڈائریکٹر	عمر منشا	عمر منشا
ممبر ایگزیکٹو ڈائریکٹر (ایم ڈی اینڈ سی ای او)	محمد علی زیب	محمد علی زیب

سرمایہ کاری کمیٹی

ممبر	جنوری تا مئی	جون تا دسمبر
چیئر مین نان ایگزیکٹو ڈائریکٹر	شیخ محمد جاوید	عمران مقبول
ممبر نان ایگزیکٹو ڈائریکٹر	عمران مقبول	شیخ محمد جاوید
ممبر نان ایگزیکٹو ڈائریکٹر	عمر منشا	عمر منشا
ممبر ایگزیکٹو ڈائریکٹر (ایم ڈی اینڈ سی ای او)	محمد علی زیب	محمد علی زیب
ممبر چیف فنانشل آفیسر	محمد عاصم ناگی	محمد عاصم ناگی

چیف ایگزیکٹو کی تقرری

کمپنیز ایکٹ 2017ء کی متعلقہ دفعات کے تحت ڈائریکٹر کے انتخاب کی تاریخ سے چودہ (14) دن کے اندر، بورڈ نے 4 جون 2025ء کو مسٹر محمد علی زیب کو تین (3) سال کی مدت کے لیے دوبارہ چیف ایگزیکٹو مقرر کیا۔

چیئر مین بورڈ آف ڈائریکٹرز

مسٹر محمد عمران شاہ کو 29 مئی 2025ء سے تین (3) سال کی مدت کے لیے بورڈ کے چیئر مین کے طور پر دوبارہ مقرر کیا گیا۔ کمپنیز ایکٹ 2017ء کی ضروریات کے مطابق، چیئر مین کی تقرری ڈائریکٹر کے انتخاب کے چودہ (14) دن کے اندر کی جانی چاہیے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے بورڈ کے اراکین (نان ایگزیکٹو ڈائریکٹر بشمول آزاد ڈائریکٹر) کے اجلاسوں میں شرکت کے لیے معاوضہ منظور کیا ہے۔ ہر اجلاس کے لیے 25,000/- روپے فیس ادا کی جاتی ہے۔ رہائش کے شہر سے اجلاس کے شہر تک ہوائی سفر کے اخراجات اور ہوٹل میں قیام (اگر حاصل کیا جائے) بھی ادا کیے جاتے ہیں۔

معاوضے کی مجموعی رقم کا ذکر غیر مجتمع مالیاتی گوشواروں کے نوٹ 38 میں کیا گیا ہے۔

بورڈ میٹنگز اور حاضری

سال 2025ء کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی:

ڈائریکٹرز	جنوری تا مئی	جون تا دسمبر
عمر منشا	۲	۳
ابراہیم شمس	۲	۳
عمران مقبول	۲	۳
ماہارحمین	-	۲
محمد عارف حمید (ریٹائرڈ ۲۸ مئی ۲۰۲۵ء)	۲	-
خواجہ جلال الدین (ریٹائرڈ ۲۸ مئی ۲۰۲۵ء)	۱	-
محمد عظیم راشد (مستعفی ۱۵ اگست ۲۰۲۵ء)	-	۱
شاہ میر خالد بٹ (تقرر ۱۲ اگست ۲۰۲۵ء)	-	۲
سعدیہ یونس منشا	۲	۳
شیخ محمد جاوید	۲	۳
محمد علی زیب - سی ای او	۲	۳

پاکستان کے باہر آپریشنز - متحدہ عرب امارات اور ایکسپورٹ پروسیسنگ زون

کمپنی کی تین مکمل طور پر فعال شاخیں ہیں جو دبئی، شارجہ اور ابوظہبی میں واقع ہیں اور ایک شاخ ایکسپورٹ پروسیسنگ زون (EPZ) میں ہے۔ متحدہ عرب امارات کی شاخیں مقامی انشورنس کمپنیز پر لاگو متحدہ عرب امارات کے متعلقہ قوانین کے تحت ریگولیٹ ہوتی ہیں۔

پاکستان سے باہر آپریشنز میں تحریر شدہ مجموعی پریمیم میں 62% نمایاں اضافہ دیکھا گیا (2024ء میں 78%)۔ خالص دعووں کا خالص پریمیم کے ساتھ تناسب بھی 2025ء میں کم ہو کر 68% ہو گیا جبکہ 2024ء میں یہ 70% تھا۔ نتیجتاً پاکستان سے باہر آپریشنز نے 2025ء میں قبل از ٹیکس 962 ملین روپے کا منافع رپورٹ کیا جبکہ 2024ء میں 223 ملین روپے کا نقصان تھا۔

2026ء کے امکانات

موجودہ سیاسی اور معاشی ماحول کے درمیان آئندہ سال 2026 کے امکانات مواقع اور چیلنجز دونوں پیش کر رہے ہیں۔ معیشت کا بہتر ترقی استحکام، افراط زر اور شرح سود میں کمی کا رو باری ماحول کے لیے مثبت اشارے ہیں جبکہ اندرونی، علاقائی اور عالمی جغرافیائی سیاسی منظر نامے، خاص طور پر مشرق وسطیٰ میں ابھرتی ہوئی سیاسی کشیدگی، شدید چیلنجز پیش کر سکتی ہے۔

پاکستان میں انشورنس انڈسٹری نے حالیہ برسوں میں کئی چوٹیوں اور گراؤ کا مشاہدہ کیا۔ تاہم، یہ کامیابی کے ساتھ معیشت اور دیگر شعبوں کی ترقی کے ساتھ رفتار برقرار رکھنے میں کامیاب رہا۔ موجودہ میکرو اکنامک اور داخلی اور علاقائی سیاسی ماحول کے درمیان، ہم سال 2026 کے دوران انشورنس سیکٹر کی پریشان کن ترقی کی پیش گوئی کرتے ہیں۔

حکومت پاکستان کی پالیسیز اور اُن کے اثرات

حکومت پاکستان اور ریگولیٹری اتھارٹی، یعنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے ملک میں انشورنس سیکٹر کو ریگولیٹ کرنے کے لیے مختلف قانون سازی کے عمل، قواعد و ضوابط بنائے ہیں۔ قانون سازی کے عمل اور اس کے تحت بنائے گئے قواعد و ضوابط کا مقصد بیمہ کاروبار کے مختلف پہلوؤں سے متعلق شعبے کے لیے رہنما خطوط فراہم کرنا ہے، بشمول بیمہ کنندگان کے لیے کم از کم سرمائے کی ضرورت، روزانہ کی بیمہ کی کارروائیاں، اپنے صارفین کو جاننا (KYC) ڈیٹا کی دیکھ بھال اور تحفظ، انسداد منی لانڈرنگ اور دہشت گردی کی مالی معاونت کا انسداد، لین دین کا حساب کتاب، مالیاتی بیانات کی پیشکش، شکایات اور شکایات کا ازالہ وغیرہ۔ حکومت پاکستان کی پالیسیز شفافیت کو حاصل کرنے اور انشورنس کاروبار کے تمام پہلوؤں میں بہترین طریقوں کو اپنانے کو فروغ دیتی ہیں۔

ڈائریکٹرز

سال 2025ء کے دوران ڈائریکٹرز کی کل تعداد 8 تھی اور درج ذیل پر مشتمل ہے:

1 ڈائریکٹرز کی کل تعداد:

- i. مرد 6
- ii. خاتون 2

2 بورڈ کی تشکیل:

- i. آزاد ڈائریکٹر 2
 - ماہار حسن - خاتون
 - شاہ میر خالد بٹ - مرد
- ii. غیر ایگزیکٹو ڈائریکٹر - مرد 4
 - ابراہیم شمسی
 - عمران مقبول
 - شیخ محمد جاوید
 - عمر منشا
- iii. غیر ایگزیکٹو ڈائریکٹر - خاتون 1
 - سعدیہ یونس منشا
- iv. ایگزیکٹو ڈائریکٹر 1
 - محمد علی زیب

ڈائریکٹرز کا انتخاب

کمپنیز ایکٹ 2017ء کے تحت بورڈ آف ڈائریکٹرز کی تین (3) سالہ مدت 29 مئی 2025ء کو مکمل ہوئی۔ 28 مئی 2025ء کو منعقدہ غیر معمولی اجلاس عام میں شیئر ہولڈرز نے درج ذیل سات (7) ڈائریکٹرز کو تین (3) سال کی مدت کے لیے منتخب کیا۔

- ابراہیم شمسی *
- عمران مقبول *
- ماہار حسن *
- محمد عظیم راشد
- سعدیہ یونس منشا *
- شاہ میر خالد بٹ *
- شیخ محمد جاوید *
- عمر منشا *

* نان ایگزیکٹو ڈائریکٹر - مرد

** نان ایگزیکٹو ڈائریکٹر - خاتون

*** آزاد ڈائریکٹر - خاتون

**** آزاد ڈائریکٹر - مرد

***** محمد عظیم راشد نے 5 اگست 2025ء کو استعفیٰ دیا، عارضی خالی جگہ کو 12 اگست 2025ء کو

مستر شاہ میر خالد بٹ کو بطور آزاد ڈائریکٹر مقرر کر کے پُر کیا گیا

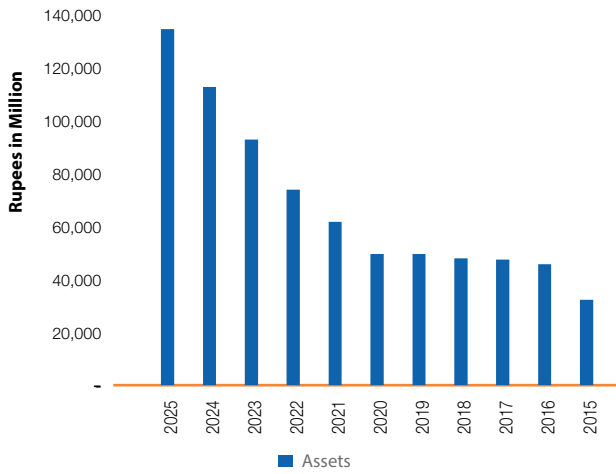
متفرق

کمپنی کے اثاثے

31 دسمبر 2025ء تک کمپنی کے کل اثاثے 134,307 ملین روپے تھے جبکہ 2024ء میں (دوبارہ مرتب کردہ) یہ 112,496 ملین روپے تھے۔ روایتی کاروبار کی کل سرمایہ کاریوں میں 34% اضافہ ہوا اور یہ 73,933 ملین روپے تک پہنچ گئیں جبکہ 2024ء میں یہ 55,082 ملین روپے تھیں۔ انتظامیہ کی حکمت عملی طویل مدتی سرمایہ کاری افق کے تحت فنڈز کے بہترین استعمال کو یقینی بنانا ہے تاکہ سرمایہ کاری پر زیادہ سے زیادہ منافع حاصل کیا جاسکے۔

متفرق کاروباری زمرہ کل پورٹفولیو کا 3% تھا۔ سال کے دوران، کمپنی نے 1,933 ملین روپے کا مجموعی پرییم تحریر کیا (2024ء میں 1,725 ملین روپے)۔ خالص دعووں کا خالص پرییم کے ساتھ تناسب 2025ء میں بڑھ کر 67% ہو گیا جبکہ 2024ء میں یہ 52% تھا۔ نتیجتاً، متفرق پورٹفولیو کا انڈر رائٹنگ منافع 2025ء میں کم ہو کر 28 ملین روپے رہ گیا جبکہ 2024ء میں یہ 107 ملین روپے تھا۔

ASSETS



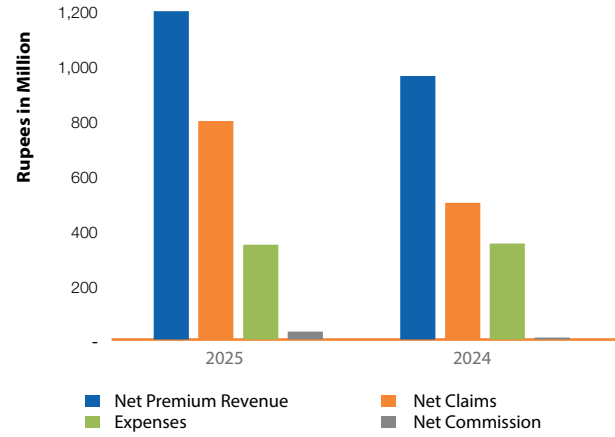
ASSETS BREAK-UP



ونڈو تکافل آپریشنز

کمپنی کے ونڈو تکافل آپریشنز - آپریٹرز فنڈ نے سال کا اختتام 17% اضافے کے ساتھ کیا جس میں مجموعی تحریری شرائط 4,566 ملین روپے رہی جبکہ 2024ء میں یہ 3,898 ملین روپے تھی، اور بعد از ٹیکس منافع 269 ملین روپے حاصل کیا جبکہ 2024ء میں یہ 349 ملین روپے تھا۔

MISCELLANEOUS



سرمایہ کاری کی آمدنی:

کمپنی کی سرمایہ کاری کی آمدنی میں 2025ء کے دوران گزشتہ سال کے مقابلے میں 29% اضافہ ہوا۔

سرمایہ کاری کی آمدنی کی تقسیم درج ذیل ہے:

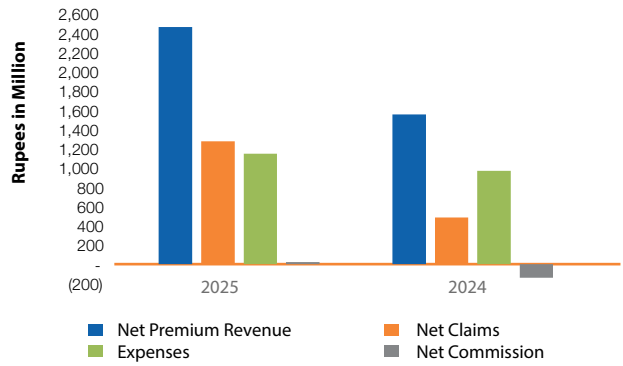
2024	2025	
		(روپے ملین میں)
3,550	3,700	ڈیویڈنڈ آمدنی
650	824	فلسڈ انکم سیوریٹی پرواپسی
547	831	ٹرم ڈپازٹس سے آمدنی
		'دستیاب برائے فروخت' سرمایہ کاری کی
404	1,309	فروخت پر فائدہ / (نقصان) (خالص نقصان)
5,151	6,664	خالص سرمایہ کاری آمدنی

پورٹفولیو تجزیہ

آگ اور جائیداد

آگ اور جائیداد (Fire and Property) کاروباری زمرہ کل پورٹفولیو کا 22% تھا۔ سال کے دوران، کمپنی نے 14,115 ملین روپے کا مجموعی پریمیم تحریر کیا (2024ء میں 19,963 ملین روپے)۔ خالص دعووں کا خالص پریمیم کے ساتھ تناسب 2025ء میں بڑھ کر 52% ہو گیا جبکہ 2024ء میں یہ 31% تھا۔ نتیجتاً آگ اور جائیداد زمرے نے 2025ء میں 29 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا جبکہ 2024ء میں یہ 244 ملین روپے تھا۔

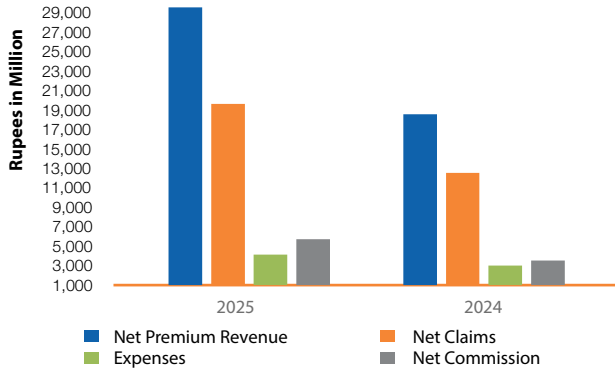
FIRE & PROPERTY DAMAGE



موٹر

موٹر کاروباری زمرہ کل پورٹفولیو کا 61% تھا۔ سال کے دوران، کمپنی نے 38,143 ملین روپے کا مجموعی پریمیم تحریر کیا (2024ء میں 24,433 ملین روپے)۔ خالص دعووں کا خالص پریمیم کے ساتھ تناسب 2025ء میں کم ہو کر 66% ہو گیا جبکہ 2024ء میں یہ 68% تھا۔ نتیجتاً موٹر زمرے نے 2025ء میں 87 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا جبکہ 2024ء میں 526 ملین روپے کا نقصان ہوا تھا۔

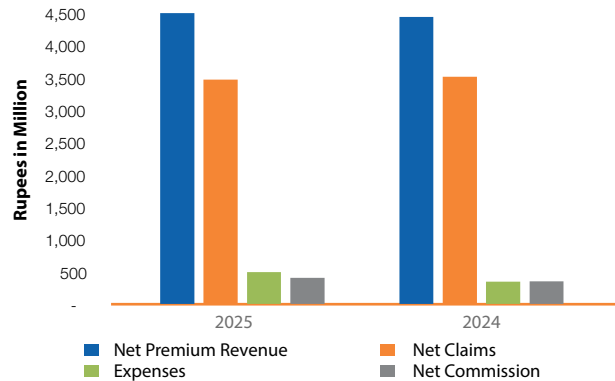
MOTOR



حادثہ اور صحت

حادثہ و صحت کاروباری زمرہ کل پورٹفولیو کا 10% تھا۔ سال کے دوران، کمپنی نے 6,449 ملین روپے کا مجموعی پریمیم تحریر کیا (2024ء میں 5,313 ملین روپے)۔ خالص دعووں کا خالص پریمیم کے ساتھ تناسب 2025ء میں کم ہو کر 76% ہو گیا جبکہ 2024ء میں یہ 79% تھا۔ نتیجتاً اس پورٹفولیو نے 2025ء میں 227 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا (2024ء میں 229 ملین روپے)۔

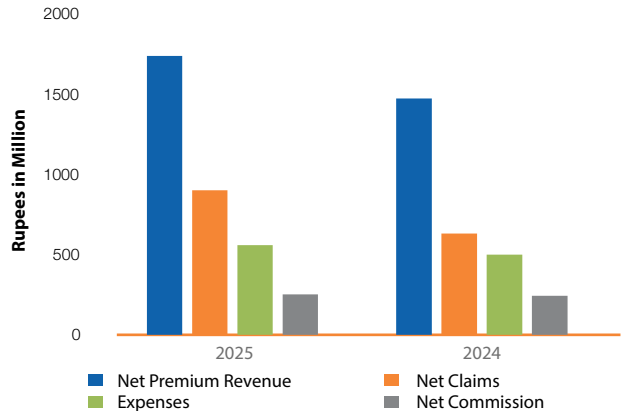
ACCIDENT & HEALTH



میرین، ایوی ایشن اور ٹرانسپورٹ

میرین، ایوی ایشن اینڈ ٹرانسپورٹ کاروباری زمرہ کل پورٹفولیو کا 4% تھا۔ سال کے دوران، کمپنی نے 2,504 ملین روپے کا مجموعی پریمیم تحریر کیا (2024ء میں 2,831 ملین روپے)۔ خالص دعووں کا خالص پریمیم کے ساتھ تناسب 2025ء میں بڑھ کر 52% ہو گیا جبکہ 2024ء میں یہ 43% تھا۔ اس پورٹفولیو نے 2025ء میں 29 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا جبکہ 2024ء میں یہ 98 ملین روپے تھا۔

MARINE, AVIATION & TRANSPORT



ڈائریکٹر کی رپورٹ

غیر اشتمال شدہ حسابات پر ممبران کو ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹر کی طرف سے، ہمیں 31 دسمبر 2025ء کو ختم شدہ سال کے لیے آڈٹ شدہ غیر مجتمع مالیاتی گوشواروں کے ہمراہ آپ کی کمپنی کی 65 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

معاشی جائزہ

مالی سال 2025ء میں معیشت میں بتدریج استحکام دیکھا گیا جس میں جی ڈی پی کی شرح نمو تقریباً 3% رہی جس کی حمایت جاری اصلاحات، کم ہوتی ہوئی مہنگائی اور بہتر ہوتے مالیاتی اشاریوں نے کی۔ اوسط کنزیومر پرائس انڈیکس (CPI) مہنگائی میں نمایاں کمی دیکھنے میں آئی جو مالی سال 2025ء میں 4.5% رہی جبکہ مالی سال 2024ء میں یہ 23.4% تھی اور یہ سخت مالیاتی اور مالی پالیسی اقدامات کی وجہ سے ممکن ہوا۔ بیرونی شعبے میں بھی مثبت نتائج سامنے آئے، کیونکہ کرنٹ اکاؤنٹ نے ایک دہائی سے زائد عرصے کے بعد تقریباً 1.9 ارب امریکی ڈالر کا سرپلس دکھایا جس کی بنیادی وجہ کارکنوں کی ترسیلات زر میں اضافہ تھا۔ تاہم، مالی سال 2026ء کے پہلے نصف میں 1.2 ارب امریکی ڈالر کا خسارہ ریکارڈ کیا گیا۔ اسٹیٹ بینک آف پاکستان (SBP) نے بھی بتدریج پالیسی ریٹ کم کر کے دسمبر 2025ء میں 10.5% کر دیا جو دسمبر 2024ء میں 13% تھا۔

پاکستان کو ایک غیر معمولی اور تباہ کن مون سون موسم کا سامنا کرنا پڑا جو جون کے آخر میں شروع ہوا اور ستمبر کے وسط تک جاری رہا۔ شدید اور مسلسل بارشوں نے کئی علاقوں میں وسیع پیمانے پر سیلاب کی صورت حال پیدا کی جس سے قیمتی جانوں کا نقصان ہوا اور انفراسٹرکچر اور زرعی پیداوار کو شدید نقصان پہنچا۔ اس آفت کی شدت کے باوجود، معیشت نے قابل ذکر چمک کا مظاہرہ کیا اور اس کے منفی اثرات کو مؤثر طریقے سے کم کیا۔

پاکستان اسٹاک ایکسچینج (PSX) کے حوالے سے، کے ایس ای 100- انڈیکس نے 2025ء کے دوران 51% منافع فراہم کیا اور سال 2025ء کے اختتام پر 174,054 پر بند ہوا جبکہ سال 2024ء میں یہ 115,127 تھا۔

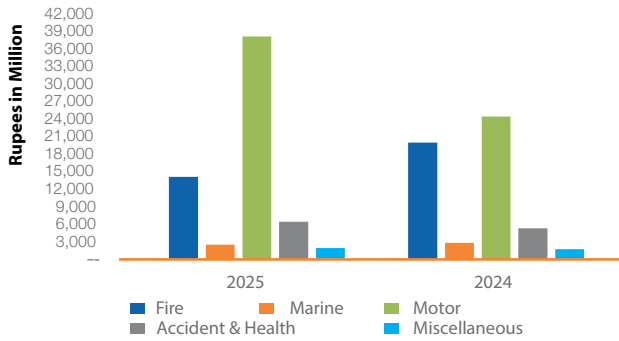
اسٹینڈرڈ اینڈ پورز (Standard & Poor's) نے پاکستان کی طویل مدتی کریڈٹ ریٹنگ کو 'B+' سے بڑھا کر 'B+' کر دیا اور آؤٹ لک مستحکم رکھا۔

کمپنی کی کارکردگی کا جائزہ

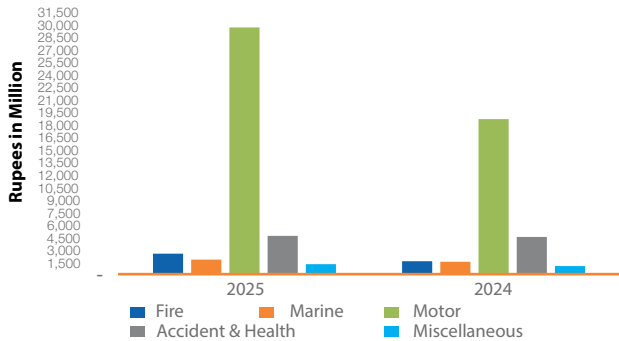
کمپنی نے 2025ء میں اچھی کارکردگی دکھائی اور ہم نے سال کا اختتام مضبوط مالی نتائج کے ساتھ کیا جس میں کنونشنل بزنس میں 16% پریمیم اضافہ اور ونڈو ٹیکافل آپریشنز میں گزشتہ سال کے مقابلے میں 17% شراکت میں اضافہ ہوا۔ ہم نے پائیدار ترقی کی حکمت عملی پر عمل جاری رکھا جس میں خطرات اور تعیل کے انتظام کو مزید مضبوط بنانے پر توجہ دی گئی۔

2025ء میں، مجموعی پریمیم بڑھ کر 63,144 ملین روپے ہو گیا (ونڈو ٹیکافل آپریشنز کے ذریعے حاصل ہونے والے 4,566 ملین روپے کی شراکت کے علاوہ) جبکہ 2024ء میں یہ 54,266 ملین روپے تھا (ونڈو ٹیکافل آپریشنز کے ذریعے حاصل ہونے والے 3,898 ملین روپے کی شراکت کے علاوہ)۔ خالص انشورنس پریمیم آمدنی مجموعی تحریر شدہ پریمیم کا 63% (39,554 ملین روپے) رہی، جبکہ 2024ء میں یہ 50% (26,983 ملین روپے) تھی۔

GROSS PREMIUM



NET PREMIUM



خالص دعویٰ تناسب 2025 (Net Claims Ratio) اور 2024ء دونوں میں 66% پر برقرار رہا۔ خالص کمیشن اور دیگر حصولی لاگتیں 2025ء میں بڑھ کر 16% ہو گئیں جبکہ 2024ء میں یہ 15% تھیں، اور انتظامی اخراجات 2025ء میں کم ہو کر 17% رہ گئے جبکہ 2024ء میں یہ 19% تھے۔

اس کے نتیجے میں، انڈر رائٹنگ نتائج نے 2025ء میں 400 ملین روپے کا منافع ظاہر کیا جبکہ 2024ء میں 152 ملین روپے کا منافع تھا۔

سرمایہ کاری پورٹ فولیو پر منافع 2025ء اور 2024ء دونوں میں 9% رہا۔

قبل از ٹیکس منافع 2025ء میں 8,354 ملین روپے رہا جو کہ 2024ء کے 6,709 ملین روپے کے مقابلے میں 25% اضافہ ظاہر کرتا ہے۔ بعد از ٹیکس منافع بھی 27% بڑھ کر 5,133 ملین روپے ہو گیا جبکہ 2024ء میں یہ 4,050 ملین روپے تھا۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019, and Code of Corporate Governance for Insurers, 2016

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

The Insurer has applied the principles contained in the Codes in the following manner:

1. The Insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes 8 directors:

I. 6 Male

II. 2 Female

Category	Names
Independent Directors - Female - Male	Maha Rehman Shahmeer Khalid Butt
Executive Director	Muhammad Ali Zeb
Non-Executive Directors (Male)	Ibrahim Shamsi Imran Maqbool Shaikh Muhammad Jawed Umer Mansha
Non-Executive Directors (Female)	Sadia Younas Mansha

All independent directors meet the criteria of independence as laid down under the Codes.

The independent directors are appointed in terms of Section 166(3) of the Companies Act, 2017 (the "Act") through the process of election prescribed under Section 159 of the Act.

The Board has fixed the number of directors to be elected as seven (7), which included two (2) as independent directors which were duly elected by the shareholders in their extraordinary general meeting held on 28 May 2025. Following the election of directors, the Board of Directors appointed a Chief Executive who is deemed director in terms of Section 188 of the Act.

The fraction has not been rounded up to one as the Board believes and understands that two (2) independent directors are sufficient and have requisite competencies, skills, knowledge, and experience to fulfill their obligations as per requirements of the applicable law and regulations.

- The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this, Company.
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted on payment of any loan to a banking company, a DFI or NBFIs or, being a member of the stock exchange, has been declared as a defaulter by a stock exchange.
- A casual vacancy occurring on the Board on 05 August 2025 was filled up by the directors within 7 days.
- The Company has prepared a statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy, and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the Powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and the Regulations.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
11. The Board arranged an Orientation course(s)/training program after election of directors during the year for its directors to appraise them of their duties and responsibilities. During the year 2025, Maha Rehman, Independent Director, has complied with the Regulation of Directors Training Program. Other directors have already complied with Regulation of Directors Training Program.
12. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Code and the Regulations.
13. 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.
14. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
15. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than the ones disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
17. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Umer Mansha	Chairman
Muhammad Ali Zeb	MD & CEO
Asif Jabbar	Head of Underwriting

Claim Settlement Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Syed Ameer Hassan Naqvi	Head of Claims

Risk Management & Compliance Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Compliance / Claims
Tameez ul Haque	Company Secretary
Waqar Ali	Compliance Officer

Reinsurance & Coinsurance Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Underwriting
Adnan Ahmad Chaudhry	Head of Commercial

18. The Board has formed the following Board Committees:

Ethics, Human Resources and Remuneration Committee:

Name of the Member	Category
Maha Rehman	Chairperson - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director
Umer Mansha	Member - Non-Executive Director

Investment Committee:

Name of the Member	Category
Imran Maqbool	Chairman - Non-Executive Director
Shaikh Muhammad Jawed	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director
Muhammad Asim Nagi	Member - Chief Financial Officer

19. The Board has formed an Audit Committee. It comprises four members, of whom one is an independent director and 3 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 the Member	Category
Shahmeer Khalid Butt	Chairman - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Shaikh Muhammad Jawed	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director

20. The terms of references of the Committees have been formed, documented, and advised by the Committees for compliance.
21. The frequency of meetings of the committees was as per the following:
- Audit Committee: quarterly meetings.
 - Ethics, Human Resource and Remuneration Committee: Twice a year.
 - Investment Committee: quarterly meetings
 - Management Committees: quarterly meetings
22. The Board has outsourced the internal audit function to A.F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full-time basis.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, and the Head of Internal Audit possess such qualifications and experience as required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management, and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000).

Name	Designation
Muhammad Ali Zeb	Chief Executive Officer
Muhammad Asim Nagi	Chief Financial Officer
Waqar Ali	Compliance Officer
Shehraz Hussain	Actuary
Tameez ul Haque	Company Secretary
Imran Ali	Head of Internal Audit
Asif Jabbar	Head of Underwriting
Syed Ameer Hassan Naqvi	Head of Claims & Compliance
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Grievance Department
Asif Bashir	Head of Takaful

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors of the company.
25. 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.
26. The Board ensures that the appointed actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
28. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.
29. The Company has set up a risk management function / department, which carries out its task as covered under the Code of Corporate Governance for Insurers, 2016.

30. The Board ensures that as part of the risk management system, the Company gets itself rated by the credit rating agency which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. AA++ Insurer Financial Strength (IFS) Rating with stable outlook was assigned by PACRA in March 2025 and February 2026. AM Best has affirmed the Financial Strength Rating (FSR) of B (Fair) and the Long-Term Issuer Credit Rating (Long-Term ICR) of "bb" (Fair) in August 2025. The outlook of these credit ratings (ratings) is negative.
31. The Board has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 and all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.
33. Explanations for non-compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 are below:

S. No	Non-Mandatory Requirement	Regulation No.	Explanation
1	Sustainability Committee	10A(5)	The Sustainability Committee has not been constituted, and the functions shall be performed by the Ethics, Human Resources & Remuneration Committee.
2	Nomination Committee	29 (1)	Currently, the Board has not constituted a separate Nomination Committee, and the functions are being performed by the Ethics, Human Resource & Remuneration Committee.
3	Directors' Training Program for female executive	19(3)	Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020. The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.
4	Directors' Training program for head of department	19(3)	Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training program from July 2022. The Company has planned to arrange Directors' Training Program certification for head of departments over the next few years.
5	Representation of Minority shareholders	5	The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation. No nomination was received to contest election as director representing minority shareholders.

By Order of the Board



Umer Mansha
Chairman

Date: 18 February 2026

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF ADAMJEE INSURANCE COMPANY LIMITED

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

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 (both hereinafter referred to as "the Codes") prepared by the Board of Directors of Adamjee Insurance Company Limited (the Company) for the year ended 31 December 2025 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the requirements of clause (lxxvi) of the Code of Corporate Governance for Insurers, 2016.

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

As 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.

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

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



RIAZ AHMAD & COMPANY

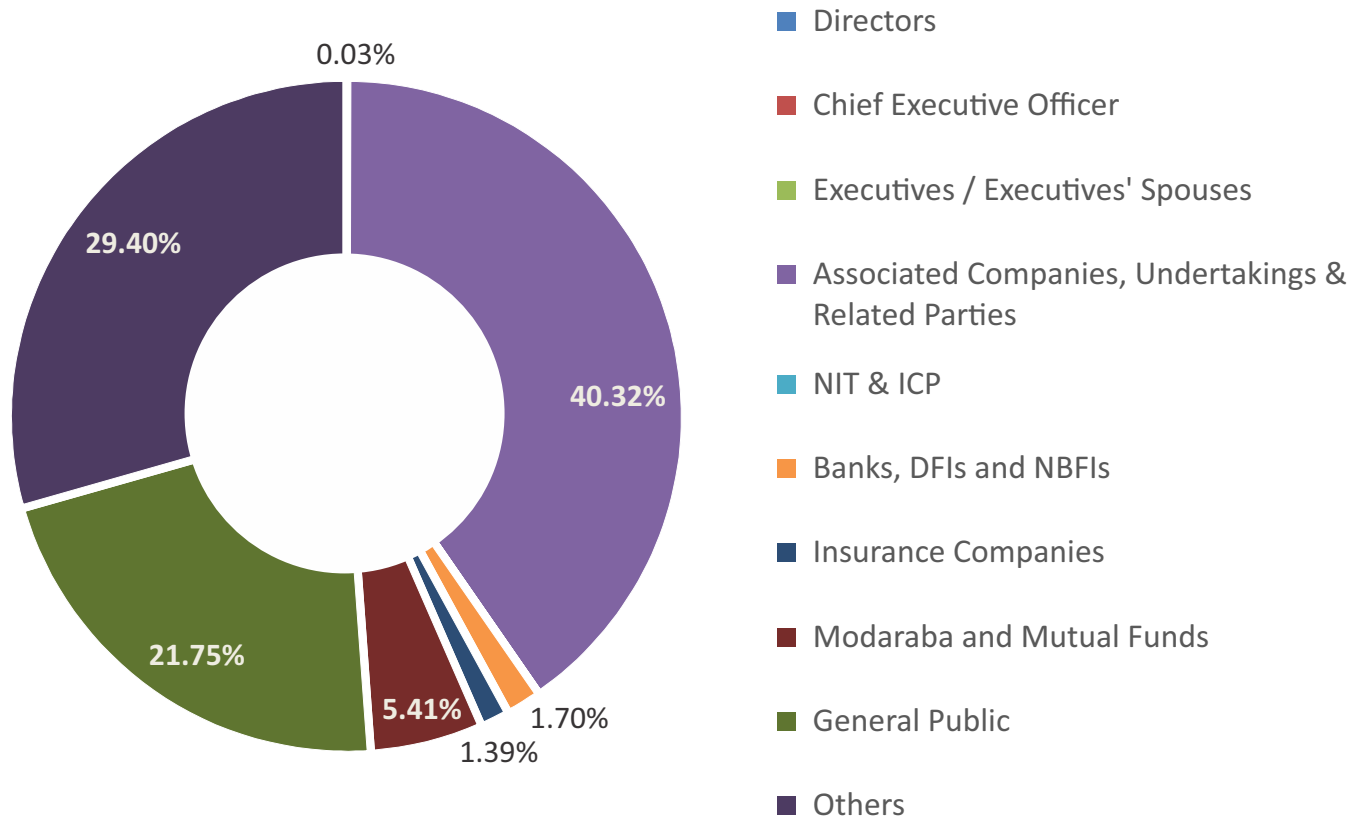
Chartered Accountants

Lahore

Date: 02 April 2026

UDIN: CR202510168H9bfSNEMm

OWNERSHIP / SHAREHOLDING STRUCTURE



CATEGORIES OF SHAREHOLDERS

Directors
Chief Executive Officer
Executives / Executives' Spouses
Associated Companies, Undertakings & Related Parties
NIT & ICP
Banks, DFIs and NBFIs
Insurance Companies
Modaraba and Mutual Funds
General Public
Others

Number of Shares

Stake %

94,205	0.03
7,073	0.00
104	-
141,117,892	40.32
-	-
5,967,544	1.70
4,875,076	1.39
18,931,261	5.41
76,113,871	21.75
102,892,974	29.40
350,000,000	100.00

Operating Structure

The Board of Directors has delegated authority to the Chief Executive Officer (CEO) to manage the day-to-day operations of the Company. Board Meetings are held every quarter to review the performance of the Company. The CEO presents details of the important events held during the period. The Board of Directors has constituted Board Committees which lay down guidelines for the functioning and operations of various departments. Departments are headed by learned and experienced professionals who run the operations through committed and skilled managers and staff.

Standard Operating Procedures have been formulated, documented and explained to all concerned and are available as ready reckoners. Responsibilities of each individual, may he/she be an executive, midline manager or junior staff, have been defined and are available for each employee.

Important, crucial and sensitive issues are resolved during the meetings of Head of Departments/ Team Leaders with the CEO and / or during the Management Committee meetings. Issues staying unresolved especially those relating to Underwriting, Re-insurance, Claim Settlement and Risk Management are put before the relevant Committee for review and decisions.

To effectively manage the employees and improve their emotions, teamwork, build trusting relationships and increase employee retention, AICL's core values "Humility - Empathy, Self-esteem & Respect in all relationships" and "Fun at workplace - Work-life balance" are practiced to a large extent.

Relationship with Group Companies & its Nature

Adamjee Life Assurance Company Limited (ALIFE) is a subsidiary of Adamjee Insurance Company Limited with AICL holding 83.499% (2024: 89.999%) in ALIFE. Common directorship of Directors, among other companies, is the main basis of relationship, such companies are categorized as related parties / associated companies, of AICL. A complete list of such companies has been provided in note 39.1 of unconsolidated financial statements.

Independent directors and justification for their independence

The Listed Companies (Code of Corporate Governance)

Regulations, 2019 in Regulation 6 makes it mandatory that each Listed Company shall have at least two or one third members of the Board, whichever is higher, as independent directors.

The Companies Act, 2017 in Section 166 directs that an independent director to be appointed shall be selected from a data bank maintained by Pakistan Institute of Corporate Governance - an institute notified by the Commission.

In compliance with the above Regulations (CCG) and the Act, the below two directors were selected:

- Maha Rehman
- Shahmeer Khalid Butt

Statement on how the Board operates

Under the Companies Act, 2017 and Memorandum & Articles of Association of the Company, the control of the Company's affairs vests with the Board. In order to facilitate them to operate, the Chief Executive Officer (CEO) is appointed by the Board executing a Power of Attorney in CEO's favor to delegate authority and empower him to run the Company's operations. The CEO operates within the parameters of the delegated authority. Delegated authority is subject to review by the Board. The Board meets at regular intervals to review operations and performance of the Company.

Decisions taken by the Board

The following are the important decisions which are taken by the Board of Directors.

- To issue shares
- To borrow money
- To invest the funds
- To appoint or change Chief Executive of the Company & determine his remuneration.
- To fill the casual vacancy on the Board.
- To approve Financial Statements, quarterly, half yearly and yearly.
- To recommend final dividend and to declare interim dividend.
- To ensure that Rules and Regulations governing the Company are complied with properly.
- To approve business plan including budget.

Decisions taken by Management

All day-to-day operations are handled by the management team under the supervision of the CEO with a focus on the business plan and guidelines given by the Board. Management team performs duties within the powers delegated to them.

The management team sometimes comes across situation where they need guidance of the superior authority, in such cases the CEO refers to the Chairman of the Board who either suggests way to resolve or refers the matter to Board of Directors, depending upon the nature of the issue.

Performance evaluation of the Chairman, Board Members, Board Committees and CEO

The Board of Directors constituted a committee comprising of two non-executive directors, namely Ibrahim Shamsi and Shaikh Muhammad Jawed, to evaluate the performance of the Chairman, Board Members, Board Committees and the CEO. The Committee conducted a meeting to evaluate the performance of aforementioned which was coordinated by the Company Secretary, and during the meeting various points were explained by the Secretary. The Committee submitted their report on evaluation to all the directors.

Board's performance evaluation by external consultant

Performance of the Board during the year was evaluated by the Committee of directors formed for this purpose. However, the Company did not avail the services of an external consultant, to evaluate the performance of the Board.

Formal orientation courses for the Directors

The Board was constituted after the election of directors in May 2025. For the elected directors, an orientation session was held in October 2025. A consultant on corporate laws, after the board meeting, briefed the directors about their duties, responsibilities, and about other matters.

Directors Training Program

During the year 2025, one independent director Maha Rehman attend Directors' Training Program. All other directors have already complied with the Regulations of Directors' Training Program.

External oversight of functions

In order to enhance the credibility of systems, the following functions and/or information were validated/reviewed by the external specialists:

External Audit

Riaz Ahmad & Co., Chartered Accountants, being statutory auditors of the Company, performed audit of unconsolidated financial statements, consolidated financial statements and financial statements of window takaful operations along with related information system. They expressed their opinion on these financial statements and also provide a Management Letter wherein control deficiencies, if any, identified during their course of audit are highlighted and responded to by the management.

Internal Audit

The Company has outsourced its Internal Audit Function to A. F. Ferguson & Co., Chartered Accountants (A member firm of the PwC network). They perform internal audits of various functions and departments of the Company on regular basis and submit their findings to Head of Internal Audit. Head of Internal Audit communicates these findings to the Audit Committee along with the management responses thereto.

Compliance with the Codes of Corporate Governance

Riaz Ahmad & Co., Chartered Accountants, the statutory auditors of the Company, perform review, of the Company's Statements of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 at the year end.

Compliance with Shariah Principles

With respect to the Window Takaful Operations of the Company, the external auditors Riaz Ahmad & Co., Chartered Accountants, examine the 'Statement of Compliance with Shariah Principles' and expressed their opinion as to whether the statement presented fairly the status of compliance of Takaful Operations with the Takaful Rules, 2012.

ISO 9001:2015 Certification

Adamjee Insurance holds ISO 9001:2015 certification, signifying its commitment to quality assurance. The certification entails the establishment of robust procedures that adhere to stringent standards. Regular audits, conducted biannually by 'Lloyd's Register Quality Assurance', ensure ongoing compliance with these standards.

Policy for Related Party transactions

The Company has formulated policy for related party transactions in accordance with the requirements of the Companies Act, 2017, Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Listed Companies (Code of Corporate Governance) Regulations, 2019. The policy has been duly approved by the Board of Directors.

The Company has related party relationships with its associates, subsidiary company, directors, employee retirement benefit plans, provident fund, key management personnel and other parties. Transactions are entered into with such related parties in the ordinary course of business on an arm's length basis for the issuance of policies to and disbursements of claims incurred by them, payments of rentals for the use of premises rented to / from them, payment & receipt of dividends and others.

These transactions have been reported to and approved by the Board of Directors of the Company as recommended by the Audit Committee of the Board.

List of related parties along with summary of all transactions with them have been disclosed in annexed financial statements. Please refer to note no. 8, 9, 11, 12, 13, 15, 16, 18, 31, 38 and 39 in unconsolidated financial statements.

Policy for actual and perceived conflict of Directors' interest

The Company is committed to the highest standards of corporate governance. In order to avoid, manage and monitor actual as well as perceived conflict of interest, the Chairman intimates in writing to all directors at the beginning of their term about their duties and making it obligatory for them to avoid or disclose any conflict of interest, whenever arises, in performing their professional duties for the Company.

Any director of the Company who is, in any way, interested in any contract or arrangement to be entered into by the Company is required to disclose the nature of his interest. Such a director neither takes part in board meeting in which such contract or transaction is approved by the Board nor votes on such item.

Further, if the majority of the directors are interested in any contract, arrangement or transaction, the approval is acquired from shareholders by way of passing special resolution, as required under the Companies Act, 2017. However, this requirement is not applicable if the transaction is in the ordinary course of business on an arm's length basis.

During the year, there were no such transactions / contracts / arrangements with related parties in which any of the directors had any direct interest or which were outside the normal course of the Company's business.

The Company Secretary maintains a Register containing details of contracts in which directors have interest.

Governance of Risk and Internal Controls

The Audit Committee of the Board has also been vested with the mandate of Risk Management. The Board oversees the governance of risk and internal control through its Audit Committee. More detailed insight has been provided in the Directors' Report, Audit Committee's Report and Risk and Opportunities section of the report

Board's policy on diversity

Adamjee Insurance has a firm belief that diversity is an important factor in contributing to the Company's success as people with unique characteristics in terms of gender, knowledge, expertise and skill set add value and help the organization achieve its goal. At Adamjee Insurance, inclusiveness is always promoted in the organization's culture. Diversity and inclusion are the foundations of the Company's code of conduct and culture where every member of Board and employee come from diverse backgrounds, at an individual level which includes capability, experience, knowledge and at a social level which includes race, ethnicity, culture, religion and others. The Company believes that a diverse workforce plays a significant role in enhancing efficiency at all levels of the organization.

Directors' Remuneration

The Board of Directors has approved the remuneration of the members of the Board (Non-Executive Directors including independent directors) for attending meetings of the Board. The meeting fee of Rs. 25,000/- per meeting is paid to directors. Travel expenses by air from city of residence to the city of the meeting are paid along with hotel accommodation, if availed.

Policy regarding fee earned by Executive Director against his services as non-executive director in other companies

Muhammad Ali Zeb – Managing Director & Chief Executive Officer of the Company serves at the board of following companies:

- Adamjee Life Assurance Company Limited (Subsidiary of Adamjee Insurance Company Limited)
- MCB Bank Limited
- Nishat Sutas Dairy Limited
- Pakgen Power Limited

Meeting fee earned by Muhammad Ali Zeb for serving on the Board of the above-mentioned companies is retained by him because he does not serve on the board as nominee of Adamjee Insurance Company Limited.

Policy for security clearance of foreign directors

The Company's Board of Directors consists of eight members and none of them is a foreign director. Hence, security clearance is not required. In case any foreign director is elected or appointed on the Board, the Company will obtain security clearance, at the time of appointment of such director, from Ministry of Interior Affairs – Government of Pakistan.

Board meeting outside Pakistan

During the year 2025, all the board meetings were convened in Pakistan at Registered Office and also by using video-link facility.

Human Resource Management Policies

Human Resource (HR) plays a pivotal role in smooth running of the routine operations of an organization and in achieving its goals. Therefore, Adamjee Insurance recognizes the importance of efficient and effective management of HR. The Company's talent acquisition policies stem from unbiased criteria to hire individuals from any background provided they match the qualification and experience requirements. Adamjee Insurance also arranges various training, both in-house and external, for the development of required skills among the employees. Other skill development techniques, i.e. job rotation, cross-functional transfers, assigning additional responsibilities etc., are also used to enhance knowledge and skill set of employees.

Preparation of succession plan

At Adamjee Insurance, we are committed to cultivating internal talent to secure the organization's long-term success. Our structured succession planning framework is designed to identify and develop high-potential employees, equipping them with the necessary mentorship, training, and growth opportunities to step into key leadership roles.

In 2025, we reinforced our commitment to leadership development through targeted programs, skill enhancement initiatives, and well-defined career progression pathways. By investing in our employees' professional growth, we ensure seamless transitions for critical positions, fostering organizational resilience, business continuity, and sustainable success.

Merit based recruitment

At Adamjee Insurance, we are dedicated to fostering a fair and transparent recruitment process rooted in meritocracy. By prioritizing skills, qualification, and performance, we attract top-tier talent, enhance organizational efficiency, and cultivate a culture of excellence.

In 2025, we continued to strengthen our merit-driven hiring practices, reinforcing our position as an employer of choice. Our commitment to fairness and transparency not only enhanced workforce capability but also contributed to reducing turnover, ensuring sustainable growth and long-term success.

Performance based appraisal system

At Adamjee Insurance, we cultivate a performance-driven culture where employee contributions are assessed through a fair and objective appraisal system. Our merit-based approach recognizes individual potential and achievements, fostering higher engagement, productivity, and professional growth.

In 2025, our performance management framework played a pivotal role in aligning employee efforts with organizational goals, ensuring the successful attainment of key performance indicators and business targets.

Promotion, reward and motivation

At Adamjee Insurance, our employees are the driving force behind our success. We are dedicated to fostering a workplace culture that values their contributions, celebrates achievements, and rewards excellence. Our commitment to fairness, transparency, and growth ensures that every employee has the opportunity to thrive.

In 2025, we reinforced this commitment by upholding a clear, merit-based promotion structure, offering competitive rewards, that recognize and appreciate our employees' dedication.

Training and development

At Adamjee Insurance, we are committed to fostering a culture of continuous learning and professional development. We believe that investing in our employees' growth not only enhances their individual capabilities but also strengthens our organization's long-term success.

In 2025, we expanded our training initiatives to equip employees with necessary industry knowledge, technical expertise, and leadership skills. Through various workshops, certifications, digital learning platforms, and hands-on training, we empowered our workforce to adapt and excel in an evolving business landscape.

By continuously investing in our people, we cultivate an engaged, innovative, and future-ready workforce—driving sustainable success for both our employees and the Company.

Diversity, Equity and Inclusion

At Adamjee Insurance, we are committed to creating a workplace that embraces diversity, promotes equity, and fosters inclusion. We believe that a diverse

workforce—where individuals of different genders, backgrounds, and perspectives feel valued and empowered—drives innovation, strengthens collaboration, and fuels long-term success.

In 2025, we reinforced our commitment to diversity, equity and inclusion by implementing initiatives that support women's leadership, mentorship programs, and inclusive hiring practices. We continue to promote equal opportunities at all levels, ensuring fair representation and a supportive work environment.

By embracing diverse experiences and perspectives, we cultivate a culture of innovation and continuous growth. Our inclusive recruitment strategies and workplace policies create an environment where every employee can thrive, contribute meaningfully, and drive positive change. At our core, we celebrate diversity as a key driver of our success—both within our organization and in the communities we serve.

Employee engagement

At Adamjee Insurance, we recognize the importance of cultivating a collaborative and dynamic workplace culture. In line with our core values, we actively organize events that bring employees together, foster team spirit, and promote a positive and inclusive work environment.

In 2025, we hosted a variety of events, including the Annual Cricket Tournament, Women's Day celebrations, Breast Cancer Awareness sessions, and Independence Day festivities. These initiatives not only strengthened workplace relationships but also reinforced our commitment to employee well-being, diversity, and team bonding.

By integrating meaningful and engaging activities into our organizational culture, we continue to create an environment where employees feel valued, motivated, and inspired to contribute to the Company's success.

Social and environmental responsibility policy

Adamjee Insurance's social responsibility program addresses the key concerns in society related to health and education. The Company also reassures its responsibility towards its chief stakeholders in terms of overall sustainability through compliance, ethics and corporate citizenship. The Company has undertaken an array of initiatives, including improved communication and extensive training, to cultivate these aspects of its operations.

The Company has always strived to develop capabilities that are at par with the international players in the global insurance industry and this gives the Company an edge in the market. The Company ensures that initiatives are taken to include internal awareness campaigns, specific trainings in detailed regulatory areas and focused efforts on sensitive areas such as conflict of interest.

With environmental regulations becoming increasingly strict and of utmost importance, environmental consciousness has become one of the key concepts in the Company policy and awareness sessions on environmental issues conducted. The Company advanced digital infrastructure allows it to work towards promoting paperless operations. Online services and electronic documentation help in reducing paper consumption which creates a very positive impact on the environment. In addition, the Company has also been awarded Certificate of Green Office by WWF – 'To Reduce Carbon Footprint' which is a program that helps an organization cut down costs, reduce waste and create more environmental awareness. The Company has taken steps to reduce carbon footprint by reducing business travel and shifting to digital methods such as video conferencing.

Moreover, for energy conservation, the Company has installed LED technology in all of its offices and replaced conventional air conditioners with DC inverters. The Company also works towards reducing dry waste with proper system in place where the waste can be reused as raw material for other industries.

The Company aims to continue with its initiatives for environmental conservation in years to come and make sure that it adopts the global best practices.

Legitimate needs & interests of and communication with stakeholders

The needs and interests of stakeholders along with policy for communication and engagement with stakeholders has been described in detail in 'Stakeholder Relationship and Engagement' section of the report.

Investors' relationship and grievance policy

The Company assigns the grievances from investors as well as from policyholders their due importance and strives hard to resolve them as soon as possible. Handling the grievances to the satisfaction of the parties involved

and in such a way that it turns out to be a win-win situation for stakeholders is important for its reputation and as a learning for better service delivery in future.

The Company has provided, on its website, all necessary details regarding logging of complaints.

Below is the detail, also available on the Company's website, of designated person for handling investors' as well as policyholders' complaints and grievances:

Waqar Ali

Head of Regulatory Compliance

ADAMJEE HOUSE 80/A, Block E-1, Main Boulevard, Gulberg-III, Lahore - 54000

Phone: 042-35772960-79 (Ext. 8064)

Email: info@adamjeeinsurance.com

Whistle blowing policy

The Company is committed to the highest possible standards of ethical, moral and legal business conduct. In keeping with this commitment, the Company has developed a 'Whistle Blowing Policy' detailing therein procedures to be followed for filing complaints under the policy and manners as to how these complaints are to be handled.

The objective of the whistle blowing policy is to provide an open communication channel to our employees and external parties such as shareholders, vendors, customer etc. to raise concerns, expose irregularities, help uncover financial malpractices, prevent fraud & forgeries, eliminate personal harassments, improper conduct or wrongdoing and to address the concerns or attend to grievances of those associated, without any fear of retaliation or adverse consequences

During the year 2025, no such instance was reported to the Audit Committee.

Policy for safety records of the Company

The Company maintains records as per the requirements of the applicable laws and assigns due importance to the safety and availability of the records stored in physical as well as digital form. Physical files and documents of the Company are placed in designated cabinets and racks in record rooms, ensuring that these are protected from physical and environmental damage. Backups of records in digital forms are taken on regular basis and are stored on both onsite and offsite locations. Offsite backup tapes

are maintained in secure and fire-resistant storage locations. Samples from these backup tapes are restored on periodic basis to ensure the health of backup tapes.

Business Continuity Plan (BCP)

Businesses today face an unprecedented number of exposures with the potential to interrupt business activities. The frequency and severity of these exposures also seem to be increasing. Business continuity is a “holistic management process” that identifies potential threats to an organization and the impacts to business operations, those threats, if realized, might cause. It is the provision of a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

The Company has developed a comprehensive ‘Business Continuity & Disaster Recovery Plan’. Salient characteristics of the plan include:

- Identification of key business services essential for the Company’s operations
- Identification and prioritization of the key activities and resources and policies and measures adopted for safeguarding of these activities and resources including but not limited to backing up of data
- Identification and evaluation of all sorts of possible threats that can interrupt business activities and can last over different time spans ranging from hour(s) to day(s) or even month(s)
- Impact analysis that these threats could have on the business of the Company
- Recovery strategies to be followed, if any of such threats is materialized, to recover from disastrous situation with clear identification of roles of each member of disaster recovery team

The primary objective of the Company’s BCP is to continue and manage business operations under certain circumstances by the introduction of appropriate resilience strategies, recovery objectives, business continuity, operational risk management considerations and crisis management to resume operations before unacceptable levels of impact arise.

The most recent example BCP came into action was during Covid-19 lockdowns in 2020, when the Company’s BCP was triggered and executed successfully.

Salient features of TOR and attendance in meetings of the Board Committees

The Board of Directors of the Company has formed three Board Committees:

Audit Committee

Below are the salient features of the terms of reference of the Audit Committee:

- Determination of appropriate measures to safeguard the Company’s assets
- Review of annual and interim financial statements of the Company, prior to their approval by the Board, focusing on:
 - major judgmental areas
 - significant adjustments resulting from the audit, if any
 - going concern assumption
 - any changes in accounting policies and practices
 - compliance with applicable accounting standards
 - compliance with these Regulations and other statutory and regulatory requirements and
 - all related party transactions
- Review of preliminary announcements of results prior to external communication and publication
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- Review of management letter issued by external auditors and management’s response thereto
- Ensuring coordination between the internal and external auditors of the Company
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management’s

response thereto

- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of revenues and claims, receipts and payments, assets and liabilities and the reporting structure are adequate and effective
- Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body
- Determination of compliance with relevant statutory requirements
- Monitoring compliance with these Regulations and identification of significant violations thereof
- Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend remedial and mitigating measures
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof
- Consideration of any other issue or matter as may be assigned by the Board

Four meetings of the audit committee were convened during the year and below is the attendance of the members of the committee:

Name of members	Status	January to May 2025 Two meetings held	June to December 2025 Two meetings held
Muhammad Arif Hameed	Chairman till May 28, 2025 (Independent director)	2	-
Muhammad Azeem Rashid	Chairman from till May 29, 2025, to August 5, 2025 (Independent director)	-	-
Shahmeer Khalid Butt	Chairman with effect from August 12, 2025 (Independent director)	-	2
Ibrahim Shamsi	Member (Non-executive director)	2	2
Shaikh Muhammad Jawed	Member (Non-executive director)	2	2
Umer Mansha	Member (Non-executive director)	2	2

REPORT OF THE **AUDIT COMMITTEE**

The Board Audit Committee ("the Committee") comprises of four members, three of which are non-executive directors and one independent director who is the Chairman of the Committee.

During the year, the Committee was reconstituted in May 2025 after the election of directors

Before reconstitution, following were the members of the Committee:

Name of members	Status	Role
Muhammad Arif Hameed	Independent Director	Chairman
Ibrahim Shamsi	Non-Executive Director	Member
Shaikh Muhammad Jawed	Non-Executive Director	Member
Umer Mansha	Non-Executive Director	Member

After reconstitution, the Committee now comprises the following members:

Name of members	Status	Role
Muhammad Azeem Rashid	Independent Director	Chairman (Resigned on August 05, 2025)
Shahmeer Khalid Butt	Independent Director	Chairman (Appointed on August 12, 2025)
Ibrahim Shamsi	Non-Executive Director	Member
Shaikh Muhammad Jawed	Non-Executive Director	Member
Umer Mansha	Non-Executive Director	Member

All the members of the Committee have relevant knowledge and experience of finance and accounting matters and most of them also fulfil the definition of being 'financially literate'. Further, the Board is satisfied that the members of the Committee are competent and possess the necessary skills and experience required to fulfil their responsibilities.

The Committee convened four meetings during the year 2025.

Role of the Committee towards financial statements

The Committee is fully aware of its role in discharging its responsibilities for the significant issues in relation to the financial statements. Following are some of the key aspects the Committee considered in this regard:

- The Committee reviewed the annual and interim financial statements of the Company before these financial statements were recommended by the Committee to the Board for approval. This review by the Committee ensured the overall integrity of financial statements and focused on:
 - Areas involving significant management judgements and assessed whether the judgements used by the management were appropriate
 - Significant adjustments resulting from the audit, if any

- Validity of the Company's ability to operate as going concern
- Compliance with applicable accounting standards along with any significant changes in accounting policies and practices
- All related party transactions along with disclosure
- Adequacy of disclosures
- Maintenance of proper and accurate accounting records by the Company

During this review, the Committee also obtained assurance from Head of Internal Audit that financial statements were prepared in accordance with all applicable regulatory requirements, presented true and fair view of the state of the Company's affairs and were free from material misstatements

- The Committee reviewed preliminary announcements of results before those were made public
- The Committee also reviews the management letter issued by external auditors and the management's response to the observations highlighted by external auditors

Changes in basis of preparation of Financial Statements

During the year ended December 31, 2025, the Securities and Exchange Commission of Pakistan (SECP) introduced certain

amendments to the General Takaful Accounting Regulations, 2019 through S.R.O. 311(I)/2025. These amendments specifically impact the Regulation 6 and require the insurers, who are undertaking Window Takaful Operations to disclose, in addition to the assets and liabilities of Operator's Fund (OPF), the assets and liabilities of Participants' Takaful Fund (PTF) as a single line item in their statement of financial position. This change has been applied as a change in accounting policy retrospectively, in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". There is no impact of this change on the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and earnings (after tax) per share.

The Committee has reviewed the revised presentation and is satisfied that the statement of financial position is appropriate and complies with the requirements of the General Takaful Accounting Regulations, 2019 as amended through S.R.O. 311(I)/2025.

Committee's approach towards risk management and internal controls

The Committee oversees the Company's Enterprise Risk Management (ERM) function and Internal Control Framework. Risk Management & Compliance Committee of Management reports to the Audit Committee on quarterly basis regarding potential existing and emerging risks being faced by the Company along with monitoring mechanism in place to address the identified risks. These risks are analyzed with reference to their:

- Proper identification and categorization
- Consequences
- Impact on the Company's operations
- Probability of occurrence, and
- Controls in place to manage or mitigate the risks

The Committee also regularly updates the Board of Directors of these risks, monitoring mechanism and controls in place.

The Committee has determined that the Company's internal control framework and risk management processes are appropriate and sufficient according to the Company's scale and operational complexity.

Role of Internal Audit to risk management and internal control

The internal audit is entrusted with the responsibility to assess the risk management process for its appropriateness and internal controls for their adequacy and effectiveness. The Company has an in-house Head of Internal Audit with

unrestricted access to the Committee, while the internal audit activities are outsourced to one of the big four firms, namely, A. F. Ferguson & Co. (A member firm of PwC network). The Internal Audit Team conducts audit of different functions and departments of the Company and submits its findings on quarterly basis. Both Head of Internal Audit and Internal Audit Team have unrestricted access to management, staff, information systems and data files to ensure transparency and effectiveness of their audit processes.

Head of Internal Audit communicated the risks and deficiencies identified by the internal audit team to the Committee along with management's response thereto.

The Committee, based on the findings of the internal audit function, assessed that the Company has adequate and effective internal controls in place.

External Audit Process

The Committee has assessed the effectiveness of external audit process by evaluation of the technical expertise, relevant experience, independence, adherence to timelines and satisfactory rating assigned by the Institute of Chartered Accountants of Pakistan to the audit firm.

Current statutory auditors, Riaz Ahmad & Co., Chartered Accountants, being eligible for reappointment expressed their consent and the Committee having assessed the effectiveness of their audit process recommended to the Board that 'Riaz Ahmad & Co., Chartered Accountants' be appointed as statutory auditors of the Company for the next term.

The Company does not obtain non-audit services, i.e. tax consultancy from the statutory auditors.

The Committee has evaluated the Annual Report of the Company and is satisfied that the annual report of the Company is fair, balanced, and understandable and also that it provides necessary information for shareholders to assess the Company's financial position, performance, business model and strategies.

Review of Receivables

To ensure that the Company continues to maintain sufficient liquidity to meet its policyholder and other liabilities and is able to recover its receivables, the Committee continued exercising strict monitoring of the receivables and liquidity position of the Company in the current year as well. The Committee during its meetings invited the Chief Financial Officer (CFO) where, along with other matters, CFO appraised the Committee regarding status of receivable balances, satisfactory pace of recovery of these receivable balances and liquidity position of the Company.

The Committee is satisfied with the liquidity position of the Company.

IFRS 17 related matters

The Insurance businesses are subject to face major changes in reporting environment as IFRS 17 'Insurance Contracts', a new accounting and reporting standard, became globally applicable from January 01, 2023. However, in Pakistan IFRS 17 is applicable from January 01, 2027, as notified by the Securities & Exchange Commission of Pakistan. This new standard is set to bring major structural changes to the financial statements of the Company. The Committee, during meetings convened with CFO, evaluated

the Company's level of preparedness to adopt and implement IFRS 17. CFO appraised the Committee regarding measures being taken by the Company for smooth implementation of IFRS 17 in Pakistan and explained to the Committee that complete transition to reporting as per IFRS 17 has already been done in UAE in 2023 to comply with local regulations.

Salient measures explained by CFO to the Audit Committee are set out below:

In context of Pakistan Operations:

CFO explained the Committee that the Securities & Exchange Commission of Pakistan (SECP) provided a phased approach for mandatory adoption of IFRS 17. The approach has four phases as below:

Phase	Deliverables	Timeline	AICL's Progress
1	Gap analysis	September 30, 2021	Completed
2	Financial Impact Assessment 1	June 30, 2022	Completed
	Financial Impact Assessment 2	September 30, 2022	Completed
	Financial Impact Assessment 3	December 30, 2022	Completed
3	System design and methodology	September 30, 2024	Completed
4	Parallel Run and Implementation – Dry Run 1	December 31, 2025	Completed
	Parallel Run and Implementation – Dry Run 2	September 30, 2026	In progress

In context of UAE Operations:

CFO explained to the Committee that the Company has made a complete transition to reporting as per the IFRS 17 standard in the year 2023 to comply with local regulations. However, the Company is currently doing parallel reporting both under IFRS 4 and IFRS 17 which started from January 1, 2023, in UAE. Detailed reconciliations are also prepared between the two accounting standards.

The Committee concluded that the measures being taken by the management for the smooth implementation of IFRS 17 in Pakistan are satisfactory.

Whistle Blowing mechanism

As part of its review of the whistle blowing mechanism and any instances reported, the Committee noted that no whistle blowing instance was reported to the Committee during the year 2025.

Performance of the Audit Committee

The Board of Directors of the Company reviews the performance of the Audit Committee on periodic basis. During the year, the Board constituted a committee comprising of two non-executive directors to evaluate performance of audit as well as other Board Committees. This evaluation of performance, in the context of Audit Committee, considers various factors including the quality of the Audit Committee's report as well as various recommendations forwarded by the Audit Committee to the Board.



Shahmeer Khalid Butt
Chairman Audit Committee
Adamjee Insurance Company Limited
Lahore

Ethics, Human Resources and Remuneration Committee

Below are the salient features of the terms of reference of the Committee:

- Recommendation to the Board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level.
- Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing therein name and qualifications of such consultant and major terms of appointment.
- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- Consideration and approval on recommendations of the Chief Executive Officer on such matters for key management positions who report directly to the Chief Executive Officer.

Two meetings of the Committee were convened during the year with attendance as below:

Name of members	Status	January to May 2025 One meeting held	June to December 2025 One meeting held
Maha Rehman	Chairman with effect from May 29, 2025 (Independent director)	-	1
Khawaja Jalal Uddin	Chairman till May 28, 2025 (Independent director)	1	-
Ibrahim Shamsi	Member (Non-Executive director)	1	1
Umer Mansha	Member (Non-Executive director)	1	1
Muhammad Ali Zeb	Managing Director & Chief Executive Officer	1	1

Investment Committee

Below are the salient characteristics of the role and responsibilities of the Investment Committee:

- Formulate investment policy of the Company for Board's approval and ensure implementation of the policy
- Define and monitor allowable exposure to various asset classes, i.e. listed equities, unlisted equities, government securities, term finance certificates, mutual funds, real estate etc.
- Define and monitor allowable exposure in single entity and in related parties
- Define, in investment policy, minimum rating requirement for rated instruments and other criterion for non-rated instruments
- Define ineligible asset classes and securities
- Ensure compliance with respect to issues relating to liquidity, exposure limits, stop loss limits including securities trading, management of all investment risks, management of assets and liabilities, scope of internal and external audit of investments and investment statistics and all other internal controls of investment operations
- Monitor solvency position of the Company to ensure that requirements relating to minimum solvency as laid down in Insurance Ordinance, 2000 and rules and regulations made thereunder are met at all times.

- To assist the Board in reviewing the investment policy and its implementation at least once a year
- Ensure adequate controls are implemented in investment functions and responsibilities are duly segregated into front, mid and back office
- Review and approve investment and divestment proposals
- Analyze performance of different sectors, impact of government policies on these sectors and decide line of action
- Ensure that all proposed investment transactions comply with the investment policy and regulatory guidelines
- Review the overall investment portfolio of the Company with the objective of assessing the adequacy of return being generated by the portfolio

Four meetings of the Investment Committee were convened during the year and below is the attendance of the members of the Committee:

Name of members	Status	January to May 2025	June to December 2025
		Two meetings held	Two meetings held
Imran Maqbool	Chairman with effect from May 29, 2025 (non-executive director)	2	2
Shaikh Muhammad Jawed	Chairman till May 28, 2025 (non-executive director)	2	2
Umer Mansha	Member (non-executive director)	2	2
Muhammad Ali Zeb	Managing Director & Chief Executive Officer	2	2
Muhammad Asim Nagi	Chief Financial Officer	2	2

Presence of the Chairman of Audit Committee in AGM

The Chairman of the Audit Committee remains present at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.

Use of external search consultancy in appointment of chairman or non-executive director

The Board of the Company was reconstituted in May 2025 after election of directors. The Company used the database of 'Pakistan Institute of Corporate Governance' (PICG), an institute notified by the Commission, to appoint independent directors.

Chairman's significant commitments

Chairman's significant commitments refer to his engagement in other entities. Umer Mansha, Chairman of the Board of Directors of the Company, has the following significant commitments:

Company	Designation
Nishat Mills Limited	Chief Executive Officer
Adamjee Life Assurance Company Limited	Director
MCB Bank Limited	Director
Nishat Hotels & Properties Limited	Director
Nishat Developers (Pvt.) Limited	Director

Nishat Dairy (Pvt.) Limited	Director
Nishat (Raiwind) Hotels and Properties (Pvt.) Limited	Director
Nishat Agriculture Farming (Pvt.) Limited	Director
Hyundai Nishat Motor (Pvt.) Limited	Director
Nishat Agrotech Farms (Pvt.) Limited	Director
Nishat Sutas Dairy Limited	Director
National Textile Foundation	Director
MCB Non-Bank Credit Organization, CJSC Azerbaijan	Director

Governance Practice exceeding legal requirements

Adamjee Insurance assigns paramount importance to compliance of all applicable laws, rules and regulations and strives hard to exceed minimum legal requirements in its governance and operating structure as well as provide information to stakeholders above and beyond regulatory requirements to ensure transparency. Some of the Company's governance practices which exceed the minimum legal requirements include:

- The Company has only one executive director (Managing Director & Chief Executive Officer) on the Board whereas Listed Companies (Code of Corporate Governance) Regulations, 2019 allows two executive directors (one third of total members of the board as executive directors).
- Provision of additional information in the annual report of the Company, not required by any laws.
- As per the Insurance Ordinance, 2000 and the Insurance Rules, 2017, non-life insurance companies are required to base the determination of the liabilities for unexpired risk and incurred but not reported claims, for the purpose of solvency requirements, on the advice of actuary for Accident and Health business only. The Company in exceeding the minimum requirement bases the determination of these liabilities for all lines of business in Pakistan on the advice of external actuary.
- The Company has voluntarily adopted the best corporate reporting practices / guidelines prescribed by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP).

Anti-Money Laundering and Combating the Financing of Terrorism and Countering Proliferation Financing

Anti-Money Laundering and Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) form the base line steps for the economies of this modern world, especially among the players of financial sector. Money Laundering (ML) and Terrorism Financing (TF) have harmful and injurious implications for any country's economic stability and good governance.

Throughout the past decade, the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan have been issuing various guidelines and circulars for proper and vigorous enforcement, providing sufficient clarifications in improving domestic and international compliance.

Despite the fact that the risk level for AML/CFT/CPF is not even rated as medium in the general insurance industry, Adamjee Insurance Company Limited remained committed to fulfilling its obligations under above said directives and formulated a comprehensive policy and procedure approved by the Board of Directors of the Company. Adamjee Insurance Company Limited AML / CFT/CPF policy aims at safeguarding the interests of all stakeholders by combining modern techniques on the subject. This necessitated not only the Company's interest in its ongoing efforts for aligning its AML/ CFT/CPF steps with technological development in its operations/ procedures and equipping related tools with the most recent possible learning. At Adamjee Insurance Company Limited we are fully aware of the fact that the AML /CFT/CPF steps, once introduced, will do well for some

time, but will prove not sufficient to deal with the rapidly evolving aspects of new ML / TF risks. To face such arising eventualities and contingencies, the Board is committed to setting examples by leading from the front.

Access to Reports and Enquiries

Financial Reports

Annual Report 2025 and Quarterly reports may be downloaded from the Company's website: www.adamjeeinsurance.com or printed copies can be obtained by writing a request to the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries about their shares, dividends and share certificate can be directed to the Company Secretary or Share Registrar at the following address:

Company Secretary

9th Floor, Adamjee House
I.I. Chundrigar Road, Karachi
CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S,
Sharah-e-Faisal, Karachi.

Stock Exchange Listing

Adamjee Insurance Company Limited shares are listed on Pakistan Stock Exchange. The symbol code of the Company is AICL.

Chief Executive Officer's Review

CEO presentation video explaining the business overview, performance, strategy and outlook is available at the Company's website:

<http://www.adamjeeinsurance.com/investor-relation#performance-review>

STATEMENT ON FULL COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

The Board and the management recognize their responsibility of preparation and presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

Accordingly, the Company's financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

The annexed 2025 financial statements are duly audited by the statutory auditors of the company in accordance with the International Standards of Auditing as applicable in Pakistan. Statutory auditors have issued an unqualified opinion and confirmed that the financial statements are prepared in conformity with the accounting and reporting standards as applicable in Pakistan.

The Board of Directors has reviewed and approved the annexed unconsolidated, consolidated and Window Takaful Operation financial statements. On behalf of the Board of Directors, the financial statements are signed by the Chairman, and two nominated Directors along with the Chief Executive Officer and the Chief Financial Officer.

STATEMENT UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE, 2000

The incharge of the Management of the business was Muhammad Ali Zeb, Managing Director & Chief Executive Officer and the report on the affairs of business during the year 2025 signed by Muhammad Ali Zeb, Shaikh Muhammad Jawed and approved by the Board of Directors is part of the Annual Report 2025 under the title of "Directors' Report to Members" and

- a. In our opinion the annual statutory accounts of Adamjee Insurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder,
- b. Adamjee Insurance Company Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements; and
- c. as at the date of the statement, the Adamjee Insurance Company Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer



TECHNOLOGY GOVERNANCE AND CYBERSECURITY



ENTERPRISE INFORMATION TECHNOLOGY AND CYBERSECURITY GOVERNANCE

At Adamjee Insurance Company Limited, IT governance aligns leadership, organizational structures, and processes to achieve and sustain organizational objectives through effective use of information technology. In recent years, the Company has diligently established robust IT governance, enhancing the prioritization and optimization of IT investment decisions.

IT governance encompasses all key stakeholders, including executive management, the Board of Directors, staff, customers, investors, and regulators.

IT Governance Policy

Information governance establishes a comprehensive framework that defines accountability, roles, and decision-making across the organization. It encompasses the lifecycle of information including its creation, storage, usage, disclosure, archiving, and secure destruction and ensuring that every process is conducted in accordance with legal and regulatory requirements. This framework is designed not only to mitigate risks but also to maximize operational efficiency by standardizing practices and policies. Key components include carefully crafted processes, designated responsibilities, policies, and standards that guide the compliant and effective handling of information. By implementing these measures, the organization is able to safeguard sensitive data, support business continuity, and foster trust among stakeholders. Furthermore, information governance enables the organization to achieve its strategic objectives by ensuring data integrity, facilitating informed decision-making, and supporting innovation.

The Company's IT governance policy serves as the cornerstone for information governance within the Company. It articulates high-level principles that guide the management and protection of information assets throughout the organization. The policy is designed to ensure that employees are aware of the importance of information governance and are familiar with key policies related to confidentiality, access control, data quality, and compliance. By highlighting these principles and policies, the Company ensures that all staff understand their roles and responsibilities regarding information management, thereby reducing the risk of data breaches, unauthorized disclosures, and non-compliance with regulations. The policy also provides a clear structure for escalating issues, monitoring compliance, and continuously improving information governance practices.

The primary goals of IT governance within the Company are multifaceted and strategically aligned to the organization's mission. These goals include:

- Maximizing stakeholder value by ensuring that business investments in IT deliver measurable returns, support organizational objectives, and enhance competitiveness. This involves regular assessment of IT projects, prioritization based on business impact, and alignment with strategic goals.
- Promoting financial transparency by establishing clear processes for budgeting, cost tracking, and reporting of IT expenditures. This enables informed decision-making, efficient allocation of resources, and prevents overspending or misallocation.
- Fostering a customer-oriented service culture by ensuring that IT services are designed and delivered with the needs and expectations of clients in mind. This includes regular feedback mechanisms, service-level agreements, and continuous improvement initiatives.
- Enabling agile responses to a changing business environment by adopting flexible IT architectures, embracing innovation, and supporting rapid deployment of new technologies. This ensures the organization can quickly adapt to market trends, regulatory changes, and emerging risks.
- Optimizing service delivery costs by streamlining processes, leveraging automation, and negotiating favourable contracts with vendors. This helps maintain high service quality while minimizing unnecessary expenses.
- Improving operational and staff productivity by providing reliable IT tools, effective training, and robust support systems. Productivity gains are tracked through performance metrics and regular reviews.
- Ensuring compliance with regulatory requirements and internal policies by regularly updating IT systems, conducting audits, and monitoring adherence to standards such as SECP Guidelines and international frameworks. This protects the organization from legal and reputational risks.
- Cultivating a culture of product and business innovation through the encouragement of new ideas, investment in research and development, and adoption of emerging technologies like AI and IoT. This positions the Company as a leader in the industry and supports long-term growth.

Cybersecurity Policy

In Pakistan's highly competitive insurance industry, maintaining a secure information technology environment through robust

security governance, advanced technologies, and a proactive security culture is imperative. This approach has established the Company as a market leader in protecting policyholder data by implementing secure architecture, leveraging skilled professionals, and enforcing rigorous processes.

AICL Cybersecurity Maturity Model

The Company's approach is built on a multi-layered defence strategy, integrating advanced technology with human-centric security cultures.

Governance & Strategic Alignment

- **Regulatory Leadership:** The Company moved ahead of the July 1, 2020, SECP mandate, establishing early compliance to protect policyholder data.
- **Strategic Blueprint:** The Company's cybersecurity strategy is directly mapped to its corporate vision, ensuring that digital growth is inherently secure.
- **Expert Oversight (vCISO):** By appointing a Virtual Chief Information Security Officer, the Company maintains high-level strategic management of its security program without the overhead of a full-time executive, ensuring specialized guidance on emerging threats.

Frameworks & Standardization

- **NIST Cybersecurity Framework:** Used as the foundational blueprint to Identify, Protect, Detect, Respond, and Recover from cyber-attacks.
- **ISO/IEC 27001 Compliance:** Information security policies and procedures are drafted using these world-recognized standards to ensure global best practices in data handling. A formal certificate in this regard shall be sought in the year 2026.

Technical Defence & Monitoring

- **SIEM Implementation:** A Security Information and Event Management solution provides 24/7 real-time monitoring and analysis of security alerts across the network.
- **Continuous Testing (VAPT):** Engaging third-party experts for Vulnerability Assessments and Penetration Testing ensures that gaps are identified by unbiased eyes and remediated before they can be exploited.
- **IT Risk Assessments:** These are integrated into the broader Enterprise Risk Management, ensuring that IT risks are treated as high-priority business risks.

The Safety Net: Cyber Risk Insurance

The Company utilizes Cyber Risk Insurance as a critical financial and operational backstop. This coverage is divided into three functional zones:

Zone	Focus Area	Key Deliverables
RED	Expert & Reputation	Immediate access to forensic experts and Crisis PR to manage brand trust.
BLUE	First-Party Coverage	Funding for data restoration, business interruption losses, and ransom management.
GREEN	Third-Party & Proactive	Legal defence for liability claims and proactive tools like vulnerability scanning.

The Human Firewall

Recognizing that technology alone is insufficient, the Company has institutionalized a Cybersecurity Awareness Program. This fosters a "security-first" mindset among all employees, training them to identify social engineering, phishing, and privacy risks, effectively turning the workforce into a primary line of defence.

Board's Role and Responsibilities in IT Governance & Cybersecurity

At Adamjee Insurance Company Limited, the Board of Directors holds a pivotal role in overseeing IT governance and cybersecurity, ensuring alignment with business objectives, regulatory compliance, and resilience against cyber threats.

Strategic Oversight of IT Governance

The Board ensures that the company's IT strategy is in harmony with its overall business goals by:

- **Approving IT Policies & Frameworks:** Establishing robust IT governance structure that complies with the Securities and Exchange Commission of Pakistan's (SECP) cybersecurity guidelines.
- **Evaluating IT Investments:** Reviewing and sanctioning significant IT infrastructure enhancements and cybersecurity budgets.
- **Overseeing Digital Transformation Initiatives:** Monitoring the integration of advanced technologies such as AI-driven automation, cloud computing, and blockchain within insurance operations.

Cybersecurity Risk Oversight

In response to escalating cyber threats, the Board actively engages in cybersecurity governance through:

- **Regular Cybersecurity Reporting:** Requiring periodic briefings from the Chief Information Security Officer (CISO) and IT leadership.
- **Incident Response & Data Protection:** Ensuring the maintenance of Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) to counteract cyber threats.

- **Regulatory Compliance:** Overseeing adherence to SECP's cybersecurity directives.

Engagement with Management on IT Risks

To facilitate effective cybersecurity implementation, the Board collaborates closely with management by:

- **Mandating Cybersecurity Audits & Risk Assessments:** Requiring regular penetration testing and vulnerability evaluations.
- **Reviewing Cyber Incident Reports:** Overseeing post-incident analyses and endorsing corrective measures.
- **Enhancing Employee Awareness & Cybersecurity Training:** Promoting ongoing cybersecurity education programs to mitigate risks associated with human error.
- **Vendor & Third-Party Risk Management:** Ensuring that IT service providers comply with the Company's security and regulatory standards.

Future Readiness & Continuous Improvement

The Board is dedicated to proactively managing IT risks by:

- **Investing in Emerging Cybersecurity Technologies:** Supporting the adoption of AI-driven threat detection, encryption solutions, and zero-trust security models.
- **Aligning with Global Cybersecurity Standards:** Encouraging the implementation of frameworks such as ISO 27001, NIST, and COBIT.
- **Participating in Industry Collaborations:** Engaging with SECP, insurance associations, and cybersecurity forums to remain abreast of emerging threats.

All cybersecurity matters are monitored periodically by the Chief Executive Officer and Chief Financial Officer. In the event of potential cyber threats, immediate updates are provided by the CISO. The Board is also informed about the current cybersecurity posture during Board meetings.

Board Responsibility on Cyber Risk Management and Regulatory Compliance in Pakistan's Insurance Industry

The Board of Directors acknowledges its fiduciary duty in overseeing cybersecurity risk management, ensuring compliance with regulatory mandates specific to Pakistan's insurance industry, and safeguarding stakeholders against potential cyber threats. This statement outlines the Board's commitment to cyber risk governance, regulatory enforcement, and breach response strategies.

Cybersecurity as a Core Risk Management Component

The Board ensures that cybersecurity is an integral part of the Company's risk management framework, in line with the Securities and Exchange Commission of Pakistan's SECP guidelines. It oversees the development and implementation of cybersecurity policies, risk frameworks, and controls designed to identify, mitigate, and manage cyber threats while ensuring regulatory compliance with applicable national and international cybersecurity standards.

Regulatory Compliance & Continuous Oversight

The Board is responsible for ensuring the Company's strict adherence to cybersecurity laws, data protection regulations, and SECP-issued directives governing the insurance sector. This includes:

- Periodic reviews and updates of cybersecurity policies to align with evolving regulatory requirements and emerging cyber risks.
- Implementation of cybersecurity audits, ensuring proactive penetration testing, vulnerability assessments, and incident response drills in compliance with SECP's cybersecurity framework for financial institutions.
- Ensuring business continuity through effective disaster recovery mechanisms, safeguarding critical insurance data and digital infrastructure.

Commitment to Strengthening Cybersecurity Governance

Recognizing cybersecurity as a fundamental business risk, the Board remains committed to strengthening governance practices and fostering a robust cybersecurity culture across the organization. This involves:

- Continuous enhancement of cyber risk management strategies to safeguard sensitive information, digital assets, and operational integrity.
- Alignment with global cybersecurity best practices, ensuring that Pakistan's insurance industry remains resilient against emerging threats.
- Ongoing investment in cybersecurity awareness and capacity-building initiatives, equipping employees and stakeholders with the knowledge to mitigate cyber risks effectively.

The Board will continue enforcing comprehensive cybersecurity measures to protect the Company, its policyholders, and stakeholders while ensuring compliance with Pakistan's evolving regulatory landscape for cybersecurity in the insurance sector.

Board's IT Risk Oversight Function

The Board administers its IT risk oversight function through the following mechanisms:

- **Regular Reporting:** Management provides periodic updates on cybersecurity risks, IT investments, and compliance with regulatory frameworks.
- **Cybersecurity Audits & Assessments:** Conducting regular IT audits, penetration testing, and vulnerability assessments.
- **Employee Awareness & Training:** Ensuring company-wide cybersecurity awareness programs and executive training sessions.
- **Investment in Cybersecurity Measures:** Approving budgets for IT infrastructure enhancements, threat detection systems, and data protection measures.
- **Post-Incident Review & Lessons Learned:** Reviewing major cybersecurity incidents to implement corrective actions and improve response strategies.

By integrating cybersecurity into its broader risk management framework, the Board ensures proactive governance, regulatory compliance, and protection of customer data and business operations.

Integration of Cybersecurity into Risk Oversight

The Board of Directors recognizes cybersecurity as a critical component of the Company's overall risk management framework. As cyber threats evolve, the Board actively oversees the organization's cybersecurity strategy, ensuring robust protection of customer data, financial assets, and IT infrastructure. Cybersecurity risk is assessed alongside operational, financial, regulatory, and reputational risks to ensure a comprehensive risk management approach.

Board's Engagement with Management on Cybersecurity

The Board ensures effective cybersecurity governance by engaging with the management through the following key mechanisms:

Dedicated Board-Level Oversight

- The IT Governance & Cybersecurity Committee (or Risk Management Committee) is responsible for cybersecurity oversight.
- The Committee meets regularly to review cybersecurity policies, threat assessments, and regulatory compliance.

Regular Cybersecurity Reporting

- The Chief Information Security Officer (CISO) presents quarterly reports on cybersecurity risks, incidents, and mitigation strategies.

- These reports include updates on threat intelligence, penetration testing results, and compliance with SECP cybersecurity regulations.

Incident Response & Crisis Management

- The Board ensures that the Company maintains a Business Continuity Plan and Disaster Recovery Plan to manage cyber incidents.
- In case of a data breach, the Board is immediately notified and oversees incident response, regulatory reporting, and stakeholder communication.

Investment in Cybersecurity Measures

- The Board approves annual cybersecurity budgets to enhance IT infrastructure, threat detection systems, and employee training programs.
- Investments include AI-driven threat detection, encryption technologies, and cybersecurity insurance coverage.

Compliance with Regulatory Frameworks

- The Board ensures compliance with SECP's cybersecurity guidelines and other applicable cybersecurity standards.
- It mandates regular cybersecurity audits and third-party risk assessments to ensure regulatory alignment.

Cybersecurity Awareness & Training

- The Board encourages management to conduct periodic cybersecurity training for employees to reduce risks from phishing, ransomware, and insider threats.
- Participate in cybersecurity briefings and simulations to enhance their understanding of emerging risks.

Continuous Improvement & Future Cybersecurity Strategy

The Board remains committed to proactive cybersecurity governance by:

- Staying informed about evolving cyber threats and emerging technologies.
- Encouraging management to adopt advanced security frameworks like ISO 27001, NIST, and COBIT.
- Strengthening cross-industry collaborations to share cybersecurity best practices.

By embedding cybersecurity into the Board's risk oversight function, the Company ensures resilience against cyber threats, regulatory compliance, and enhanced trust with stakeholders.

Board's Responsibility on IT Systems & Controls

The Board of Directors acknowledges its responsibility for establishing and maintaining an effective system of information technology controls, to safeguard the Company's assets, ensure

reliable financial reporting, and support compliance with applicable laws and regulations.

The Company has implemented a structured internal control framework covering operational, financial, and compliance controls. These controls include documented policies, authorization procedures, system-based validations, and monitoring mechanisms designed to mitigate operational and financial risks.

IT controls form an integral component of the overall internal control framework. These controls include access management, password protocols, system monitoring, backup procedures, and change management processes. The Board regularly reviews reports from management and internal auditors to evaluate the effectiveness of these controls.

While the Board believes that the existing control environment provides reasonable assurance regarding the reliability of financial reporting and operational effectiveness, it recognizes that no system of control can eliminate all risks. Continuous monitoring and periodic improvements are therefore undertaken to address emerging technological and operational risks.

Early Warning System

The Company has enhanced its Cyber Security Framework by inducting an 'Early Warning System'. The Company operates a 24/7 Security Operation Center (SOC) that serves as both a frontline defense and an early warning system. The SOC is integrated with all critical applications and devices. Additionally, a Network Operations Center (NOC) is established to monitor network-level traffic. This Early Warning System enhances the Company's capabilities to identify and mitigate the potential cyber threats.

Independent Security Assessment

In alignment with the Company's cybersecurity policies, an annual independent security assessment of the technology environment is conducted by a third-party. This assessment evaluates the Company's security posture and identifies areas for improvement. Most recent evaluation by independent third party was carried out in 2025.

Resilient Contingency and Disaster Recovery

The Company Disaster Recovery Plan is founded on IT governance best practices, offering a comprehensive set of baseline controls. The DRP provides guidelines for emergency situations, ensuring that vital technical and organizational functions are restored within stipulated timeframes.

The primary objectives of the DRP include:

- Assessing the impact of prolonged interruptions to computing facilities.
- Identifying the adverse effects of data loss.
- Evaluating recovery times following critical server failures.
- Guiding decision-making processes based on the nature of disasters.
- Clearly defining roles and responsibilities for all aspects of cyber events.
- Developing, testing, and refining procedures, programs, or systems during recovery phases.

Advancement in Emerging Technologies, Digital Transformation and Artificial Intelligence Adoption Plans

The Company being one the largest insurer in Pakistan's general insurance sector and with regional presence in the UAE, our AI strategy is targeted to bridge our heritage with modern "InsurTech" capabilities. This strategy focuses on enhancing operational efficiency across its diverse portfolio.

Strategic Objective: "The Intelligent Insurer"

The goal is to transition the Company from a traditional risk-pooling entity to an AI-augmented risk-management partner, focusing on the following:

- **Profitability:** Reducing the costs in high-volume segments through predictive risk modelling.
- **Agility:** Reducing the time to quote and settle claims by automating document processing.
- **Customer Centricity:** Enhancing the "Adamjee One Digital Platform" experience with 24/7 AI-driven support and personalized wellness interventions.

Core Pillars of the AI/CL AI Strategy

a. AI-Driven Underwriting & Risk Assessment

- **Predictive Pricing:** Implementation of ML models for the Motor segment to analyse behavioural data and historical claims, moving away from flat-rate pricing to risk-based premiums.
- **Commercial Risk Engineering:** Making use of geospatial AI and satellite imagery to assess industrial and agricultural risks (fire, flood, crop, health) more accurately than on-

ground surveys alone.

- **Product Personalization:** Leveraging data from existing partnerships to offer hyper-personalized health insurance based on lifestyle data.

b. Intelligent Claims & Fraud Management

- **Computer Vision for Motor Claims:** Deployment of an AI tool where customers upload photos of vehicle damage via the Mobile App for instant repair estimation and "Fast-Track" settlement.
- **Fraud Detection Engine:** Integration of "AI TRiSM" (Trust, Risk, and Security Management) to identify suspicious patterns in health and property claims, potentially increasing fraud detection rates by up to 29% based on industry benchmarks.

c. Operational Efficiency & Customer Experience

- **Generative AI Chatbots:** Replacing basic IVR with LLM-powered virtual assistants on WhatsApp Business API to handle 80% of routine policy inquiries and FNOL (First Notice of Loss) intake.
- **Document Intelligence:** Making use of OCR and AI agents to automate the extraction of data from KYC documents, medical reports, and bank statements, reducing administrative overhead.

Implementation Roadmap (3-Phase Approach)

Phase	Focus Area	Key Initiatives
Phase 1: Foundations	Data & Governance	Consolidate data into a Data Lakehouse; establish an AI Ethics Committee to oversee bias in underwriting.
Phase 2: Acceleration	Core Transformation	Launch AI-assisted underwriting for Motor and Health; roll out Computer Vision for vehicle damage.
Phase 3: Transformation	Ecosystem Play	Integrate IoTs for personalised insurance plans; expand AI-driven risk advisory for corporate clients.

Critical Enablers & Risk Mitigation

- **Legacy Integration:** Planned use of Agentic AI to bridge modern AI tools with the Company's existing core systems without requiring a full "rip-and-replace" modernization.
- **Talent Upskilling:** Launching an "AI Academy" to train existing underwriters and claims officers on "Prompt Engineering" and AI-assisted decision-making.
- **Regulatory Compliance:** Aligning all AI models with the SECP Guidelines and emerging international standards like the NIST AI Risk Management Framework.

Employee Education and Cybersecurity Training

Recognizing that human error is a significant vulnerability in cybersecurity, the Company has developed a comprehensive security awareness program for all employees. This program, overseen by the Chief Information Security Officer (CISO), is conducted regularly to ensure ongoing education and awareness. Participation in these sessions is mandatory for all employees. The training equips staff with the knowledge to recognize potential cybersecurity threats and respond effectively, fostering a more secure digital environment within the organization.

Board Disclosure on the Company's Use of Enterprise Resource Planning (ERP) Software

Investment in IT Infrastructure and ERP Upgrades

Over the years, the Company has made substantial investments in its IT infrastructure to enhance operational efficiency, support digital transformation, and meet evolving stakeholder requirements. Leveraging its six decades of experience, the Company continually upgrades its Enterprise Resource Planning (ERP) systems to fulfill information needs and streamline business processes.

Integration of Core Business Processes & Modules

The Company has implemented various enterprise solutions, ensuring seamless integration across its core business functions:

- **PREMIA** – Serves as the core business application for conventional insurance operations, covering essential modules.
- **GTS (by Centegy Technologies)** – The primary application for takaful business, supporting all core takaful operations.
- **Harmony (by Sofcom)** – A dedicated application for managing human resource operations.
- **IBM Cognos BI** – A business intelligence solution consolidating data from multiple systems to provide a single, reliable source of information.
- **Portals** – Digital platforms facilitating operations for call centers, dealerships, surveyors, tracker companies, workshops, part suppliers, banks, and back-office functions.
- **Mobility Solutions** – Enhancing accessibility and operational efficiency through mobile-enabled services.

Management Support for ERP Implementation & Continuous Updates

The Company acknowledges the importance of continuously enhancing and effectively implementing its technological

solutions. **The Information Technology Steering Committee (ITSC)** oversees all IT initiatives, ensuring the selection of appropriate solutions, assignment of capable teams, and timely implementation.

ERP User Training

To maximize the effectiveness of the ERP system, the Company conducts periodic and on-demand training sessions, particularly for newly recruited staff. Additionally, a dedicated **Helpdesk** is available to address user concerns and ensure seamless operation.

Risk Management in ERP Implementation & Operation

The Company follows a structured approach to managing risks associated with ERP projects, adhering to the six-step **Project Management Body of Knowledge (PMBOK)** risk management framework:

1. Risk Management Planning
2. Risk Identification
3. Qualitative Risk Analysis
4. Quantitative Risk Analysis
5. Risk Response Planning
6. Risk Monitoring & Control

System Security, Data Access, and Segregation of Duties

To maintain system security and prevent unauthorized access to sensitive data, the Company has implemented the following controls:

- **Strong password policies** with secure password update mechanisms.
- **Mandatory periodic password changes** with encryption for added security.
- **Restricted access to the database** to prevent unauthorized modifications.

- **Role-based user IDs** ensuring appropriate access levels.
- **Audit logs enabled** for monitoring user activities.
- **Regular review of user authorization matrix** to maintain compliance.

Additionally, an independent third-party security assessment is conducted annually to evaluate the technology environment and address potential risks.

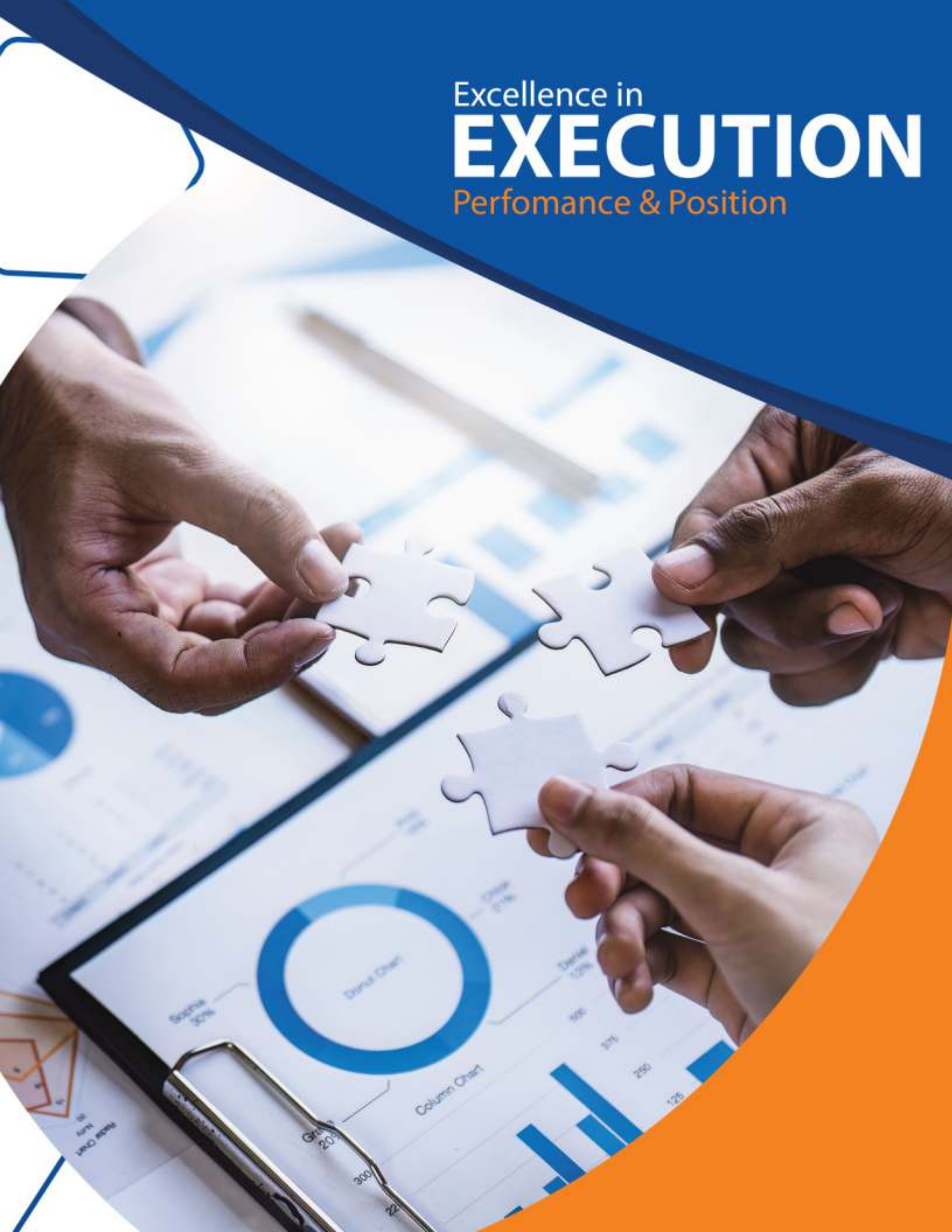
Key Capabilities of the Company's IT Infrastructure

The Company's robust IT infrastructure is built on industry-leading technologies, including:

- **Tier-3 Compliant Data Center** ensuring high availability and reliability.
- **Cloud-based collaboration solutions** via Microsoft Office 365.
- **IBM Cognos Business Intelligence** for enhanced data-driven decision-making.
- **Oracle-based end-to-end core business** applications supporting insurance operations.
- **Cisco-based network infrastructure** for secure connectivity.
- **Enterprise-grade storage solutions** from IBM, HP, and Sangfor.
- **Security Information & Event Management (SIEM)** for proactive cybersecurity monitoring.
- **Endpoint Detection & Response (EDR)** to identify and mitigate cyber threats on endpoint devices.
- **Cisco Identity Services Engine (ISE)** for centralized identity management across multiple applications and devices.

By continuously enhancing its ERP and IT capabilities, the Company remains committed to improving operational efficiency, data security, and digital innovation in alignment with its strategic objectives.

Excellence in
EXECUTION
Performance & Position



PERFORMANCE EVALUATION AGAINST TARGETS / BUDGETS

The Company prepares Annual Business Plan including Annual Budget for the coming year. The Annual Budget is reviewed and approved by the Board and performance of the Company against budgeted targets is monitored by the Board on quarterly basis.

The objective of Annual Budget is to use it as a control tool to periodically gauge the operational performance of the Company against the annual targets. The Budget objectives are communicated to the relevant managers at the start of the year which also acts as a yardstick for evaluating the performance of different functions and departments on periodic basis and make corrective decisions and actions, if required. Annual Budget is also broken down into monthly budget to compare the actual results with budgeted figures to identify monthly variances together with their reasons which are subject to rigorous review and follow up in subsequent monthly performance reviews. The process enables the management to ensure all the functions and departments are aligned towards achieving the overall Company objectives.

Business Growth

The Company has shown strong growth in gross premium written both from last year and from the budget as well. This is due to growth shown by all classes of business during the year. The Company has managed to achieve this strong growth despite tough competitive business environment faced both in Pakistan and UAE.

Investment Income

Current year witnessed increase in investment income of 29% from the corresponding period. This is mainly due to the increase in realized gain on the equity portfolio of the Company of Rs. 922 million. This is attributed to Company's efficient portfolio management of its equity stakes in a volatile stock market. Income from debt securities of PIBs and T-Bills placed inside Pakistan also witnessed increase of 19% from last year as the Company increased its investment in debt securities from last year to capitalise on the steady returns received from the debt securities.

Operational Profitability

The underwriting results of the Company generated a profit of Rs. 400 million during the current year mainly due to 47% increase in net premium revenue. This was supported by the investment income which showed significant increase from last year mainly due to increase in realized gain on equity securities and returns on debt securities. Other income increased from last year due to increase in gain on sale of operating assets despite decrease in return on savings accounts due to stabilization of policy rate by the State Bank of Pakistan throughout the year. Window Takaful Operations also remained profitable contributing to the overall profitability of the Company.

SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

		2025	2024	2023	2022	2021	2020
Balance Sheet							
Paid Up Capital	Rs. Mln	3,500	3,500	3,500	3,500	3,500	3,500
Reserves	""	19,244	14,941	7,964	3,527	5,487	4,487
Equity	""	48,815	40,625	30,620	24,919	25,390	22,235
Surplus on revaluation of fixed assets	""	31	30	31	-	-	-
Investments (Book Value)	""	47,051	35,352	27,969	25,535	25,966	22,589
Investments (Carrying value)	""	73,933	55,082	36,039	26,991	31,069	26,596
Investment Property	""	3,704	3,343	2,914	2,427	1,632	787
Fixed Assets	""	4,686	4,383	4,308	4,356	4,339	4,171
Cash & Bank Deposits	""	10,636	7,023	5,253	5,277	2,174	1,312
Other Assets	""	41,348	42,665	44,133	37,130	24,181	18,393
Total Assets	""	134,307	112,496	92,647	76,181	63,396	51,259
Total Liabilities	""	85,462	71,840	61,996	51,262	38,006	29,024

Operating Data - Conventional

Gross Premium	""	63,144	54,266	41,463	32,677	23,320	18,279
Net Premium	""	39,554	26,983	19,319	16,980	12,552	13,295
Net Claims	""	26,080	17,677	13,606	11,285	7,204	7,987
Net Commission	""	6,394	3,991	2,531	2,072	1,523	1,833
Underwriting Result	""	400	152	(1,365)	(209)	672	376
Financial Charges	""	6	7	5	35	50	15
Total Expenses	""	6,987	5,438	4,761	4,087	3,212	3,161
Investment Income	""	6,664	5,151	3,903	2,128	2,469	1,093
Profit Before Tax	""	8,354	6,709	3,912	3,147	4,405	1,910
Profit After Tax	""	5,133	4,050	2,262	2,585	3,136	1,876
Takaful Profit	""	441	575	508	339	139	164
Other Incomes	""	944	914	903	1,017	1,102	243

Window Takaful Operations

Gross contribution written	""	4,566	3,898	2,866	2,514	1,465	1,526
Net contribution revenue	""	1,922	1,886	1,632	1,152	654	745
Net takaful claims - reported / settled and contribution deficiency reserve	""	(2,097)	(2,111)	(1,767)	1,281	610	692
Underwriting Result - PTF	""	(36)	(157)	(111)	(102)	39	46
Surplus / (Deficit) - PTF	""	41	62	38	(7)	78	92
Wakala fee	""	1,176	989	831	641	431	409
Profit before taxation	""	441	575	508	339	139	164
Profit after taxation	""	269	349	295	220	99	116

Cash Flow Summary

Operating activities	""	9,928	5,124	(2,976)	627	1,402	648
Investing activities	""	(6,791)	(2,205)	3,611	4,450	(259)	280
Financing activities	""	(1,231)	(1,060)	(1,058)	(2,058)	(282)	(793)

Share Information

No. of Shares (Million)	350	350	350	350	350	350
Net Assets per share / Break-Up Value Per Share (Rs.)	139.56	116.16	87.57	71.20	72.54	63.53
Share Price at Year End (Rs.)	81.13	49.95	34.17	28.17	40.00	39.32
Highest Share Price During Year (Rs.)	93.00	57.20	37.39	38.34	47.22	47.45
Lowest Share Price During Year (Rs.)	39.70	31.50	22.05	20.66	32.66	24.10
KSE 100 Index	174,054	115,126	62,451	40,420	44,596	43,755
Market Price To Break-Up Value - P/B Ratio (Times)	0.58	0.43	0.39	0.40	0.55	0.62
Face Value (per share)	10.00	10.00	10.00	10.00	10.00	10.00
Market Capitalization - Amount in million	28,396	17,483	11,960	9,860	14,000	13,762

Distribution

Dividend Per Share (Rs.)	3.50	3.00	3.00	3.00	2.75	2.75
Total Dividend - Amount in Million	1,225.00	1,050.00	1,050.00	1,050.00	962.50	962.50
Cash Dividend %	35.00	30.00	30.00	30.00	27.50	27.50
Bonus Shares %	-	-	-	-	-	-
Total Dividend %	35.00	30.00	30.00	30.00	27.50	27.50

SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

Horizontal Analysis - Balance Sheet and Income Statement

	2025	2024	2023	2022	2021	2020	2025	2024	2023	2022	2021	2020
	Rupees in million						% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	10,636	7,023	5,253	5,277	2,174	1,312	51.45	33.70	(0.45)	142.73	65.70	11.5
Loans to Employees	50	54	60	65	52	45	(7.41)	(10.00)	(7.69)	25.00	15.56	(9.1)
Investments	73,933	55,082	36,039	26,991	31,069	26,596	34.22	52.84	33.52	(13.13)	16.82	2.7
Current Assets-others	35,096	37,157	40,108	33,601	21,651	16,020	(5.55)	(7.36)	19.37	55.19	35.15	(7.4)
Fixed Assets	4,686	4,383	4,308	4,356	4,339	4,171	6.91	1.74	(1.10)	0.39	4.03	(3.0)
Investment Property	3,704	3,343	2,914	2,427	1,632	787	10.80	14.72	20.07	48.71	107.37	95.8
Total assets of Window Takaful	6,202	5,454	3,965	3,464	2,479	2,328	13.71	37.55	14.46	39.73	6.49	43.9
Total Assets	134,307	112,496	92,647	76,181	63,396	51,259	19.39	21.42	21.61	20.17	23.68	1.0
Total Equity	48,815	40,625	30,620	24,919	25,390	22,235	20.16	32.67	22.88	(1.86)	14.19	4.0
Surplus on revaluation of fixed assets	31	30	31	-	-	-	3.33	(3.23)	100.00	-	-	-
Underwriting Provisions	58,772	49,756	46,247	36,089	23,937	19,380	18.12	7.59	28.15	50.77	23.52	(7.0)
Deferred Taxation	11,809	8,602	3,693	806	2,031	1,375	37.28	132.93	358.19	(60.32)	47.67	3.4
Deferred Liabilities	272	192	176	201	270	212	41.67	9.09	(12.44)	(25.56)	27.36	(5.8)
Borrowings	-	-	-	-	927	166	-	-	-	(100.00)	457.20	100.0
Creditors and Accruals	3,624	3,453	3,407	3,197	2,446	1,806	4.95	1.35	6.57	30.70	35.42	5.1
Other Liabilities	6,359	5,693	5,469	8,169	6,361	4,103	11.70	4.10	(33.05)	28.42	55.04	6.8
Total liabilities of Window Takaful	4,625	4,145	3,004	2,800	2,034	1,982	11.58	37.98	7.29	37.66	2.63	42.9
Total Equity and Liabilities	134,307	112,496	92,647	76,181	63,396	51,259	19.39	21.42	21.61	20.17	23.68	1.0
Profit and Loss Account												
Revenue account												
Net Premium Revenue	39,554	26,983	19,319	16,980	12,552	13,295	46.59	39.67	13.78	35.27	(5.58)	(13.9)
Net claims	26,080	17,677	13,606	11,285	7,204	7,987	47.54	29.92	20.57	56.65	(9.80)	(19.1)
Underwriting Expenses	6,681	5,163	4,548	3,833	3,153	3,099	29.40	13.52	18.65	21.55	1.76	(8.8)
Net Commission	6,394	3,991	2,531	2,072	1,523	1,833	60.21	57.68	22.15	36.06	(16.92)	21.6
Underwriting Result	400	152	(1,366)	(210)	672	376	163.16	111.13	(550.48)	(131.24)	78.97	(42.5)
Investment Income	6,664	5,151	3,903	2,128	2,469	1,093	29.37	31.98	83.41	(13.83)	126.03	(20.4)
Rental Income	218	199	182	162	131	113	9.55	9.34	12.35	23.28	16.59	275.2
Other income	586	481	545	223	141	243	21.83	(11.74)	144.39	58.12	(41.85)	253.8
Change in fair value of investment property	358	433	358	794	961	-	(17.32)	20.95	(54.91)	(17.39)	100.00	(100.0)
Other / General And Administration Expenses	306	275	213	254	59	62	11.27	29.11	(16.14)	331.68	(5.60)	121.0
Finance Charges	6	7	5	35	50	15	(14.29)	40.00	(85.71)	(30.15)	233.07	80.1
Profit before tax from Window Takaful	441	575	508	339	139	164	(23.30)	13.19	49.85	143.42	(14.96)	52.1
Profit Before Tax	8,354	6,709	3,912	3,147	4,405	1,910	24.52	71.50	24.31	(28.56)	130.67	(24.6)
Provision for taxation	3,222	2,659	1,650	562	1,269	34	21.17	61.15	193.59	(55.71)	3,667.81	(95.3)
Profit after Tax	5,133	4,050	2,262	2,585	3,136	1,876	26.74	79.05	(12.50)	(17.58)	67.17	3.5

SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

Vertical Analysis - Balance Sheet and Income Statement

2025		2024		2023		2022		2021		2020	
Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%

Balance sheet

Assets

Cash and Bank Deposits	10,636	7.9	7,023	6.2	5,253	5.7	5,277	6.9	2,174	3.4	1,312	2.6
Loans to Employees	50	0.0	54	0.0	60	0.1	65	0.1	52	0.1	45	0.1
Investments	73,933	55.0	55,082	49.0	36,039	38.9	26,991	35.4	31,069	49.0	26,596	51.9
Current Assets-others	35,096	26.1	37,157	33.0	40,108	43.3	33,601	44.1	21,651	34.2	16,020	31.3
Fixed Assets	4,686	3.5	4,383	3.9	4,308	4.6	4,356	5.7	4,339	6.8	4,171	8.1
Investment Property	3,704	2.8	3,343	3.0	2,914	3.1	2,427	3.2	1,632	2.6	787	1.5
Total assets of Window Takaful	6,202	4.6	5,454	4.8	3,965	4.3	3,464	4.5	2,479	3.9	2,328	4.5
Total Assets	134,307	100.0	112,496	100.0	92,647	100.0	76,181	100.0	63,396	100	51,259	100.0

Total Equity	48,815	36.3	40,625	36.1	30,620	33.1	24,919	32.7	25,390	40.0	22,235	43.4
Underwriting Provisions	58,772	43.8	49,756	44.2	46,247	49.9	36,089	47.4	23,937	37.8	19,380	37.8
Deferred Taxation	11,809	8.8	8,602	7.6	3,693	4.0	806	1.1	2,031	3.2	1,375	2.7
Deferred Liabilities	272	0.2	192	0.2	176	0.2	201	0.3	270	0.4	212	0.4
Borrowings	-	-	-	-	-	-	-	-	927	1.5	166	0.3
Creditors and Accruals	3,624	2.7	3,453	3.1	3,407	3.7	3,197	4.2	2,446	3.9	1,806	3.5
Other Liabilities	6,359	4.7	5,693	5.1	5,469	5.9	8,169	10.7	6,361	10.0	4,103	8.0
Total liabilities of Window Takaful	4,625	3.4	4,145	3.7	3,004	3.2	2,800	3.7	2,034	3.2	1,982	3.9
Total Equity and Liabilities	134,307	100.0	112,496	100.0	92,647	100.0	76,181	100.0	63,396	100	51,259	100.0

Profit and Loss Account

Revenue account

Net Premium Revenue	39,554	100.0	26,983	100.0	19,319	100.0	16,980	100.0	12,552	100.0	13,295	100.0
Net Claims	26,080	65.9	17,677	65.5	13,606	70.4	11,285	66.5	7,204	57.4	7,987	60.1
Underwriting Expenses	6,681	16.9	5,163	19.1	4,548	23.5	3,833	22.6	3,153	25.1	3,099	23.3
Net Commission	6,394	16.2	3,991	14.8	2,531	13.1	2,072	12.2	1,523	12.1	1,833	13.8
Underwriting Result	400	1.0	152	0.6	(1,366)	(7.1)	(210)	(1.2)	672	5.4	376	2.8
Investment Income	6,664	16.8	5,151	19.1	3,903	20.2	2,128	12.5	2,469	19.7	1,093	8.2
Rental Income	218	0.6	199	0.7	182	0.9	162	1.0	131	1.0	113	0.8
Other income	586	1.5	481	1.8	545	2.8	223	1.3	138	1.1	243	1.8
Change in fair value of investment property	358	0.9	433	1.6	358	1.9	794	4.7	961	7.7	-	-
General And Administration Expenses	306	0.8	275	1.0	213	1.1	254	1.5	59	0.5	62	0.5
Finance Charges	6	0.0	7	0.0	5	0.0	35	0.2	50	0.4	15	0.1
Profit before tax from Window Takaful	441	1.1	575	2.1	508	2.6	339	2.0	139	1.1	164	1.2
Profit Before Tax	8,354	21.1	6,709	24.9	3,912	20.2	3,147	18.5	4,405	35.1	1,910	14.4
Provision for Taxation	3,222	8.1	2,659	9.9	1,650	8.5	562	3.3	1,269	10.1	34	0.3
Profit After Tax	5,133	13.0	4,050	15.0	2,262	11.7	2,585	15.2	3,136	25.0	1,876	14.1

COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

Profit & Loss Account

During the period from 2020 to 2025, the company experienced a dynamic and fluctuating profit trend. In 2020, profits were relatively modest mainly due to comparatively lower investment income derived from dividends, owing to the temporary restriction on the distribution of dividends imposed by the State Bank of Pakistan. This restriction, implemented amid the COVID-19 situation, prevented banks from distributing dividends for two quarters. However, 2021 marked a significant increase when the restrictions on dividends were lifted by the State Bank of Pakistan. This upward momentum was briefly interrupted by a moderate decline in 2022, when the net claims ratio increased to 66% compared to the previous year's ratio of 57% per annum, due to rain flooding in Pakistan and heavy losses in operations outside Pakistan. Nevertheless, the Company quickly regained its footing in 2023 mainly due to 83% increase in investment income, achieving steady profitability. The Company depicted improved profitability in 2024 with underwriting results returning to profit and solid increase in investment income of 32%. Results for current year 2025 are remarkable with profit before tax reaching at Rs. 8,354 million showcasing the Company's resilience and ability to perform well operationally in challenging environment in addition to capitalizing on market opportunities reflected by 163% increase in underwriting profit and 29% double digit increase in investment income.

The Company's conventional business showed 16% increase in Gross Written Premium from the previous year which was mainly due to significant 62% growth in Gross Written Premium of Overseas operations. Window Takaful Operations also grew by 17% indicating steady growth in Gross Written Contribution. The robust growth in international operations demonstrated the Company's strong resolve and ability to not only perform in domestic market but also prove its competitiveness internationally.

Despite the increase in net claim expense in absolute terms, the Company managed to keep the net claims ratio at 66% during the current year which is in line with the net claims ratio of previous year.

Underwriting expenses increased by 29% in the current year compared to 2024. Overall, the increase in both net claims expense and management/underwriting expenses highlights the inflationary impacts on the Company during the current year.

The underwriting result of the Company increased by

163% in the current year. Additionally, the investment income of the company increased by 29% during the year mainly due to the increase in realized gain on the equity portfolio of the Company of Rs. 922 million.

On the other hand, the Window Takaful Operations of the Company showed growth in gross contributions, which increased to Rs. 4.57 billion in 2025, up from Rs. 3.90 billion in 2024. The WTO operator's fund contributed Rs. 441 million towards the profit before tax, adding to the overall profits of the Company.

Profit after tax for the year 2025 increased by 27%, amounting to Rs. 5,133 million, compared to Rs. 4,050 million in 2024. This resulted in an Earnings per Share (EPS) of Rs. 14.66 in the current year, up from Rs. 11.57 in the previous year.

Balance Sheet

The Company has strong capital base of Paid-up Capital of Rs. 3,500 million.

The overall asset base of the Company increased by 19% (Rs. 21,811 million) reaching at Rs. 134,307 million as compared to Rs. 112,496 million in 2024.

Investments are the largest asset, constituting approximately 55% of the Company's total assets. The Company's investments have registered an increase of 34%, rising from Rs. 55,082 million to Rs. 73,933 million at the end of the year.

Cash and Bank balance of the Company increased by 51% amounting to Rs. 10,636 million in current year as against Rs. 7,023 million in 2024.

Equity & Reserves increased by 20% year on year, reaching Rs. 48,815 million at current year end as against Rs. 40,625 million in 2024. This is mainly attributable to significant amount of profit after tax of Rs. 5,133 million and net increase in fair value gains of Rs. 4,294 million against available for sale investments despite dividend payout of Rs. 1,225 million during the current year.

Underwriting liabilities increased by 18% year on year, reaching to Rs. 58,772 million at current year end as against Rs. 49,756 million in 2024.

Net Assets of the Company's 'Window Takaful Operations - Operator's Fund' increased significantly from Rs. 1,310 million to Rs. 1,577 million registering a growth of 20% year on year.

SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

Financial Ratios

	2025	2024	2023	2022	2021	2020
Profitability Ratios						
Underwriting Result / Gross Premium (%)	0.6	0.3	(3.3)	(0.6)	2.9	2.1
Underwriting Result / Net Premium (%)	1.0	0.6	(7.1)	(1.2)	5.4	2.8
Combined Ratio (%)	99.0	99.4	107.1	101.2	94.6	97.2
Total Expenses / Gross Premium (%)	11.1	10.0	11.5	12.5	13.8	17.3
Total Expenses / Net Premium (%)	17.7	20.2	24.6	24.1	25.6	23.8
Management Expenses / Net Premium (%)	16.9	19.1	23.5	22.6	25.1	23.3
Other Expenses / Net Premium (%)	0.8	1.0	1.1	1.5	0.5	0.5
Net Claims / Net Premium (%) - Claim Ratio	65.9	65.5	70.4	66.5	57.4	60.1
Net Commission / Net Premium (%)	16.2	14.8	13.1	12.2	12.1	13.8
Investment Income / Net Premium (%)	16.8	19.1	20.2	12.5	19.7	8.2
Gross Yield on Earning Assets - (%)	9.1	9.9	11.2	10.1	10.5	4.5
Shareholders' Funds - (Shareholder Funds/Total Assets) (%)	36.37	36.14	33.08	32.71	40.05	43.38
Return on Investment (%)	9.0	9.4	10.8	7.9	7.9	4.1
Total Shareholder Return (%)	69.4	55.0	31.9	(22.1)	8.7	(0.0)

Overall Profitability

Profit Before Tax / Gross Premium (%)	13.2	12.4	9.4	9.6	18.9	10.4
Profit After Tax / Gross Premium (%)	8.1	7.5	5.5	7.9	13.4	10.3
Profit Before Tax / Net Premium (%)	21.1	24.9	20.2	18.5	35.1	14.4
Profit After Tax / Net Premium (%)	13.0	15.0	11.7	15.2	25.0	14.1
Profit Before Tax / Total Income (%)	17.5	19.8	15.8	15.3	26.9	12.8
Profit After Tax / Total Income (%)	10.7	12.0	9.1	12.5	19.1	12.6

Return To Shareholders

Return On Equity - PBT (%)	17.1	16.5	12.8	12.6	17.3	8.6
Return On Equity - PAT (%)	10.5	10.0	7.4	10.4	12.4	8.4
Return On Total Assets (%)	3.8	3.6	2.4	3.4	4.9	3.7
Earnings Per Share (Rs.)	14.66	11.57	6.46	7.39	8.96	5.36
Dividend Yield (%)	4.3	6.0	8.8	10.6	6.9	7.0
Dividend Payout (%)	23.9	25.9	46.4	40.6	30.7	51.3
Dividend Cover (Times)	4.2	3.9	2.2	2.5	3.3	1.9
Earnings Growth (%)	26.7	79.1	(12.5)	(17.6)	67.2	3.5
P/E Ratio (Times)	5.5	4.3	5.3	3.8	4.5	7.3
Price to Book ratio (%)	0.6	0.4	0.4	0.4	0.6	0.6

Breakup value per share

i. Without Surplus on Revaluation of property, plant and equipment (Rs.)	139.47	116.07	87.49	71.20	72.54	63.53
ii. With Surplus on Revaluation of property plant and equipment (Rs.)	139.56	116.16	87.57	71.20	72.54	63.53

Performance/ Liquidity

Current Ratio (Times)	1.7	1.6	1.4	1.4	1.6	1.7
Liquid Ratio (Times)	1.3	1.2	0.9	0.9	1.2	1.3
Cash / Current Liabilities (%)	15.4	13.1	10.2	12.1	8.3	7.6
Total Assets Turnover (Times)	0.3	0.2	0.2	0.2	0.2	0.3
Fixed Assets Turnover (Times)	8.4	6.2	4.5	3.9	2.9	3.2
Liquid Assets / Total Assets (%)	71.6	66.0	55.7	56.6	66.4	66.6
Earning Assets / Total Assets (%)	61.1	55.7	46.8	42.0	54.6	57.1
Equity / Total Assets - Shareholders' Funds ratio (%)	36.3	36.1	33.1	32.7	40.1	43.4
Debt to Equity - Book Value (%)	-	-	-	-	-	0.34
Paid Up Capital / Total Assets (%)	2.6	3.1	3.8	4.6	5.5	6.8
Return On Capital Employed (%)	17.1	16.5	12.8	12.8	17.5	8.6

SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

Financial Ratios

	2025	2024	2023	2022	2021	2020
Non-Financial Ratios						
Staff turnover ratio (%)	15.0	11.9	17.9	12.9	12.0	9.0
Employee Productivity Rate						
Revenue per Employee - Amount in Million	64.4	58.8	46.2	35.4	25.6	19.7
PBT per Employee - Amount in Million	0.4	0.6	0.6	0.4	0.2	0.2
Insurance Sector Specific Ratios						
Claim ratio	66%	66%	70%	66%	57%	60%
Solvency ratio	59%	101%	48%	56%	99%	154%
Premium growth ratio	16%	31%	27%	40%	28%	-19%
Claim settlement ratio	78%	82%	85%	82%	77%	88%
Combined ratio	99%	99%	107%	101%	95%	97%
Persistency ratio (renewable business)	59%	71%	74%	63%	61%	70%
Reinsurance premium ceded on gross premium (%)	23%	40%	50%	45%	42%	37%
Reinsurance claim recovery percentage	36%	35%	50%	56%	43%	34%
Retention ratio	69%	56%	50%	57%	60%	65%
External liability ratio	0%	0%	0%	0%	4%	1%

COMMENTS ON RATIOS

Profitability Ratios

Underwriting results improved from 0.6% of net premium last year to 1% in the current year. Investment income as a percentage of net premium slightly reduced from 19.1% last year to 16.8% in the current year. Profit after tax ratio decreased from 15% last year to 13% in the current year. However, the profit after tax of the Company in absolute terms increased by 27% from last year which proves consistent growth in the Company's overall profitability. Despite the increase in insurance claims and acquisition expenses by Rs. 10,806 million from the last year, the Company has recorded 163% growth in underwriting profit reaching at Rs 400 million which has helped in achieving profit after tax of Rs 5,133 million.

Return to Shareholders Ratios

The rise in profitability has impacted year-on-year profits, leading to an increase in return to shareholders/investors' ratios. 'Return on equity' increased to 10.5% in current year as against 10.0% in last year. While 'Return on total assets' increased to 3.8% in current year as against 3.6% in last year.

The Company distributed Rs. 3.5 per share as dividend during the year. This comprised of Rs. 1.5 per share as a final dividend related to the year 2024 and Rs. 2 per share as an interim dividend related to the year 2025. The total dividend distribution amounted to Rs. 1,225 million.

This indicates that the Company is committed to returning value to its shareholders through dividends. By distributing dividends, the Company is utilizing its profits to reward its shareholders.

Liquidity Ratios

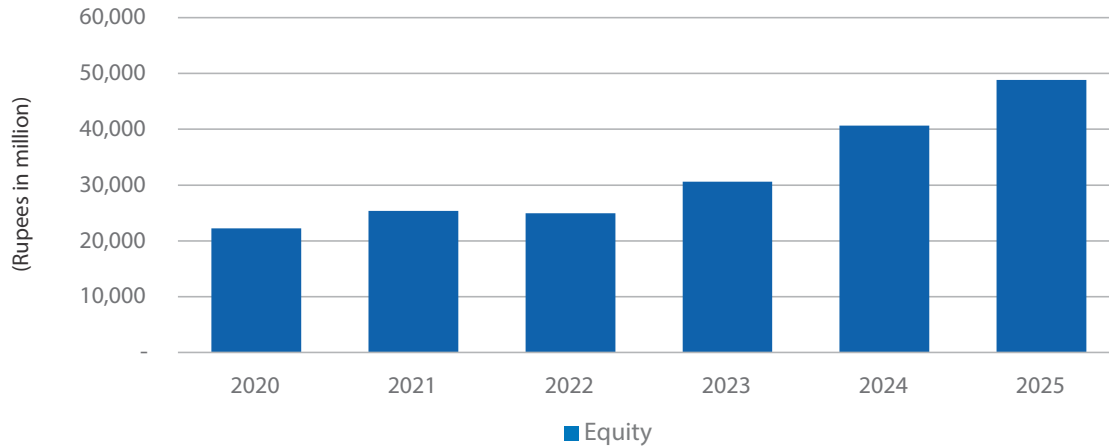
Overall, the liquidity ratios of the company remained stable, reflecting effective working capital and cash flow management. Liquidity ratios have shown steady growth underscoring Company's potential to remain adequately supplied with liquid resources not only to pay off operational liabilities as they arise but also to capitalise on any investment opportunities both over short term and long term horizons. The increase in the proportion of earning assets to total assets suggests improved income-generating potential of the Company.

The Company was able to achieve current ratio at 1.7 times while cash and bank balance to current liabilities ratio increased to 15.4% in current year as against 13.1% last year.

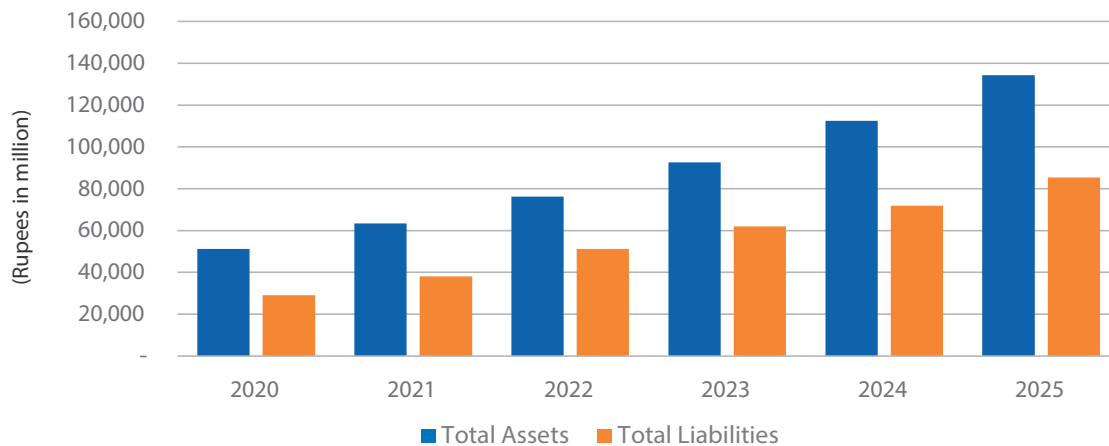
The proportion of 'Earning assets' to 'Total assets' has increased to 61.1% as against 55.7% while the proportion of 'Liquid assets' to 'Total assets' also increased to 71.6% in current year as against 66% last year.

SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

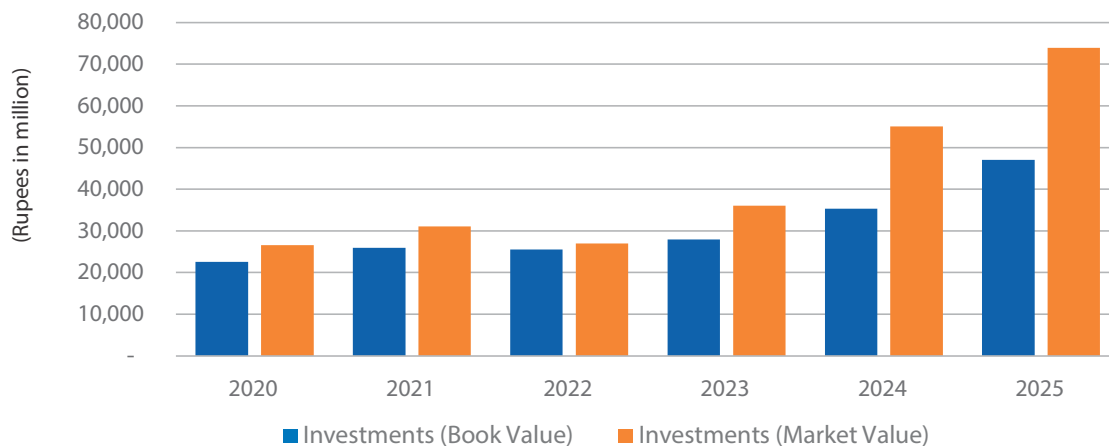
EQUITY



TOTAL ASSETS & LIABILITIES

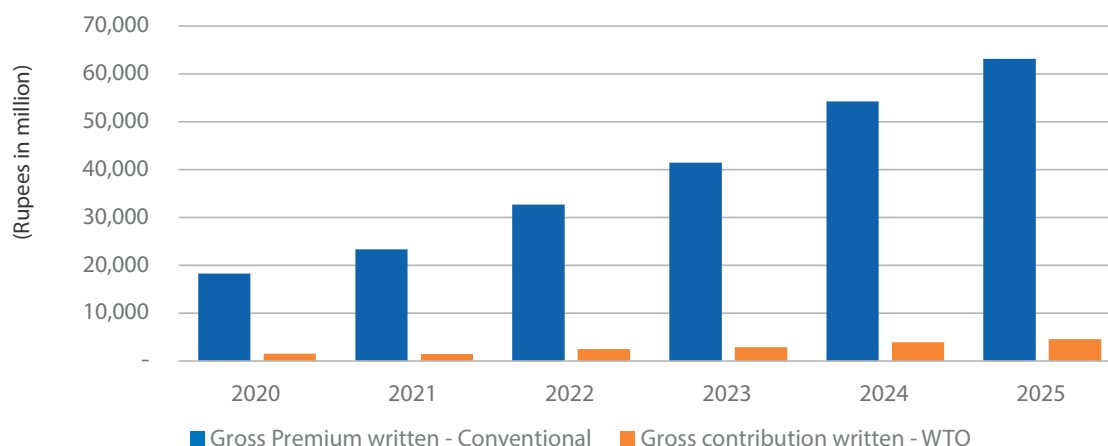


INVESTMENTS

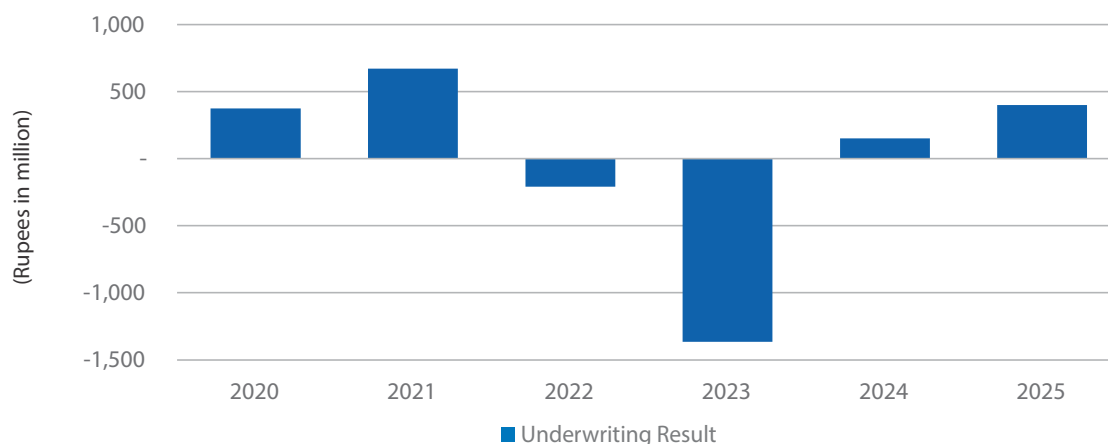


SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

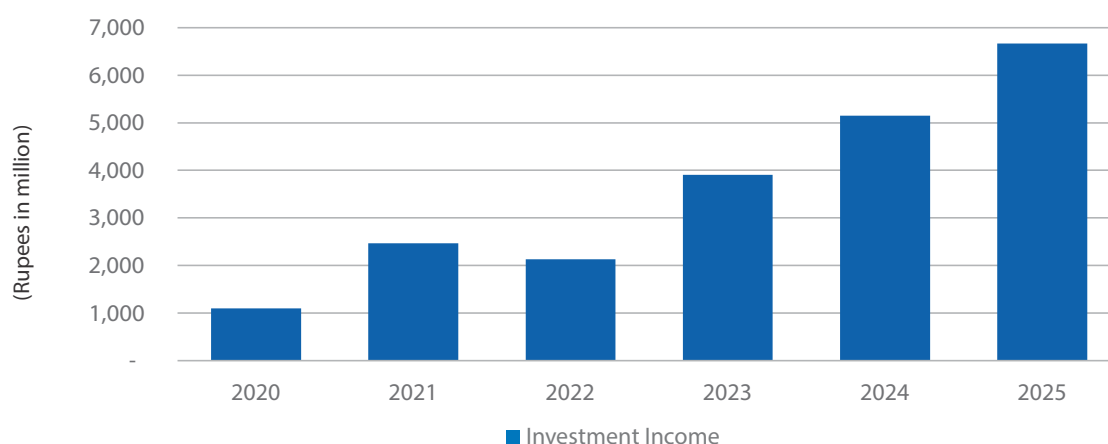
GROSS PREMIUM



UNDERWRITING RESULTS

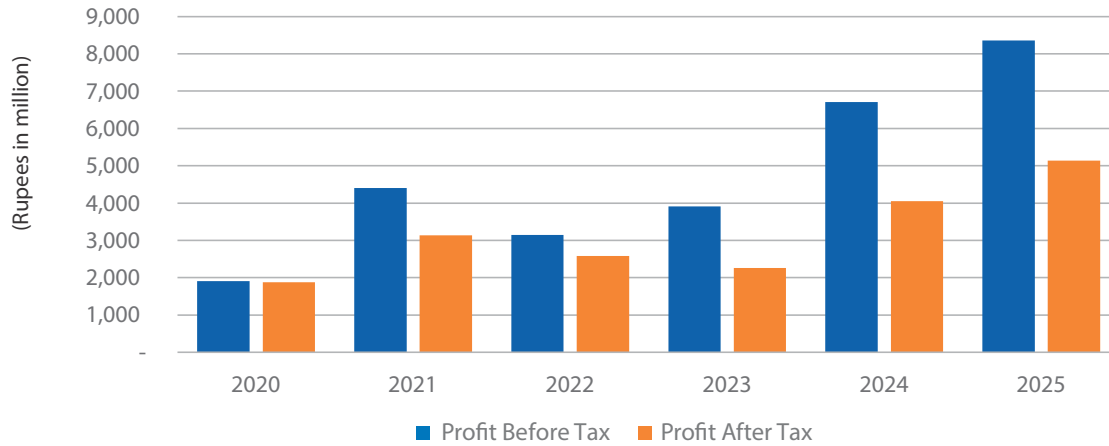


INVESTMENT INCOME

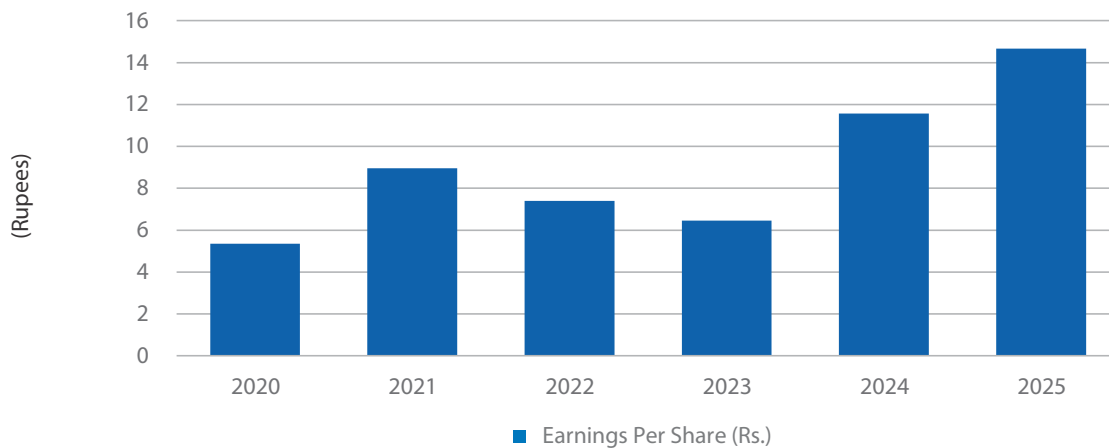


SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

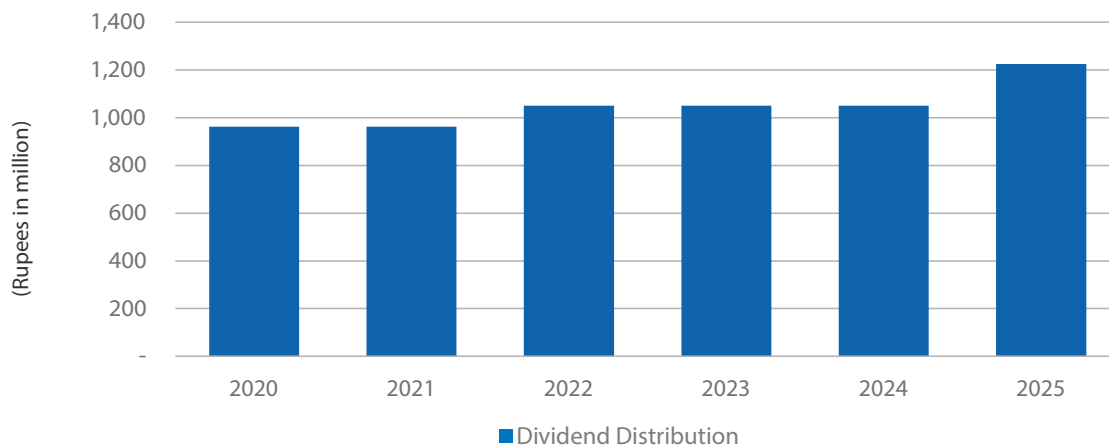
PROFIT



EARNINGS PER SHARE (RS.)

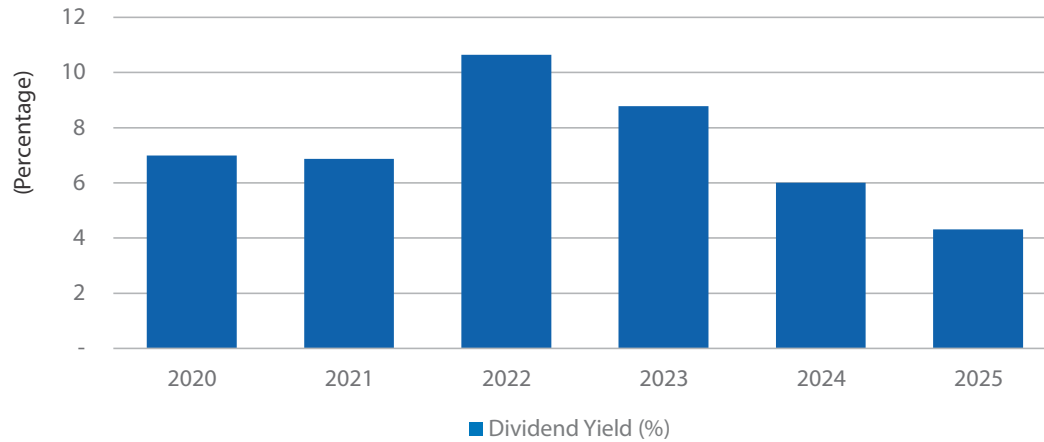


DIVIDEND DISTRIBUTION

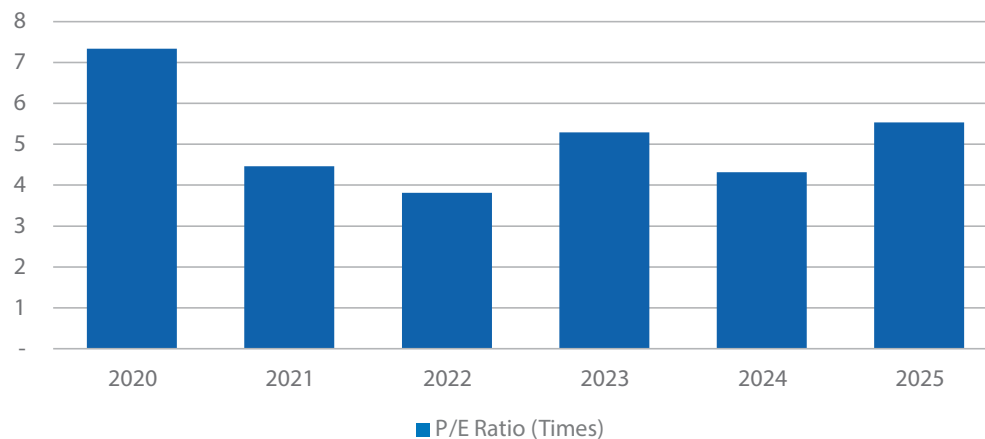


SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

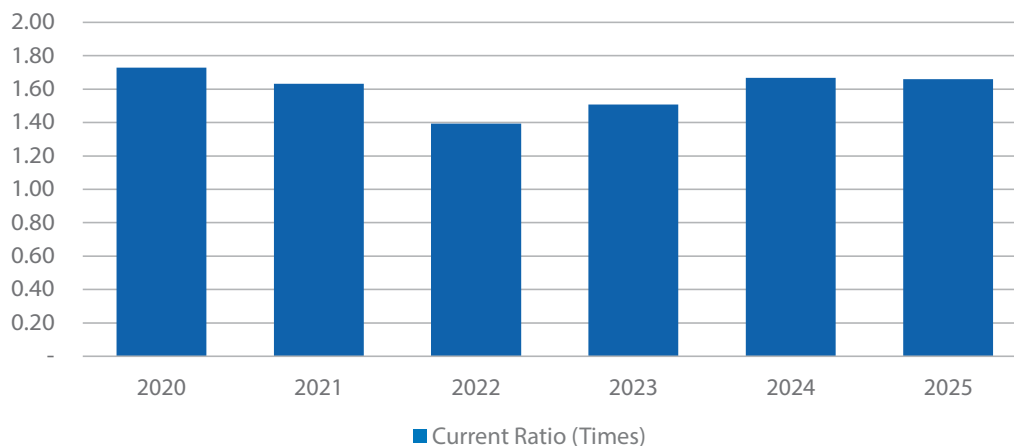
DIVIDEND YIELD (%)



P/E RATIO (TIMES)

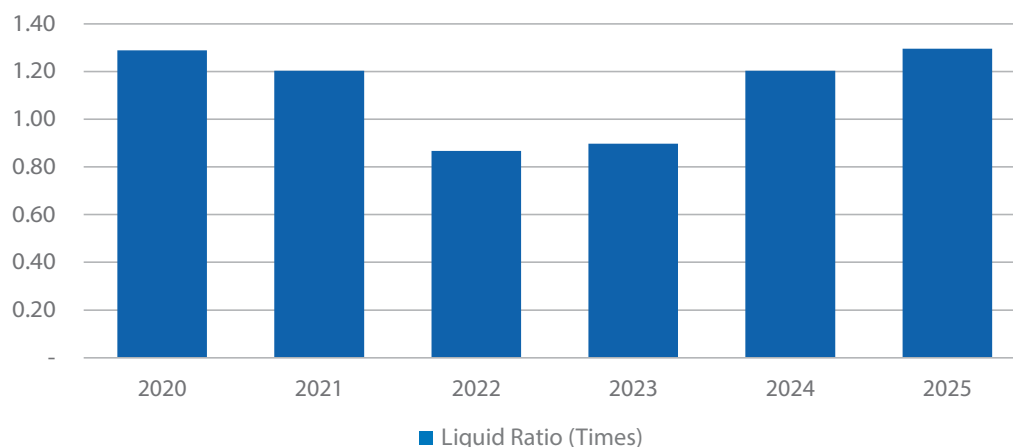


CURRENT RATIO (TIMES)

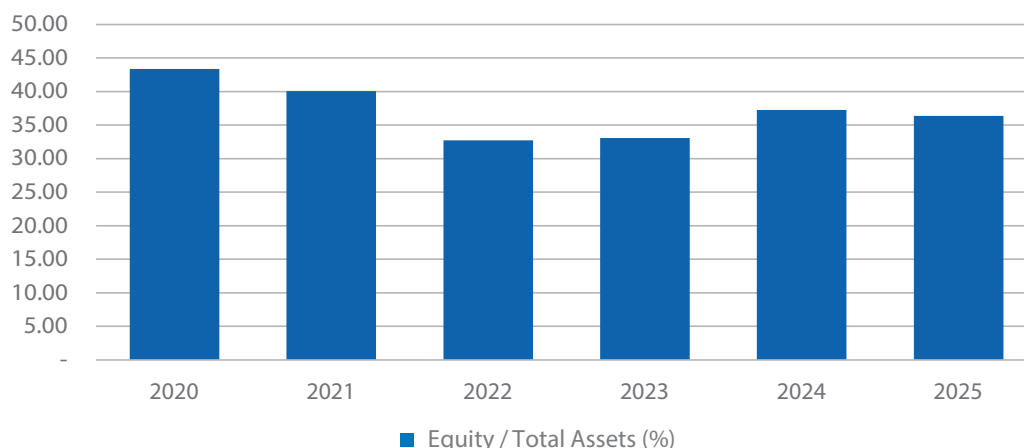


SIX YEARS FINANCIAL PERFORMANCE (2020 - 2025)

LIQUID RATIO (TIMES)

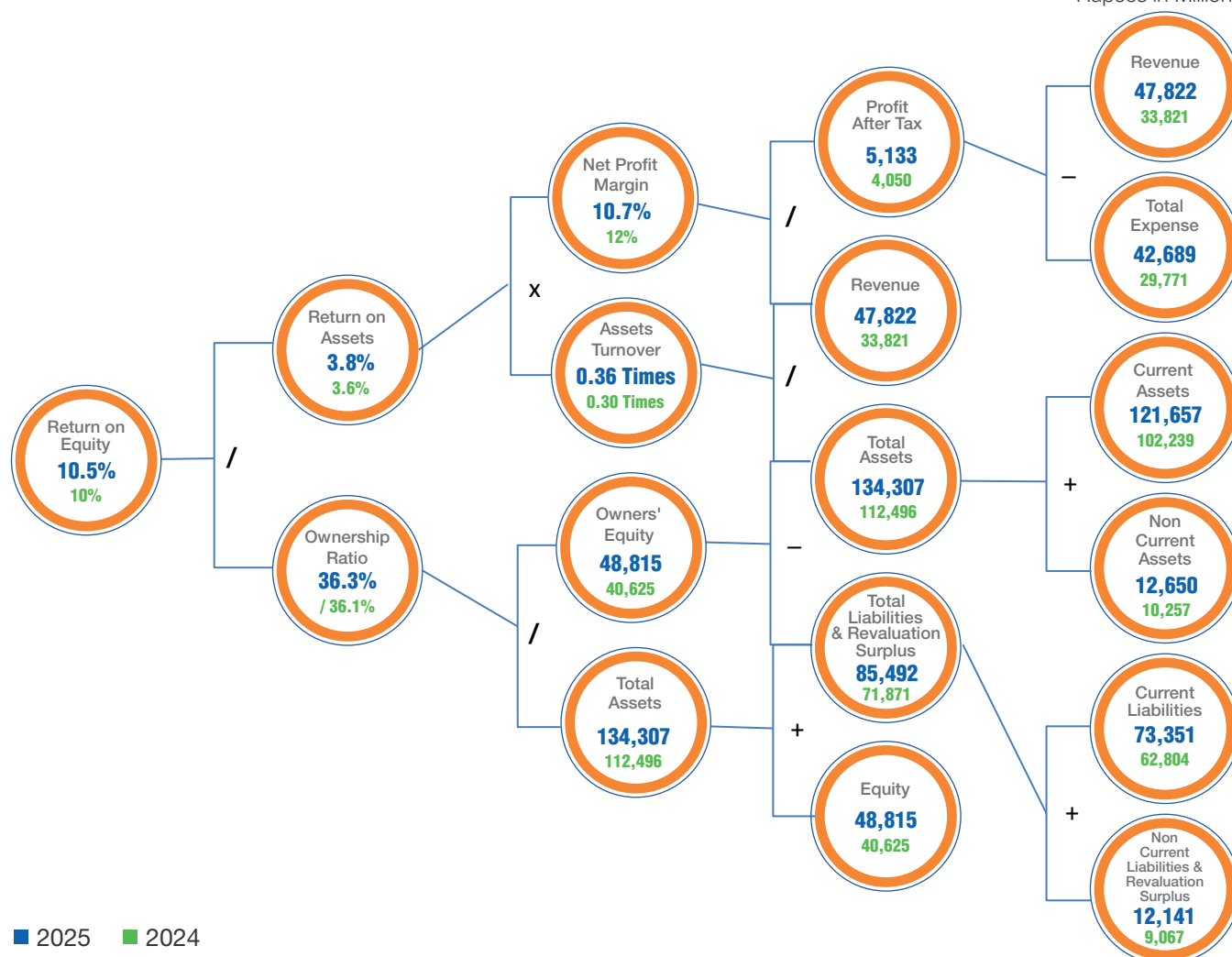


EQUITY / TOTAL ASSETS (%)



DUPONT ANALYSIS

Rupees in Million



■ 2025 ■ 2024

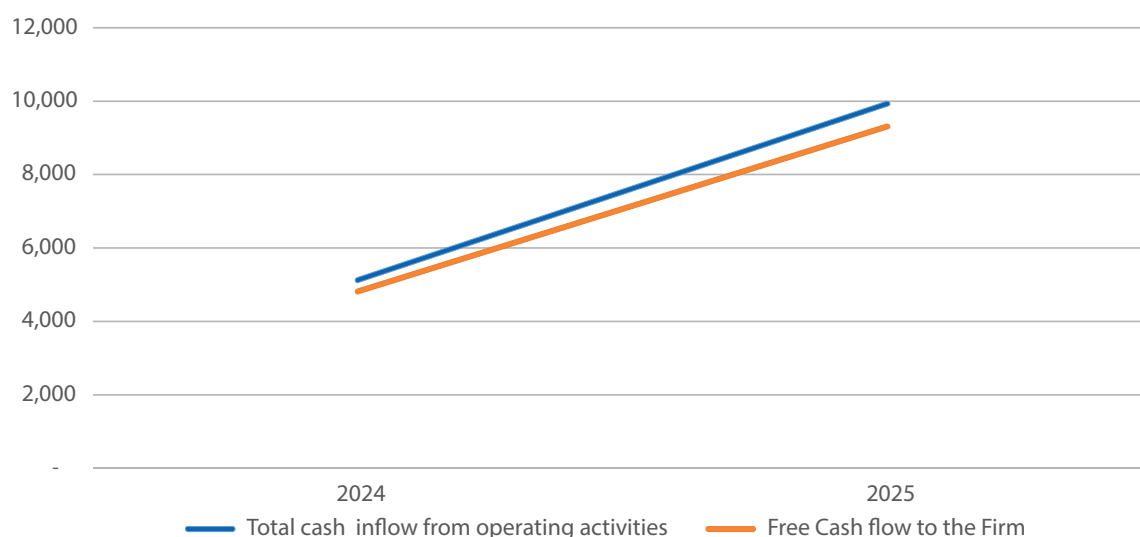
Analysis

- The Net Profit Margin reflected during the current year is 10.7% compared with 12% last year despite 27% increase in net profit due to the fact that the total revenue amount in denominator increased by 41% from last year due to the robust increase in investment income and operational profitability.
- Return on Assets (ROA) and Return on Equity (ROE) have increased by 0.2% and 0.5%, respectively, compared to the previous year, reflecting the company's enhanced profitability and operational efficiency.
- Owners' equity has grown during the current year, and the ownership ratio has also risen compared to the previous year. This improvement is primarily attributed to a significant increase in owners' equity and total assets, driven largely by investments.
- The Company has demonstrated substantial growth in profitability compared to the previous year, reflecting improved operational performance and financial strength.

FREE CASHFLOWS TO THE COMPANY

	2025	2024
	----- Rupees in Million -----	
Net cash flows generated from Underwriting activities	12,441	7,136
Net cash flows generated from Other operating activities	(2,513)	(2,012)
Total cash inflow from Operating activities	9,928	5,124
Less: Capital Expenditure	(619)	(314)
Free Cash flow to the Company	9,309	4,810

FREE CASH FLOW



Comments on Free Cash Flow:

The operating cashflows of the Company have improved reaching at Rs. 9,928 million from Rs. 5,124 million which is mainly due to the increase in collection of due outstanding premiums which is result of the regular monitoring and control of credit policies adopted by the management.

SIX YEARS' SUMMARY OF CASHFLOW STATEMENTS

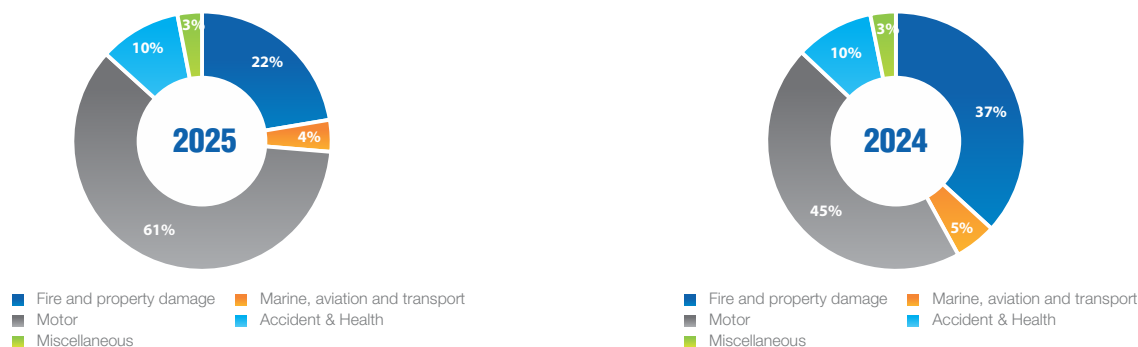
	2025	2024	2023	2022	2021	2020
	Rupees in Million					
Cashflow Summary						
Cash inflow / (outflow) from operating activities	9,928	5,124	(2,976)	627	1,402	648
Cash (outflow) / inflow from investing activities	(6,791)	(2,205)	3,611	4,450	(259)	280
Cash outflow from financing activities	(1,231)	(1,060)	(1,058)	(2,058)	(282)	(793)
Net cash inflow / (outflow) from all activities	1,906	1,859	(423)	3,019	862	135
Cash and cash equivalents at beginning of the year	3,983	2,124	2,547	2,258	1,312	1,177
Cash and cash equivalents at end of the year	5,889	3,983	2,124	5,277	2,174	1,312

Analysis

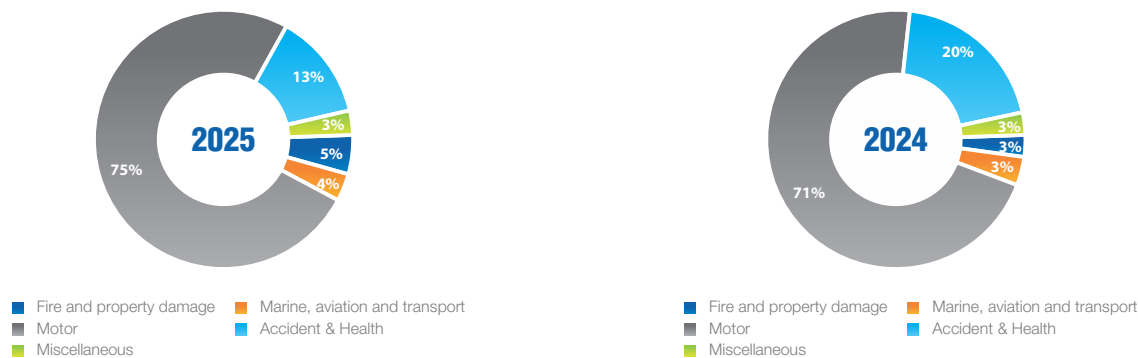
Over the past six years, the Company has consistently demonstrated effective liquidity management, ensuring that it has adequate cash and highly liquid assets to meet its short-term financial obligations. This consistency indicates the Company's commitment to maintaining a strong financial position and its ability to adapt to changing market conditions and business needs mainly involving claims, reinsurance cessions and commission payments in addition to maintaining cash reserves for CAPEX, additional investments and dividend payout requirements as they arise.

GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS

Gross Premium Written



Net Claims



Analysis of Income

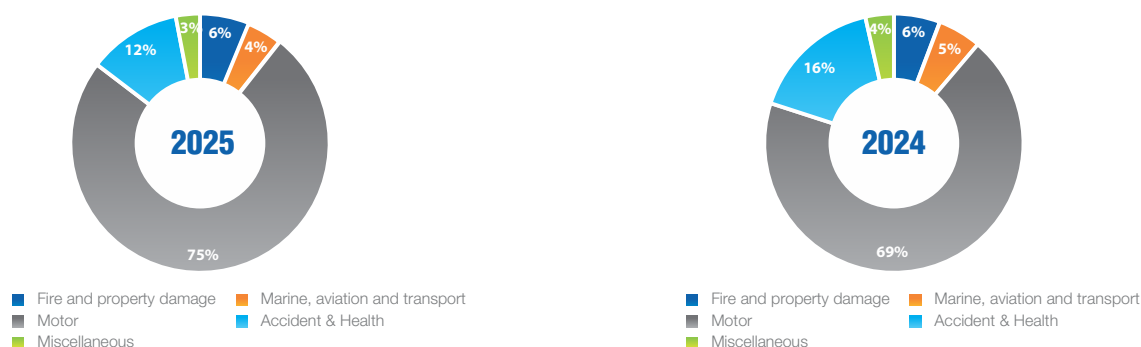


Total Equity and Liabilities



GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS

Net Premium Revenue



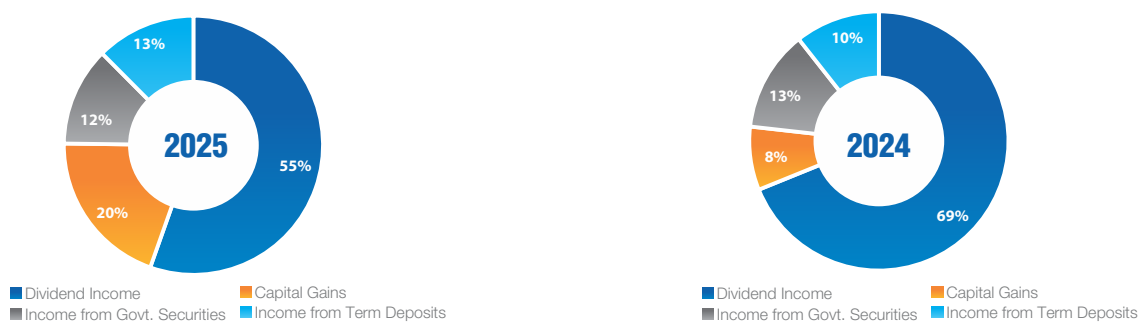
Combined Expenses



Total Assets



Investment Income

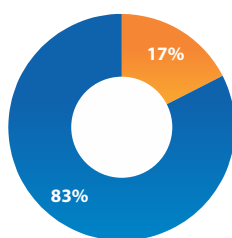


Our Market Share

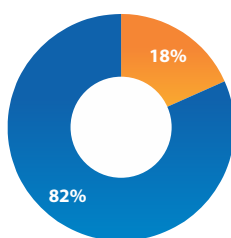
Market share of Adamjee Insurance Company Limited's conventional business is 16% and window takaful operations is 10% in Pakistan as of 30 September 2025.

Market Share of AICL Conventional business in Pakistan

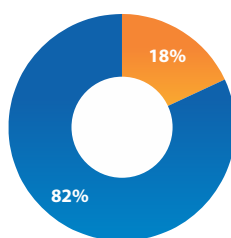
	2021	2022	2023	2024	Sept 2025
AICL	17%	18%	18%	19%	16%
Rest of Industry	83%	82%	82%	81%	84%



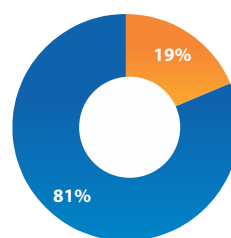
CY 21



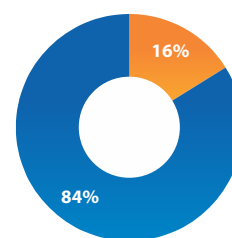
CY 22



CY 23



CY 24

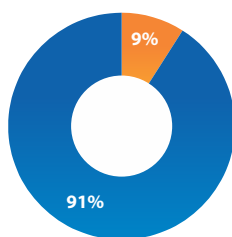


CY 25

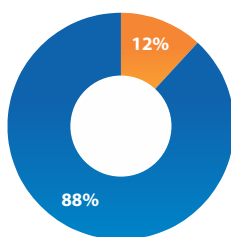
■ AICL ■ Rest of the industry

Market Share of AICL Window Takaful Operation business in Pakistan

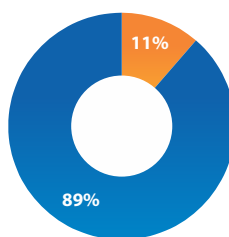
	2021	2022	2023	2024	Sept 2025
AICL	9%	12%	11%	12%	10%
Rest of Industry	91%	88%	89%	88%	90%



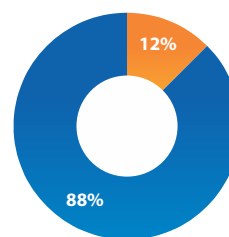
CY 21



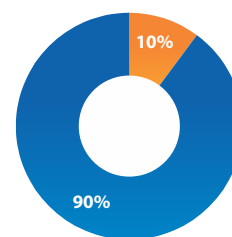
CY 22



CY 23



CY 24

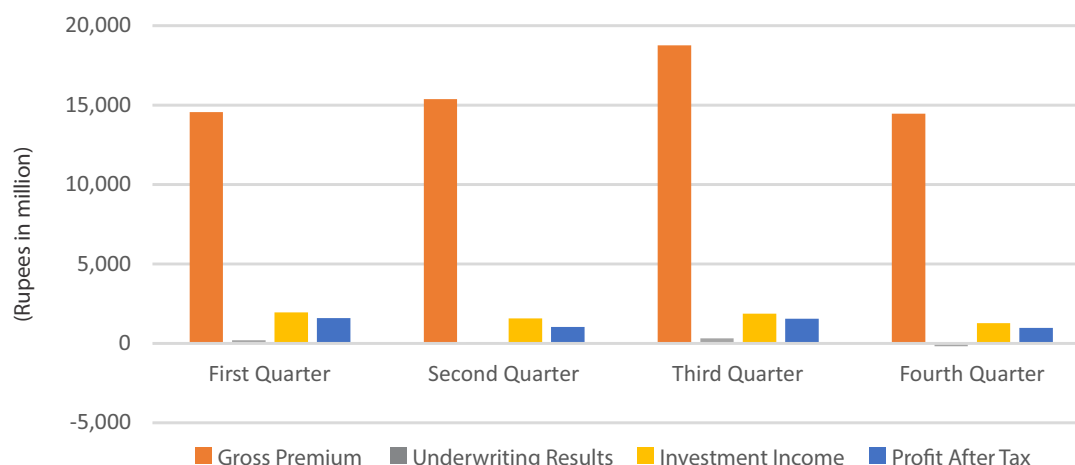


CY 25

■ AICL ■ Rest of the industry

QUARTERLY PERFORMANCE ANALYSIS 2025

QUARTERLY ANALYSIS 2025



Gross Premium

The third quarter proved to be a major contributor to the gross premium written for the current year, accounting for 30% of the total gross premium written during the year. The gross premium written at the entity level increased by 16% from last year mainly due to 62% increase for outside Pakistan operations. Gross premium written for inside Pakistan decreased by 17% from previous year. Overall increase in gross premium written at entity level is a testament to steady business growth, consistent with previous year trends.

Underwriting results

Overall performance in terms of underwriting results generated a profit of Rs. 400 million showing 163% increase for the year due to 47% increase in Net Premium Revenue with the same net claims ratio of 66% as per the last year.

Investment Income

During the year investment income in 1st and 3rd quarter made major contribution in annual investment income with their respective shares being 29% and 28% respectively. This is due to the higher amount of dividend income received in those quarters compared with other periods.

The increase in investment income is primarily driven by the increase in realized gain on the equity portfolio of the Company in addition to steady increase in dividend income and income from debt securities. The investment income has increased by 29% compared to the previous year. This increase is attributed to increase in realized gain on equity portfolio by 225% amounting Rs. 922 million along with steady increase in dividend income by 4% and income from debt securities of PIBs and T-Bills by 19%. Income from term deposits has also experienced a remarkable increase of 52%. The increase in income derived from debt instruments is mainly due to a substantial increase in investment in debt securities by Rs. 12,945 million throughout the year.

Profitability Analysis

The company demonstrated profitability in all four quarters of the year. While profitability was maintained across all quarters, the results peaked in the first and third quarters. Each quarter contributed to the overall profitability by 31%, 20%, 30% and 19%, respectively. The cumulative contribution from all four quarters resulted in a total profit after tax of Rs. 5,133 million for the year. The company attributes its profitability to the efforts of management, which focused on regular performance reviews and implementing necessary actions and measures to achieve profitability objectives for the shareholders.

EFFECT OF SEASONALITY ON BUSINESS

PREMIUM TRENDS & OPERATIONAL VARIABILITY

Seasonality is characterised by the certain events which occur approximately same time of the year and continue the same pattern over time. As an insurer, the Company is exposed to significant volatilities that it has to encounter round the year. Certain volatilities pertain to the economic, religious and financial year period cut-off factors while some also pertain to climatic conditions as they change throughout the year.

Seasonality in Premiums

Financial Period Based Seasonality

Most of the businesses in Pakistan commence their financial year in July to align it with the Country's fiscal year while some companies opt to begin their financial year in January every year. Broadly speaking, usually the financial service sector including Banks, insurance companies, etc commence their financial year in January while majority of the non-financial / manufacturing sector have marked July as the start of their financial year. As the Companies need to align their insurance covers with their financial periods, it is quite natural that premium written figure for the months of January and July is typically high due to annual renewals.

Event Based Seasonality

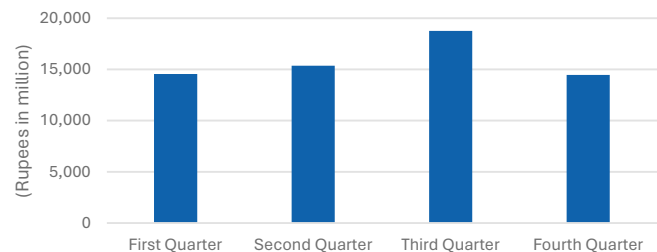
It has been observed over the years that increase in Gross premium written in Motor line of business tends to increase significantly in month of Ramadan as people usually tend to purchase new motor vehicles during Ramadan before the occasion of Eid.

In Agricultural segment, farmers need funds during the start and end of Rabi and Khareef seasons enabling them to start the process of farming and managing their funds for adequate storage and transportation of the reaped harvest. Eventually, the amount of premium written in the crop segment increases during the start and end of the crop seasons.

As people prefer to travel for during holiday seasons, huge spike in the amount of premium written is observed in travel insurance portfolios during holiday season. In addition to this, Hajj and Umrah also offers potential for sharp increase in volume of business.

The graph below shows the quarterly trend of premium written during the financial year 2025, which shows major amount of premium was written during second half of the year due to higher number of renewals and other factors as listed above.

Quarterly trend of Premium Written FY2025



Seasonality in Claims

The Company has witnessed considerable increase in reported claim amounts in Motor line of business in certain seasons especially during heavy rainfalls during summer season and low visibility fog-stuck days during winter season.

Agri based business segment is also likely to be impacted relatively more by claims in second half of the year due to pattern of more rainfalls during that time. In crop line of business, due to seasonal flooding certain crops are damaged and the crop loan insurance claims are reported. Further, for livestock insurance cover the corporate farming has been observed to lodge claims in second half of the year as livestock being used for corporate farming is more prone to dying during that time due to humidity in the weather.

Company's Approach to Address Seasonality

Premium Growth Opportunity

On the business growth front, the Company aims to target the potential new customers through aggressive marketing and field visits to the corporate clients to try and bring them on the portfolio of the Company. In addition, the Company also actively engages existing clients to ensure annual renewals by consistently offering them great customer services in addition to the effective claim handling and maintaining the agreed turn-around-time TATs.

Handling Claim Volatility

As for the management of claims, the Company actively reviews its reinsurance arrangements and makes required changes ensuring the reinsurance recoveries are available against the claims reported with the Company. The Company also regularly reviews its funds position and pre-plans the funding requirement through its Treasury function ensuring the Company has required funds to pay-off the claims as they arise.

METHODS AND ASSUMPTIONS IN COMPILING INDICATORS

The Company takes into account both internal and external performance measuring tools and sector specific KPIs in opting for indicators that objectively evaluate Company's performance against standard benchmarks.

Financial

Operating Performance

For evaluating the Company's operating performance, for each line of business the management analyses the premium growth trends, loss ratio, commission ratio, combined ratio, operating profitability ratio and net margin ratio across the sector to gauge its own standing and identify the possible areas of improvement.

Investor KPIs

To analyze the Company's performance with regards to return to shareholders, the indicators mainly used involve return on equity, P/E ratio, price to book value, dividend yield, return on assets and earnings growth.

Liquidity Strength

Company's liquidity strength is measured by KPIs such as current ratio, quick ratio, liquid ratio, assets turnover and equity to total assets ratio.

Non-Financial

Underwriting

The management realizes the importance of customer satisfaction and measures its performance by client reviews, client retention rate and client turnover ratio.

Claims

The Company closely monitors the claim turn around time to ensure claims are timely processed once they are intimated to the Company. These Turn-Around-Times (TATs) are set for each class of business and regularly reviewed by Management to ensure the TATs are achieved by each department.

Human Resource

The Company is keen to engage and develop Human Resource that adds value to the Company and to ensure the overall corporate objectives are achieved. The Company periodically evaluates employee turnover and employee satisfaction for each department whilst investing in employee training and development drills to facilitate job rotation, job enrichment and succession planning.

Change in Indicators and Performance Measures

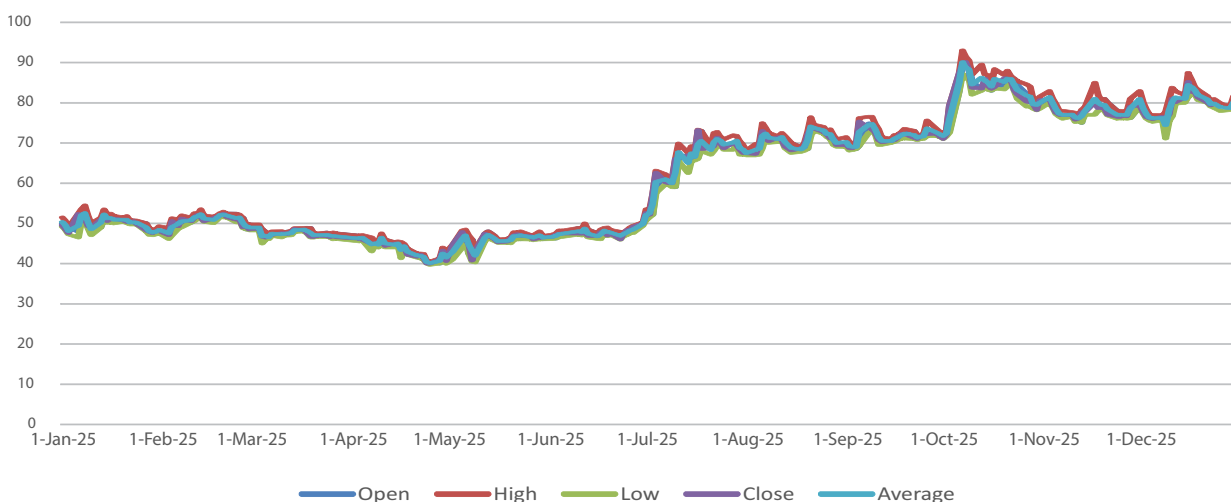
The performance measures are subject to periodic reviews and are regularly updated to help management scale the competitive environment. Revised KPIs are agreed with functional managers to ensure management / employees have their buy-in. Any changes in the KPIs are communicated to the departmental teams and periodic training and orientation sessions are arranged to ensure the operational teams are hands-on with the changed performance measures and the transition is also seamless.

MARKET STATISTICS OF AICL SHARE

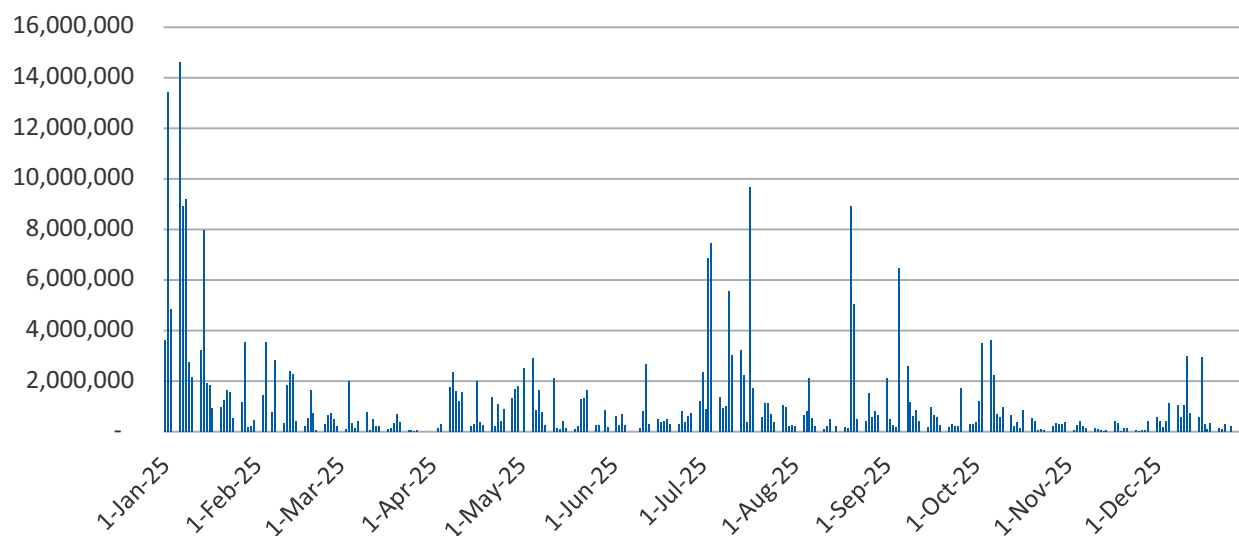
AICL's share price along with daily trading volume from Pakistan Stock Exchange (PSX) on key dates during the year 2025 are given below:

	High	Low	Closing	Daily trading Volume
	Rupees			No of Shares
December 31, 2025	82.45	80.54	81.13	143,256
September 30, 2025	72.80	71.50	71.54	315,338
June 30, 2025	50.30	49.39	50.01	1,210,229
March 27, 2025	47.50	46.10	46.59	46,539

SHARE PRICE IN 2025



TRADING VOLUME IN 2025



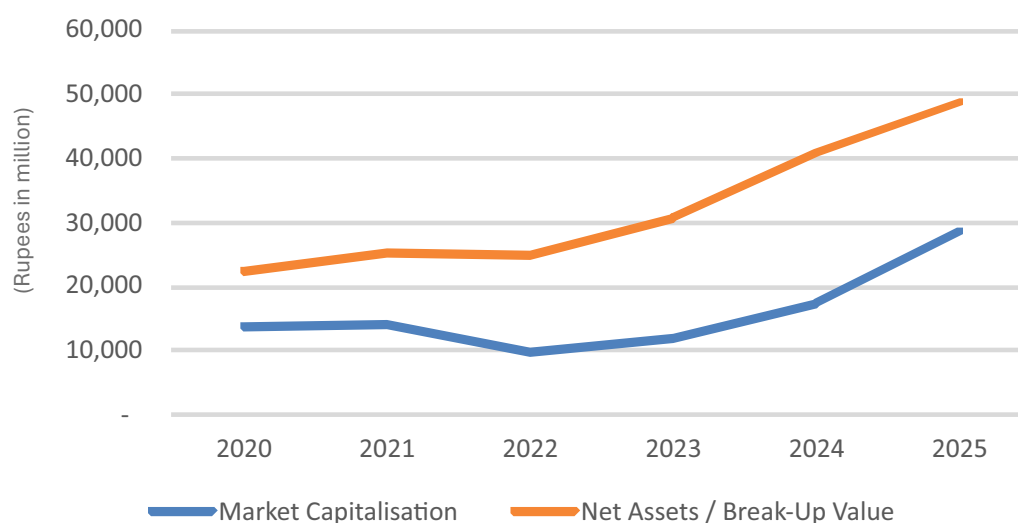
MARKET CAPITALISATION AND VALUE ADDITION

Market capitalisation of a Company is the product of the shares allotted by the Company and its prevailing share price. As PSX remained volatile during the past years, the financial year 2025 proved to be a prime year in terms of KSE 100 index reaching at 174,054. This upwards trend also helped the Company's share to unlock its hidden value and narrowing the gap between the prevailing share price and the Net assets / breakup value of the Company.

The table below sets out the trend of the market capitalisation and Net assets / breakup value of the Company:

	2025	2024	2023	2022	2021	2020
Amount in million						
Market Capitalisation	28,396	17,483	11,960	9,860	14,000	13,762
Net Assets / Break-Up Value	48,845	40,656	30,651	24,919	25,390	22,235

Market Capitalization Vs. Net Assets / Break-Up Value



The table above sets out the trend line and comparison between the market capitalisation and break up value of the share over the past 6 years. As it can be seen, the share price has picked up and constantly rising after short dip in 2022. However, there is still significant gap between the market capitalisation of the Company and the Net assets / breakup value which the Company believes will narrow down if the PSX and the economic situation of the Country remains relatively stable enabling it to unlock the true value of the Company's worth.

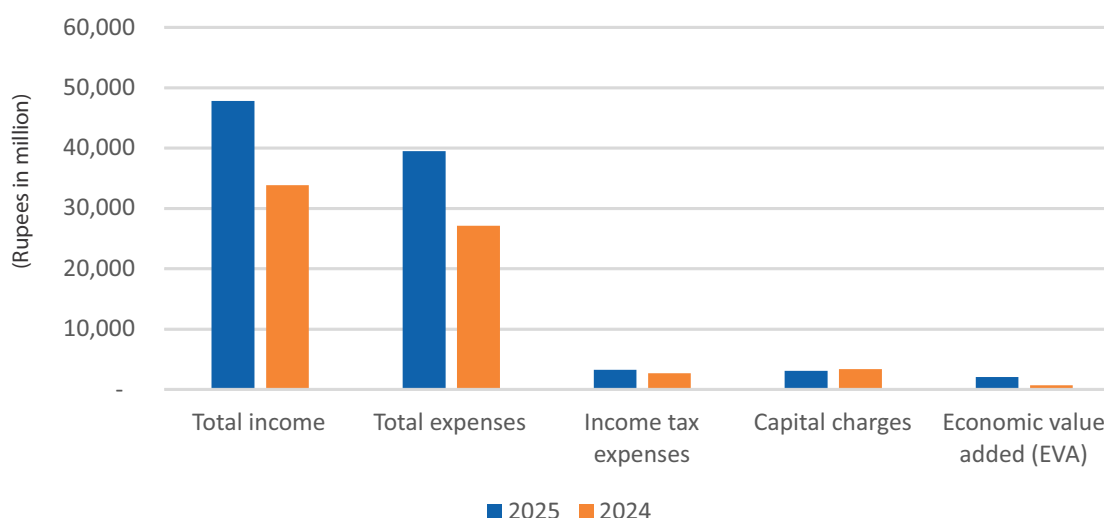
It is also worth noting that the market capitalisation and Net assets / breakup value of the Company grew at similar rates on compound annual basis depicting the CAGR of 15.6% and 17% respectively over the past 6 years.

ECONOMIC VALUE ADDED (EVA)

EVA reflects the true economic profit created by the Company. It incorporates the operational income and expenses and excludes the Corporate taxes borne by the Company and contributed towards National Exchequer from its operational profitability. Net operating income after tax available with the Investors is adjusted for the capital charges which is a product of the Company's weighted average cost of capital and Invested capital. Positive EVA suggests that the Company has generated value through its operations after adjusting for due corporate taxes and the capital charges. During the year the EVA created by the Company increased by 185% from the last year resulting in EVA of Rs. 2,028 million (2024: Rs. 711 million). This is mainly attributed to 27% increase in net operating profit after tax which is mainly driven by growth in investment income and improved operational profitability.

	2025	2024	Percentage Increase / Decrease
	(Rs. In million)		%
Total income	47,822	33,821	41%
Less: Total expenses	(39,467)	(27,113)	46%
Less: Income tax expenses	(3,222)	(2,658)	21%
Net operating profit after tax	5,133	4,050	27%
Less: capital charges	(3,105)	(3,339)	-7%
Economic value added (EVA)	2,028	711	185%

Economic value added (EVA)



ESTIMATIONS AND JUDGMENTS CAUSING UNCERTAINTY IN FINANCIAL RESULTS

Certain areas of financial statements require Management to make estimations, assumptions and apply judgments. As these amounts are subject to high degree of complexity and judgment, the estimates and underlying assumptions are reviewed regularly on an ongoing basis. All these estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. Consequently actual results may differ from the reported amounts of assets and liabilities and income and expenses.

Premium Deficiency Reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve (PDR) is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that class of business.

For this purpose, premium deficiency reserve is determined by independent actuaries. Based on actuary's advice the management creates a reserve for the same in the financial statements. The movement in the premium deficiency reserve on net basis is recorded as an expense / income in unconsolidated profit and loss account for the year. No provision for PDR was required to be recorded in the financial statements as per the applicable requirement.

Provision for Doubtful Insurance / Reinsurance Receivables

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the earning amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined

and any impairment loss is recognized, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision for Outstanding Claim including Claims Incurred but not Reported (IBNR)

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 the insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

SECP through its circular 9 of 2016 dated March 09, 2016, issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from July 01, 2016. The actuarial valuation as at December 31, 2025, has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

Retirement Benefit Obligation - Defined Benefit Plans

The Company operates both an approved gratuity fund and the unfunded gratuity scheme. The related liabilities / assets are recognised in the financial statements on the basis of the actuarial valuation carried out by an independent actuary. The latest valuation has been carried at December 31, 2025.

Valuation of Unquoted Investments

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IFRS 13 'Fair Value Measurement'. Where fair value cannot be measured reliably, these are carried at cost. The valuation of unquoted investments as at 31 December 2025, has been carried out by independent valuer for determination of fair value of these investments.

Provision for Taxation including the amount relating to Tax Contingency

Income tax comprises current and deferred tax. Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. Deferred taxation is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Impairment of Assets - Financials / Non Financial Assets

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

The carrying amounts of Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount.

Useful lives of Property and Equipment

The Company makes reasonable assumptions while estimating the useful lives and residual values of all classes of fixed assets. Methods for charging depreciation, useful lives estimations and residual values are reviewed at each reporting date.

FACTORS IMPACTING SENSITIVITY OF COMPANY'S PROFITABILITY

While analysing past overall profitability of the Company, the Management has identified certain factors which impact the overall profitability of the Company at a given volume of business. As an insurer, the Company's profitability is most susceptible to fluctuation in claims reported during a financial year which can cause profitability of the Company to show erratic trends. Net claims is followed by other factors impacting Company's profitability including mainly Investment income, Management expenses and Net commission expenses.

Net Claims

Recent years have witnessed some volatility in net claims ratio ranging from 57.4% in 2021 to 70.4% in 2023. Net claims ratio in turn is influenced by different factors including portfolio mix, client mix, sector specifications in addition to being impacted by one-off catastrophic events. Over periods, Company has strived to maintain relatively stable net claims ratio by having adequate reinsurance arrangements in place and managing portfolios where claims ratios have been stable through constant monitoring and consistently updating risk analysis.

Investment Income

In line with the industry norms, the insurance Companies rely heavily on their investment incomes to generate steady returns and cashflows which the Company can use to fund its working capital requirements in addition to fuelling strategic investments both in liquid investments and fixed assets as well. During past 6 years, the Company has generated average Return on Investment (RoI) of 8.2% ranging from 4.1% in 2020 to peak return of 10.8% in 2023.

Net Commission and other Acquisition Costs

As part of insurance sector, the Company has to ensure that the agencies are given competitive incentives for business retention and development. In addition to commission and other acquisition costs paid out, the Company also receives reinsurance commission on the cessions made to local and foreign reinsurance Company which has enabled it to maintain average net commission ratio of 13.7% over the past 6 years.

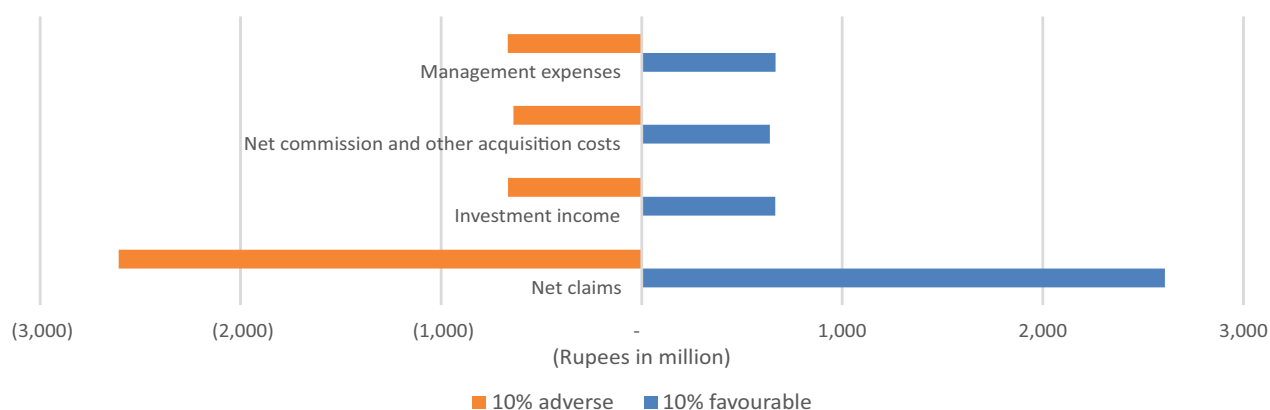
Management Expenses

The Company has made conscious effort to control Management expenses compared with previous years by analysing the variances in expense heads and working out the alternate options from where the costs can be saved while making sure the Company does not compromise in terms of value and services provided both to external customers and internal stakeholders including employees. By applying all these measures, the Company has managed to keep its Management expense ratio at 16.9% which is lowest in last 6 years which makes average Management expense ratio to be 21.8%.

The table below sets out the impact on profitability of the Company if the driving factor changes by 10%, favourable or adverse:

Factor	10% favourable	10% adverse
	Rs. In million	
Net claims	2,608	(2,608)
Investment income	666	(666)
Net commission and other acquisition costs	639	(639)
Management expenses	668	(668)

Sensitivity towards financial factors



Practically, it seems less likely for profitability to change in same pattern by keeping other influencing factors at same level but, this analysis helps the Company in better understanding the factors that are likely to have bearing on the profitability and enables it to carve out business strategies and plans accordingly.

Share Price Sensitivity Analysis

The Company's share price is affected by various internal and external factors as below:

- Operating performance of the Company
- Performance of entities in which Company has invested (impacts investment income of the Company)
- Announcement of dividends
- Political stability
- Law & Order situation
- General economic conditions
- Changes in regulatory environment
- Stock market sentiment

Sensitivity analysis of change in market capitalization

Market capitalization is the aggregate value of a company based on its share price and total number of outstanding shares. It simply refers to how much a company is worth as determined by its share price.

Below is market capitalization of AICL along with sensitivity analysis with change in market share price:

Share price on year end, 2025 (PSX) Rs. 81.13

Market capitalization on year end, 2025 Rs. 28,396 million

10% change in share price would have the following impact on the market capitalization of AICL:

10% increase Rs. 2,840 million

10% decrease Rs. (2,840) million

Sensitivity to Foreign Currency Fluctuations

The Operations of the Company within Pakistan, at present are not materially exposed to fluctuations in foreign currency exchange rates as all transactions are carried out within Pakistan and financial statements are prepared in Pak Rupees (PKR). The amount of assets, liabilities, revenues and expenditures are also not sensitive to the fluctuation in exchange rates of foreign currencies. Exchange difference on the translation of the branches at United Arab Emirates (UAE) and Export Processing Zone (EPZ) are however considered in "exchange translation

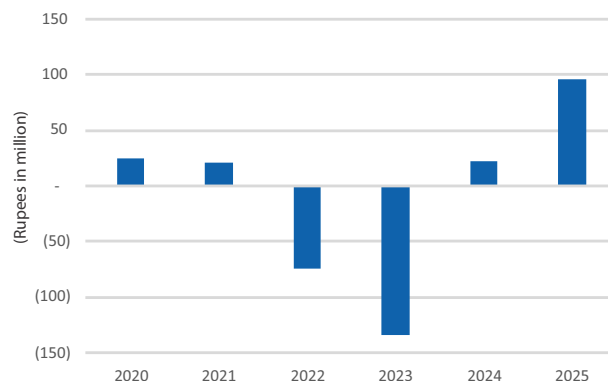
reserve", because these branches operate in foreign currencies, i.e. United Arab Emirates Dirham (AED) and US Dollar, respectively.

Translation gains and losses arising on the translation of the Company's net investments in foreign branches are taken to the capital reserves 'Exchange Translation Reserve'.

The assets and liabilities of foreign branches are translated into Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated into Pak Rupees at the average rate of exchange for the year. The profitability of foreign operations has been bit erratic historically, however, Management has made certain corrective measures enabling it to make overseas operations consistently profitable as depicted in most recent years. Overall, the overseas operations have registered CAGR of 31.4% over the past 6 years.

The graph below sets out the impact on the overall profitability of the Company If the functional currency, at reporting date, had strengthened / weakened by 10% against the USD and AED with all other variables held constant

10% Sensitivity of Overseas Profitability



MAJOR CAPITAL EXPENDITURES

During the year, the Company has incurred Rs. 619 million (2024: Rs. 314 million) on capital items relating to both tangible and intangible infrastructure. Major portion of this expenditure was incurred on the items of motor vehicles, computer equipment and IT related projects. Most of these expenditures were incurred based on the requirement for the new motor vehicles and computer related items in addition to new IT initiatives for which certain costs were also capitalised during the year.

The Company has planned capital expenditure for the year 2026. This expenditure would primarily be relating to IT related projects and routine / need based additions of tangible capital nature items.

FAIR VALUE AND FORCED SALE VALUE OF PROPERTY AND EQUIPMENT

Owned Property assets, including land and buildings are stated at Cost less accumulated depreciation and accumulated impairment losses, if any. The Company had adopted the Cost model under IAS 16 - 'Property, plant and equipment' as its accounting model to account for property and equipment. The carrying amount of land

and buildings class of assets as per Note 5.1 amounts to Rs. 2,987 million. The fair value estimated of these land and building assets amounts to Rs. 6,199 million approximately. The management assesses that the forced sale value of the land and building would be approximately 80% of the fair value.

SIGNIFICANT IMMOVABLE PROPERTIES

The Company possesses several properties in Pakistan including properties in Export processing zone and United Arab Emirates. The location and area of significant immovable properties is as follows:

Particulars	Address	Area (Sq. ft)
Adamjee House Building - Lahore	80A, E-1, Main Boulevard, Gulberg III, Lahore.	164,818
Adamjee House Building - Karachi	Adamjee House, I I Chundrigar Road, Karachi.	174,302
Dubai Office	Unit 301,302, 303 and 304, 3rd floor, One Business Bay by Omniyat, Business Bay, Dubai.	9,617

SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Company has transacted some significant structural transactions and made operational decisions that had significant effect on the company's financial position and performance during the year.

As part of group restructuring and reorganisation, the Company disposed of 16.25 million (6.5%) shares in its subsidiary Company, Adamjee Life Assurance Company Limited, while retaining control and holding approximately 83.5% shares post-transaction. This transaction reflects the Company's resolve to increase market float of its subsidiary's shares in addition to realizing capital gains and improving operational transparency.

The financial year 2025 witnessed losses due to heavy rains and floods impacting multiple lines of business but the Company's reinsurance arrangements and liquidity management enabled the Company to remain adequately covered and being able to pay off the claims as they fell due without having to bear significant impact on its profitability.

During the year, the Company generated large amount of investment income of Rs. 6,664 million (2024: Rs. 5,151 million) which is due to increase in realized gain on the equity portfolio of the Company amounting Rs. 922 million in addition to stable dividend income and income from debt securities. The increase in income derived from debt instruments is attributed to the Company's substantial investment in debt securities by Rs. 12,945 million throughout the year. On aggregate basis, the investment income showed 29% increase from last year.

The Company has recognised gain on fair value measurement of its Investment property amounting to Rs. 358 million (2024: Rs. 433 million) during the year which reflects the further increase in fair value of the Investment properties held by the Company.

Significant 16% growth in insurance premiums, mainly driven by the Company's overseas operations underscores the Company's commitment to show positive growth year-on-year both domestically and internationally.

Loans, advances or investments made in Foreign Companies or Undertakings

The Company operates foreign operations in United Arab Emirates consisting of 3 Branches in the cities of Abu Dhabi, Dubai and Sharjah. The foreign branches provide services through Fire and property damage, Marine, aviation and transport, Motor, Accident & Health and Miscellaneous classes, with Motor remaining the dominant line of business.

During the year, the Company enhanced its portfolio quality through improved underwriting, disciplined risk selection, and an optimized business mix, resulting in improved claims experience with reduced frequency and severity compared to prior periods. This led to improved financial performance of the foreign operations, and management remains focused on sustaining this momentum through disciplined growth and effective risk management.

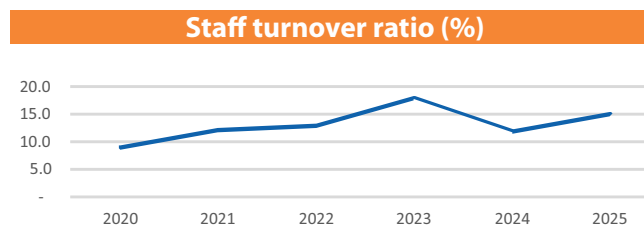
Human Resource Accounting Policy

The Human Resource Accounting (HRA) philosophy of the Company recognizes its employees as an 'Organizational Resource'. The Company invests in its human assets by incurring costs to recruit, select, hire, train and develop its Human Resources.

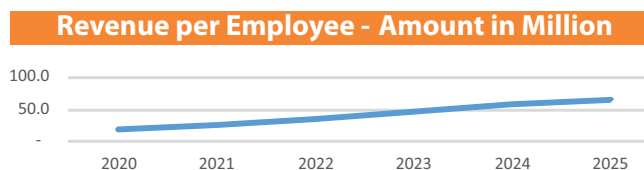
The Company acknowledges its employees as greatest asset being part of the financial service sector. The Company believes the ability to attract and retain quality Human Resources is the key driver of future success and innovation. Especially in fast-changing business environment with increased dependence on strong IT based platforms and distribution channels, the Company remains fully aware of retaining best quality of professionals with sound understanding of the insurance sector. The Company also regularly engages employees in training and development workshops and activities enabling them to keep employees abreast of the latest developments in their respective fields.

With increased growth and presence in the multi-cultural business environment both locally and in United Arab Emirates, the Company also aims at developing personality traits of the employees which helps employees a long way in customer dealing and satisfaction in addition to improving internal inter-personal and inter-departmental communication flows.

The staff turnover ratio has increased to 14.95% compared with 11.88% of the last year. The trend line for staff turnover ratio has also been given below.



Investment in Human Resource development has resulted in increased productivity of the employees as Gross premium written per employee for the current year is Rs. 64.37 million (2024: Rs. 58.79 million) showing an increase of 9% from the last year. The graph below shows the revenue per employee has grown steadily over the past 6 years at a CAGR of 26.8%.



Management assessment of Tax

The Company holds provision for taxation in accordance with the applicable financial reporting framework. Contingencies with respect to the direct or indirect taxation have been disclosed in the Note 26 to the financial statements. Based on the comparison of tax provision recognized in the financial statements for last three years with the tax assessments, the management assesses that the provision of taxation maintained was sufficient.

SOLVENCY MARGIN

The solvency requirements are set by the regulator to ensure that the insurers have adequate capital and ability to pay off financial obligations as they arise. The solvency requirement is a formula-based figure calibrated in a way so as to ensure that all the quantifiable risks are taken into account including underwriting risk, market risk, credit risk, operational and counterparty risks. In addition to meeting solvency requirements, the regulator also prescribes the minimum capital requirement which sets the threshold which is mandatory for the insurers to carry out general insurance business.

Minimum Capital Requirement (MCR)

The Company regularly reviews its minimum capital requirement and as of reporting date, the Company's paid-up capital is Rs. 3,500 million which is well in excess of the minimum capital requirement limit of Rs. 500 million as prescribed by the Securities and Exchange Commission of Pakistan (SECP) for the purpose.

Minimum Solvency Requirement (MSR)

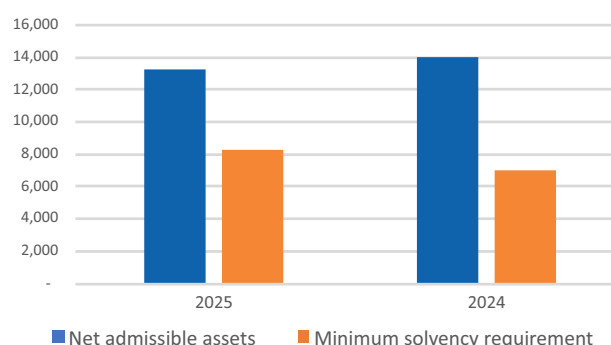
The Company is subject to maintaining minimum solvency as per the applicable criteria laid down by the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The Company makes assessment of its net admissible assets against the minimum solvency requirement enabling the Company to have net admissible assets well in excess of the minimum solvency requirement (MSR) at all reporting period ends. As of 31 December 2025, the Company has excess net admissible assets over minimum requirement by Rs. 4,935 million (2024: Rs. 7,013 million) as per the applicable criteria laid down by the Insurance Ordinance, 2000 and the Insurance Rules, 2017. Solvency margin is the excess of an insurer's net admissible assets over its minimum solvency requirement (MSR) set by regulator. This results in 59% (2024: 101%) excess solvency margin over the solvency requirement. The net admissible assets are 1.59 times (2024: 2.01 times) of the minimum solvency requirement (MSR). These excess net admissible assets are a testament of the Company's financial strength determined by its strong ability to pay out both existing and potential financial liabilities at the reporting date.

Solvency Ratio

In addition to statutory minimum solvency requirement, the Company also regularly reviews its Solvency Ratio based on conventional measurement criteria to ensure Company's cashflows are adequate to pay-off its total liabilities. This results in solvency ratio of 6.32% (2024: 5.94%) of the Company for the periods presented in the financial statements. If analyzed, the numerator approximately constitutes the entity's current cash flow, while the denominator comprises the entity's total liabilities as of the reporting date. Keeping in view the solvency ratios, it can be concluded that the Company is expected to have adequate liquid reserves to pay off the total liabilities when they fall due. The solvency ratio is being measured using the formula below:

$$\text{Solvency Ratio} = (\text{Net Income} + \text{Depreciation \& Amortization}) / \text{All Liabilities (Short-term + Long-term Liabilities)}$$

Analysis of Solvency Margin



Review of Assets Quality

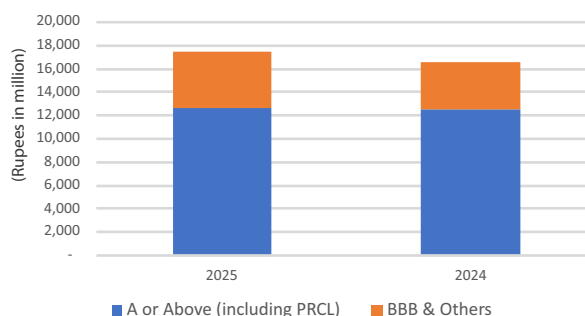
The quality of the Company's assets is determined by analyzing the credit worthiness of the counterparties with which the Company enters into transactions while carrying on business. The Company regularly monitors the credit exposures it has undertaken and periodically assesses the quality of its recoverables. The Company ensures adequate provisioning of the recoverables based on the applicable framework. The Company strives to address concentration of credit risk by maintaining adequate diversity with respect to distribution of its recoverables between entities of sound financial standings, covering various industrial sectors. The Company operates in-house Credit Control function which ensures timely collections of due balances in line with the credit limits allowed to the counterparties.

A significant part of the Company's recoverables lies with the reinsurance partners, the panel of which is periodically selected and reviewed taking into account their current financial strength ratings. Apart from mandatory local cessions that the Company has to enter into, the Company engages reputable foreign reinsurers having past claim payment history and ability to pay large claims. As of the reporting date, 72% (2024: 76%) of the amounts due from other insurers and reinsurers on a gross basis are recoverable from entities rated A or above (including PRCL) based on their available external credit ratings.

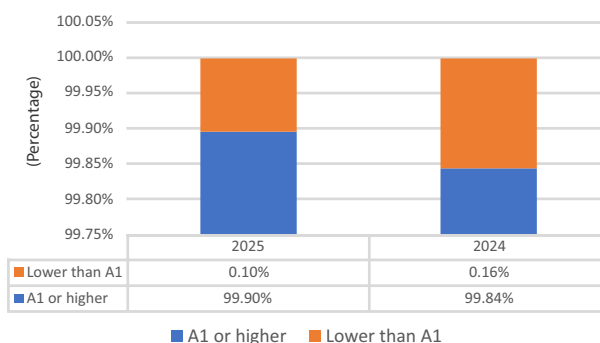
The Company also assesses the credit quality of the banking institutions with which its funds are placed. The Company has aimed at maintaining its liquid deposits with the financial institutions of sound financial strength based

on the relative likelihood of their defaults. The Company assesses the relative financial strength of these financial institutions through available external credit ratings issued by reputable rating agencies. As of the reporting date, the 99.90% (2024: 99.84%) of the bank deposits are placed with banking institutions which are rated A1 or higher on basis of short term rating.

Amounts due from other insurers / reinsurers



Bank deposits



Financial Events during the year

Financial results	Announcement Data	Dividend Declared/Proposed
First Quarter Ended 31 March 2025	29 April 2025	Nil
Half Year Ended 30 June 2025	28 August 2025	@ 20% (Rs. 2 per share)
Third Quarter Ended 30 September 2025	29 October 2025	Nil
Year Ended 31 December 2025	18 February 2026	@ 20% (Rs. 2 per share)

Investor Relations Events	Date
Corporate briefing session held on	30 December 2024
65th Annual General Meeting Scheduled on	28 April 2026

Disclosure of Outstanding premium/ Unearned premium

During the year, the Company witnessed double digit increase in unearned premium reserve in line with the 16% increase in gross premium written whereas outstanding premium decreased from last year which is attributed to Company's improved capability to recover due receivables. The Company focuses on maintaining adequate debtors' turnover ratio based on credit period given to customers as the policy is underwritten and sold to the customer. The Company regularly reviews its credit policy and accordingly adjusts the credit given to the customers. Unearned premium reserve is also closely monitored and assessed by the Management of the Company to ensure that the unearned premium reserve is adequate to cover the unexpired risks and insurance liabilities of the Company which might become payable as part of the discharge of insurance contractual commitments.

Claims under different categories of policies

The Company is exposed to different claim liabilities due to policies written under different classes of business which mainly include fire, marine, motor, health and miscellaneous lines of business. Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit, cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, mobilization and performance bond, etc. The Company also enters into reinsurance contract arrangements with reputable reinsurance companies to ensure that it receives adequate recoveries against claim liabilities as they arise, and it stays capable of paying large claims as they occur. During the year, the Company witnessed 13% increase in its outstanding claims including IBNR. However, the Company has adequate reinsurance recoveries against these claims which will help pay off its claim liabilities.

Dividend Policy

The Company has consistently maintained stable dividend payouts to its shareholders while ensuring compliance with applicable regulatory requirements, tax laws, and

pronouncements. In addition to adhering to regulations, the Board has been regularly advised by Management on capital retention needs, shareholder expectations, and the Company's commitment to optimizing shareholder value. This includes current and projected profitability trends, cash flow requirements and forecasts, long-term strategic objectives requiring cash flow injections, and the current and future economic environment.

The dividend approvals and subsequent payments are approved as per the requirements of the regulatory framework wherein, the interim dividends are approved by the Board in the Board meeting and final dividends are approved by the shareholders in Annual General Meetings.

Over the past 6 years, the Company has annually distributed dividends ranging from 27.5% (i.e. Rupees 2.75/- share) to 35% (i.e. Rupees 3.5/- share), ranging in amounts from Rs. 962.5 Million to Rs. 1,225 Million. This appropriation has resulted in dividend payouts ranging from 23.87% to 51.3% over the past 6 years maintaining average of 36.47% payout of earned profits after tax.

The Board, with the support of the Company's Management, is committed to a dividend distribution strategy that is both prudent and focused on balancing adequate returns and value for shareholders, while also meeting regulatory requirements and retaining the necessary capital to fuel the Company's growth objectives.

Actuarial assumptions in Compliance with the Applicable Regulations

The non-life insurance companies are required to record provision relating to claims incurred but not reported (IBNR) as per the SECP requirement. SECP had issued guidelines for estimation of the said IBNR provision requiring complete compliance. The Guidelines require the estimation for provision for claims incurred but not reported (IBNR) for each class of business, by using prescribed Method 'Chain Ladder Method' and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2025 has been carried out by independent firm of actuaries for determination of IBNR for each class of business in compliance of the requirement.

Further, the Insurance Ordinance requires the non-life insurance companies to assess and maintain a premium deficiency reserve (PDR) for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that class of business. For this purpose, premium deficiency reserve is determined by independent actuaries in compliance of the requirement of Insurance Ordinance. No provision for PDR has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

In addition to the above mentioned requirements pertaining to operations Inside Pakistan, the Company is also fully compliant to certain additional local actuarial valuation requirements for its operations being conducted in U.A.E.

Information about Business Segment

Information about business segments is disclosed in the financial statements in accordance with the requirements of the applicable reporting framework, as specified in the Insurance Rules, 2017. Information regarding five lines of business—Fire and Property Damage, Marine, Aviation and Transport, Motor, Accident and Health, and Miscellaneous—has been separately disclosed. If the business included in the Miscellaneous category constitutes 10% or more, separate disclosure is required. The Company reviews the premium amounts written for its business products to ensure they are below the 10% threshold, thereby ensuring compliance with financial reporting requirements.

Information on Company's contribution to the National Exchequer and the Economy

During the year, the Company incurred Rs. 3,222 million

(2024: Rs. 2,658 million) in income taxes, demonstrating its commitment to contributing to the national exchequer. The Company also incurred employee benefit costs of Rs. 3,318 million (2024: Rs. 2,748 million), reflecting a 21% increase. This increase underscores the Company's strong resolve to invest in its employees, create new jobs, and retain staff by rewarding performance. Additionally, the Company made donations totaling Rs. 1.75 million (2024: Rs. 3.5 million), highlighting its dedication to enhancing healthcare facilities and providing state-of-the-art services to the people of the country.

Group structure and Performance review

The consolidated financial statements (i.e. the Group) comprise of Adamjee Insurance Company Limited ('the Parent Company') and Adamjee Life Assurance Company Limited ('the Subsidiary Company'). Equity of the Subsidiary Company held by the Parent Company is 89.499% (2024: 89.99%). The Parent Company is engaged in general insurance business while the Subsidiary Company is engaged in life insurance business.

Over the past year, the Group has achieved exceptional growth in profitability, with profit after tax rising by 16% to Rs. 5,764 million (2024: Rs. 4,953 million), resulting in an EPS of Rs. 15.93 (2024: Rs. 13.71). The Subsidiary Company has reported a 15% decrease in profit after tax, amounting Rs. 1,314 million (2024: Rs. 1,554 million) and an EPS of Rs. 5.01 (2024: Rs. 5.92). The Subsidiary Company demonstrated a 17% growth in net premium/contribution revenue, amounting to Rs. 35,430 million (2024: Rs. 30,285 million), reflecting the Management's commitment to a growth-focused strategy and stringent operational oversight.

In addition, the Subsidiary Company distributed a 20% dividend (Rs. 2 per share) this year, totalling Rs. 512.5 million, compared to last year's 20% dividend (Rs. 2 per share) of Rs. 500 million. With the Subsidiary Company listed on PSX, this increased dividend payout enhances investor confidence, ensuring adequate returns and added value to their investments. The dividend payout has also improved to 39% for the current year compared to 32% last year, balancing regulatory requirements, capital retention for growth, and shareholder expectations.

The background of the image shows a group of people sitting around a table in a meeting room. Large windows with horizontal blinds are visible in the background, letting in bright light. The scene is viewed through a large, semi-transparent circular overlay. The text 'FUTURE OUTLOOK' is centered within this circle in a bold, blue, sans-serif font. The overall color palette is dominated by blues and whites, with a touch of yellow and orange in the bottom right corner.

FUTURE OUTLOOK

FORWARD LOOKING STATEMENT

In this statement Adamjee Insurance sets out its financial outlook based on known trends, future expectations of external environment and factors with the potential to impact the Company as well as Insurance Industry and uncertainties that can cause the actual performance to significantly differ from the projections. This statement is based on assumptions of the Company's management and being one of the largest general insurance companies of Pakistan, the Company possesses the required experience and skills to develop business plans based on current and past trends and current expectations of the future events. However, various factors can still cause the actual performance to significantly differ from the future projections as it is not possible to predict the future with absolute accuracy.

The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis, but there can be no assurance that these expectations, beliefs or projections will hold in future or be achieved or accomplished. Hence, undue reliance on this statement is not advised.

Outlook of External Environment

The external environment in which the Company operates has the ability to significantly affect the Company's strategy, available capital and resources, and financial performance. The Company's expectations regarding the outlook of the external environment are as below:

- The political stability and law & order situation of a country has always been a major factor in deciding the growth of any industry. Political situation of Pakistan is expected to remain stable while Law & Order situation has been satisfactory and is expected to remain so.
- Regional geopolitical situation in the region is tense and if continues to remain so for an extended period, it can have adverse effects on the overall economy.
- The Company envisages the economic outlook of Pakistan to improve, especially due to the following reasons:
 - After a contraction of 0.21% in FY 2022-23, the GDP of Pakistan grew modestly for the second consecutive year with growth rate of 2.63% in FY 2023-24 and 3.09% in FY 2024-25.
 - This growth trend is expected to continue in FY 2025-26 as well with GDP of Pakistan expected to grow at 3.2% in FY 2025-26 as per IMF while SBP estimates the GDP to grow the in range of 3.75% to 4.75%.
- Inflation has been a major concern in last few years; however, FY 2025 witnessed a significant reduction in average CPI inflation which reduced to 4.5% as compared to 23.4% in FY 2024, owing to strict monetary and fiscal measures. Inflation is expected to remain moderate in FY 2026, subject to no adverse change in geo political situation in the region.
- The external front also posted positive results, as Current Account yielded a surplus, after over a decade, of USD 1.9 billion approximately, primarily due to increase in worker remittances. However, the first half of FY 2026 closed with a deficit of USD 1.2 billion while the start of third quarter of FY 2026 witnessed surplus in the current account.
- Government has taken various measures to stabilize the exchange rate in recent years, and these measures have yielded dividends also. In near future, the exchange rates are expected to remain stable.
- The State Bank of Pakistan reduced the policy rate to 10.5% in December 2025 which was 13% in December 2024.
- Concerning Pakistan Stock Exchange, the KSE-100 Index posted 51% return during 2025 closing at 174,054 in the year 2025 as compared to 115,127 in the year 2024.
- There is an ever-growing awareness about health, protection, work-life balance and gender equality at the workplace. These factors have urged humanity to look more closely at the matters of health and general wellbeing. The Company expects that there would not be significant changes in social environment.
- Innovative digital solutions are now becoming a need and have a positive impact on profitability as well. Customers today look for convenience; hence, technological advancements have become a key factor in retaining and increasing the customer base. The Company foresees that technological advancement will have a significant effect on its performance and adoption of advance technologies will provide it competitive advantage in the industry.

- Climate change and resultant issues being faced by humanity such as global warming and extreme weather conditions pose significant risk to the insurance business as they affect the severity and likelihood of the insurance claims. Climate change is specifically posing significant threat to South Asian Region in recent years. As a result, Pakistan witnessed catastrophic floods in 2022 and 2025. The Company foresees that climate change can pose significant risk in coming years.
- The legal and regulatory environment is expected to become stricter to achieve transparency and address concerns of international bodies.

The Board and management of the Company closely monitor the external environment along with its probable impact on the Company's performance and regularly review the need to update its strategies and control mechanisms to minimize and/or mitigate the adverse impact, if any, posed by the factors of external environment.

Outlook of Pakistan's Insurance Industry

Pakistan's Insurance Industry although growing, faces low overall penetration (less than 1% of GDP). All the stakeholders, including insurers as well as the regulators, are taking measures to expand the market penetration. Following are major steps being taken by the stakeholders to expand insurance market base:

- Insurers are increasingly using digital distribution channels to sell policies and improve user experience, in addition to traditional manual processes.
- Development of tailored products to fulfil the emerging needs of the customers.
- Introduction and expansion of takaful operations to cater for the needs of market segment not willing to avail general insurance due to religious views.
- Development and implementation of Motor Insurance Repository (MIR) and introduction of Motor Third Party

Insurance by SECP in 2025.

The industry is gradually evolving from traditional models towards an inclusive, digitally enabled landscape to meet the needs of a diverse customer base and increase market penetration.

Considering the overall outlook of the economy and insurance industry, the Company envisages a modest growth trajectory for insurance business in 2026.

Adamjee Insurance's Outlook

Adamjee Insurance's strategy for 2026, considering the general economic and insurance industry's outlook, is to continue achieving sustainable growth by focusing on further strengthening risk and compliance management as well as utilization of the digital technologies supported by an appropriate infrastructure to increase its market share and achieve competitive advantage in insurance industry. By adopting the latest and advanced digital technologies such as Artificial Intelligence (AI) and Chatbots, the Company is committed to redefine customer experience by providing a superior interface with convenience.

Further, the Company is also diversifying its business portfolio in the UAE market to maintain steady growth in business and increase profitability.

The Company's investment policy is focused on maximizing investment returns and increasing shareholders' wealth.

The Company is also focusing to expand market share of its Window Takaful Operations to provide Shariah Compliant solutions to market segment that prefers to opt for takaful products.

To achieve the objective of providing the customers with unparalleled service, the Company will continue to invest towards empowering employees through performance-based rewards, employee training and engagement activities.

Quantitative Projections for 2026

Targets	Associated Risk
Growth trends in Premiums to continue in 2026	The following major factors can pose challenges in achieving the growth target: • Political instability • Any adverse development in law-and-order situation • Macroeconomic slowdown • Higher inflation can affect the ability of our customers, especially retail customers, to buy our insurance products • Cut-throat competition in the market to retain existing and acquire new business
Claim ratio to remain at around last 3 years' average	The following major factors can cause the claim ratio to be higher than projected: • Underwriting high risk business to achieve revenue growth targets, against underwriting philosophy of the Company • Law and order situation, especially for motor line of business • Natural perils and adverse changes in climate (e.g., floodings, earthquakes, etc.) • Higher inflation
Operational expenses percentage growth to remain moderate	The following are the major factors which can result in operational expenses to be significantly higher in 2026 compared to 2025: • Higher inflation • Adverse fluctuations in exchange rates • Outdated technologies / resistance to technological upgrades • Inefficient processes • Lack of monitoring of the actual expenses against budgeted targets and taking remedial measures on a timely basis where budgetary targets are being overrun

Targets	Associated Risk
Improvement in investment income	The following major factors that can cause the investment income to deteriorate in 2026: • Stock market volatility • Significant reduction in interest rates (e.g., return on fixed income securities would be affected)
Stable dividend payout	The following major factors can hinder stable dividend payout: • Reduction in Profits due to above stated uncertainties / risks • Regulatory restrictions on dividend

With the latest digital infrastructure, improved customer services and better stakeholder relations, the Company is committed to achieving quantitative targets for 2026.

Key Projects to Support Future Performance of Company

Our key projects and initiatives are based on the strategy anchored in the belief that the future of insurance is omnichannel, inclusive, and invisible.

Customer Centricity through Digital Consolidation

To become the most accessible insurer in the region by reducing friction in customer journeys, we are consolidating our services into a single, Integrated Digital Platform. With this approach, we are moving beyond mere digitization. Our strategy focuses on "ownership of the customer life cycle," ensuring that from the moment of intent to the point of claim settlement, the user experiences a frictionless, paperless, and transparent journey.

Democratizing Insurance (Financial Inclusion)

To penetrate untapped market segments and build a resilient social safety net through Microinsurance, a core component of our growth strategy is the democratization of protection. By leveraging low-cost digital distribution,

we are reaching the underserved "un-insured" population. We view Microinsurance not just as a product line, but as a strategic entry point to build brand loyalty within the emerging middle class, ensuring long-term pipeline growth and fulfilling our commitment to national financial inclusion.

Embedded Insurance & Partnership Synergy

To integrate Adamjee Insurance into the daily digital habits of our consumers. Our "Insurance-as-a-Service" model represents a shift toward Embedded Insurance. By strategically embedding our products within Banks, Fintechs, and E-commerce hubs, we are moving away from traditional push-sales towards a "pull" model. This allows us to scale rapidly without the overhead of physical expansion, capturing value at the exact moment of a customer's need.

Uncertainties that could impact our resources, revenue and operations

In addition to various other factors and matters, the following are important factors that, in the view of the Company, can affect the Company's resources, revenues and operations and can cause actual results to differ materially from our expectations:

Key Uncertainties	Impact on Adamjee	Relevance
 Political Stability & Law and Order Situation	Instability in Political environment, deterioration in Law & Order situation and regional geopolitical environment can affect the availability of the resources. As a result, it may adversely impact revenues and operations of the Company. Further, deterioration in the Law & Order situation can also have effects on the insurance claims liability of the Company.	Short to Long Term 
 Laws and Regulations	Changes in laws, regulations or judicial interpretations to which the Company is subject to, including those involving taxes, safety, employment, climate change etc., can affect the revenues, operations and profits of the Company.	Short to Long Term 
 Timing when Resources are required	The Company's ability to estimate accurately the timing of resources required to meet its targets and obligations can have effects on the revenues and operations.	Short to Medium Term 
 Inflation	Higher than expected inflation can affect the Company in various ways. - Adversely affecting the purchasing power of our customers, thus impacting the topline - Increase the claim ratio - Increase operational costs	Short to Medium Term 
 Economic Recession / Slowdown	Changes in economic conditions, national or regional recessions along with their effect on demand and customers' ability to pay for the Company's products and services can affect revenues and increase operational costs of the Company. Further, it can also impact investment income of the Company.	Short to Medium Term 
 Exchange Rate Volatility	Adverse change in exchange can lead to increased claims and operational costs.	Short Term 
 Climate Risks	Climate change and resultant issues being faced by humanity such as global warming and extreme weather conditions pose significant risk to the insurance business as they affect the severity and likelihood of the insurance claims and can significantly increase reinsurance costs. Pakistan is specifically affected by the climate changes as the Country witnessed severe floods in 2022 and 2025. The Company foresees that climate change can directly affect the insurance business and pose significant risk in coming years.	Short to Long Term 

Key Uncertainties	Impact on Adamjee	Relevance
 Supply Chain	Adverse changes in creditworthiness and performance of the Company's key suppliers, customers, reinsurers, agents and other counterparties can negatively affect the performance of the Company.	Short to Medium Term 
 Stock Market Volatility and Interest Rates	Investment income forms a major portion of the Company's profit. Volatility in Stock Market and further reduction in Interest Rates can significantly impact the investment income of the Company.	Short to Medium Term 
 Corporate Taxation	Increase in Corporate tax rates and increase / imposition of new levies can adversely impact the profits and capital generation.	Short to Medium Term 
 Digital Advancement and Automation	Digital advancement and automation of procedures is essential to keep the pace with rapidly changing business environment. These initiatives may increase the IT costs in short term, but can lead to efficiency in routine operations, innovative products, better customer services and reduction in operational costs in long term.	Medium to Long Term 

Performance against forward looking statement of 2025 disclosed in 2024

The Company disclosed the following quantitative projections for 2025 in its Annual Report 2024

Targets set for 2025	Performance in 2025	Target Status
Growth trends in Premiums would continue in 2025, however, growth trajectory would remain lower from 2024	Both the conventional business as well as window takaful operations achieved significant growth in premiums and contribution. Conventional business achieved 16% growth in Written Gross Premium (2024: 31%). Written Gross Premium increased to Rs. 63,144 million in 2025 as compared to Rs. 54,266 million in 2024. Window Takaful Operations achieved 17% growth in Written Gross Contribution (2024: 36%) which increased to Rs. 4,566 million in 2025 as compared to Rs. 3,898 million in 2024.	 Target Achieved
Claim ratio to remain at around last 3 years' average	There are significant uncertainties involved in determining the frequency, severity and development of the claims. Still the management set and successfully achieved this aggressive target for 2025. The net claim ratio was 66% in 2025 which is lower than the last three years' average by 1%, approximately.	 Target Achieved
Operational expense percentage growth to remain moderate	There has been significant pressure on operational expenses during the year 2025. However, the management successfully achieved this target. Management Expenses, as percentage of Net Insurance Premium, reduced by 5% in 2025 as compared to average of last three years (2022 to 2024).	 Target Achieved

Targets set for 2025		Performance in 2025	Target Status
Improvement in investment income	Investment income increased to Rs. 6,664 million in 2025 as compared to Rs. 5,151 million in 2024 registering a growth of 29%. Return on investment portfolio, however, remained at 9% in both 2025 and 2024 due to the high unrealized gains on the investments as disclosed in Note 9 in Unconsolidated Financial Statements.		 Target Achieved
Stable dividend payout	During the year 2025, the Company proposed and approved a cumulative dividend of Rs. 1,400 million (2024: Rs. 1,050 million) to the shareholders.		 Target Achieved

Status of Projects Disclosed in Annual Report 2024

Project Details	Status
Quotation Management system	Completed
Agriculture Insurance Portal for Distributors	In process

Sources of information and assumptions used for projections

The Company has utilized its internal systems and databank as well as external public sources to obtain information relating to general economic indicators, known trends and industry specific data and processed the information by utilizing the expertise of in-house team and tools to prepare the projections regarding operational and financial projections.

The Company has not obtained the services of an external consultant for the purpose of the projections disclosed in this statement.

Response to the critical challenges and uncertainties

The Company is well placed to respond to the critical challenges and uncertainties that could stem from the risks which if materialized, could have a significant impact on the Company's strategies and performance and can cause the actual performance to significantly differ from projections.

A detailed analysis of such risks along with the Company's response thereto is provided in 'Risk and Opportunities Section' of this report. Further, the Company's Business Continuity Plan and Cybersecurity Policy are also relevant to addressing these uncertainties.

AI Adoption Plan and its impact on Company's Strategy

The company is exploring opportunities to adopt Artificial Intelligence (AI) technologies to enhance operational efficiency, data analysis capabilities, and decision-making processes.

Potential areas of AI application include predictive analytics, process automation, customer insights, and risk management. These technologies may support improved operational transparency and faster response to market developments.

However, the adoption of AI technologies also presents challenges, including the need for specialized skills, data governance considerations, and potential regulatory implications. The Board continues to monitor developments in this area to ensure that AI adoption aligns with the company's strategic objectives and ethical standards.

Company's future Research & Development initiatives

As the insurance industry navigates a transformative phase, the Company remains steadfast in its commitment to maintaining a competitive edge by strategically investing in technology and embracing the evolving digital landscape. The Company is dedicated to delivering excellence, ensuring seamless customer experiences, and

fostering innovative digital solutions.

To reinforce its market position and ensure sustained competitiveness, the Company has implemented the following strategic initiatives:

Enhanced Customer Digital Experience

Adamjee Insurance is intensifying its efforts to optimize both external and internal customer acquisition and service journeys through advanced digital platforms. These include, but are not limited to, Mobile Applications, Web Portals, Digital Dashboards, and Lead Management Systems (LMS).

Integrated Digital Communication Channels

To ensure seamless service delivery and effective complaint resolution, Adamjee Insurance leverages multi-platform servicing channels such as WhatsApp, Chatbots,

Email, and Contact Centers. These channels are designed to bridge communication gaps, which are critical to building and maintaining customer trust.

Artificial Intelligence (AI) & Machine Learning (ML)

As part of its forward-looking strategy, Adamjee Insurance is exploring the integration of AI and ML technologies to enhance technical underwriting and claim settlement processes. These advancements are expected to improve functional efficiency and elevate overall productivity.

Adamjee Insurance envisions a future where innovation, security, and customer experience excellence solidify its leadership in the insurance sector. By embracing emerging challenges and leveraging advanced technologies, Adamjee Insurance aims to deliver superior insurance services and maintain its position as a trusted industry leader.





OUR STRATEGIC FRAMEWORK

STAKEHOLDERS RELATIONSHIP
& ENGAGEMENT

STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

Identification of stakeholders

The importance of stakeholders' identification cannot be over emphasized. If an organization is able to clearly identify its stakeholders, it would be in a better position to manage and engage them. The Company has identified its stakeholders by identifying individuals as well as group of individuals, both internal and external, who are likely to be affected by the Company and who has the potential to influence the Company.

Stakeholder engagement policy

The Company engages a wide range of stakeholders for the purpose of its business and believes in maintaining effective, transparent and frequent interaction with them to share financial performance of the Company, significant changes in regulatory environment, future outlook and implications of the general economic conditions on the operations of the Company. The Company's policy aims to achieve the following objectives:

- Identification, prioritization and understanding of all stakeholders

- Maintain healthy and sustained relationship with the stakeholders
- Provide access to non-confidential and relevant information to stakeholders to enhance public image of the Company
- Provision of platform to the stakeholders through which they can share their feedback and complaints and resolving their complaints as early as possible

Stakeholders' engagement process & frequency

Healthy and sustained relationships with the stakeholder is important for any organization to perform well in short term and achieve its strategic objectives in the long term. The table below highlights the various types of stakeholders who are generally engaged with the Company along with their expectations, role in achieving strategic objectives of the Company and frequency of their engagements:

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
 Shareholders, Investors / Lenders and Analysts	• Availability of transparent information on timely basis • Efficient management • Clear business objectives and strategies • Enhance business value and positive image of the Company	They are the providers of capital and expect sustainable return on their investment and perform independent analysis of the Company's financial position and performance.	Quarterly, half yearly and annual reports. Board meetings, Annual General Meeting, Extraordinary General Meetings, Corporate Briefing Session, press releases and regular investor calls.	Shareholders provide the required capital and through Board of Directors guide the policies. Lenders and Analysts perform an independent analysis of performance and highlights shortcomings, if any.	Quarterly, half yearly and annually. As and when required.

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
 Customers	- Customized solutions - Customer satisfaction and protection - Convenience - Innovative products to fulfil their emerging needs - Simple and smooth processes - Efficient claim processing	Customers are the center of our attention as they are the buyers of our policies through which the Company generates its revenue.	Connecting with our customers using physical channels i.e. meetings, direct relationship through our branches as well as digital channels i.e. website, social media, call center, etc.	Customer satisfaction results in business growth and enhances business value.	Continuous as well as on the specific requirements.
 Employees	- Career growth - Continuous professional development through trainings - Work life balance - Recognition of their efforts - Flexible culture - Performance based rewards	Employees are one of the most important pillars on which the Company stands and help us to achieve our overall objectives.	Employee engagement modes include team building sessions, meetings with management, appraisals, employee recreational events, newsletters, website and social media.	Skilled and motivated employee can significantly contribute towards the achievement of goals and objectives.	Daily, annually, quarterly, continuous availability
 Regulator & Govt. Bodies	- Statutory and legal Compliance - Development of the insurance sector - Transparent information and disclosures - Timely reporting - Guidance	They develop laws and policies to regulate the business environment ensuring transparency in business operations and securing the interest of public at large.	Submission of regulatory information required under the applicable laws and responding to the specific queries requiring certain information	Transparency in operations along with statutory and legal compliance can enhance public image.	Specific timelines and whenever required
 Media	- Fair advertisement - Providing true information	Ability to create brand awareness and influence public perception towards specific products or services.	Marketing campaigns, interaction through social media and press releases	Media can impact the performance by creating brand awareness and positive public image.	As and when required

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
 Suppliers & Service Providers	• Business opportunity • Fair dealing • Sustained business relationship	Suppliers and service providers including insurance agents, reinsurers & reinsurance brokers are our business partners and provide us with goods and services necessary to achieve our goals and strategic objectives.	Interaction is maintained through direct relationship, meetings, provision of information, Company's website and social media.	Can impact the performance of the Company by providing basic inputs at lower / competitive costs on timely basis.	On regular basis
 Society	• Create employment and provide equal opportunity to all members of society • Ethical standards • Protection of environment • Corporate social responsibility	Society, as a whole, is an important stakeholder as it provides the necessary inputs as well as conducive environment to the Company to conduct its business.	Connecting with the society by providing employment opportunities, observing ethical standards, reducing carbon footprints, contributing towards health and education for betterment of the society.	Society impacts the performance in various ways ranging from availability of skilled human resource to conducive business environment to conduct business.	Continuous

Steps to encourage shareholders to attend the general meetings

General meeting of an organization provides a platform to decide the important matters as well as solicit the viewpoints of shareholders, especially minority shareholders, regarding performance of the organization. It is, therefore, the Company takes immense interest in encouraging all shareholders, especially minority shareholders, to participate in the general meetings of the Company and share their views. Below are the steps taken by the Company for this purpose:

To ensure they know:

Notice of the general meetings specifying time and place of the meeting is forwarded to each shareholder and published in Urdu as well as English newspapers at least 21 days before the date of meeting. Further, the notice of general meetings is also made available on the Company's website.

To ensure they attend:

All shareholders are entitled to attend, speak and vote at the meetings of the Company and are entitled to appoint proxy to attend the meeting on their behalf. Annual

Report of the Company is provided to all shareholders before Annual General Meeting (AGM) so that they can review performance of the Company. Further, a detailed briefing on Company's performance is provided in AGM and all shareholders, including minority shareholders, are encouraged to raise their queries and provide suggestions relating to performance of the Company.

To facilitate participation:

The general meetings of the Company are being conducted both physically and virtually through video link facility which enables and increases participation of shareholders from all over the country and globe. During the year 2025, one general meeting of the Company was convened for which the facility to participate virtually through video link was also provided.

Investors' Relations section on the Company's website

As one of the leading insurance companies, AICL is committed to providing the best service to its investors / shareholders and creating long term value for them. We ensure consistent and transparent reporting. The Company strives to provide the investors/shareholders with accurate financial information, and this information is disseminated through various channels such as Annual and Quarterly reports, press releases, and the Company's website. The information on the website is always kept up to date. The website contains a section for investors which covers all the areas that an investor might be interested in. Furthermore, a complaint form is also available on the website and the Company's management ensures efficient handling of any grievance or query.

Issues raised in the last AGM, decisions taken and their implementation status

The Company takes keen interest in soliciting viewpoints of the shareholders regarding its performance. However, at the last Annual General Meeting (AGM) held on April 29, 2025, no significant issues were raised, and all agenda items were unanimously adopted by the shareholders.

Corporate and Analyst briefing sessions

The Company conducted its last annual 'Corporate Briefing Session' on December 30, 2024. This briefing session was conducted through online medium to encourage participation by maximum shareholders and analysts. The session was attended by senior management and various shareholders and analysts. The management presented a detailed analysis of the Company's performance and answered the queries raised by the attendants.

The Company also interacts with local as well as international credit rating agencies for the purpose of securing IFS ratings. Local credit rating agency 'PACRA' has assigned the Company with 'AA++' rating while one of the most renowned international agency AM Best (UK) assigned the Company with IFS rating of 'B'.

Highlights about redressal of Investors' Complaints

The Company assigns the grievances / complaints from investors their due importance and strives hard to resolve them as soon as possible. Handling the complaints to the satisfaction of the parties involved and in such a way that it turns out to be a win-win situation for stakeholders is important for the public image and as a learning for better service delivery in future.

Investors mainly complain about non-receipt of dividends which is resolved at the earliest.



SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY



SUSTAINABILITY STATEMENT

At Adamjee Insurance, we give due significance to making a positive impact on the environment and society. Sustainability lies at the heart of our mission, and our recent actions underscore this commitment. We carefully analyze emerging challenges and make every effort to integrate Environmental, Social, and Governance (ESG) strategies into our operations. Our focus on making conscientious and efficient choices is evident in how we incorporate sustainability principles, which directly benefit the environment, people, and society. Through these endeavors, we aim to generate lasting value for all stakeholders, staying true to our dedication.

BOARD STATEMENT

As a responsible and forward-thinking organization, Adamjee Insurance is committed to reducing our operational impact on environment, whilst formulating socially responsible and compliant business practices. We aim to incorporate ESG considerations into our investment strategy and are working towards developing underwriting guidelines that reflect ESG principles. Our people-centric culture, rooted in diversity, equity, and inclusion, fosters resilience and growth among our employees.



ENVIRONMENTAL

We are committed to minimizing our operational impact on the environment, ensuring that environmental considerations play a pivotal role in all our strategic business decisions, as we endeavor to create a more sustainable future



SOCIAL

We emphasize our commitment for sustained brand trust through advocating stakeholder centricity and socially responsible business practices



GOVERNANCE

As responsible stewards, we uphold the highest standards of ethics, transparency, and accountability, surpassing statutory compliance requirements to foster stronger institutions

ENVIRONMENT, SOCIAL, GOVERNANCE AND OUR CONTRIBUTION



ENVIRONMENT

The insurance industry generally has less influence on the environment because it operates within the services sector. Operations are limited to using traditional energy sources for office and workplace illumination, and the industry is even looking at ways to optimise electricity consumption.

Building climate resilience in the agriculture sector, however, is the one area where the industry has a significant impact. By offering crop insurance services, the industry not only helps the farming and agribusiness sectors move to a low-carbon economy but also safeguards crops from harm in the event of unfavourable weather-related catastrophes. The insurance sector can also be very beneficial in Pakistan, given the size and scope of its agriculture sector.



SOCIAL

As a responsible Company, we have an important role to play in delivering a positive societal impact on our employees and people associated with us. Enhancing livelihoods, respecting human rights and looking after our people add value to the society and is a pragmatic and commercial approach that secures the long-term sustainability of our business. Though attrition is a key challenge we have to deal with in the near-term, there are a lot of things we have done internally and hiring freshers is just one area. We have created robust initiatives, such as role rotations, career development, and career movement opportunities. We intend to hire a good balance of freshers, as well as lateral hires from the market. Further, to solidify our social bonds, we have improved pay structures year on year while also supporting our people in every way possible to tide over the high inflationary years. Besides, productivity was a major focus area for the year, and through providing meaningful work and employment opportunities, we have contributed to consequential job creation.



GOVERNANCE

We have always believed that good corporate governance is key to our sustainable, long-term growth. We are committed to achieving our business objectives in a transparent, open and accountable manner and sustaining a culture of integrity in everything we do. Our actions and behaviour impact all areas of our business, which is why corporate governance is such an important facet for us. The Company's ESG agenda is supported by a robust governance framework consisting of policies, procedures, principles and standards aligned with best practices and customised to meet domestic requirements. Our leadership team holds responsibility for the delivery of the Company's ESG agenda, while the implementation is driven by a cross-functional working group that works with all relevant departments and functions to accomplish specific targets. Compliance with these policies, procedures and standards is mandatory for all our employees. In addition, regular training and awareness sessions are conducted to ensure that the policies are clearly understood and actioned upon.

ESG CORE CONTENTS

This section contains Adamjee Insurance's first voluntary Climate-related Disclosure as per by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Adamjee Insurance recognizes the growing impact of climate change on the insurance sector and is committed to addressing climate risks through sustainable business practices, risk mitigation strategies, and responsible investment policies. The following climate-related disclosures highlight our approach in line with governance, strategy, risk management, and metrics & targets.



GOVERNANCE

The Board has delegated responsibility for climate-related risks and opportunities to the Ethics, Human Resource & Remuneration Committee, as per Regulation 10A(5) of the Listed Companies (Code of Corporate Governance) 2019. Climate risks are integrated into the company's governance framework through board oversight, policy alignment, and internal controls, ensuring compliance with SECP, TCFD, and relevant SDG targets.

Adamjee Insurance ESG Strategy underscores its commitment to sustainable growth, ethical governance, and social responsibility while aligning with SECP guidelines, SDGs, and global ESG frameworks. By integrating environmental sustainability, social impact, and strong governance into its core operations, Adamjee aims to drive responsible insurance solutions, foster financial inclusion, and mitigate climate risks. This strategy focuses on short-term compliance, medium-term operational transformation, and long-term industry leadership, ensuring a resilient, future-ready business that creates lasting value for stakeholders, communities, and the environment.



STRATEGY

Strategic Term	Goals	Key Areas
Short Term	Establish ESG fundamentals and ensure regulatory compliance.	Regulatory Compliance & Reporting - Align ESG disclosures with SECP 2023 guidelines. - Develop an ESG reporting framework for annual sustainability reports. - Implement transparent governance policies and ethical business Product & Process Optimization - Introduce paperless policies & digital claims processing to reduce carbon footprint. - Strengthen data security & cybersecurity policies for digital insurance services. - Develop internal ESG awareness programs for employees. Stakeholder Engagement & Community Initiatives - Enhance diversity, equity, and inclusion (DEI) programs in the workforce. - Support CSR initiatives in education, healthcare, and financial literacy. - Engage with investors & regulators to establish ESG accountability.
Medium Term	Strengthen ESG integration across business operations.	Sustainable Insurance Solutions - Launch Green Insurance Products (e.g., climate risk insurance, EV insurance). - Expand microinsurance offerings to underserved communities. - Develop parametric insurance for disaster-prone regions. Operational Sustainability & Risk Management - Reduce operational carbon footprint through energy-efficient offices. - Implement sustainable procurement policies for eco-friendly operations. - Strengthen ESG risk assessment in underwriting policies. ESG-Linked Investments & Financial Sustainability - Integrate ESG criteria into investment portfolios. - Explore green bonds & sustainable finance options. - Establish an ESG performance-based executive compensation model.
Long Term	Position Adamjee Insurance as a regional ESG leader in the insurance industry.	Industry Leadership in ESG - Aim for ESG & sustainability awards (ICAP, SAFA, SECP recognition). - Advocate for industry-wide ESG best practices and policy reforms. - Establish partnerships with global ESG organizations (e.g., UNGC, PRI). Net-Zero & Climate Commitment - Implement a Net-Zero Carbon Strategy for company operations. - Develop nature-based solutions to offset insurance-related carbon impacts. - Support renewable energy projects via insurance coverage. Tech-Driven ESG Innovations - Leverage AI & Big Data for ESG risk modeling in insurance. - Implement blockchain for transparent ESG reporting. - Invest in InsurTech startups focusing on sustainability.



RISK MANAGEMENT

Adamjee Insurance integrates climate-related risk management into its Enterprise Risk Management (ERM) framework, ensuring resilience against physical and transition risks. Physical risks, such as floods and extreme weather events, impact insured assets and claims, while transition risks arise from policy shifts and regulatory changes toward a low-carbon economy. The company employs scenario analysis, stress testing, and reinsurance strategies to mitigate these risks, ensuring financial stability and sustainable underwriting practices.

In compliance with SECP's ESG disclosure guidelines and the TCFD framework, Adamjee Insurance reports its climate-related risks, mitigation strategies, and stakeholder engagements transparently. Future commitments include developing climate-resilient insurance solutions, enhancing predictive risk modeling, and aligning investments with sustainable opportunities, reinforcing the company's long-term sustainability strategy.

Adamjee Insurance is committed to measuring and managing climate-related risks through defined metrics and targets that align with SECP's ESG disclosure guidelines and the Task Force on Climate-related Financial Disclosures (TCFD) framework.



METRICS & TARGETS

S.No.	Metrics	Targets
1	Carbon Footprint of Operations – Measurement of direct and indirect emissions (Scope 1, 2, and 3) from company facilities and activities.	Reduce Scope 1 and Scope 2 emissions by 20% by 2030, and establish a pathway to reduce Scope 3 emissions through supply chain engagement by 2035.
2	Stakeholder engagement on climate strategy	Engage employees on climate-related topics through 2 sessions per year.
3	Awareness of climate risks in key departments	Conduct training on climate risks for senior management and relevant teams



CLIMATE RELATED RISK & OPPORTUNITIES

Climate-Related Risks

Physical Risks – Increased frequency of extreme weather events (floods, cyclones, heatwaves) can lead to higher claim payouts and impact underwriting profitability.

Transition Risks – Regulatory changes, carbon taxes, and the shift towards a low-carbon economy may affect investment portfolios and require policy adjustments.

Market Risks – Changing customer preferences for sustainable insurance solutions could lead to decreased demand for traditional policies.

Operational Risks – Rising energy costs and stricter environmental regulations may increase operational expenses and require investment in green infrastructure.

Climate-Related Opportunities

Sustainable Insurance Products – Expansion of weather-indexed insurance, renewable energy coverage, and climate-resilient policies can tap into new markets.

Green Investments – Allocating funds to low-carbon projects and ESG-compliant assets can enhance long-term financial returns.

Operational Efficiency – Adopting energy-efficient practices and reducing carbon footprints can lead to cost savings and regulatory incentives.

Brand Differentiation & Customer Trust – Leadership in climate-conscious insurance solutions strengthens market positioning and attracts environmentally aware clients and investors.

Adamjee Insurance is committed to mitigating climate-related risks while leveraging emerging opportunities to drive long-term sustainability and business growth.

SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND THE COMPANY'S CONTRIBUTION

SDG Goals

Adamjee Insurance's Contribution

3 GOOD HEALTH AND WELL-BEING



- Offers health insurance products that provide financial security for medical treatments.
- Supports community healthcare initiatives and employee wellness programs.

4 QUALITY EDUCATION



- Provides insurance educational support programs for employees.
- Conducts training and capacity-building initiatives for employees and business partners.

5 GENDER EQUALITY



- Encourages women's inclusion in leadership roles.
- Promotes diversity and equal pay policies within the organization.

8 DECENT WORK AND ECONOMIC GROWTH



- Offers employment opportunities and fosters professional growth.
- Implements sustainable business practices to contribute to economic development.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- Invests in digital transformation (e.g., online insurance services, Buy through App and fintech partnerships).
- Supports SMEs with tailored insurance solutions to safeguard their businesses.

11 SUSTAINABLE CITIES AND COMMUNITIES



- Provides insurance coverage for climate-related risks, protecting communities from natural disasters.
- Engages in initiatives that support safer infrastructure and urban resilience.

13 CLIMATE ACTION



- Implements green policies to reduce its carbon footprint.
- Offers products like agriculture Insurance.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



- Ensures ethical governance and transparency in corporate operations.
- Strengthens risk management and compliance measures to align with regulatory standards.

17 PARTNERSHIPS FOR THE GOALS



- Collaborate with government bodies, NGOs, and private sector partners to drive sustainability initiatives.
- Participate in industry-wide forums on ESG and sustainability reporting.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

For Adamjee Insurance, sustainable insurance means more than just financial success. For us, profitable insurance truly involves balancing social and environmental responsibilities with financial returns. A key element of our present-day, value-driven strategy is the concept of “sustainable insurance”.

The ultimate objective of our “3P” framework is to communicate our dedication to sustainability and inspire us to continually integrate elements of holistic and inclusive growth into our operations. In addition, we are working on a plan that will provide us specific goals, benchmarks, and key performance indicators as we advance on our sustainability path towards achieving universal insurance.

OUR APPROACH TOWARDS SUSTAINABILITY

The world is transforming at an unprecedented pace. At Adamjee Insurance, we believe we can have a positive impact in our role as insurer, investor and employer in society. We have the knowledge, skills and capabilities and spirit to make a difference.

Being a responsible and sustainable organization is the foundation of our business. We’re swiftly reducing our carbon footprint, helping our customers adopt more sustainable behaviors, supporting employee wellbeing, and helping communities become more resilient to natural hazards and extreme weather.

We see sustainability as part of the value we bring to our customers, communities, employees, agents, distributors, and shareholders. We are dedicated to creating a better world for all our stakeholders. We are proud to reveal our ‘Sustainability & Corporate

Delivering consistent shareholder value and making this the centre of our sustainability strategy

Valuing our commitment to ethics and integrity at all times

Being responsive and proactive in our citizenship activities

Serving our customers in true spirit of meeting their requirements

Developing our human resources and building holistic capabilities

Nurturing a collaborative and congenial workplace environment

Inclusive work culture



Social Responsibility 2022 Strategy’, where you will find our disclosures in the insurance industry frameworks. Our focus on sustainability enables us to fulfill our purpose with a roadmap and clear priorities guiding us in our journey.

The company has always been an active patron of women, youth empowerment & development. We have always been very proactive organization towards fulfilling our responsibilities in the society.

At Adamjee Insurance, we earnestly believe that it’s the responsibility of the privileged to help the society to get a better life. As reflection to that belief, we actively take part in social causes that involve culture, heritage, women empowerment, and youth development etc.

Some of the notable and regular CSR activities of Adamjee Insurance Company

Limited are as follows:

SUSTAINABILITY AT ADAMJEE INSURANCE

Our policy revolves around taking an array of initiatives, including contributing to the society and an environment in all our practices, conduct business activities in line with our organizational values, promoting a culture of inclusion and diversity, extensive training, and employee engagement activities.

The Company CSR is primarily focused on achieving compliance, upholding ethical standards, actively participating in corporate citizenship, and maintaining overall sustainability. The Company has undertaken an array of initiatives, including improved communication and extensive training, to cultivate these aspects of its operations.

OUR RESPONSIBILITY TOWARDS SUSTAINABILITY

STRENGTHENING OUR WORKFORCE

At Adamjee Insurance, we work hard to ensure our employees are thriving, and feel like they belong to the organization. Our purpose guides our commitment. We have built a purpose driven and inclusive culture that energizes employees to make a difference. We navigated the pandemic with fluidity and adaptability as things shifted throughout the year, yet stood firm on our commitment to do what's right for our people. We reaffirm our pledge to continue building inclusive workplaces and communities and began several new diversity, equity, and inclusion programs.

EMPOWERING OUR COMMUNITIES

The Company has focused on supporting community for years through employee volunteerism and donations and long-term grassroots partnerships. In 2020, despite the pandemic, the company contributed towards improving local communities through supporting health sector of the country.

PROTECTING OUR ENVIRONMENT

The Company has a longstanding commitment to environmental stewardship, which aligns with our purpose as a company. We are proud to be the insurance company to achieve carbon neutrality; to fulfil climate action agenda with International 2030 Environmental Goals that cover the scope of the Company and all its strengths, aiming to reduce the environmental impact of our operations and supply chain, while leveraging our products and services to help protect our communities and drive innovative solutions.

CREATING VALUE AS AN INVESTOR

The Company is committed towards a concrete contribution and impact in the communities where we work

and live. That includes where and how we invest through our institutional investment management; How we deliver risk-adjusted returns for our investors by building tailored portfolio solutions that encompass environmental, social, and governance aspect. Remaining committed to fostering a culture of investing in, and working with, companies whose practices are consistent with our ideas.

PROVIDING CONFIDENCE TO OUR CUSTOMERS

Providing Confidence to Our Customers For over 6 decades, we have been in the business of making and keeping promises. We continue to evolve our products to better serve customers by expanding coverage, simplifying claims processes, and offering flexible premium payment options. In both Pakistan and the United Arab Emirates, we support our customers in securing their future through smart products and targeted services.

We have developed innovative solutions, incubated new technologies, and

established strategic partnerships that create value locally and globally. Our continued investment in advanced insights enhances digital customer experiences, while our focus on thought leadership translates customer feedback into meaningful trends and expertise that benefit all.

MANAGING SUSTAINABLY

At Adamjee Insurance, we are proud to have a culture where every employee takes responsibility for their actions, adopts an ownership mindset, and feels comfortable speaking up. We are committed to operating ethically and responsibly. We have adapted, evolved, and embraced flexibility and agility as the majority of our workforce transitioned to virtual work and new ways of working were established.



SUSTAINABILITY AND DE&I STRATEGY, GOVERNANCE, AND PERFORMANCE MONITORING

Adamjee Insurance Company Limited (AICL) has established a structured approach to sustainability and Diversity, Equity & Inclusion (DE&I), embedding these principles into its overall business strategy and corporate governance framework. The Company defines clear priorities and targets aligned with its long-term vision, including environmental stewardship, social responsibility, employee well-being, and inclusive workplace practices.

To operationalize these commitments, AICL has implemented a range of measures across the organization. These include integration of sustainability and DE&I considerations into internal policies, employee engagement initiatives, training and awareness programs, and responsible business practices across underwriting, operations, and stakeholder engagement. The Company also promotes an inclusive culture that supports equal opportunities, diversity in hiring, and a safe and respectful work environment for all employees.



AICL ensures transparency and accountability through regular disclosure of its sustainability and DE&I initiatives in its annual and ESG reporting. Progress against defined targets is systematically monitored using internal performance tracking mechanisms, supported by cross-functional coordination among relevant departments.

Periodic reviews are conducted by management to assess the effectiveness of initiatives, identify gaps, and implement corrective actions where necessary. These reviews enable the Company to continuously refine its strategies, enhance impact, and remain aligned with evolving regulatory requirements and stakeholder expectations.

Through this structured and proactive approach, AICL aims to strengthen its sustainability performance, foster an inclusive organizational culture, and contribute to long-term, responsible business growth.

OUR SOCIAL INITIATIVES

Adamjee Insurance – Zarai Tahafuz Program Empowering Farmers Through Sustainable Insurance Solutions

The Adamjee Zarai Tahafuz Programme is Adamjee Insurance Company Limited's (AICL) flagship initiative to support and protect farmers across Pakistan. It provides comprehensive crop and livestock insurance, safeguarding farmers against natural disasters, climate risks, and market uncertainties. Through this programme, AICL empowers farming communities with risk protection, awareness campaigns, and technical support, enhancing agricultural resilience and food security. The Company's long-term vision is to expand the programme nationwide, reaching every farmer in Pakistan and ensuring inclusive support for the country's agricultural sector.

Our Impact

- Improved Financial Resilience: Farmers insured under the program are able to recover from crop failures with timely payouts.
- Increased Trust in Insurance: The program has contributed to the growth of insurance penetration in rural areas.
- Support for SDGs:



SDG 1 – No Poverty: By cushioning income loss.

SDG 2 – Zero Hunger: Through sustained agricultural productivity.

SDG 13 – Climate Action: Helping communities adapt to climate-related shocks.

- ESG Alignment: Demonstrates Adamjee Insurance's commitment to responsible business practices and inclusive growth.

DIGITAL TRANSFORMATION AS A SUSTAINABILITY ENABLER

Adamjee Insurance Company Limited (AICL) leverages digital innovation to enhance customer service while promoting environmental sustainability. By embracing technology, the Company reduces physical paperwork, minimizes branch visits, and optimizes resource use, aligning operational efficiency with responsible business practices. Key initiatives include:

- Adamjee Digital: A platform that enables customers to purchase insurance policies online with ease.
- WhatsApp Channel: Allowing customers to access product information, submit service requests, and track complaints conveniently.

Supported by intelligent automation and robust API integration, these digital solutions expand access to services, improve customer experience, and reduce environmental impact, demonstrating how innovation can drive both excellence and sustainability.

Our Impact



SDG 9 – Industry, Innovation, and Infrastructure: Through platforms like Adamjee Digital and the WhatsApp Channel, AICL promotes innovation in financial services and strengthens digital infrastructure for insurance delivery.



SDG 8 – Decent Work and Economic Growth: By streamlining services and improving accessibility, digital transformation supports inclusive economic participation and customer empowerment.



SDG 12 – Responsible Consumption and Production: Digital processes reduce physical paperwork, branch visits, and resource use, minimizing the Company's environmental footprint.



SDG 13 – Climate Action: By reducing reliance on physical resources and travel, AICL contributes to lower carbon emissions and supports environmental sustainability.

EMPLOYEE ENGAGEMENT ACTIVITIES



HEALTH AWARENESS PROGRAMS



HEALTH, SAFETY AND ENVIRONMENT

Health, Safety and Environmental (HSE) responsibilities constitute an essential part of Adamjee Insurance's operations. These are the core of the Company's activities. Adamjee Insurance's management and employees share the belief that good HSE contributes positively and productively to business development and success. It is this belief that encourages Adamjee Insurance to increase team efforts and strive for better HSE for employees, customers and neighbours. The Company also hopes to safeguard people's health and minimize the environmental impact of their jobs. AICL's HSE policy observes all existing laws, regulations and amendments.

MEASURES FOR OCCUPATIONAL HEALTH AWARENESS

We oversee the Health, Safety & Environment (HSE) domain and work to create a culture of safety that leads both inside and outside the workplace to healthy and innovative service delivery. To raise awareness and create targeted mitigation measures based on the preemptive knowledge rule, our HSE team is actively engaged in an annual training programme, simulation exercises, incident tracking, and branch inspections. We offer multiple awareness programs, Premises Emergency Procedures, Dust and Rainstorm Precautions, Ramadan Advice, Heat Wave Advisory, Housekeeping at Work, No Smoking, Inclement Weather Precautions, Eco-friendly Environment, Dengue Fever, SMOG, and Communicable Disease Precautions.

FIRE EXTINGUISHERS SYSTEMS

Installing fire extinguishers in key places is one of the adequate control measures implemented to reduce fire hazards to protect the Company's assets and personnel. Currently, Fire extinguishers are installed in both Karachi and Lahore buildings, as well as in all our nationwide branches. In the case of Emergency Response and Preparation, the Company's HSE team ensures that safety precautions are integrated into office culture and way

of life by educating and communicating with personnel about potential setbacks. As part of the emergency preparedness programme, the staff receive training in fire extinguishing, emergency evacuation, and health and safety awareness communication

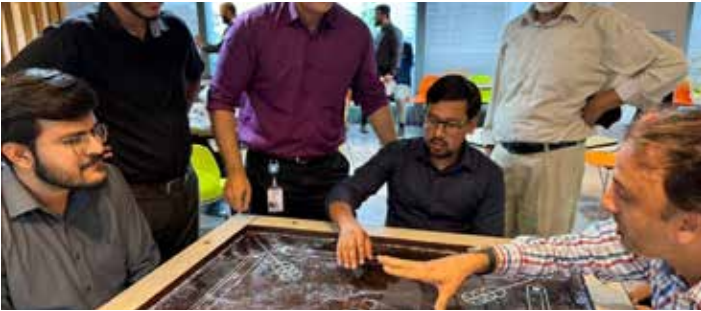


SPORTS ACTIVITIES

At Adamjee Insurance, we played a key role in promoting employee engagement and well-being, recognizing that our dynamic and responsive team is the cornerstone of our thriving organization. We supported employees in reaching their full potential by fostering an environment that prioritized their health and happiness. Key events such as Independence Day, Pakistan Day, and other festive occasions were celebrated as family festivals, with activities like cake-cutting ceremonies that encouraged employee participation alongside their families. Additionally, we provided numerous opportunities for staff to engage in sports like cricket, badminton, table tennis, and women's cricket & badminton, creating a sense of community and fostering team cohesion in a fun, family-friendly environment.







INTERNATIONAL WOMENS DAY

As an equal opportunity employer, Adamjee Insurance remains committed to fostering an inclusive and diverse workplace. We strongly advocate for gender equality and firmly oppose discrimination based on race, religion, or color. In line with our core values, we actively support women's empowerment and professional growth within our organization. On International Women's Day, we reiterated our dedication to creating a work environment where women are encouraged to excel, ensuring equal opportunities for all. Our commitment aligns with global diversity and inclusion standards, reinforcing our pledge to a more equitable corporate culture.





INDEPENDENCE DAY CELEBRATION

Adamjee Insurance celebrated Pakistan's Independence Day with a vibrant flag hoisting ceremony, where employees came together to honor the nation's achievements. The event included speeches reflecting on the significance of independence, fostering a sense of pride and unity. Employees were encouraged to participate in various activities that celebrated Pakistan's heritage and values, reinforcing our collective responsibility to contribute to the nation's progress. This celebration not only marked a national occasion but also strengthened employee engagement, inspiring a shared commitment to Adamjee Insurance's vision and corporate social responsibility initiatives.



GENDER PAY GAP ANALYSIS

AS PER SECP CIRCULAR NO. 10 OF 2024

-03.00%**MEAN**
Gender Pay Gap**-09.47%****MEDIAN**
Gender Pay Gap

Negative sign indicates higher pay for female employees.



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer



GENDER
PAY
GAP



ESG VOLUNTARY INFORMATION

ENVIRONMENT

At Adamjee Insurance, we recognize the importance of protecting the environment for future generations. Our environmental strategy focuses on reducing our carbon footprint, enhancing energy efficiency, and managing resources sustainably. We are dedicated to addressing climate change through both mitigation and adaptation initiatives, ensuring responsible environmental stewardship.

By integrating sustainable practices into our operations, we aim to contribute to a greener, more resilient future while aligning with global sustainability standards.

 GHG Emissions	At Adamjee Insurance, we remain committed to tracking and reducing greenhouse gas (GHG) emissions as part of our broader sustainability strategy. For the year under review, we have evaluated Scope 1 & 2 emissions, specifically for Adamjee House in Lahore and Karachi, while we continue to consolidate data from our remaining operations. We are also actively working on assessing Scope 1 & 2 and Scope 3 emissions to enhance transparency, measure our environmental impact, and implement effective mitigation strategies. As we progress, the transition to renewable energy and sustainable resource management will remain key priorities in our commitment to reducing our carbon footprint. ● Scope 1 (Direct Emissions): 46.15 metric tonnes of CO₂ ● Scope 2 (Indirect Emissions): 1,744.81 metric tonnes of CO₂ (Data represents Adamjee House in Lahore and Karachi; consolidation of other operations is in progress.)
 Energy Usage	At Adamjee Insurance, we are dedicated to optimizing energy consumption and integrating sustainable energy solutions as part of our broader environmental strategy. For the year under review, our energy consumption was as follows: ● Direct Energy Consumption (Diesel): 17,220 litres ● Indirect Energy Consumption (Electricity): 3,267,397 units (Data represents Adamjee House in Lahore and Karachi; consolidation of other operations is in progress.)
 Energy Mix	At Adamjee Insurance, we are actively evaluating our energy mix to enhance efficiency and sustainability. Our current energy sources include grid electricity and diesel, and we are exploring opportunities to integrate renewable energy solutions to minimize GHG emissions. As part of our long-term sustainability strategy, we remain committed to optimizing energy consumption and transitioning towards cleaner energy alternatives, aligning with global best practices in environmental responsibility.
 Water Usage	At Adamjee Insurance, we are committed to efficient and responsible water usage as part of our broader sustainability efforts. We recognize the importance of water conservation and strive to implement measures that promote efficient consumption across our operations. ● Total Water Consumption: 2,925,456 gallons (Data represents Adamjee House in Lahore and Karachi; consolidation of other operations is in progress.) As we continue to evaluate and improve our resource management strategies, we aim to enhance water efficiency, reduce wastage, and adopt sustainable water conservation practices to minimize our environmental impact.
 Climate Risk Mitigation and Adaptation	At Adamjee Insurance, we have adopted climate risk mitigation practices and are actively developing future adaptation strategies. Climate risk is a key factor in our long-term sustainability strategy, and we are committed to proactive measures such as: ● Plantation increased in our offices ● Minimizing paper consumption ● Reducing electricity usage ● Conducting awareness sessions on sustainability These initiatives ensure our resilience to climate change while promoting environmental responsibility. Additionally, we uphold high social standards, emphasizing fair treatment, gender equality, employee well-being, and strong community relations. Our social strategy fosters an inclusive work environment, encourages employee growth, and reinforces our commitment to societal responsibility.

ESG VOLUNTARY INFORMATION

SOCIAL

At Adamjee Insurance, we are committed to fostering an inclusive, fair, and supportive work environment. Our social strategy focuses on gender equality, employee well-being, and strong community engagement. We promote fair treatment, diversity, and professional growth, ensuring a positive impact on both our employees and society.

 Employee turnover	At Adamjee Insurance, we track workforce trends to ensure stability and growth. ● Full-time Employees: 1015 ● Third-party Employees: 230 We prioritize employee retention, development, and satisfaction.
 Gender Diversity	At Adamjee Insurance, we are committed to gender diversity and fostering an inclusive workplace. ● Total Headcount: 81% Male 19% Female ● Entry & Mid-Level Positions: 80% Male 20% Female We continue to focus on enhancing female representation in senior leadership roles, promoting equal opportunities across all levels.
 Temporary Worker Ratio	The third-party employees make up 22.6% of our workforce. We are committed to fostering stable employment opportunities while minimizing reliance on temporary or contractual roles to ensure a sustainable and dedicated workforce.
 Non-Discrimination	We uphold a zero-tolerance policy against discrimination based on gender, race, religion, or background. We are committed to fostering an inclusive, fair, and respectful workplace where equal opportunities are ensured for all.
 Child and Force Labour	We strictly prohibit child and forced labor in all forms. We adhere to ethical labor practices and comply with all legal and regulatory standards, ensuring a fair, safe, and responsible work environment.
 Employee Training and Succession Planning	We invest in employee growth through continuous training and skill development programs. Our succession planning framework ensures a steady pipeline of future leaders, fostering career progression and organizational sustainability.
 Working Conditions	We ensure a safe, healthy, and inclusive work environment. We are committed to upholding fair labor practices, maintaining employee well-being, and fostering a productive workplace that supports professional growth and work-life balance.
 Global Health and Safety	We prioritize global health and safety standards, ensuring a secure and healthy workplace. We actively implement risk management practices, safety protocols, and employee well-being initiatives to foster a safe and productive work environment.
 Injury Rate	We are proud to maintain a zero injury rate, reflecting our strong commitment to workplace safety. Through strict health and safety protocols, we ensure a secure and risk-free environment for all employees.
 Human Rights	We uphold fundamental human rights by promoting fair treatment, equality, and a safe work environment. We strictly prohibit discrimination, forced labor, and any form of exploitation, ensuring dignity and respect for all employees.

ESG VOLUNTARY INFORMATION

GOVERNANCE

At Adamjee Insurance, we uphold the highest standards of corporate governance, ensuring transparency, integrity, and ethical business practices. Our governance framework promotes accountability, compliance, and responsible decision-making to drive sustainable growth and stakeholder trust.

 Board Diversity	We recognize the importance of diversity in leadership and are committed to fostering inclusive governance. ● Overall Board Composition: 75% Men 25% Women ● Executive Leadership: 82% Men 18% Women We continue to work towards enhancing female representation in leadership roles, aligning with our commitment to diversity, equity, and inclusion.
 Ethics and Anti-Corruption	At Adamjee Insurance, we uphold the highest standards of integrity, transparency, and ethical business conduct. We have a robust Ethics and Anti-Corruption policy, formally established as the “Code of Conduct, Ethics & Values”, ensuring compliance and accountability across all operations.
 Data Privacy	We are committed to protecting customer and employee data through strict confidentiality measures and robust cybersecurity protocols. We ensure compliance with data protection regulations, safeguarding sensitive information against unauthorized access or misuse.
 Sustainability Reporting	We are committed to transparent and comprehensive integrated reporting, ensuring all shareholders and stakeholders have access to relevant sustainability insights and performance metrics.



CORPORATE SOCIAL RESPONSIBILITY (VOLUNTARY) GUIDELINES 2013 BY SECP

The objective of Corporate Social Responsibility (CSR) Guidelines is to promote the development of a framework for CSR initiatives, and it encourages to strive and work in cooperation with stakeholders for implementing a transparent and socially responsible strategy.

The Company is reviewing the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by SECP to perform a gap analysis of its existing CSR commitments and the initiatives required under these guidelines. A dedicated team has been assigned the responsibility of preparing a roadmap for the adoption of the SECP guidelines. A separate Sustainability Committee has not been established by the Board, rather this responsibility has been assigned to the Ethics, Human Resource & Remuneration Committee, as required under Regulation No. 10A(5) of the Listed Companies (Code of Corporate Governance) 2019. As per our current understanding these guidelines contain the following major CSR initiatives.

- Community investment (skill development, livelihood, health, education, infrastructure, social enterprise development, safe drinking water, poverty alleviation, youth development and environment conservation)
- Governance (human rights, transparency, anti-corruption, business practices, stakeholder relations, responsible marketing)
- Product responsibility
- Work life balance
- Safety (risk management, disaster management)
- Climate Change

Certifications Acquired for Best Sustainability and CSR Practices

Adamjee insurance has been awarded various certifications for its robust approach towards environmental sustainability and social responsibility. These include:

- Certification of Green Office by WWF – 'To Reduce Ecological Footprint'
- Environment, Health, Safety & Security Award 2016
- Corporate Social Responsibility Award 2013 to 2015.
- Environmental and Quality Standard Award 2015

ISO Certification

ISO 9001:2015 aligns with ESG principles by promoting strong governance, continuous improvement, and stakeholder satisfaction, while encouraging ethical conduct and responsible resource use. It also supports several UN Sustainable Development Goals (SDGs), including SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 12 (Responsible Consumption and Production). Through its focus on quality management and operational excellence, ISO 9001:2015 provides a solid foundation for advancing sustainable, transparent, and accountable business practices.

ISO 9001:2015 CERTIFIED



Green Initiatives

Adamjee Insurance is in step with the world towards a greener future. We have taken a host of inspiring green initiatives to pave the way for an environment-loving culture at our offices.



Plantation in Offices

A plantation activity is organised with the arrival of each season having employees grow plants and trees in pots and flower beds at their offices.



Paperless-Operations

The corporate world is turning to paperless environment. It has learnt that minimising the use of paper can help conserve the environment, prevent deforestation and maintain the supply of fresh oxygen.

Adamjee Insurance, in line with this conservation drive, is fast-transforming its paper work into a high-tech and innovative digital operation. Various digital programs have been installed to conduct communication with customers and employees.



Use Natural Lights

Adamjee Insurance promotes an energy-saving behaviour at work and employees make sure there are no appliances working when not required. Artificial lights have been reduced while the use of sunlight is maximised in the day time. All lights during the lunch break are switched off.



Green Awareness Campaigns

Adamjee Insurance organised a unique plantation activity in which employees were given plants to plant at their homes. This initiative was aimed at encouraging a culture of tree plantation and environment conservation and was welcomed by families of the employees.



Virtual Trainings

Adamjee Insurance operates a digital working environment that offers employees the opportunity to access virtual training and online books. The company regularly conducts virtual training sessions to improve employees' skill sets enabling them to achieve their professional aims.



Reduction in Business Travel

To reduce its carbon footprint and energy conservation initiatives, the company has minimised its travelling. Most operations requiring in-person interaction have been digitalized using online communication mediums.



Waste Minimization

Economizing on the use of water is also a part of our environmental conservation initiatives. We are encouraging team members to take special care in saving water and prevent its wastage. To prevent the build-up of waste, cleanliness is regularly checked and paper, plastic, metal and wet garbage are segregated from trash to ease disposal and recycling.



AT A GLANCE

UNCONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the members of Adamjee Insurance Company Limited Report on the audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Adamjee Insurance Company Limited (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2025, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of 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 Unconsolidated 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.

Key Audit Matters

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

Following are the key audit matters:

Sr. No	Key audit matter	How the matter was addressed in our audit
01	Premium Earned Refer to notes 3.12 and 27 to the unconsolidated financial statements. The Company's premium earned amounts to Rupees 57,266.930 million which is generated from premium on insurance policies representing a significant element of the unconsolidated financial statements of the Company. Premium income is one of the key performance indicators of the Company. Because of the significance of the premium as key performance indicator and that it was considered as an area of significant audit risk as part of our audit process, we considered this area as a key audit matter.	Our procedures included, but were not limited to: - We obtained an understanding of and evaluated the design and implementation of key controls over the process of capturing, processing and recording of premium. - We compared the premium underwritten on sample determined using an appropriate basis from the underlying policies issued to insurance contract holders. - We tested the policies on sample basis where premium was underwritten close to year end and subsequent to year end to evaluate that revenue from premium was recognized in the appropriate accounting period. - We recalculated the unearned portion of premium underwritten to evaluate that correct amount has been recorded as revenue for the current period.

Sr. No	Key audit matter	How the matter was addressed in our audit
		We assessed the relevant presentation and disclosures made in the unconsolidated financial statements to ascertain whether these are in accordance with the accounting and reporting standards as applicable in Pakistan.
02	Valuation of Investments Refer to notes 3.14, 9, 10 and 11 to the unconsolidated financial statements. The investments of Rupees 71,710.078 million as at 31 December 2025 held by the Company constitute a significant component of total assets of the Company. The proper valuation of investments portfolio of the Company as at 31 December 2025 was considered a significant area of estimation and therefore, we considered this as a key audit matter.	Our procedures included, but were not limited to: - We obtained an understanding of the process relating to valuation of investments and tested the design and implementation of the relevant controls identified in the process. - We checked that the investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. - We checked that net unrealized gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the unconsolidated financial statements. - We evaluated the management's assessment of available-for-sale investments for any impairment in accordance with the accounting and reporting standards as applicable in Pakistan. - We agreed the holding of all investments from the Account Balance Report of Central Depository Company of Pakistan Limited and physical share certificates in hand. - We performed recalculation by using the data and inputs used in the valuation to assess the accuracy of carrying value of investments at the reporting date - We assessed the appropriateness of disclosures made in the unconsolidated financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.
03	Valuation of Incurred But Not Reported (IBNR) claims reserves Refer to notes 3.17 and 28 to the unconsolidated financial statements. As at 31 December 2025, provision for IBNR amounted to Rupees 6,751.039 million. The provision for IBNR claims is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP).	Our procedures included, but were not limited to: - We obtained an understanding of the Company's process and evaluation of the design and implementation of key controls in recognition and valuation of IBNR claims reserves. - We assessed the appropriateness of the Company's accounting policy for recognition and measurement of IBNR claims reserves, in compliance with applicable accounting and reporting standards.

Sr. No	Key audit matter	How the matter was addressed in our audit
	As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines. The calculation of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.	• We assessed the consistency of the methods used for calculation of the IBNR claims reserves and assumptions for the valuation parameters at 31 December 2025 to establish whether these had been subject to any arbitrary discontinuities from those used at 31 December 2024. • We performed procedures to evaluate the accuracy, completeness and reliability of the underlying data utilized for the purposes of measurement by reference to its source. • We inspected the report submitted by the Appointed Actuary for the year ended 31 December 2025, in respect of the IBNR claims reserves and the related methods and assumptions used for this purpose. • We appointed an independent actuarial expert to assess the reasonableness of assumptions and methods used by the management's expert in the valuation of IBNR claims reserves. Our procedures also included evaluating the adequacy of the work performed by our independent appointed actuarial expert. • We assessed the appropriateness of disclosures made in the unconsolidated financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.

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 unconsolidated financial statements and our auditor's report thereon.

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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- 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 unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement 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 and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The unconsolidated financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2025.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 30 March 2026

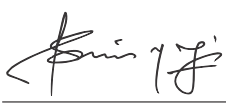
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Unconsolidated Statement of Financial Position

As at 31 December 2025

	Note	2025	2024	2023
			Rupees in thousand (Restated)	(Restated)
ASSETS				
Property and equipment	5	4,484,725	4,234,751	4,191,853
Intangible assets	6	200,807	148,272	115,974
Investment properties	7	3,703,511	3,343,498	2,914,435
Investment in subsidiary	8	2,223,110	2,396,166	2,396,166
Investments				
Equity securities	9	42,956,396	36,876,497	24,865,243
Debt securities	10	9,264,527	4,527,260	1,774,347
Term deposits	11	19,489,155	11,281,778	7,003,102
Loans and other receivables	12	1,210,300	1,763,936	1,124,695
Insurance / reinsurance receivables	13	7,244,625	7,992,721	7,555,082
Reinsurance recoveries against outstanding claims		15,595,938	15,361,295	20,601,648
Salvage recoveries accrued		592,776	400,039	300,921
Deferred commission expense / acquisition cost	29	4,709,982	3,116,714	2,133,671
Prepayments	14	5,792,350	8,575,791	8,452,203
Bank deposits subject to encumbrances	15	4,746,983	3,040,688	3,129,193
Cash and bank	16	5,888,736	3,982,563	2,123,583
		128,103,921	107,041,969	88,682,116
Total assets of Window Takaful Operations - Operator's Fund and Participants' Takaful Fund	17	6,203,138	5,453,830	3,964,778
TOTAL ASSETS		134,307,059	112,495,799	92,646,894
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Company's equity holders				
Ordinary share capital	18	3,500,000	3,500,000	3,500,000
Reserves	19	19,243,865	14,941,400	7,963,751
Unappropriated profit		26,071,003	22,183,838	19,156,318
Total equity		48,814,868	40,625,238	30,620,069
Surplus on revaluation of fixed assets		30,566	30,390	30,754
LIABILITIES				
Underwriting provisions				
Outstanding claims including IBNR	28	27,477,462	24,345,048	26,395,403
Unearned premium reserves	27	30,898,217	24,971,654	19,343,851
Unearned reinsurance commission	29	396,196	439,530	507,332
Retirement benefit obligations	20	271,805	192,073	175,627
Deferred taxation	21	11,808,630	8,602,150	3,692,563
Premium received in advance		1,011,611	1,130,715	785,284
Insurance / reinsurance payables	22	4,420,186	3,739,632	3,952,563
Lease liabilities	23	39,295	31,693	38,475
Other creditors and accruals	24	3,624,005	3,452,617	3,406,567
Deposits against cash margin	25	438,864	436,620	462,374
Taxation - provision less payments		449,355	354,188	230,426
		80,835,626	67,695,920	58,990,465
Total liabilities of Window Takaful Operations - Operator's Fund and Participants' Takaful Fund	17	4,625,999	4,144,251	3,005,606
TOTAL EQUITY AND LIABILITIES		134,307,059	112,495,799	92,646,894
CONTINGENCIES AND COMMITMENTS				
	26			

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

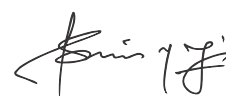
				
Umer Mansha Chairman	Shaikh Muhammad Jawed Director	Imran Maqbool Director	Muhammad Asim Nagi Chief Financial Officer	Muhammad Ali Zeb Managing Director & Chief Executive Officer

Unconsolidated Statement of Profit and Loss Account

For the year ended 31 December 2025

	Note	2025	2024
		----- Rupees in thousand -----	
Net insurance premium	27	39,554,406	26,982,765
Net insurance claims	28	(26,080,046)	(17,677,066)
Net commission and other acquisition costs	29	(6,393,819)	(3,990,680)
Insurance claims and acquisition expenses		(32,473,865)	(21,667,746)
Management expenses	30	(6,680,876)	(5,163,047)
Underwriting results		399,665	151,972
Investment income	31	6,664,068	5,150,931
Rental income	32	217,594	198,729
Other income	33	586,363	481,512
Fair value adjustment to investment property	7	358,093	432,507
Other expenses	34	(306,285)	(274,961)
Results of operating activities		7,919,498	6,140,690
Finance cost	35	(6,357)	(7,061)
Profit before tax from Window Takaful Operations - Operator's fund	17	441,226	574,914
Profit before tax		8,354,367	6,708,543
Income tax expense	36	(3,221,649)	(2,658,341)
Profit after tax		5,132,718	4,050,202
		----- Rupees -----	
Earnings (after tax) per share - basic and diluted	37	14.66	11.57

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

				
Umer Mansha Chairman	Shaikh Muhammad Jawed Director	Imran Maqbool Director	Muhammad Asim Nagi Chief Financial Officer	Muhammad Ali Zeb Managing Director & Chief Executive Officer

Unconsolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
PROFIT AFTER TAX	5,132,718	4,050,202
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to profit and loss account:		
Re-measurement of retirement benefit obligations	(20,553)	27,318
Surplus on revaluation of fixed assets - net of tax	176	(364)
Items that may be reclassified subsequently to profit and loss account:		
Unrealized gain on available-for-sale investments - net of tax	4,975,360	7,253,805
Reclassification adjustment for net gain on sale of available-for-sale investments included in profit and loss account - net of tax	(679,800)	(249,597)
	4,295,560	7,004,208
Other comprehensive income of Window Takaful Operations - Operator's Fund		
Unrealized gain on available-for-sale investments - net of tax	36,649	32,813
Reclassification adjustment for net gain on sale of available-for-sale investments included in profit and loss account - net of tax	(37,759)	(31,625)
	(1,110)	1,188
Net effect of translation of foreign branches	8,015	(27,747)
Other comprehensive income for the year	4,282,088	7,004,603
Total comprehensive income for the year	9,414,806	11,054,805

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Unconsolidated Statement of Cash Flow

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

Operating cash flows		
a) Underwriting activities		
Insurance premium received	64,327,170	54,550,413
Reinsurance premium paid	(14,125,545)	(21,850,290)
Claims paid	(37,897,039)	(29,080,716)
Reinsurance and other recoveries received	13,847,627	14,140,236
Commission paid	(8,989,341)	(5,948,527)
Commission received	1,025,483	1,083,850
Other underwriting payments	(5,747,509)	(5,758,849)
Net cash generated from underwriting activities	12,440,846	7,136,117
b) Other operating activities		
Income tax paid	(2,493,788)	(1,877,398)
Other operating payments	(78,383)	(168,838)
Loans advanced	(77,882)	(69,686)
Loans repayments received	82,572	75,122
Other operating receipts	54,969	28,516
Net cash used in other operating activities	(2,512,512)	(2,012,284)
Total cash generated from all operating activities	9,928,334	5,123,833
Cash flows from investing activities		
Profit received on bank deposits	840,801	873,209
Income received from Pakistan Investment Bonds and foreign debt securities	255,581	311,277
Income from Treasury Bills	24,262	81,179
Bank deposits subject to encumbrances	(1,706,295)	88,505
Dividends received	3,699,502	3,549,592
Rentals received	221,390	208,735
Payments made for investments	(36,562,325)	(20,069,850)
Proceeds from disposal of investments	26,670,924	13,010,015
Investment related expenses	(16,282)	(1,061)
Fixed capital expenditure - operating assets	(505,397)	(247,340)
Fixed capital expenditure - intangible assets	(113,878)	(66,286)
Proceeds from disposal of operating assets	400,533	56,750
Total cash used in investing activities	(6,791,184)	(2,205,275)
Cash flows from financing activities		
Payments against lease liability	(16,465)	(15,348)
Finance cost paid on lease liability	(6,357)	(7,061)
Dividends paid	(1,208,155)	(1,037,169)
Total cash used in financing activities	(1,230,977)	(1,059,578)
Net cash flow from all activities	1,906,173	1,858,980
Cash and cash equivalent at beginning of the year	3,982,563	2,123,583
Cash and cash equivalent at end of the year	5,888,736	3,982,563

Unconsolidated Statement of Cash Flow

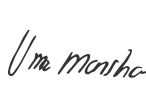
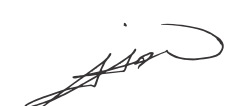
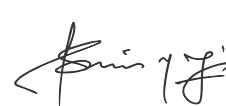
For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

Reconciliation to profit and loss account

Operating cash inflows	9,928,334	5,123,833
Depreciation	(204,082)	(185,373)
Provision for retirement benefit obligations	(68,281)	(58,324)
Finance cost	(6,357)	(7,061)
Provision for doubtful balances against insurance / reinsurance receivables	(99,898)	-
Other income - bank and term deposits	1,043,053	964,593
Gain on disposal of operating assets	319,670	35,243
Rental income	221,381	201,727
Fair value adjustment to investment property	358,093	432,507
Decrease in assets other than cash	(2,154,113)	(3,116,659)
(Increase) / decrease in liabilities	(3,758,399)	1,928,386
Net realized gains on investments	1,331,371	409,176
Investment related expenses	(16,282)	(1,061)
Amortization	(61,534)	(33,493)
Increase in unearned premium	(5,926,563)	(5,627,803)
Decrease in loans	(4,690)	(5,436)
Income tax paid	2,493,788	1,877,398
Increase in tax liabilities	(3,221,649)	(2,658,341)
Provision of impairment of 'available-for-sale' investments	(12,981)	(3,653)
Dividend income	3,699,502	3,549,633
Income from Treasury Bills	573,293	333,177
Income from Pakistan Investment Bonds and foreign debt securities	257,836	316,819
Profit from Window Takaful Operations - Operator's fund	441,226	574,914
Profit after taxation	5,132,718	4,050,202
Cash and bank for the purposes of the cash flow statement consists of:		
Cash and cash equivalents	53,174	13,680
Current and saving accounts	5,835,562	3,968,883
Total cash and cash equivalents	5,888,736	3,982,563

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

 Umer Mansha Chairman	 Shaikh Muhammad Jawed Director	 Imran Maqbool Director	 Muhammad Asim Nagi Chief Financial Officer	 Muhammad Ali Zeb Managing Director & Chief Executive Officer

Unconsolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to equity holders of the Company								
	Share capital	Capital reserves					Revenue reserves		Total equity
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	Fair value reserve	Surplus on revaluation of fixed assets	General reserve	Unappropriated Profit	
----- Rupees in thousand -----									
Balance as at 31 December 2023	3,500,000	22,859	3,764	2,165,419	4,835,209	30,754	936,500	19,156,318	30,650,823
Transaction with owners - Final dividend for the year ended 31 December 2023 at the rate of Rupees 1.50 (15%) per share	-	-	-	-	-	-	-	(525,000)	(525,000)
Transaction with owners - First interim dividend for the half year ended 30 June 2024 at the rate of Rupees 1.50 (15%) per share	-	-	-	-	-	-	-	(525,000)	(525,000)
Profit for the year	-	-	-	-	-	-	-	4,050,202	4,050,202
Other comprehensive income	-	-	-	(27,747)	7,005,396	(364)	-	27,318	7,004,603
Total comprehensive income	-	-	-	(27,747)	7,005,396	(364)	-	4,077,520	11,054,805
Balance as at 31 December 2024	3,500,000	22,859	3,764	2,137,672	11,840,605	30,390	936,500	22,183,838	40,655,628
Transaction with owners - Final dividend for the year ended 31 December 2024 at the rate of Rupees 1.50 (15%) per share	-	-	-	-	-	-	-	(525,000)	(525,000)
Transaction with owners - First interim dividend for the half year ended 30 June 2025 at the rate of Rupees 2.00 (20%) per share	-	-	-	-	-	-	-	(700,000)	(700,000)
Profit for the year	-	-	-	-	-	-	-	5,132,718	5,132,718
Other comprehensive income	-	-	-	8,015	4,294,450	176	-	(20,553)	4,282,088
Total comprehensive income	-	-	-	8,015	4,294,450	176	-	5,112,165	9,414,806
Balance as at 31 December 2025	3,500,000	22,859	3,764	2,145,687	16,135,055	30,566	936,500	26,071,003	48,845,434

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.


Umer Mansha
Chairman


Shaikh Muhammad Jawed
Director


Imran Maqbool
Director


Muhammad Asim Nagi
Chief Financial Officer


Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

Adamjee Insurance Company Limited ('the Company') is a public limited Company incorporated in Pakistan on September 28, 1960, under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange limited and is principally engaged in the general insurance business. The registered office of the Company is situated at Adamjee House Building, 80/A Block E-1, Main Boulevard Gulberg-III, Lahore. The Company operates 119 (2024: 117) branches in addition to 20 (2024: 20) specialized agriculture field offices within Pakistan.

The Company also operates 3 (2024: 3) branches in the United Arab Emirates (UAE) and 1 (2024: 1) branch in the Export Processing Zone, Karachi (EPZ).

The Company was granted authorization on 23 December 2015, under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 01 January 2016. The Company's Window Takaful Operations operates 8 (2024: 8) branches in Pakistan. Further, the list of business units of the Company is given below:

Address	Number of branches
One Business Bay Tower by Omniyat, Business Bay, Dubai, UAE	1
Abdullah Bin Darwish Building, Abu Dhabi, UAE	1
Twin Tower, Al Majaz, Sharjah, UAE	1
C-6, Sector B-III, Karachi Export Processing Zone Authority	1
03, Glamour Banglows, Opposite Lab-e-Mehran Bunder Road, Sukkur	1
1st Church Building, Tiluk Chari, Hyderabad, Sindh	2
60-A-Railway Road, Sargodha	1
80/A, Block E-1, Main Boulevard, Gulberg III, Lahore	27
Adamjee House, I.I. Chundrigar Road, Karachi	54
Agha Siraj, Complex Circular Road, Quetta	1
Al-Azhar Arcade, G.T. Road, Gujranwala	1
Amber State Building, KUCHS, Sharah-e-Faisal, Karachi	2
Business Centre, Plot Survey No 7, Steet No RY-4, Railway Quarters, Mumtaz Hassan Road, Karachi	2
Chowhan Plaza, Auto Market Kalla Mandi Gate, Raheem Yar Khan	1
Faiyaz Centre, 3-A S.M.C.H.S, Shahrah-e-Faisal, Karachi	3
ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad	8
Lyallpur Regency, New Civil Lines, Faisalabad	1
MCB Building Circular Road, Faisalabad	4
Naveed Plaza, 2nd Floor, Sahiwal	1
North Star Plaza, Rehmanabad, Opposite Nadra Office, Murree Road, Rawalpindi	1
P-133 1st Floor Hajveri Market, Post Office Road, Gojra	1
Riaz Plaza Paris Road, Sialkot	1
Session Chowk, Kutchery Road, Near D.C House, Jhang	1
State Life Building 34, The Post Box 45, Peshawar	2
Tayaba Shopping Centre Kutchery Road, Nawabshah.	1
The United Mall, Abdali Road, Multan	3
Total	123

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These unconsolidated 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 Standards Board 'IASB' as are notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

These financial statements represent separate unconsolidated financial statements of the Company, prepared in accordance with the format of financial statements prescribed under the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The consolidated financial statements of the group are issued separately.

As per the requirements of the Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated 09 July 2015, previously, the assets, liabilities, profit and loss and other comprehensive income of the Operator's Fund of the Window Takaful Operations of the Company were presented as a single line item in the statement of financial position, profit and loss account and statement of comprehensive income of the Company respectively. During the year ended 31 December 2025, the Securities and Exchange Commission of Pakistan (SECP), with the approval of the Policy Board, introduced certain amendments to the General Takaful Accounting Regulations, 2019 through S.R.O. 311(I)/2025. These amendments specifically impact the Regulation 6 and require insurers, who are undertaking Window Takaful Operations to disclose, in addition to the assets and liabilities of Operator's Fund (OPF), the assets and liabilities of Participants' Takaful Fund (PTF) as a single line item in their statement of financial position. This change has been applied as a change in accounting policy retrospectively, in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in accounting policy, Assets and Liabilities of PTF amounting to Rs. 3,739 million (31 December 2024: Rs. 3,371 million) and Rs. 3,739 million (31 December 2024: Rs. 3,371 million), respectively, would have not been presented in the unconsolidated statement of financial position of the Company. A separate set of financial statements of the Window Takaful Operations has been annexed to these unconsolidated financial statements as per the requirements of the Takaful Rules, 2012.

There is no impact of this change on the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and earnings (after tax) per share.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except as otherwise stated in the respective accounting policies. All transactions reflected in these unconsolidated financial statements are on accrual basis except for those reflected in cash flow statement.

2.3 Functional and presentation currency

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

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

Following amendment to published approved accounting standard is mandatory for the Company's accounting periods beginning on or after 01 January 2025:

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability.

This amendment is either not relevant to the Company's operations or is not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

2.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them.

Standards or Interpretations	Effective from annual period beginning on or after:
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) - Refer note 2.6	01 January 2027
IFRS 9 - Financial instruments - Refer note 2.7	01 January 2027
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
IFRS 18 – Presentation and Disclosure in Financial Statements	01 January 2027
IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2025
IFRS S2 – Climate-related Disclosures	01 July 2025
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026

Adoption of IFRS 17 and IFRS 9 is likely to have a significant impact on the Company's financial statements, and the Company is in the process of assessing the impact of these standards on the financial statements in accordance with the directives of SECP.

2.6 IFRS 17- Insurance contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I)/2023 dated 21 November 2023, IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and re-insurance/re-takaful business from financial years commencing on or after 01 January 2026.

The Securities and Exchange Commission of Pakistan (SECP), through SRO 1336 (I)/2025 has modified the effective date for the applicability of International Financial Reporting Standard (IFRS) 17 – Insurance Contracts. Accordingly, IFRS 17 shall now be applicable for periods commencing on or after 01 January 2027. Consequently, the SECP has also extended the optional temporary exemption from applying IFRS 9 – Financial Instruments until annual periods beginning before 01 January 2027.

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

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2.7 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

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

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

- (b) All other financial assets:

	As at 31 December 2025				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Financial assets	----- Rupees in thousand -----				
Cash and Bank*	4,434,788	-	1,453,948	-	-
Bank deposits subject to encumbrances*	4,746,983	-	-	-	-
Investments in equity securities - available-for-sale	42,956,396	7,041,902	-	-	-
Investments in debt securities - held-to-maturity*	-	-	9,264,527	-	-
Term deposits*	-	-	19,489,155	-	-
Loans and other receivables*	1,025,825	-	1,889	-	-
Total	53,163,992	7,041,902	30,209,519	-	-

Financial assets	As at 31 December 2024				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
	----- Rupees in thousand -----				
Cash and Bank*	3,288,967	-	693,596	-	-
Bank deposits subject to encumbrances*	3,040,688	-	-	-	-
Investments in equity securities - available-for-sale	36,876,497	11,482,309	-	-	-
Investments in debt securities - held-to-maturity*	-	-	4,527,260	-	-
Term deposits*	-	-	11,281,778	-	-
Loans and other receivables*	1,505,938	-	1,966	-	-
Total	44,712,090	11,482,309	16,504,600	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies adopted in preparation of these financial statements are set out below. Accounting policies relating to Window Takaful Operations are disclosed in separate financial statements of Window Takaful Operations which have been annexed to these financial statements. These accounting policies have been consistently applied to all the years presented.

3.1 Property and equipment

a) Operating assets

Owned operating assets, other than freehold land which is not depreciated are stated at cost, signifying historical cost, less accumulated depreciation, and any provision for accumulated impairment. Freehold land is carried at cost less accumulated impairment losses, if any. Depreciation is charged to unconsolidated profit and loss account applying reducing balance method depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to unconsolidated profit and loss account as and when incurred.

Depreciation on additions to property and equipment is charged from the month when the item becomes available for intended use and is discontinued in the month of disposal. The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are taken to unconsolidated profit and loss account.

b) Capital work in progress

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

3.2 Intangible assets

These are stated at cost less accumulated amortization and provision for accumulated impairment, if any. Amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each reporting date. Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

3.3 Investment property

Investment property is measured at purchase cost on initial recognition including directly attributable cost to the acquisition of the investment property and subsequently at fair value with any change therein recognized in unconsolidated profit and loss account. Subsequent costs are included in the carrying amount of the investment property, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Other repair and maintenance costs are charged to unconsolidated profit and loss account as and when incurred.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

3.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders on the occurrence of a specified uncertain future event i.e. insured event that adversely affects the policy holders. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its contract period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts issued by the Company are generally classified in five basic categories i.e. Fire & property, Marine, aviation & transport, Motor, Accident & health and Miscellaneous, and are issued to multiple types of clients with businesses in engineering, automobiles, cement, power, textiles, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc. according to the terms and conditions of the policy.
- Marine, aviation and transport insurance contracts generally provide cover against damages by cargo risk and damages occurring during transit between the points of origin and final destination including loss of or damage to carrying vessel etc. according to the terms and conditions of the policy.
- Motor insurance contracts provide indemnity for accidental damage to or total loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage etc. according to terms and conditions of the policy.
- Accident and health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured according to term and conditions of the policy.
- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, mobilization and performance bond etc. according to terms and conditions of the policy.

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

3.5 Deferred commission expense / acquisition cost

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

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

3.6 Unearned premium reserve

The unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. It is recognized as a liability and is calculated as a ratio of the unexpired period of the policy and the total policy period, both measured to the nearest day except:

- for marine cargo, as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.
- for crop business, as a ratio of the unexpired crop period to the total expected crop period, both measured to the nearest day.

Policy for recognition of premium revenue is disclosed in detail in note 3.12(a) to these unconsolidated financial statements. Unearned premium reserve calculated by the Company is also confirmed by an independent actuary.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

3.7 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve (PDR) is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that class of business.

For this purpose, premium deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

Based on actuary's advice the management creates a reserve for the same in these unconsolidated financial statements. The movement in the premium deficiency reserve on net basis is recorded as an expense / income in unconsolidated profit and loss account for the year. No provision for PDR has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance contracts include treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk, at times reinsurance of excess of capacity is also placed on case-to-case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured. The risks undertaken by the Company under these contracts for each class of business are stated in note 3.4 to the unconsolidated financial statements.

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

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

The Company assesses its reinsurance assets for impairment on reporting date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the impairment loss in the unconsolidated profit and loss account.

The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

Prepayment (i.e. premium ceded to reinsurers) is recognized as follows:

- for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognized on attachment of the underlying policies reinsured, while an asset is recognized for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies.
- for reinsurance contracts operating on a non-proportional basis, and for which the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies, on inception of the reinsurance contract and the same is expensed over the period of reinsurance contract.

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 unconsolidated profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission and no claim bonus (if any), which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

3.9 Receivables and payables related to insurance contracts

Insurance / reinsurance receivable and payable including premium due but unpaid, relating to insurance contracts are recognized when due and carried at cost less provision for impairment (if any). The cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These amounts also include due to and from agents, brokers, insurance contract holders and other insurance companies.

Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the unconsolidated profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the unconsolidated profit and loss account.

3.10 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 and are disclosed in note 40 of the unconsolidated financial statements. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

3.11 Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position include cash in hand, policy stamps, and bank balances.

3.12 Revenue recognition

a) Premiums

Premiums including administrative surcharge under an insurance contract are recognized as written from the date of issuance of policy / cover note.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognized as a liability as explained in note 3.6.

Reinsurance premium is recognized as expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The prepaid portion of reinsurance premium ceded is recognized as a prepayment as explained in note 3.8.

b) Commission Income

Commission income from other insurers / reinsurers is deferred and recognized as liability and recognized in the profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premiums.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

c) Investment income

Following are recognized as investment income:

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the unconsolidated profit and loss account over the term of the investment.
- Dividend income is recognized when the Company's right to receive the dividend is established.
- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale.
- Return on bank deposits is recognized on a time proportion basis taking into account the effective yield.

d) Rent and other income

Rental and other income is recognized on accrual basis.

3.13 Investment in Subsidiary

Investment in subsidiary is measured at cost less any identified impairment loss in the Company's separate financial statements. Cost represents the fair value of the consideration given, including any transaction costs paid, by the Company at the time of purchase of such equity instruments. In case of an increase in the investment in a subsidiary, the accumulated cost represents the carrying value of the investment.

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiary to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised as expense in the unconsolidated profit and loss account. Investment in subsidiary that suffered an impairment, is reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the statement of profit and loss are reversed through the statement of profit and loss.

The carrying amount of an investment in subsidiary carried at cost is derecognized when it is sold or otherwise disposed of. The difference between the fair value of any consideration received on disposal and the carrying amount of the investment in subsidiary is recorded in the unconsolidated profit and loss account as a gain or loss on disposal.

3.14 Investments

Investments are recognized and classified as follows:

- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired. The Company does not have any 'investment at fair value through profit or loss' at the statement of financial position date.

a) Held to maturity

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

Subsequently, these are measured at amortized cost less provision for impairment, if any.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

b) Available-for-sale

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

These are initially measured at cost and subsequently re-measured at fair value at each reporting date. The unrealized gains and losses arising from changes in fair values are directly recognized in equity in the year in which these arise. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the unconsolidated profit and loss account as gains and losses from investment securities. The Company assesses at each statement of financial position date whether there is objective evidence that the financial asset is impaired. If any such evidence exists for an 'available for sale' asset, the accumulated loss is removed from equity and recognized in the profit and loss account.

Quoted

Subsequent to initial recognition, these investments are re-measured at fair value. Gains or losses on investments on re-measurement of these investments are recognized in statement of comprehensive income.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IFRS 13 'Fair Value Measurement'. Where fair value cannot be measured reliably, these are carried at cost.

The valuation of unquoted investments as at December 31, 2025 has been carried out by independent valuer for determination of fair value of these investments.

Fair / market value measurements

For investments in Mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). For investments in quoted marketable securities, fair / market value is determined by reference to Pakistan Stock Exchange quoted market price at the close of business on reporting date.

Date of recognition

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

3.15 Off setting of financial assets and financial liabilities

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

3.16 Provisions

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

3.17 Provision for outstanding claims including IBNR

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 the insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Notes to the Unconsolidated Financial Statements

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SECP through its circular 9 of 2016 dated March 09, 2016, issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from July 01, 2016.

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

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

3.18 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

3.19 Unearned reinsurance commission

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

3.20 Creditors and accruals

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

3.21 Loan to employees

These are recognized at cost, which is the fair value of the consideration given.

3.22 Taxation

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

Current

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit

Notes to the Unconsolidated Financial Statements

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and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income or equity, as applicable.

3.23 Retirement benefit obligations

The main features of the schemes operated by the Company for its employees are as follows:

a) Defined contribution plan

The Company operates an approved contributory provident fund scheme for all its eligible employees. Equal monthly contributions to the fund are made by the Company and the employees at the rate of 8.33% of basic salary. Contributions made by the company are recognized as expense. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

b) Defined benefit plans

The Company operates the following defined benefit plans:

- An approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contributions are made to this scheme on the basis of actuarial recommendations.
- Unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations.

Provision is made in these unconsolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at December 31, 2025.

Past-service costs are recognized immediately in unconsolidated profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in unconsolidated profit and loss account.

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

c) Employees' compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

The Company provides annually for the expected cost of accumulating compensated absences on the basis of

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

actuarial valuation. Regular employees of the Company are entitled to 30 days earned leaves in a calendar year and they can accumulate the unutilized privilege leaves upto 60 days (2024: 60). The most recent valuation is carried out as at December 31, 2025 using the LIFO method. The liabilities are presented as a current employees benefit obligations in the statement of financial position.

3.24 Impairment of assets

Financial assets

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

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

Non financial assets

The carrying amounts of Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in unconsolidated profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in unconsolidated profit and loss account.

3.25 Dividend distribution and other appropriations

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

3.26 Management expenses

Expenses of management both direct and indirect are allocated on the basis of activity in each class of business. Expenses not allocable to the underwriting business are charged as other expenses.

3.27 Leases

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

Right of use assets

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

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

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

Lease liability

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

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

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

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

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

3.28 Financial instruments

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

Financial instruments carried in the unconsolidated statement of financial position include cash and bank, bank deposits subject to encumbrances, loans and other receivables, investments, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, salvage recoveries accrued, provision for outstanding claims, insurance / reinsurance payables, lease liabilities, other creditors and accruals and deposits against cash margin. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.29 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

3.30 Foreign currencies

Transactions in foreign currencies (other than the result of foreign branches) are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the unconsolidated profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated to Pak Rupees at the average rate of exchange for the year. Translation gains and losses are included in the unconsolidated profit and loss account, except those arising on the translation of the Company net investments in foreign branches, which are taken to the capital reserves (exchange translation reserve).

3.31 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.32 Contingent liabilities

Contingent liabilities is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non - occurrence of one or more uncertain future events, not wholly within the control of the Company; or the Company has present legal or constructive obligation that arises from past events, but it is not possible that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4 Critical accounting estimates and judgments

4.1 Use of estimates and judgments

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

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

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

	Note
Premium deficiency reserve	3.7
Provision for doubtful insurance / reinsurance receivables	3.9
Provision for outstanding claim including claims incurred but not reported (IBNR)	3.17
Retirement benefit obligation	3.23
Valuation of unquoted investments	3.14 (b)
Provision for taxation including the amount relating to tax contingency	3.22
Impairment of assets - Financials / Non financial assets	3.24
Useful lives, pattern of economic benefits and impairments - Property and Equipment	3.1

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

5 PROPERTY AND EQUIPMENT

Operating assets (Note 5.1)
Capital work in progress (Note 5.2)
Right of use asset (Note 5.3)

	2025	2024
	----- Rupees in thousand -----	
	4,352,745	4,115,225
	94,957	92,166
	37,023	27,360
	4,484,725	4,234,751

5.1 Operating assets

	2025											
	Cost				Accumulated Depreciation							
	As at	Additions /	Exchange	Disposals	As at	As at	Charge for	Exchange	On	As at	Written down	Depreciation
	01 January	transfers	differences		31 December	01 January	the year	differences	disposals	31 December	value as at	Rate
			and other					and other				
			adjustment					adjustment				
	(Rupees in thousands)											%
Land	878,694	-	-	-	878,694	-	-	-	-	-	878,694	-
Buildings	2,719,023	37,408	9,589	(60,477)	2,705,543	571,219	46,651	7,068	(27,937)	597,001	2,108,542	3.0% to 4.0%
Furniture and fixtures	479,121	3,968	1,316	(26,938)	457,467	291,394	20,114	945	(21,709)	290,744	166,723	15.0%
Motor vehicles	847,192	259,240	554	(106,411)	1,000,575	414,092	49,347	5,482	(66,227)	402,694	597,881	15.0%
Machinery and equipment	745,995	61,402	487	(16,712)	791,172	376,337	39,430	528	(14,399)	401,896	389,276	15.0%
Computer equipment	453,027	140,587	104	(2,078)	591,640	354,785	31,510	(4,803)	(1,481)	380,011	211,629	30.0%
Total	6,123,052	502,605	12,050	(212,616)	6,425,091	2,007,827	187,052	9,220	(131,753)	2,072,346	4,352,745	

	2024											
	Cost				Accumulated Depreciation							
	As at	Additions /	Exchange	Disposals	As at	As at	Charge for	Exchange	On	As at	Written down	Depreciation
	01 January	transfers	differences		31 December	01 January	the year	differences	disposals	31 December	value as at	Rate
			and other					and other				
			adjustment					adjustment				
	(Rupees in thousands)											%
Land	878,694	-	-	-	878,694	-	-	-	-	-	878,694	-
Buildings	2,727,467	-	(8,444)	-	2,719,023	526,861	47,529	(3,171)	-	571,219	2,147,804	3.0% to 4.0%
Furniture and fixtures	475,860	5,259	(1,998)	-	479,121	267,632	25,115	(1,353)	-	291,394	187,727	15.0%
Motor vehicles	775,308	148,244	(1,032)	(75,328)	847,192	441,792	30,993	(622)	(58,071)	414,092	433,100	15.0%
Machinery and equipment	763,864	6,680	(496)	(24,053)	745,995	359,067	39,642	(389)	(21,983)	376,337	369,658	15.0%
Computer equipment	456,793	8,794	(637)	(11,923)	453,027	339,766	25,321	(559)	(9,743)	354,785	98,242	30.0%
Total	6,077,986	168,977	(12,607)	(111,304)	6,123,052	1,935,118	168,600	(6,094)	(89,797)	2,007,827	4,115,225	

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

5.1.1 Disposal of operating fixed assets

Detail of operating fixed assets exceeding the net book value of Rupees 50,000 disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Relationship	Particulars of purchaser
----- Rupees in thousand -----								
Motor vehicles								
Honda Civic (AUK-619)	1,328	1,152	176	1,828	1,652	Auction	Independent third party	Muhammad Usman Amjad
Honda City Aspire 1.5 (AUX-616)	6,023	183	5,840	5,844	4	Settlement	Related party	Security General Insurance Company Limited
Toyota Corolla GLI (AXQ-023)	2,356	2,001	355	1,762	1,407	Auction	Independent third party	Nadeem Butt
Suzuki Cultus (AZD-350)	1,508	1,248	260	1,055	795	Auction	Independent third party	Ather Ali
Suzuki Cultus (AZE-718)	1,664	1,392	272	888	616	Auction	Independent third party	Saba Tariq
Honda City (AZG-208)	2,444	2,083	361	2,267	1,906	Auction	Independent third party	Muhammad Asif
Honda City (AZV-943)	1,596	1,248	348	2,036	1,688	Settlement	Related party	Security General Insurance Company Limited
Toyota Corolla GLI (BAQ-13-696)	1,688	1,304	384	2,008	1,624	Auction	Independent third party	Muhammad Kashif
Honda Civic Vti Pt Sr (BAU-659)	3,888	3,392	496	562	66	Negotiation	Employee	Afifa Sikandar
Suzuki Cultus (BBC-767)	1,701	1,407	294	1,166	872	Auction	Independent third party	Choudhary Amjad Ali
Honda Civic Vti (BBK-751)	2,537	2,088	449	2,914	2,465	Auction	Independent third party	Shehzad Bin Qadir
Honda City Automatic (BBS-812)	2,262	1,791	471	2,525	2,054	Auction	Independent third party	Ather Ali
Suzuki Cultus (BDF-269)	1,054	768	286	1,151	865	Auction	Independent third party	Choudhary Amjad Ali
Honda Civic (BDH-852)	2,517	1,823	694	2,761	2,067	Auction	Independent third party	Nasir Jameel
Suzuki Cultus (BDJ-792)	1,050	769	281	1,230	949	Auction	Independent third party	Saba Tariq
Toyota Corolla XLI (BEA-199)	1,628	1,124	504	2,751	2,247	Settlement	Related party	Security General Insurance Company Limited
Toyota Corolla GLI (BEX-461)	1,776	1,236	540	2,433	1,893	Auction	Independent third party	Choudhary Amjad Ali
Suzuki Cultus (BFK-557)	1,758	1,340	418	1,277	859	Auction	Independent third party	Adnan Shehzad
Honda City Automatic (BFY-320)	3,156	2,430	726	2,505	1,779	Auction	Independent third party	Choudhary Amjad Ali
Suzuki Cultus (BHD-337)	1,744	1,295	449	1,326	877	Auction	Independent third party	Bilal Ahmed
Suzuki Mehran (BHW-562)	718	435	283	777	494	Auction	Independent third party	Sarfraz Ali
Suzuki Cultus (BJM-602)	1,149	706	443	1,427	984	Auction	Independent third party	Muhammad Irfan
Toyota Corolla GLI (BJX-344)	1,891	1,137	754	2,857	2,103	Auction	Independent third party	Munawar Hussain
Honda Civic Vti Oriol (BKR-176)	4,443	3,423	1,020	3,120	2,100	Auction	Independent third party	Sarfraz Ali
Suzuki Cultus (BLJ-912)	1,270	727	543	1,656	1,113	Auction	Independent third party	Asim Mehmood Bajwa
Honda Civic Vti Oriol 1.8 (BNM-624)	3,732	2,348	1,384	3,926	2,542	Auction	Independent third party	Rao Muhammad Khalid
Toyota Corolla GLI (BNR-583)	2,179	1,132	1,047	3,054	2,007	Auction	Independent third party	Nasir Jameel
Suzuki Cultus (BPH-218)	1,388	685	703	703	-	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Honda City 1.3 M/T (BPQ-199)	1,917	920	997	997	-	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Suzuki Alto Vx (BTT-276)	1,198	299	899	899	-	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Honda Civic Prosmatic (LE-16-734)	2,581	1,790	791	2,411	1,620	Auction	Independent third party	Muhammad Qasim
Suzuki Cultus (LE-17-2236)	1,129	723	406	1,330	924	Auction	Independent third party	Nasir Jameel
Suzuki Cultus (LE-19A-4842)	1,990	831	1,159	2,537	1,378	Auction	Independent third party	Haroon Abid
Honda City I-Vtec Prosmatic (LEA-18-6055)	1,716	979	737	737	-	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Suzuki Mehran (LEB-17A-4857)	740	443	297	1,101	804	Auction	Independent third party	Muhammad Irfan
Toyota Corolla Altis 1.6 (LEB-19-5523)	2,694	1,280	1,414	1,414	-	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Takaful Operations

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Relationship	Particulars of purchaser
----- Rupees in thousand -----								
Honda Civic Prosmatic (LED-14-1791)	2,257	1,684	573	2,934	2,361	Auction	Independent third party	Muhammad Taha
Honda Civic (LED-15-4298)	3,175	2,480	695	2,700	2,005	Auction	Independent third party	Hamza Azeem Khan
Toyota Corolla Altis Cruisetronic (LEE-16-4997)	4,291	3,410	881	3,731	2,850	Auction	Independent third party	Syed Tahir Ali Shah
Toyota Corolla GLI (LEF-17-1569)	1,914	1,162	752	3,322	2,570	Auction	Independent third party	Muhammad Irfan
Toyota Corolla Altis 1.6 (LEF-19-9222)	2,867	1,300	1,567	3,753	2,186	Auction	Independent third party	Hamza Azeem Khan
Bajaj Pulsar (73820)	728	497	231	153	(78)	Auction	Independent third party	Seagull Logistics
Ford Edge (32015)	3,827	2,473	1,354	612	(742)	Auction	Independent third party	Seagull Logistics
Toyota RAV4 (76558)	3,444	298	3,146	4,060	914	Auction	Independent third party	Ali Albasti Used Cars
Toyota Camry (75154)	3,751	2,559	1,192	689	(503)	Auction	Independent third party	Ali Albasti Used Cars
Nissan Armada (62891)	5,741	2,429	3,312	1,956	(1,356)	Auction	Independent third party	Baghdadi/Dhaka Garage
Items having book value not exceeding	3	3	-	7	7			
	106,411	66,227	40,184	93,152	52,968			
Building								
Adamjee Insurance Building	60,477	27,937	32,540	299,509	266,969	Negotiation	Independent third party	Muhammad Farooq & Huzaifa Farooq
	60,477	27,937	32,540	299,509	266,969			
Computer equipments								
Hp Spectre X360 Ci7-Ultra	479	36	443	406	(37)	Settlement	Related party	Security General Insurance Company Limited
Cisco Switch / Hub	210	150	60	71	11	Negotiation	Independent third party	Zulfiqar Ali
Items having book value not exceeding	1,389	1,295	94	134	40			
	2,078	1,481	597	611	14			
Furniture and fixtures								
Miscellaneous Furniture and fixtures	25,703	20,894	4,809	4,809	-	Negotiation	Independent third party	Muhammad Farooq & Huzaifa Farooq
Items having book value not exceeding	1,235	815	420	130	(290)			
	26,938	21,709	5,229	4,939	(290)			
Machinery and equipment								
Gree Split 1 tonne	80	10	70	20	(50)	Negotiation	Independent third party	Muhammad Usman
Items having book value not exceeding 50,000	16,632	14,389	2,243	2,302	59	Negotiation	Independent third party	Muhammad Farooq & Huzaifa Farooq
	16,712	14,399	2,313	2,322	9			
For the year ended 31 December 2025	212,616	131,753	80,863	400,533	319,670			
For the year ended 31 December 2024	111,304	89,797	21,507	56,750	35,243			

5.1.2 Particulars of immovable properties (i.e. land and building) are as follows:

Office	Address	Area of land	Covered area of building
Adamjee Building Lahore	80/A, Block E-1, Main Boulevard, Gulberg III, Lahore	4 Kanals	155,742 Square feet
Adamjee Building Karachi	5th to 9th floor, 10th floor (Zone A, B and C), Adamjee House, I.I.Chundrigar Road, Karachi.	2,222.2 square yards	105,509 Square feet
Business Centre Premises	Office Nos. 101 to 108, 110 & 111 on 1st Floor and 1101 & 1102 on 11th Floor, Business Centre, Plot Survey No 7, Sheet No RY-4, Railway Quarters, Mumtaz Hassan Road, Karachi	-	10,135 Square feet
Gul Tower Premises	Office Nos. 801 & 805, 8th Floor, Gul Tower, I.I.Chundrigar Road, Karachi	-	2,961 Square feet
Shaheen Centre Premises	Office Nos. 404, 405 & 406, 4th Floor, Shaheen Centre, Plot # DC-5, Clifton Block 7, KDA Scheme No. 5, Clifton, Karachi	-	3,191 Square feet
Business Plaza Premises	Office No. 502, Business Plaza, Mumtaz Hassan Road, Karachi	-	2,351 Square feet
Eden Garden / Centre Premises Lahore	Office Nos. 216, 217 & 218 on 2nd Floor, Office No 318 on 3rd Floor, Eden Centre, 43 Jail Road, Lahore	-	3,639 Square feet
Islamabad Stock exchange	Offices No. 4, 5, & 6 1st Floor, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad	-	4,983 Square feet
Agha Siraj Complex Quetta	Room # C 1&2, 2nd Floor, Agha Siraj, Complex Circular Road, Quetta	-	1,103 Square feet
EPZ Office	Plot No. C-6, Sector B-III, Karachi Export Processing Zone Authority	-	1,033 Square feet
One Business Bay Tower	Office Unit # 301 & 302 & 304 3rd Floor, One Business Bay Tower by Omniyat, Business Bay, Dubai, UAE	-	7,232 Square feet

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
5.2 Capital work in progress		
Advance against property and equipment	94,957	92,166
5.3 Right of use asset		
Opening net book value	27,360	35,182
Additions during the year	34,279	11,120
Depreciation charge during the year (Note 30)	(17,030)	(16,773)
Exchange differences and other adjustments	(7,586)	(2,169)
Closing net book value	37,023	27,360
5.3.1 All the right of use assets include premises obtained on rent for branch operations.		
6 INTANGIBLE ASSETS		
Intangible assets (Note 6.1)	161,149	113,858
Capital work in progress (Note 6.2)	39,658	34,414
	200,807	148,272
6.1 Intangible assets		
Cost		
Opening balance	594,774	550,722
Additions during the year	108,634	47,120
Exchange differences and other adjustments	1,413	(3,068)
Closing balance	704,821	594,774
Accumulated amortization		
Opening balance	480,916	449,997
Amortization charged during the year (Note 30)	61,534	33,493
Exchange differences and other adjustments	1,222	(2,574)
Closing balance	543,672	480,916
Net book value as at December 31	161,149	113,858
Rate of amortization	20%	20%
6.2 Capital work in progress		
Advance against intangible assets	39,658	34,414
7 INVESTMENT PROPERTIES		
Opening net book value	3,343,498	2,914,435
Unrealized fair value gain	358,093	432,507
Exchange differences and other adjustments	1,920	(3,444)
Closing net book value	3,703,511	3,343,498
7.1 Particulars of investment property are as follows:		

Description	Address	Covered area (Square feet)
Adamjee Building Karachi	Ground to 4th floor & 10th Floor Zone D, Adamjee House, I.I.Chundrigar Road, Karachi.	68,793
Adamjee Building Lahore	2nd Floor, 80/A, Block E-1, Main Boulevard, Gulberg III, Lahore	9,076
Faiyaz Centre	Office Nos 101, 102 & 103 1st Floor, Faiyaz Centre, 3-AS.M.C.H.S, Shahr-e-Faisal, Karachi	3,470
One Business Bay Tower	Office Unit # 303 3rd floor, One Business Bay Tower by Omniyat, Business Bay, Dubai, UAE	2,386

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

Market value of these investment properties amounts to Rupees 3,703.517 million based on a valuation carried out by independent valuers as at 31 December 2025.

The fair value of investment properties was determined by external, independent property valuers having adequate qualifications and experience in the location and category of the property being valued. Investment properties of the Company are valued every year.

Significant unobservable inputs

The valuation has been carried out taking into account available information regarding segment and location of the property, size, utilization and current trends in price of real estate in close proximity, construction cost rates, current market rents for similar properties including assumptions that ready buyers are available in the current market which is analysed through detailed market surveys and the properties that have recently been sold or purchased or offered/quoted for sale into the same vicinity to determine the better estimates of the fair value.

Sensitivity analysis

If the market price per Kanal or per square foot, were to increase / decrease by 1%, the fair value of the investment property would increase/decrease by Rupees 37.035 million.

Fair value hierarchy

The investment properties are classified within the Level 3 of the fair value hierarchy because it is valued using significant unobservable inputs.

7.2 The rental income and related expenses are disclosed in note 32 to these unconsolidated financial statements.

8 INVESTMENT IN SUBSIDIARY

Investment in subsidiary - measured at cost (Note 8.1, 8.2 and 8.3)

	2025	2024
	----- Rupees in thousand -----	
	2,223,110	2,396,166

8.1 Number of shares

Number of ordinary shares		Face value (Rupees)	Company's name	2025	2024
2025	2024			----- Rupees in thousand -----	
219,185,662	224,998,250	10	Adamjee Life Assurance Company Limited Equity held 83.499% (2024: 89.999%)	2,223,110	2,396,166

8.2 The Company's interests in its subsidiary is as follows:

Name	Country of incorporation	Total assets	Total liabilities	Total revenues	Total profit	% interest held
----- Rupees in thousand -----						
Adamjee Life Assurance Company Limited	Pakistan	134,592,532	128,258,530	36,412,679	1,314,311	83.499%
Total at the end of 2025		134,592,532	128,258,530	36,412,679	1,314,311	83.499%
Adamjee Life Assurance Company Limited	Pakistan	116,444,949	111,012,220	30,968,830	1,554,305	89.999%
Total at the end of 2024		116,444,949	111,012,220	30,968,830	1,554,305	89.999%

8.3 Adamjee Life Assurance Company Limited ("the Company") was incorporated in Pakistan on 04 August 2008 as a public unlisted company under the Companies Act, 2017 (previously Companies Ordinance, 1984). The Company was converted to a listed company on 04 March 2022. It is listed on Pakistan Stock Exchange. Registered office of the Company is at 5th floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is at Adamjee House, 3rd and 4th Floor, I.I Chundrigar Road, Karachi.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

9 INVESTMENT IN EQUITY SECURITIES

Available-for-sale

	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	----- Rupees in thousand -----					
Related parties						
Listed shares (Note 9.2)	10,508,545	(32,988)	10,475,557	10,508,545	(32,988)	10,475,557
Unlisted shares (Note 9.3)	2,882,316	-	2,882,316	2,882,316	-	2,882,316
	13,390,861	(32,988)	13,357,873	13,390,861	(32,988)	13,357,873
Unrealized gain			18,296,639			12,836,610
			31,654,512			26,194,483
Others						
Listed shares (Note 9.4)	4,217,980	(1,102,894)	3,115,086	5,029,126	(1,673,103)	3,356,023
Mutual funds (Note 9.5)	48,860	(16,366)	32,494	769,926	(16,366)	753,560
NIT units (Note 9.6)	161	-	161	161	-	161
	4,267,001	(1,119,260)	3,147,741	5,799,213	(1,689,469)	4,109,744
Unrealized gain			8,154,143			6,572,270
			11,301,884			10,682,014
Total investments available-for-sale	17,657,862	(1,152,248)	42,956,396	19,190,074	(1,722,457)	36,876,497

9.1 Movement of impairment / provision

	2025	2024
	----- Rupees in thousand -----	
Opening balance	1,722,457	1,988,261
Movement during the year	(570,209)	(265,804)
Closing balance	1,152,248	1,722,457

9.2 Listed shares - related parties

Company's name	Face value (Rupees)	No. of shares		Cost		Market value	
		2025	2024	2025	2024	2025	2024
		----- Rupees in thousand -----					
Commercial bank							
MCB Bank Limited (Note 9.2.2)	10	59,225,639	59,225,639	9,631,648	9,631,648	22,469,023	16,660,172
Equity held 4.998% (2024: 4.998%)							
Textile composite							
Nishat Mills Limited	10	2,050	2,050	144	144	362	220
Equity held 0.001% (2024: 0.001%)							
Power generation & distribution							
Pakgen Power Limited	10	25,631,181	25,631,181	355,448	355,448	1,562,477	2,540,050
Equity held 6.889% (2024: 6.889%)							
Lalpir Power Limited	10	27,348,388	27,348,388	371,516	371,516	664,292	594,554
Equity held 7.200% (2024: 7.200%)							
Investment company							
MCB Investment Management Limited	10	5,462,000	5,462,000	149,789	149,789	1,205,081	365,408
Equity held 7.59% (2024: 7.59%)							
				10,508,545	10,508,545	25,901,235	20,160,404

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

9.2.1 The Company does not have significant influence over these related parties; therefore, the requirements of IAS 28 are not applicable. The relationship with these related parties is disclosed in Note 39.1 of these unconsolidated financial statements.

9.2.2 37,300,000 (2024 : 7,700,000) shares of MCB Bank Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Company, as collateral for NCCPL for trading margin and relating to UAE branch to meet regulatory requirement.

9.3 Unlisted shares - related parties		Face value (Rupees)	No. of shares		Cost		Market value	
			2025	2024	2025	2024	2025	2024
----- Rupees in thousand -----								
Company's name								
Hyundai Nishat Motor (Private)								
Equity held 10.000% (2024: 10.000%) (Note 9.3.1)	10	195,623,000	195,623,000	1,956,956	1,956,956	3,466,440	3,413,621	
Security General Insurance Company Limited								
Equity held 14.224% (2024: 14.224%) (Note 9.3.2)	10	9,681,374	9,681,374	925,360	925,360	2,286,837	2,620,458	
				2,882,316	2,882,316	5,753,277	6,034,079	
9.3.1 Company's name								
Automobile assembler								
Hyundai Nishat Motor (Private) Limited								
Equity held 10.000% (2024: 10.000%)	10	195,623,000	195,623,000	1,956,956	1,956,956	3,466,440	3,413,621	

9.3.1.1 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') a related party. The principal activity of HNMPL is to carry out the assembly and distribution of the Hyundai brand vehicles in Pakistan. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rupees 17.72 (2024: Rupees 17.45) per ordinary share as at 31 December 2025 through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 44 to these unconsolidated financial statements. During the year, the Level 3 fair value balance moved from an opening balance of Rupees 3,413.621 million to a closing balance of Rupees 3,466.440 million. The movement primarily reflects fair value gain of Rupees 52.819 million. In comparison, during the preceding year, the balance moved from Rupees 3,407.753 million to Rupees 3,413.621 million, due to fair value gain of Rupees 5.868 million.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 16.86%.
- Long term growth rate of 2% for computation of terminal value.

9.3.1.2 Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the fair value as at 31 December 2025 would decrease by Rupees 354.078 million.
- If the terminal growth rate increase by 1% with all other variables held constant, the fair value as at 31 December 2025 would increase by Rupees 215.185 million.

9.3.1.3 Value of investment in HNMPL calculated by reference to net assets of HNMPL as on 31 December 2024 is Rs.2,065.779 million.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

9.3.2 Company's name

	Face value (Rupees)	No. of shares		Cost		Market value	
		2025	2024	2025	2024	2025	2024
		----- Rupees in thousand -----					
Security General Insurance Company Limited Equity held 14.224% (2024: 14.224%)	10	9,681,374	9,681,374	925,360	925,360	2,286,837	2,620,458

9.3.2.1 This represents investment in the ordinary shares of Security General Insurance Company Limited ("SGI"), a related party. The principal activity of the company is to carry out general insurance business. Since SGI's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rupees 236.21 per ordinary share as at 31 December 2025 (2024: Rupees 270.67) through a valuation technique based on discounted cash flow analysis of SGI. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 44 to these unconsolidated financial statements. During the year, the Level 3 fair value balance moved from an opening balance of Rupees 2,620.458 million to a closing balance of Rupees 2,286.837 million. The movement primarily reflects fair value loss of Rupees 333.621 million. In comparison, during the preceding year, the balance moved from Rupees 3,157.968 million to Rupees 2,620.458 million, due to fair value loss of Rupees 537.510 million.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 14.56%.
- Long term growth rate of 2% for computation of terminal value.

9.3.2.2 Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the fair value as at 31 December 2025 would decrease by Rupees 173.684 million.
- If the terminal growth rate increases by 1% with all other variables held constant, the fair value as at 31 December 2025 would increase by Rupees 130.892 million.

9.3.2.3 The Chief Executive Officer of Security General Insurance Company Limited is Mr. Farrukh Aleem.

9.3.2.4 Value of investment in SGI calculated by reference to net assets of SGI as on 31 December 2024 is Rupees 3,472.128 million.

9.3.3 The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

9.4 Others - listed shares

Company's name	Face value (Rupees)	No. of shares		Cost		Market value	
		2025	2024	2025	2024	2025	2024
----- Rupees in thousand -----							
Automobile assembler							
Millat Tractors Limited	10	3,103,397	2,816,397	763,659	591,172	1,629,873	1,749,799
Cable & electrical goods							
Siemens (Pakistan) Engineering Company Limited	10	148,131	148,131	116,770	116,770	225,513	223,694
Cement							
Fecto Cement Limited	10	-	645,100	-	77,534	-	74,167
Close end mutual fund							
HBL Investment Fund 'A'	10	4,113,500	4,113,500	27,235	27,235	26,038	17,236
Commercial banks							
Allied Bank Limited	10	6,277,500	6,277,500	641,638	641,638	1,147,339	865,479
Habib Bank Limited	10	-	680,300	-	128,018	-	118,685
National Bank of Pakistan	10	-	4,935,440	-	302,243	-	330,280
Fertilizer							
Engro Fertilizers Limited	10	12,707	12,707	909	909	2,876	2,595
Fauji Fertilizer Company Limited (Note 9.4.1)	10	9,998,900	9,998,900	1,050,979	1,050,979	5,906,450	3,662,797
Food & personal care products							
Nestle Pakistan Limited	10	5,740	5,740	59,278	59,278	45,648	42,763
Rafhan Maize Products Limited	10	70,304	70,304	223,250	223,250	707,144	632,735
Insurance							
Pakistan Reinsurance Company Limited	10	860,529	860,529	6,326	6,326	17,718	13,519
Investment companies							
Engro Holdings Limited (Formerly Dawood Hercules Corp. Ltd.)	10	2,220,100	2,220,100	324,933	324,933	526,763	576,804
DH Partners Limited	10	2,220,100	-	-	-	75,461	-
Oil & gas exploration companies							
Oil & Gas Development Company Limited	10	1,524,300	1,524,300	245,134	245,134	428,465	346,412
Sui Northern Gas Pipelines Limited	10	1,076,935	3,876,935	58,473	210,502	128,715	433,984
Paper & board							
Packages Limited	10	6,190	11,750	3,237	6,144	4,735	6,998
Pharmaceuticals							
Abbott Laboratories Pakistan Limited	10	-	369,400	-	320,902	-	457,265
Power generation & distribution							
Kot Addu Power Company Limited	10	5,731,000	5,731,000	491,086	491,086	215,027	215,486
Nishat Power Limited	10	923,500	923,500	42,001	42,001	61,561	32,655
Saif Power Limited	10	4,935,882	4,935,882	163,072	163,072	55,036	68,016
				4,217,980	5,029,126	11,204,362	9,871,369

9.4.1 1,400,000 (2024 : 5,200,000) shares of Fauji Fertilizer Company Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Company.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

9.5 Mutual funds - others Open ended mutual funds

No. of units		Face value	Fund's name	Cost		Carrying value	
2025	2024			2025	2024	2025	2024
		(Rupees)		Rupees in thousand			
-	60,341	100	Alfalah GHP Money Market Fund	-	6,179	-	6,504
36,068	31,575	100	HBL Cash Fund	3,720	3,190	3,914	3,544
4,534,282	4,469,715	10	HBL Investment Fund - Class B	45,140	44,191	91,504	71,574
-	968,240	100	Alfalah Islamic Money Market Fund	-	103,849	-	105,323
-	2,318,613	100	Alhamra Government Securities Plan-1	-	254,498	-	258,587
-	7,099,364	10	ABL Islamic Income Fund	-	79,041	-	80,280
-	3,545,756	50	Meezan Sovereign Fund	-	200,363	-	203,229
-	6,876,357	10	NBP Financial Sector Income Fund	-	78,615	-	79,846
				48,860	769,926	95,418	808,887

9.6 NIT units

No. of units		Face value	Fund's name	Cost		Carrying value	
2025	2024			2025	2024	2025	2024
		(Rupees)		Rupees in thousand			
12,540	12,540	10	National Investment Trust	161	161	2,104	1,758

10 INVESTMENT IN DEBT SECURITIES

Held to maturity

Inside Pakistan - Government securities

Treasury Bills (Note 10.1)

Pakistan Investment Bonds (Note 10.2)

Outside Pakistan - Investment Bonds and Sukuks

Investment Bonds and Sukuks (Note 10.3)

2025	2024
Rupees in thousand	
5,381,012	2,509,665
1,470,977	1,460,578
6,851,989	3,970,243
2,412,538	557,017
9,264,527	4,527,260

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

10.1 Treasury Bills

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Cost		Carrying amount	
					2025	2024	2025	2024
(Rupees)					----- Rupees in thousand -----			
100,000,000	11.25%	On maturity	12 Month Treasury Bills	8-Jan-26	90,288	-	99,805	-
500,000,000	11.38%	On maturity	12 Month Treasury Bills	6-Feb-26	448,919	-	494,962	-
500,000,000	11.60%	On maturity	12 Month Treasury Bills	8-Jan-26	453,322	-	498,847	-
300,000,000	11.58%	On maturity	12 Month Treasury Bills	19-Feb-26	268,947	-	295,735	-
500,000,000	11.55%	On maturity	12 Month Treasury Bills	5-Mar-26	448,349	-	491,060	-
400,000,000	11.86%	On maturity	12 Month Treasury Bills	17-Mar-26	357,886	-	391,158	-
500,000,000	11.90%	On maturity	12 Month Treasury Bills	2-Apr-26	446,970	-	486,742	-
500,000,000	11.93%	On maturity	12 Month Treasury Bills	16-Apr-26	446,843	-	484,666	-
300,000,000	12.01%	On maturity	12 Month Treasury Bills	16-Apr-26	267,912	-	290,744	-
300,000,000	11.32%	On maturity	12 Month Treasury Bills	14-May-26	269,576	-	288,800	-
300,000,000	11.27%	On maturity	12 Month Treasury Bills	16-Apr-26	272,411	-	291,168	-
500,000,000	11.16%	On maturity	12 Month Treasury Bills	29-May-26	449,798	-	479,506	-
432,000,000	10.75%	On maturity	12 Month Treasury Bills	24-Jun-26	390,379	-	411,994	-
200,000,000	10.90%	On maturity	12 Month Treasury Bills	6-Aug-26	180,394	-	188,312	-
200,000,000	10.94%	On maturity	12 Month Treasury Bills	20-Aug-26	180,323	-	187,513	-
300,000,000	20.26%	On maturity	12 Month Treasury Bills	6-Mar-25	-	249,576	-	291,134
325,000,000	20.90%	On maturity	12 Month Treasury Bills	3-Apr-25	-	268,945	-	310,832
375,000,000	20.84%	On maturity	12 Month Treasury Bills	3-Apr-25	-	310,476	-	358,692
500,000,000	20.85%	On maturity	12 Month Treasury Bills	17-Apr-25	-	413,939	-	474,938
300,000,000	20.36%	On maturity	12 Month Treasury Bills	15-May-25	-	249,365	-	281,360
500,000,000	19.98%	On maturity	12 Month Treasury Bills	29-May-25	-	416,932	-	466,225
350,000,000	19.85%	On maturity	12 Month Treasury Bills	29-May-25	-	292,164	-	326,484
					4,972,317	2,201,397	5,381,012	2,509,665

10.2 Pakistan Investment Bonds

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Cost		Carrying amount	
					2025	2024	2025	2024
(Rupees)					Rupees in thousand			
300,000,000	12.19%	Semi-Annually	5 Year Pakistan Investment Bonds	21-Sep-28	288,300	288,300	293,585	291,230
700,000,000	11.94%	Semi-Annually	5 Year Pakistan Investment Bonds	21-Sep-28	677,208	677,208	687,469	682,868
100,000,000	11.94%	Semi-Annually	5 Year Pakistan Investment Bonds	21-Sep-28	96,739	96,739	98,205	97,546
200,000,000	11.92%	Semi-Annually	5 Year Pakistan Investment Bonds	19-Oct-28	194,035	194,035	196,656	195,462
200,000,000	12.12%	Semi-Annually	5 Year Pakistan Investment Bonds	7-Feb-29	192,038	192,038	195,062	193,472
					1,448,320	1,448,320	1,470,977	1,460,578

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

10.2.1 Pakistan Investment Bonds with face value of Rupees 400 million (2024: Rupees 400 million) are placed with State Bank of Pakistan in accordance with the requirements of section 29 of the Insurance Ordinance, 2000.

10.3 Investment Bonds and Sukuks

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Cost		Carrying amount	
					2025	2024	2025	2024
(Rupees)	----- Rupees in thousand -----							
140,061,621	4.86%	Semi-Annually	Bond	10-Oct-29	140,062	139,255	140,062	139,255
140,061,621	5.43%	Semi-Annually	Sukuk	17-Apr-35	140,062	139,254	140,062	139,254
280,123,243	5.14%	Semi-Annually	Bond	26-Nov-29	280,123	278,508	280,123	278,508
280,123,243	5.00%	Semi-Annually	Bond	12-Mar-35	280,123	-	280,123	-
252,110,918	5.03%	Semi-Annually	Sukuk	22-Apr-30	252,111	-	252,111	-
140,271,685	4.50%	Semi-Annually	Bond	14-Sep-27	140,272	-	140,272	-
140,761,910	4.80%	Semi-Annually	Sukuk	16-Aug-28	140,762	-	140,762	-
140,061,621	4.38%	Semi-Annually	Bond	10-Sep-30	140,062	-	140,062	-
337,567,004	4.54%	Semi-Annually	Sukuk	23-Mar-31	337,567	-	337,567	-
280,151,236	4.57%	Semi-Annually	Sukuk	19-Nov-30	280,151	-	280,151	-
281,243,736	4.38%	Semi-Annually	Bond	9-Oct-31	281,243	-	281,243	-
					2,412,538	557,017	2,412,538	557,017

11 INVESTMENTS IN TERM DEPOSITS

2025 2024
----- Rupees in thousand -----

Held to maturity

Deposits maturing within 12 months:

Inside Pakistan

- other (Note 11.1)

1,000,000	-
1,000,000	-

Outside Pakistan

- related party (Note 11.2)

- others

2,100,924	2,089,041
16,388,231	9,192,737
18,489,155	11,281,778
19,489,155	11,281,778

11.1 These include fixed deposits amounting to Rupees 504.395 million (31 December 2024: Nil) marked under lien against SBLC (Standby Letter of Credit) issued in favor of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Company and for claims under litigation filed against the Company.

11.2 These represent fixed deposits with MCB Bank Limited, a related party of the Company.

11.3 Term deposits kept Outside Pakistan include fixed deposits amounting to Rupees 689.534 million (AED 9.04 million) [2024: Rupees 685.559 million (AED 9.04 million)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates.

11.4 Rate of profit on term deposits kept Inside Pakistan is 9.40% (2024: Nil) per annum. Rate of profit on term deposits kept Outside Pakistan ranges from 2.00% to 4.15% (2024: 4.00% to 5.40%) per annum.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

12 LOANS AND OTHER RECEIVABLES CONSIDERED GOOD

	2025	2024
	----- Rupees in thousand -----	
Receivable from subsidiary company (Note 12.1)	118,190	105,579
Accrued investment income	662,288	468,180
Rent receivable	-	9
Security deposits	59,421	61,704
Advances to employees and suppliers	112,447	250,236
Agents commission receivable	3,380	5,796
Loans to employees	49,809	54,426
Receivable from salvage buyers	37,970	309,858
Receivable from Window Takaful Operations	-	338,097
Federal excise duty / sales tax / VAT	66,759	-
Other receivables	100,036	170,051
	1,210,300	1,763,936

12.1 This represents receivable from Adamjee Life Assurance Company Limited, subsidiary of the Company, in respect of cash value of life policies obtained for key management personnel of the Company. The Company is the beneficiary in respect of policies obtained for the employees.

13 INSURANCE / REINSURANCE RECEIVABLES UNSECURED AND CONSIDERED GOOD

	2025	2024
	----- Rupees in thousand -----	
Due from insurance contract holders (Note 13.1)	7,307,216	8,590,969
Provision for impairment of receivables from insurance contract holders (Note 13.2)	(1,717,244)	(1,631,532)
	5,589,972	6,959,437
Due from other insurers / reinsurers	1,877,867	1,234,586
Provision for impairment of due from other insurers / reinsurers (Note 13.3)	(223,214)	(201,302)
	1,654,653	1,033,284
	7,244,625	7,992,721

13.1 Due from insurance contact holders include an amount of Rupees 489.178 million (2024: Rupees 371.085 million) receivable from related parties.

13.2 Reconciliation of provision for impairment of receivables from insurance contract holders

	2025	2024
	----- Rupees in thousand -----	
Opening balance	1,631,532	1,648,180
Provision made during the year (Note 30)	77,909	-
Exchange difference	7,803	(16,648)
Closing balance	1,717,244	1,631,532

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

13.3 Reconciliation of provision for impairment of due from other insurers / reinsurers

Opening balance	201,302	201,302
Provision made during the year (Note 30)	21,989	-
Exchange difference	(77)	-
Closing balance	<u>223,214</u>	<u>201,302</u>

14 PREPAYMENTS

Prepaid reinsurance premium ceded (Note 27)	5,465,280	8,370,324
Prepaid miscellaneous expenses	327,070	205,467
	<u>5,792,350</u>	<u>8,575,791</u>

15 BANK DEPOSITS SUBJECT TO ENCUMBRANCES

Inside Pakistan

Saving account under lien (Note 15.1 and 15.2)	349	549,011
Margin against guarantee (Note 15.3)	83,372	83,999
	<u>83,721</u>	633,010

Outside Pakistan

Current accounts under lien (Note 15.4)	82,894	128,800
Margin against guarantee (Note 15.5)	4,580,368	2,278,878
	<u>4,663,262</u>	2,407,678
	<u>4,746,983</u>	<u>3,040,688</u>

15.1 This represents lien marked on cash deposit in saving account against claim under litigation filed against the Company.

15.2 Saving / profit and loss account placed in Pakistan carry expected profit rates ranging from 7.50% to 11.50% (2024: 13.50% to 20.50%) per annum.

15.3 These represent margin against bank guarantee, kept with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company and bid bond guarantees.

15.4 These represent lien marked on current accounts by the banks as per the instructions issued by the Court in lieu of execution of legal orders in different cases pertaining to claims in United Arab Emirates.

15.5 This represents margin provided for a bank guarantee issued outside Pakistan in favor of the Central Bank of the UAE to meet regulatory requirement.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

16 CASH AND BANK

Cash and cash equivalents

Inside Pakistan

Cash in hand	1,413	1,316
Policy, revenue stamps and bond papers	51,761	12,364
	53,174	13,680

Cash at bank

Inside Pakistan

Current accounts	583,782	365,307
Savings accounts (Note 16.2)	1,451,642	691,277
	2,035,424	1,056,584

Outside Pakistan

Current accounts	3,797,832	2,909,980
Savings accounts (Note 16.2)	2,306	2,319
	3,800,138	2,912,299
	5,835,562	3,968,883
	5,888,736	3,982,563

2025
2024

----- Rupees in thousand -----

16.1 Cash at bank and bank deposits subject to encumbrances include an amount of Rupees 3,342.966 million (2024: Rupees 2,924.095 million) held with MCB Bank Limited, a related party of the Company.

16.2 Saving / profit and loss accounts placed in Pakistan carry expected profit rates ranging from 7.50% to 11.50% (2024: 13.50% to 20.50%) per annum. Saving / profit and loss account placed in UAE carries expected profit rate of 0.1% (2024: 0.1%) per annum.

16.3 Cash and banks represent the cash and cash equivalents for the purpose of the cash flow statement.

17 WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

Total assets of Operator's Fund (Note 17.1)	2,464,381	(Restated) 2,082,402
Total assets of Participants' Takaful Fund (Note 17.2)	3,738,757	3,371,428
	6,203,138	5,453,830
Total liabilities of Operator's Fund (Note 17.1)	887,242	772,823
Total liabilities against Participants' Takaful Fund (Note 17.2)	3,738,757	3,371,428
	4,625,999	4,144,251

17.1 Operator's Fund

Assets

Property and equipment	69,056	46,568
Intangible assets	14,260	15,214
Investments - Equity securities	385,182	1,075,440
Investments - Debt securities	40,000	51,418
Investments - Term deposits	1,300,000	-
Qard-e-Hasna to Participant Takaful Fund	-	221,460
Cash and bank deposits	306,242	295,515
Other assets	349,641	376,787
Total assets	2,464,381	2,082,402

Total liabilities

887,242	772,823

2025
2024

----- Rupees in thousand -----

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

17.1.1 Profit and loss account

Wakala fee	1,176,215	988,894
Commission expense	(507,972)	(322,768)
General, administrative and management expenses	(406,555)	(335,433)
Mudarib's share of PTF investment income and other income	25,555	38,522
Investment income	130,917	148,148
Direct expenses	(5,200)	(4,840)
Other income	28,266	62,391
Profit before taxation	441,226	574,914
Taxation	(172,556)	(225,695)
Profit after taxation	268,670	349,219

17.2 PARTICIPANT'S TAKAFUL FUND

Assets

Investments - Equity securities	-	664,478
Investments - Term deposits	600,000	-
Cash and bank deposits	345,757	896,141
Other assets	2,793,000	1,810,809

Total assets

3,738,757	3,371,428

Total liabilities

3,738,757	3,371,428

Details of assets, liabilities and segment disclosures of Window Takaful Operations are stated in the annexed financial statements.

18 ORDINARY SHARE CAPITAL

	2025	2024	2025	2024
18.1 Authorized share capital	----- Number of shares -----		----- Rupees in thousand -----	

Ordinary shares of Rupees 10 each	375,000,000	375,000,000	3,750,000	3,750,000

18.2 Issued, subscribed and paid up capital

Ordinary shares of Rupees 10 each fully paid in cash	250,000	250,000	2,500	2,500
Ordinary shares of Rupees 10 each issued as fully paid bonus shares	349,750,000	349,750,000	3,497,500	3,497,500
	350,000,000	350,000,000	3,500,000	3,500,000

	2025	2024
18.3 Ordinary shares of the Company held by the associated and related companies:	----- Number of shares -----	

MCB Bank Limited	70,583,095	70,583,095
Security General Insurance Company Limited	41,127,237	28,515,087
D.G. Khan Cement Company Limited	27,877,735	27,877,735
Masood Holdings (Private) Limited	-	7,805,854
Roomi Holdings (Private) Limited	-	5,503,500
Nishat (Aziz Avenue) Hotels & Properties Limited	1,427,016	1,267,000
Nishat Mills Limited	102,809	102,809
	141,117,892	141,655,080

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

19 RESERVES

Capital reserves

Reserve for exceptional losses (Note 19.1)
Investment fluctuation reserve (Note 19.2)
Exchange translation reserve (Note 19.3)
Fair value reserve (Note 19.4)

Revenue reserve

General reserve

2025	2024
----- Rupees in thousand -----	
22,859	22,859
3,764	3,764
2,145,687	2,137,672
16,135,055	11,840,605
18,307,365	14,004,900
936,500	936,500
19,243,865	14,941,400

19.1 The reserve for exceptional losses represents the amount set aside by the Company in prior years up to 31 December 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit such deduction, the Company discontinued the setting aside of reserve for exceptional losses.

19.2 This amount has been set aside by the Company in prior years for utilization against possible diminution in the value of investments.

19.3 The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) of the Company into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

19.4 The fair value reserve represents the net cumulative unrealized gain on available for sale investments held by the Company as at 31 December 2025.

20 RETIREMENT BENEFIT OBLIGATIONS

Unfunded gratuity scheme (Note 20.1)
Funded gratuity scheme (Note 20.2)

2025	2024
----- Rupees in thousand -----	
192,087	157,510
79,718	34,563
271,805	192,073

20.1 Unfunded gratuity scheme

20.1.1 This provision relates to the Company's operations in UAE branches. The eligible employees under the scheme are 76 (2024 : 57). The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2025 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19.

20.1.2 Movement in the defined benefit obligation recognized in the unconsolidated statement of financial position is as follows:

	2025	2024
----- Rupees in thousand -----		
Present value of defined benefit obligation as at 01 January	157,510	139,012
Charge for the year	24,361	21,629
Benefits paid	(9,897)	(12,920)
Remeasurement loss on obligation	19,318	11,429
Exchange loss / (gain)	795	(1,640)
Present value of defined benefit obligation as at 31 December	192,087	157,510

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Percentages -----	
20.1.3 Principal actuarial assumptions used are as follows:		
- Valuation discount rate	3.60	4.20
- Expected rate of increase in salary level	3.00	3.00

Discount rate used in last actuarial valuation was 4.20% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 3.60% per annum. The rate of increase in eligible salary has been kept constant at 3.00% per annum.

	2025	2024
	----- Rupees in thousand -----	
20.1.4 The amount charged in unconsolidated profit and loss account is as follows:		
Service cost	17,933	14,978
Interest cost	6,428	6,651
Expense for the year	24,361	21,629
20.1.5 The amount charged to unconsolidated statement of comprehensive income is as follows:		
Remeasurement of the present value of defined benefit obligation due to:		
Changes in assumptions	7,416	4,157
Experience adjustments	11,902	7,272
	19,318	11,429

Remeasurement due to change in demographic assumptions is the impact of change in withdrawal rates. Change in the discount rate and salary increase assumption is reflected in remeasurement due to change in financial assumptions.

20.1.6 5 year historical data on the deficit of defined benefit plan is as follows:

Unfunded gratuity scheme

	2025	2024	2023	2022	2021
	----- Rupees in thousand -----				
Present value of defined obligation	192,087	157,510	139,012	131,152	82,145
Experience adjustments	----- Percentage -----				
(Loss) / gain on obligations (percentage of obligation)	(6.20)	(4.62)	4.89	(10.39)	(4.27)

20.2 Funded gratuity scheme

20.2.1 The Company operates an approved funded gratuity scheme for all employees. The eligible employees under the scheme are 800 (2024 : 749). The defined benefit plan exposes the Company to mortality risk which is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit. The rates assumed were based on SLIC (2001-2005) mortality table. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2025 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Percentages -----

Principal actuarial assumptions used are as follows:

Discount rate	11.00	12.25
Expected rate of increase in salary level	9.50	10.75

Discount rate used in last actuarial valuation was 12.25% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 11.00% per annum. Correspondingly, due to downward trend in inflationary expectations, the rate of increase in eligible salary has been decreased to 9.50% from 10.75%.

Movement in the net liabilities recognized in the unconsolidated statement of financial position is as follows:

	2025	2024
	----- Rupees in thousand -----	
Net liabilities as at 01 January	34,563	36,615
Expenses recognized	43,920	36,695
Remeasurement gain / (loss) recognized - net	1,235	(38,747)
Net liabilities as at 31 December	79,718	34,563

The amount recognized in the unconsolidated profit and loss account is as follows:

Service cost	39,686	30,653
Interest cost	61,364	71,211
Interest income on plan assets	(57,130)	(65,169)
	43,920	36,695

The amount recognized in unconsolidated statement of comprehensive income is as follows:

Remeasurement of plan obligation from:

Experience on obligation	44,483	(4,888)
Change in assumptions	(538)	14,098

Remeasurement of plan assets:

Investment return	(42,710)	(47,957)
	1,235	(38,747)

Remeasurement due to change in demographic assumptions is the impact of change in withdrawal rates. Change in the discount rate and salary increase assumption is reflected in remeasurement due to change in financial assumptions.

20.2.2 The amount recognized in the unconsolidated statement of financial position is as follows:

	2025	2024
	----- Rupees in thousand -----	
Present value of defined benefit obligation (Note 20.2.3)	630,499	516,350
Fair value of plan assets (Note 20.2.4)	(550,781)	(481,787)
	79,718	34,563

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
20.2.3 Movement in present value of defined benefit obligation		
Present value of defined benefit obligation as at 01 January	516,350	457,878
Current service cost	39,686	30,653
Interest cost	61,364	71,211
Actual benefits paid during the year	(30,846)	(52,602)
Remeasurement loss on obligation	43,945	9,210
Present value of defined benefit obligation as at 31 December	630,499	516,350
20.2.4 Movement in fair value of plan assets		
Present value as at 01 January	481,787	421,263
Interest income on plan assets	57,130	65,169
Actual benefits paid during the year	(30,846)	(52,602)
Contribution made during the year	-	-
Remeasurement gain due to investment return	42,710	47,957
Fair value of plan assets as at 31 December	550,781	481,787
Actual return on plan assets		
Expected return on plan assets	57,130	65,169
Remeasurement gain to investment return	42,710	47,957
	99,840	113,126

20.2.5 5 year historical data on the deficit of defined benefit plan is as follows:

	2025	2024	2023	2022	2021
	----- Rupees in thousand -----				
Funded gratuity scheme					
Present value of defined obligation	630,499	516,350	457,878	426,489	393,191
Fair value of plan assets	550,781	481,787	421,263	356,234	211,676
Deficit	79,718	34,563	36,615	70,255	181,515
Experience adjustments					
	----- Percentage -----				
Gain / (loss) on plan assets (percentage of plan assets)	7.75	9.95	6.78	(1.44)	(2.22)
Loss / (gain) on obligations (percentage of obligation)	6.97	1.78	(1.44)	6.74	2.75
	2025	2024	2025	2024	
	(Percentage)		(Rupees in thousand)		

20.2.6 Plan assets consist of the following:

	2025	2024	2025	2024
	(Percentage)		(Rupees in thousand)	
Equity securities				
- Mutual funds - equity	8.75	8.37	48,199	40,312
- Power Generation	9.09	5.51	50,062	26,555
- Cements	2.92	1.52	16,094	7,344
- Fertilizer	2.05	2.12	11,318	10,210
	22.81	17.52	125,673	84,421
Government bonds - debt	74.89	83.72	412,500	403,330
Benefits due & cash equivalents	2.30	(1.24)	12,608	(5,964)
	100.00	100.00	550,781	481,787

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

- 20.2.7** Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2025 (2024: Nil).
- 20.2.8** Expected cost to be recorded in the unconsolidated profit and loss account for the year ending 31 December 2026 is Rupees 53.944 million.
- 20.2.9** Expected contributions to the plan for the year ending 31 December 2026 is Rupees 58.349 million.
- 20.2.10** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at beginning of the year.
- 20.2.11** The weighted average duration of the defined benefit obligation for gratuity plan is 5.7 years (2024: 5.8 years).
- 20.2.12** These defined benefit plans expose the Company to actuarial risks such as investment risk and salary risk.
- 20.2.13** The main features of the gratuity schemes are as follows:
- All confirmed employees are eligible to the scheme and the normal retirement age for all employees is 60 years.
 - A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
 - The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.
- 20.2.14** The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

20.2.15 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

Change in assumptions		Impact on Gratuity plans			
		Unfunded		Funded	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- Rupees in thousand -----					
Discount rate	1%	(12,062)	13,692	(30,231)	33,461
Salary growth rate	1%	13,636	(12,239)	33,621	(30,893)

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 actuarial assumptions the 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 when calculating the defined benefit obligation recognized within the unconsolidated statement of financial position.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

21 DEFERRED TAXATION

Deferred tax debits arising in respect of:

Provision for gratuity (Note 21.1)	74,914	61,429
Impairment loss recognized against available for sale investments (Note 21.1)	449,377	671,758
Lease liability (Note 21.1)	15,325	12,361
	539,616	745,548

Deferred tax credits arising in respect of:

Tax depreciation allowance (Note 21.1)	(1,835,011)	(1,623,905)
Right of use assets (Note 21.1)	(14,439)	(10,670)
Investments - amortisation on PIBs and T-Bills (Note 21.1)	(163,448)	(124,230)
Unrealized gain on remeasurement of available for sale investments (Note 21.1)	(10,315,805)	(7,569,463)
Surplus on revaluation of fixed assets (Note 21.1)	(19,543)	(19,430)
	(12,348,246)	(9,347,698)
	(11,808,630)	(8,602,150)

21.1 Movement in net deferred tax liability is as follows:

	2025			
	Opening balance	Recognized in profit and loss account	Recognized in other comprehensive income	Closing balance
	----- Rupees in thousand -----			
Deferred debits arising in respect of:				
Provision for gratuity	61,429	13,485	-	74,914
Impairment loss recognized against available for sale investments	671,758	(222,381)	-	449,377
Lease liability	12,361	2,964		15,325
	745,548	(205,932)	-	539,616
Deferred credits arising due to:				
Tax depreciation allowance	(1,623,905)	(211,110)	-	(1,835,011)
Right of use assets	(10,670)	(3,769)	-	(14,439)
Investments - amortisation on PIBs and T-Bills	(124,230)	(39,218)	-	(163,448)
Unrealized gain on remeasurement of available for sale investments	(7,569,463)	-	(2,746,338)	(10,315,805)
Surplus on revaluation of fixed assets	(19,430)	-	(113)	(19,543)
	(9,347,698)	(254,097)	(2,746,451)	(12,348,246)
	(8,602,150)	(460,029)	(2,746,451)	(11,808,630)

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2024		
	Opening balance	Recognized in profit and loss account	Recognized in other comprehensive income
	Closing balance		
	Rupees in thousand		
Deferred debits arising in respect of:			
Provision for gratuity	54,215	7,214	-
Impairment loss recognized against available for sale investments	775,422	(103,664)	-
Lease liability	15,005	(2,644)	-
	844,642	(99,094)	-
Deferred credits arising due to:			
Tax depreciation allowance	(1,412,459)	(211,446)	-
Right of use assets	(13,721)	3,051	-
Investments - amortisation on PIBs and T-Bills	-	(124,230)	-
Unrealized gain on remeasurement of available for sale investments	(3,091,363)	-	(4,478,100)
Surplus on revaluation of fixed assets	(19,662)	-	232
	(4,537,205)	(332,625)	(4,477,868)
	(3,692,563)	(431,719)	(4,477,868)

2025 2024
----- Rupees in thousand -----

22 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers

4,420,186	3,739,632

23 LEASE LIABILITIES

Lease liabilities (Note 23.1)

39,295	31,693

Lease liabilities - movement

Opening balance	31,693	38,475
Additions / adjustments during the year	34,279	11,120
Finance cost	6,357	7,061
Rental payments	(22,822)	(22,409)
Exchange differences and other adjustments	(10,212)	(2,554)
Closing balance	39,295	31,693

23.1 Maturity analysis

Not later than 1 year	12,220	15,541
Later than 1 year and not later than 5 years	27,075	16,152
	39,295	31,693

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025			2024		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees in thousand -----					
Not later than one year	16,689	4,469	12,220	20,378	4,837	15,541
Later than one year and not later than five years	33,182	6,107	27,075	19,604	3,452	16,152
	49,871	10,576	39,295	39,982	8,289	31,693

23.2 Lease liabilities represents various lease arrangements for rental premises. The terms of these leases arrangements range up to 5 years which include annual escalation clauses ranging up to 10%. The lease liabilities have been recognized using discount rate of prevailing three months KIBOR plus 1.5%.

24 OTHER CREDITORS AND ACCRUALS

	2025	2024
	----- Rupees in thousand -----	
Agents commission payable	1,351,711	1,293,273
Federal excise duty / sales tax / VAT	-	459,172
Federal insurance fee payable	49,248	44,536
Workers' welfare fund payable (Note 24.1)	611,754	441,257
Tax deducted at source	34,415	60,466
Accrued expenses	326,258	265,066
Unpaid and unclaimed dividend	203,188	186,343
Payable to employees' provident fund	271	514
Stale cheques	349,044	216,254
Regulatory fee payable	212,194	129,322
Other deposits	31,811	50,712
Unearned receipts	35,286	39,694
Sundry creditors	418,825	266,008
	3,624,005	3,452,617

24.1 Workers' welfare fund

Balance as at 01 January	441,257	304,348
Provision for the year	170,497	136,909
Balance as at 31 December	611,754	441,257

25 DEPOSITS AGAINST CASH MARGIN

Cash margin against performance bonds	438,864	436,620

25.1 This represents margin deposit on account of performance and other bond policies issued by the Company.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

26 CONTINGENCIES AND COMMITMENTS

Contingencies

Income tax

The Company has filed appeals in respect of certain assessment years mainly on account of the following:

- 26.1** The Tax Authorities have passed an order in the tax years 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rupees 38.360 million. An appeal was filed before the CIR - Appeals who upheld the order of the Taxation Officer. The Company has filed an appeal before the Additional Tribunal Inland Revenue (ATIR) which is yet to be heard.
- 26.2** The Company had filed an appeal before Commissioner Appeal (SRB) against order in-original no 147 dated 02 July 2020 passed by the assistant commissioner SRB, Karachi, on account of inadmissible input tax adjustment etc., whereby, demand amounting to Rupees 56.259 million and penalty amounting to Rupees 2.798 million along with default surcharge has been established.
- 26.3** Sindh Revenue Board has passed orders under section 23(1) of the Sindh Sales Tax On Services Act 2011 creating a demand of Rupees 469.020 million and Rupees 1,800.219 million for the period from July 2011 to December 2011 and for the period January 2014 to December 2015 respectively. The impugned demand has been created on account of non levy of sales tax on reinsurance services acquired from foreign reinsurance companies. The company has challenged the order before Commissioner (Appeals) Sindh Revenue Board. However, the same has not been fixed for hearing till now. The Company, based on reasonable grounds, expects that the ultimate outcome of the case will be in the favour of the Company.

Pending resolution of the above-mentioned appeals filed by the Company, no provision has been made in these unconsolidated financial statements for the aggregate amount of Rupees 2,366.656 million (2024: Rupees 2,366.656 million) as the management is confident that the eventual outcome of the above matters will be in favor of the Company.

Others

- 26.4** The Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rupees 1,015.614 million (2024: Rupees 1,104.757 million).
- 26.5** The Company has issued letter of guarantees amounting to AED 215.269 million amounting to Rupees 16,419.837 million (2024: AED 115.050 million amounting to Rupees 8,724.955 million) relating to UAE branches for the purpose of carrying on business in United Arab Emirates.

27 NET INSURANCE PREMIUM

	2025	2024
	----- Rupees in thousand -----	
Written gross premium	63,143,780	54,265,777
Unearned premium reserve - opening	24,971,654	19,343,851
Unearned premium reserve - closing	(30,898,217)	(24,971,654)
Currency translation effect	49,713	(100,136)
Premium earned	57,266,930	48,537,838
Reinsurance premium ceded	(14,806,099)	(21,637,359)
Prepaid reinsurance premium - opening	(8,370,324)	(8,298,195)
Prepaid reinsurance premium - closing	5,465,280	8,370,324
Currency translation effect	(1,381)	10,157
Reinsurance expense	(17,712,524)	(21,555,073)
	39,554,406	26,982,765

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

27.1 Net insurance premium - Business underwritten inside Pakistan

Written gross premium	25,786,244	31,225,590
Unearned premium reserve - opening	11,643,488	10,824,315
Unearned premium reserve - closing	(9,632,812)	(11,643,488)
Premium earned	27,796,920	30,406,417
Reinsurance premium ceded	(12,263,409)	(20,085,026)
Prepaid reinsurance premium - opening	(7,886,261)	(7,441,378)
Prepaid reinsurance premium - closing	4,572,510	7,886,261
Reinsurance expense	(15,577,160)	(19,640,143)
	12,219,760	10,766,274

27.2 Net insurance premium - Business underwritten outside Pakistan

Written gross premium	37,357,536	23,040,187
Unearned premium reserve - opening	13,328,166	8,519,536
Unearned premium reserve - closing	(21,265,405)	(13,328,166)
Currency translation effect	49,713	(100,136)
Premium earned	29,470,010	18,131,421
Reinsurance premium ceded	(2,542,690)	(1,552,333)
Prepaid reinsurance premium - opening	(484,063)	(856,817)
Prepaid reinsurance premium - closing	892,770	484,063
Currency translation effect	(1,381)	10,157
Reinsurance expense	(2,135,364)	(1,914,930)
	27,334,646	16,216,491

28 NET INSURANCE CLAIMS

Claims paid	37,897,039	29,080,716
Outstanding claims including IBNR - closing	27,477,462	24,345,048
Outstanding claims including IBNR - opening	(24,345,048)	(26,395,403)
Currency translation effect	(59,678)	116,808
Claims expense	40,969,775	27,147,169
Reinsurance and other recoveries received	(14,490,985)	(14,536,509)
Reinsurance and other recoveries in respect of outstanding claims - closing	(16,188,714)	(15,761,334)
Reinsurance and other recoveries in respect of outstanding claims - opening	15,761,334	20,902,569
Currency translation effect	28,636	(74,829)
Reinsurance and other recoveries revenue	(14,889,729)	(9,470,103)
	26,080,046	17,677,066

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

28.1 Net insurance claims expense - Business underwritten inside Pakistan

	2025	2024
	----- Rupees in thousand -----	
Claims paid	11,823,135	11,812,962
Outstanding claims including IBNR - closing	11,436,293	11,912,919
Outstanding claims including IBNR - opening	(11,912,919)	(16,482,355)
Claims expense	11,346,509	7,243,526
Reinsurance and other recoveries received	(4,929,829)	(5,614,251)
Reinsurance and other recoveries in respect of outstanding claims - closing	(8,839,120)	(9,926,475)
Reinsurance and other recoveries in respect of outstanding claims - opening	9,926,475	14,571,713
Reinsurance and other recoveries revenue	(3,842,474)	(969,013)
	7,504,035	6,274,513

28.2 Net insurance claims expense - Business underwritten outside Pakistan

Claims paid	26,073,904	17,267,754
Outstanding claims including IBNR - closing	16,041,169	12,432,129
Outstanding claims including IBNR - opening	(12,432,129)	(9,913,048)
Currency translation effect	(59,678)	116,808
Claims expense	29,623,266	19,903,643
Reinsurance and other recoveries received	(9,561,156)	(8,922,258)
Reinsurance and other recoveries in respect of outstanding claims - closing	(7,349,594)	(5,834,859)
Reinsurance and other recoveries in respect of outstanding claims - opening	5,834,859	6,330,856
Currency translation effect	28,636	(74,829)
Reinsurance and other recoveries revenue	(11,047,255)	(8,501,090)
	18,576,011	11,402,553

28.3 Claim development table

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year

	2021	2022	2023	2024	2025	Total
	----- Rupees in thousand -----					
Estimate of ultimate claims costs:						
At the end of accident year	14,166,057	27,835,542	23,674,232	28,756,579	40,408,738	134,841,148
One year later	8,158,522	20,531,766	9,206,608	14,227,089	-	52,123,985
Two years later	2,756,387	12,033,247	2,371,409	-	-	17,161,043
Three years later	1,012,267	5,581,346	-	-	-	6,593,613
Four years later	2,785,919	-	-	-	-	2,785,919
Current estimate of cumulative claims	2,785,919	5,581,346	2,371,409	14,227,089	40,408,738	65,374,501
Cumulative payments to date	(602,152)	(2,493,805)	(1,373,857)	(11,267,617)	(22,159,608)	(37,897,039)
Liability recognized in unconsolidated statement of financial position	2,183,767	3,087,541	997,552	2,959,472	18,249,130	27,477,462

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
29 NET COMMISSION EXPENSE / ACQUISITION COST		
Commission paid or payable	9,046,309	6,144,089
Deferred commission expense - opening	3,116,714	2,133,671
Deferred commission expense - closing	(4,709,982)	(3,116,714)
Currency translation effect	9,556	(19,808)
Net commission	7,462,597	5,141,238
Commission received or recoverable	(1,025,483)	(1,083,850)
Unearned reinsurance commission - opening	(439,530)	(507,332)
Unearned reinsurance commission - closing	396,196	439,530
Currency translation effect	39	1,094
Commission from reinsurance	(1,068,778)	(1,150,558)
	6,393,819	3,990,680
29.1 Net commission expense / acquisition costs - Business underwritten Inside Pakistan		
Commission paid or payable	1,733,297	1,698,235
Deferred commission expense - opening	536,004	448,982
Deferred commission expense - closing	(572,018)	(536,004)
Net commission	1,697,283	1,611,213
Commission received or recoverable	(955,296)	(1,072,250)
Unearned reinsurance commission - opening	(428,504)	(415,444)
Unearned reinsurance commission - closing	356,289	428,504
Commission from reinsurance	(1,027,511)	(1,059,190)
	669,772	552,023
29.2 Net commission expense / acquisition costs - Business underwritten Outside Pakistan		
Commission paid or payable	7,313,012	4,445,854
Deferred commission expense - opening	2,580,710	1,684,689
Deferred commission expense - closing	(4,137,964)	(2,580,710)
Currency translation effect	9,556	(19,808)
Net commission	5,765,314	3,530,025
Commission received or recoverable	(70,187)	(11,600)
Unearned reinsurance commission - opening	(11,026)	(91,888)
Unearned reinsurance commission - closing	39,907	11,026
Currency translation effect	39	1,094
Commission from reinsurance	(41,267)	(91,368)
	5,724,047	3,438,657

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

30 MANAGEMENT EXPENSES

Employee benefit costs (Note 30.1)	3,317,647	2,747,813
Travelling expenses	132,499	113,324
Advertisement and sales promotion	93,685	90,328
Printing and stationary	55,536	49,572
Depreciation (Note 5.1 and 5.3)	204,082	185,373
Amortization (Note 6)	61,534	33,493
Rent, rates and taxes	70,014	58,204
Legal and professional charges - business related	297,113	230,931
Electricity, gas and water	123,193	154,813
Entertainment	76,614	60,225
Vehicle running expenses	235,213	221,187
Office repairs and maintenance	199,571	170,826
Bank charges	545,580	218,213
Postages, telegrams and telephone	33,183	33,371
Supervision fee	215,856	149,239
IT related costs	266,000	195,295
Tracking and monitoring charges	77,753	73,961
Provision for doubtful balances against due from insurance contract holders (Note 13.2)	77,909	-
Provision for doubtful balances against due from other insurers / reinsurers (Note 13.3)	21,989	-
Regulatory fee	510,613	295,837
Miscellaneous	65,292	81,042
	6,680,876	5,163,047

30.1 Employee benefit costs

Salaries, allowances and other benefits	3,167,372	2,630,760
Charges for post employment benefit	150,275	117,053
	3,317,647	2,747,813

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
31 INVESTMENT INCOME		
Business underwritten Inside Pakistan		
Income from equity securities		
Available-for-sale		
Dividend income		
- related parties	2,787,224	2,976,320
- others	912,278	573,313
	3,699,502	3,549,633
Income from debt securities		
Held to maturity		
Return on Pakistan Investment Bonds	194,304	312,428
Profit on Treasury Bills	573,293	333,177
	767,597	645,605
Income from term deposits		
- others	39,660	-
Net realized gains on investments		
Available-for-sale financial assets		
Realized gains on equity securities		
- related party	216,944	-
- others	1,114,427	409,176
	1,331,371	409,176
Provision of impairment in value of 'available-for-sale' investments	(12,981)	(3,653)
Investment related expenses	(8,770)	(1,061)
	5,816,379	4,599,700
Business underwritten Outside Pakistan		
Return on term deposits		
- related party	180,296	198,179
- others	611,373	348,661
	791,669	546,840
Income from debt securities		
Held to maturity		
Return on Investment Bonds and Sukuks	63,532	4,391
Investment related expenses	(7,512)	-
	847,689	551,231
Net investment income	6,664,068	5,150,931
32 RENTAL INCOME		
Rental income	221,381	201,727
Expenses of investment property	(3,787)	(2,998)
	217,594	198,729

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

33 OTHER INCOME

Return on bank balances	211,724	417,753
Gain on sale of operating assets (Note 5.1.1)	319,670	35,243
Return on loans to employees	83	101
Exchange gain	203	374
Shared expenses received	26,400	16,060
Miscellaneous	28,283	11,981
	586,363	481,512

34 OTHER EXPENSES

Legal and professional charges other than business	77,367	55,874
Auditor's remuneration (Note 34.1)	26,467	27,897
Subscription fee	20,343	16,185
Donations (Note 34.2)	1,750	3,500
Directors' fee	825	525
Central depository expense	2,354	1,840
Meeting and conference expenses	3,617	25,970
Workers welfare fund (Note 24.1)	170,497	136,909
Others	3,065	6,261
	306,285	274,961

34.1 Auditors' remuneration

Inside Pakistan

Audit fee	3,600	3,600
Interim review fee	600	600
Special certifications and sundry advisory services	1,100	975
Out-of-pocket expenses	960	518
	6,260	5,693

Outside Pakistan

Audit fee	16,380	19,076
Interim review fee	3,827	2,085
Out-of-pocket expenses	-	1,043
	20,207	22,204
	26,467	27,897

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

34.2 The Company has paid the donations amounting to Rupees 1.5 million (2024: Rupees 1.5 million) to Pakistan Agricultural Coalition, Rupees 0.2 million (2024: Nil) to Childlife Foundation, Rupees 0.05 million (2024: Nil) to The Pakistan Institute Of International Affairs and Nil (2024: Rupees 2 million) to Saleem Memorial Trust Hospital during the current year. Further, there is no donation made to any related party during the year.

	2025	2024
	----- Rupees in thousand -----	
35 FINANCE COST		
Finance cost on lease liability	6,357	7,061
36 INCOME TAX EXPENSE		
Current taxation		
For the year		
- Conventional		
- Inside Pakistan	2,505,881	1,999,912
- Outside Pakistan	83,210	1,016
- Window Takaful Operations - Operator's Fund	172,529	224,241
	2,761,620	2,225,169
Deferred taxation		
For the year		
- Conventional		
- Inside Pakistan	441,925	417,066
- Outside Pakistan	18,077	14,652
- Window Takaful Operations - Operator's Fund	27	1,454
	460,029	433,172
	3,221,649	2,658,341
36.1 Relationship between tax expense and accounting profit		
Profit before tax	8,354,367	6,708,543
Applicable tax @ 29%	2,422,766	1,945,477
Effect of super tax on current year's profit	711,347	670,854
Effect of dividend income taxed at reduced rate	(13,086)	(10,165)
Effect of WWF- inadmissible	49,444	53,316
Effect of donations - inadmissible	508	1,015
Others	50,670	(2,156)
	3,221,649	2,658,341

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

37 EARNINGS (AFTER TAX) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

Profit (after tax) for the year attributable to ordinary shareholders	5,132,718	4,050,202
	----- Number of shares -----	
Weighted average number of ordinary shares outstanding	350,000,000	350,000,000
	----- Rupees -----	
Earnings (after tax) per share - basic and diluted	14.66	11.57

38 COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements for remuneration, including all benefits to the Chief Executive Officer, Directors and Executives of the Company, are as follows:

	Chief Executive Officer		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	----- Rupees in thousand -----					
Meeting fees	-	-	825	525	-	-
Managerial remuneration	48,800	43,572	-	-	1,811,138	1,445,116
Leave encashment	4,880	1,729	-	-	60,456	72,998
Bonus	8,356	6,635	-	-	112,833	95,864
Charge of defined benefit plan	2,330	1,846	-	-	59,056	50,295
Contribution to defined contribution plan	2,440	2,179	-	-	45,383	35,178
House rent allowance	-	-	-	-	271,346	218,866
Utilities	756	1,000	-	-	-	-
Medical	-	-	-	-	59,414	47,490
Conveyance	-	-	-	-	145,927	131,307
Special allowance	1,800	1,800	-	-	-	-
Other allowance	734	594	-	-	12,709	9,371
	70,096	59,355	825	525	2,578,262	2,106,485
Number	1	1	7	7	561	460

38.1 Executive means an employee, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

38.2 In addition, the Chief Executive Officer (CEO) is also provided with Company maintained car (s), certain household items, furniture and fixtures and equipment in accordance with the policy of the Company.

38.3 No remuneration was paid to Non-Executive Directors of the Company except for meeting fees.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

39 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationships with its associates, subsidiary company, employee retirement benefit plans, key management personnel and other parties. Transactions are entered into with such related parties for the issuance of policies to and disbursements of claims incurred by them and other transactions carried out for normal business operations. There are no transactions with key management personnel other than those specified in their terms of employment.

Investments and bank deposits with related parties have been disclosed in note 8, 9, 11 & 16 and related cashflows included in these unconsolidated financial statements. Other transactions and balances with related parties are summarized as follows:

	2025	2024
	----- Rupees in thousand -----	
i) Subsidiary company		
Transactions during the year		
Premiums underwritten	29,565	26,906
Premiums received	32,605	29,694
Dividend received	377,556	382,497
Claims paid	23,868	18,468
Premium paid	21,297	21,553
Security deposit received	366	2,558
Rent paid / payable	3,863	3,000
Rent / service charges / expenses received	125,536	113,131
Year end balances		
Balances receivable	122,260	109,099
Balances payable	23,223	16,129
ii) Other related parties		
Transactions during the year		
Premiums underwritten	2,305,148	3,570,668
Premiums received	2,787,843	3,824,357
Claims paid	951,656	1,122,182
Claims received	11,037	1,870
Commission paid	32,298	19,352
Premium paid	33,198	29,379
Security deposit received	980	-
Guarantee commission received	8,173	14,131
Rent paid	10,383	10,827
Rent received	136,104	97,978
Dividends received	1,987,671	2,169,036
Dividends paid	448,098	442,486
Income on bank deposits	91,698	316,261
Fee / service charges paid	16,663	14,515
Fee / service charges received / accrued	41,663	26,866
Year end balances		
Balances receivable	491,833	381,479
Balances payable	506,848	389,042
iii) Post employment benefit plans		
Transactions during the year		
Payments made to provident fund	54,527	45,833
Charge in respect of gratuity fund	43,920	36,695
Charge in respect of provident fund	54,527	45,833
Year end balances		
Payable to provident fund	271	514
Payable to gratuity fund	79,718	34,563

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

39.1 Following are the particulars of the related parties of the Company at the reporting date.

Name of related party	Basis of relationship	Aggregate % of shareholding of the Company
Adamjee Life Assurance Company Limited	Subsidiary	83.499%
A.A. Joyland (Private) Limited	Common directorship	Nil
AFLAK Developers	Common directorship	Nil
Agrohub International (Private) Limited	Common directorship	Nil
Arshie Tech Private Limited	Company director Shareholder	Nil
Avenue Marketing (Private) Limited	Company director Shareholder	Nil
Cotton Web (Private) Limited	Company director Chairman	Nil
D.G. Khan Cement Company Limited	Company director Shareholder	Nil
Deposit Protection Corporation	Common directorship	Nil
Din Farm Products (Private) Limited	Common directorship	Nil
Din Leather (Private) Limited	Common directorship	Nil
Din Textile Mills Limited	Common directorship	Nil
Dupak Developers Pakistan (Private) Limited	Common directorship	Nil
Dupak Energy (Private) Limited	Company director / relative Shareholder	Nil
Dupak Premier Properties (Private) Limited	Common directorship	Nil
Dupak Properties (Private) Limited	Common directorship	Nil
Dupak Residency (Private) Limited	Common directorship	Nil
Dupak Sky Line (Private) Limited	Common directorship	Nil
Dupak Tameer Limited	Common directorship	Nil
Dupak Tower (Private) Limited	Common directorship	Nil
Export Import Bank of Pakistan	Common directorship	Nil
Fortress Builders (Private) Limited	Common directorship	Nil
Fortress Developers (Private) Limited	Company director Shareholder	Nil
Fortress Financials Services (Private) Limited	Common directorship	Nil
Fortress Square Services (Private) Limited	Common directorship	Nil
Golf View Land (Private) Limited	Common directorship	Nil
Hyundai Nishat Motor (Private) Limited	Common directorship	10.000%
IBSAL Logistics Limited	Common directorship	Nil
Joyland (Private) Limited	Common directorship	Nil
Joyland Construction (Private) Limited	Common directorship	Nil
Joyland Entertainment (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Company director Shareholder	7.200%
Masood Apparels (Private) Limited *	Common directorship	Nil
Masood Fabrics Limited *	Common directorship	Nil
Masood Holdings (Private) Limited *	Common directorship	Nil
Masood Roomi Foods (Private) Limited *	Common directorship	Nil
Masood Roomi Textile Mills (Private) Limited *	Common directorship	Nil
MCB Bank Limited	Common directorship	4.998%
MCB Investment Management Limited	Company director Shareholder	7.586%
MCB Islamic Bank Limited	Company director Shareholder	Nil

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

Name of related party	Basis of relationship	Aggregate % of shareholding of the Company
Momentum Park (Private) Limited	Company director / relative Shareholder	Nil
National Textile Foundation	Common directorship	Nil
Nexgen Auto (Private) Limited	Company director Shareholder	Nil
Nishat (Aziz Avenue) Hotels & Properties Limited	Company director Shareholder	Nil
Nishat (Raiwind) Hotels & Properties Limited	Common directorship	Nil
Nishat Agriculture Farming (Private) Limited	Common directorship	Nil
Nishat Agrotech Farms (Private) Limited	Common directorship	Nil
Nishat Chunian Limited	Company director Shareholder	Nil
Nishat Chunian Power Limited	Company director Shareholder	Nil
Nishat Dairy (Private) Limited	Common directorship	Nil
Nishat Developers (Private) Limited	Common directorship	Nil
Nishat Hotels & Properties Limited	Common directorship	Nil
Nishat Mills Limited	Common directorship	0.001%
Nishat Paper Products Limited	Common directorship	Nil
Nishat Sutas Dairy Limited	Common directorship	Nil
Pakgen Power Limited	Common directorship	6.889%
Pakistan Aviators and Aviation (Private) Limited	Company director Shareholder	Nil
Roomi Fabrics Limited *	Common directorship	Nil
Roomi Holdings (Private) Limited *	Common directorship	Nil
Roomi Home (Private) Limited *	Common directorship	Nil
Security General Insurance Company Limited	Company director Shareholder	14.224%
Siddiqsons Limited	Common directorship	Nil
Siddiqsons Tin Plate Limited	Common directorship	Nil
Siddiqsons Energy Limited	Common directorship	Nil
Turbo Games (Private) Limited	Company director / relative Shareholder	Nil
Wonder Games (Private) Limited	Company director / relative Shareholder	Nil
Adamjee Insurance Company Limited Employees' Gratuity Fund	Post employment benefits plan	Nil
Adamjee Insurance Company Limited Employees' Provident Fund	Post employment benefits plan	Nil
Mr. Umer Mansha	Chairman	Nil
Mr. Muhammad Ali Zeb	Managing Director & Chief Executive Officer	Nil
Mr. Ibrahim Shamsi	Director	Nil
Mr. Imran Maqbool	Director	Nil
Ms. Maha Rehman	Director	Nil
Mr. Shahmeer Khalid Butt	Director	Nil
Ms. Sadia Younas Mansha	Director	Nil
Mr. Shaikh Muhammad Jawed	Director	Nil
Mr. Khawaja Jalaluddin*	Director	Nil

* These were the related parties due to common directorship of Mr. Khawaja Jalaluddin who ceased to be director of the Company with effect from 28 May 2025.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

40 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing services that are subject to risk and returns that are different from those of other business segments. The Company has identified five (2024: five) primary business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017. These include fire & property damage, marine, aviation and transport, motor, accident & health and miscellaneous class of business / operating segment. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

	2025											
	Fire & property damage			Marine, aviation & transport			Motor			Accident & health		
	Inside Pakistan	Outside Pakistan	Aggregate	Inside Pakistan	Outside Pakistan	Aggregate	Inside Pakistan	Outside Pakistan	Aggregate	Inside Pakistan	Outside Pakistan	Aggregate
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	16,021,840	386,102	16,407,942	183,124	4,672,546	4,855,670	35,846,941	4,075,634	2,769,844	2,146,970	39,703	39,225,714
Federal excise duty / VAT	(2,138,760)	(18,636)	(2,157,396)	(8,730)	(346,544)	(355,274)	(1,706,997)	(226,294)	(131,897)	(233,340)	(1,891)	(1,888,151)
Federal insurance fee	(135,543)	(26)	(135,569)	(1)	(40,075)	(41,076)	(1,706,997)	(38,112)	(131,897)	(18,623)	(255,750)	(255,777)
Gross written premium (inclusive of administrative surcharge)	13,747,537	367,440	14,114,977	174,393	4,003,012	4,177,405	34,139,944	3,811,228	2,637,947	1,895,007	37,812	37,357,536
Gross direct premium	13,480,501	367,440	13,847,941	174,393	4,003,012	4,177,405	34,139,944	3,811,228	2,637,947	1,895,007	37,812	37,357,536
Facultative inward premium	246,129	-	246,129	174,359	3,884,967	4,059,326	33,933,201	3,808,696	2,637,947	1,842,446	37,511	37,149,947
Administrative surcharge	20,907	511	21,418	34	41,586	41,620	206,743	2,532	-	16,566	301	207,589
Insurance premium earned	13,747,537	367,440	14,114,977	174,393	4,003,012	4,177,405	34,139,944	3,811,228	2,637,947	1,895,007	37,812	37,357,536
Insurance premium ceded to reinsurers	16,562,662	188,353	16,751,015	171,436	3,577,633	3,749,069	26,903,005	3,562,973	2,180,777	1,899,725	26,439	29,470,010
Net insurance premium	(14,130,596)	(157,740)	(14,288,336)	-	-	-	(811,846)	-	(1,148,349)	(715,902)	(17,429)	(15,577,160)
Net insurance claims and expenses	2,432,066	30,613	2,462,679	171,436	3,474,306	3,645,742	26,091,159	3,562,973	1,032,428	1,183,823	9,010	12,219,760
Commission income	887,250	31,523	918,773	-	1,586	1,586	7,899	1,011	-	130,776	8,733	1,027,511
Net underwriting income	3,319,316	62,136	3,381,452	171,436	3,482,205	3,653,628	26,092,170	3,562,973	1,032,428	1,314,599	17,743	13,247,271
Insurance claims	(3,216,666)	(138,824)	(3,355,490)	(118,657)	(1,861,195)	(1,980,852)	(9,807,123)	(2,992,872)	(1,571,361)	(1,285,641)	(12,742)	(11,346,509)
Insurance claim recovered from reinsurer	1,974,274	105,501	2,079,775	33,687	1,176,257	1,210,944	9,807,123	-	1,089,883	493,678	11,061	3,842,474
Net claims	(1,242,392)	(33,323)	(1,275,715)	(84,970)	(1,684,938)	(1,769,908)	(17,974,559)	(2,992,872)	(481,478)	(791,963)	(1,681)	(18,576,011)
Commission expense	(893,398)	(35,497)	(928,895)	(232,161)	(279,586)	(299,747)	(6,430,866)	(1,26,910)	(275,691)	(165,208)	(1,870)	(1,697,283)
Management expense	(1,135,881)	(12,289)	(1,148,170)	(500,158)	(1,293,368)	(1,793,526)	(2,845,900)	(221,373)	(270,278)	(349,826)	(3,199)	(3,491,626)
Net insurance claims and expenses	(3,271,671)	(81,109)	(3,352,780)	(163,924)	(3,235,884)	(3,499,804)	(26,251,345)	(3,341,155)	(1,027,447)	(1,298,017)	(6,750)	(12,682,944)
Underwriting results	47,645	(18,973)	28,672	7,512	246,321	253,833	(159,175)	221,818	4,981	16,582	10,993	554,327
Net investment income												
Rental income												
Other income												
Fair value adjustment to investment property												
Other expenses												
Finance cost												
Profit before tax from Window Takatful Operations - Operator's fund												
Profit before tax												
Segment assets - Conventional												
Unallocated assets - Conventional												
Segment assets of Window Takatful Operations - OPF & PTF												
Unallocated assets of Window Takatful Operations - OPF & PTF												
Total assets												
Segment liabilities - Conventional												
Unallocated liabilities - Conventional												
Segment liabilities of Window Takatful Operations - OPF & PTF												
Unallocated liabilities of Window Takatful Operations - OPF & PTF												
Total liabilities												

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

40.1 Segment Information

	2024									
	Rupees in thousand									
	Fire & property damage		Marine, aviation & transport		Motor		Accident & health		Miscellaneous	
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan
Premium receivable (Inclusive of federal excise duty, federal insurance fee and Administrative surcharge)	23,089,577	65,402	3,114,475	115,718	3,879,673	22,152,815	3,818,614	1,843,020	1,933,865	15,463
Federal excise duty / VAT	(2,989,011)	(3,278)	(365,595)	(5,524)	(510,896)	(1,054,896)	(225,009)	(87,763)	(206,838)	(736)
Federal insurance fee	(199,787)	(80)	(27,671)	(4)	(33,423)	(35,580)	(35,580)		(16,805)	
Gross written premium (inclusive of administrative surcharge)	19,900,779	62,094	2,721,209	110,190	3,335,354	21,097,919	3,558,026	1,755,257	1,710,222	14,727
Gross direct premium	19,900,779	62,094	2,721,209	110,190	3,335,354	21,097,919	3,558,026	1,755,257	1,710,222	14,727
Facilitative inward premium administrative surcharge	1,476	-	-	-	-	-	-	-	32,870	-
Insurance premium earned	19,900,779	62,094	2,721,209	110,190	3,335,354	21,097,919	3,558,026	1,755,257	1,710,222	14,727
Insurance premium ceded to reinsurers	19,081,513	38,829	2,687,698	119,070	3,405,771	16,180,116	3,606,115	1,780,129	1,625,320	13,277
Net insurance premium	(17,533,646)	(31,492)	(1,336,172)	-	(87,631)	(931,207)	-	(943,522)	(672,694)	(8,709)
Commission income	1,547,867	7,337	1,351,526	119,070	3,308,140	15,248,909	3,606,115	836,607	962,626	4,568
Net underwriting income	909,846	6,302	16,441	-	5,617	85,392	-	-	(326)	(326)
Insurance claims	2,457,713	13,639	1,367,967	119,070	3,313,757	15,334,301	3,606,115	836,607	1,079,912	4,242
Insurance claim recovered from reinsurer	(701,801)	(85,803)	(1,180,429)	(17,073)	(1,667,284)	(16,772,991)	(3,162,292)	(1,184,218)	(531,720)	(15,164)
Net claims	225,252	(92,196)	586,555	-	140,350	7,751,275	-	828,140	36,856	13,871
Commission expense	(476,549)	(6,393)	(613,874)	(17,073)	(1,526,934)	(11,021,716)	(3,162,292)	(356,078)	(494,864)	(1,293)
Management expense	(769,990)	(5,574)	(248,048)	(11,701)	(325,766)	(3,295,896)	(134,401)	(216,578)	(133,008)	(276)
Net insurance claims and expenses	(944,998)	(24,181)	(472,705)	(25,821)	(1,219,105)	(1,784,260)	(184,762)	(159,207)	(325,483)	(22,525)
Underwriting results	(2,191,537)	(36,148)	(1,334,627)	(54,595)	(3,071,805)	(16,101,872)	(3,481,455)	(731,863)	(953,355)	(24,094)
Net investment income	266,176	(22,509)	33,340	64,475	241,952	(767,571)	124,680	104,744	126,557	(19,852)
Rental income									792,685	(640,713)
Other income									4,599,700	551,231
Fair value adjustment to investment property									196,178	2,551
Other expenses									304,349	177,163
Finance cost									269,708	162,799
Profit before tax from Window Takatful Operations - Operator's fund									(244,990)	(29,971)
Profit before tax									(7,061)	-
Segment assets - Conventional	19,206,010	84,506	1,173,878	19,104	861,312	10,438,772	623,735	1,091,255	1,716,967	25,555
Unallocated assets - Conventional										
Segment assets of Window Takatful Operations - OPF & PTF - (Restated)	568,636	-	77,248	-	628,846	-	666,915	-	127,951	-
Unallocated assets of Window Takatful Operations - OPF & PTF (Restated)									-	-
Total assets	20,025,842	106,656	1,536,848	43,638	2,498,103	24,665,831	1,978,202	1,359,597	2,389,853	32,009
Segment liabilities - Conventional										
Unallocated liabilities - Conventional										
Segment liabilities of Window Takatful Operations - OPF & PTF - (Restated)	573,798	-	61,848	-	1,115,767	-	1,155,068	-	137,767	-
Unallocated liabilities of Window Takatful Operations - OPF & PTF - (Restated)									-	-
Total liabilities	44,278,470	27,561,701	71,840,171						722,680	-

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41 MOVEMENT IN INVESTMENTS

	Available for sale	Held to maturity	Investment in subsidiary	Total
----- Rupees in thousand -----				
At beginning of previous year 01 January 2024	24,865,243	8,777,449	2,396,166	36,038,858
Additions	1,159,049	18,910,801	-	20,069,850
Disposals (sales and redemptions)	(895,907)	(11,974,388)	-	(12,870,295)
Fair value net gains (excluding net realized gain)	11,482,309	-	-	11,482,309
Exchange differences and other adjustments	-	(223,359)	-	(223,359)
Unwinding of discount on debt securities	-	318,535	-	318,535
Movement in provision for Impairment	265,803	-	-	265,803
At beginning of current year 01 January 2025	36,876,497	15,809,038	2,396,166	55,081,701
Additions	692,109	35,870,216	-	36,562,325
Disposals (sales and redemptions)	(2,755,558)	(23,525,366)	(173,056)	(26,453,980)
Fair value net gains (excluding net realized gain)	8,156,329	-	-	8,156,329
Exchange differences and other adjustments	-	40,363	-	40,363
Unwinding of discount on debt securities	-	559,431	-	559,431
Movement in provision for Impairment	(12,981)	-	-	(12,981)
At end of current year 31 December 2025	42,956,396	28,753,682	2,223,110	73,933,188

42 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The individual risk wise analysis is given below :

42.1 Insurance risk

The principal risk that the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar reinsurance contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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The Company principally issues the general insurance contracts e.g. Fire & property, Marine, aviation & transport, Motor, Accident & health and other miscellaneous. Risks under non-life insurance policies usually cover twelve month or lesser duration. For general insurance contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities. Insurance contracts at times also cover risk for single incidents that expose the Company to multiple insurance risks.

42.1.1 Geographical concentration of insurance 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 risks with reference to the geographical location, the most important of which is risk survey.

42.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

	Gross sum insured		Reinsurance		Net	
	2025	2024	2025	2024	2025	2024
----- Rupees in thousand -----						
Fire & property damage	13,838,059,872	13,421,180,903	11,041,448,646	11,768,343,348	2,796,611,226	1,652,837,555
Marine aviation & transport	5,911,945,163	5,839,247,516	721,976,583	1,287,123,046	5,189,968,580	4,552,124,470
Motor	968,416,629	677,213,536	21,885,517	14,911,783	946,531,112	662,301,753
Accident & health	878,195,461	954,268,685	455,902,580	378,878,706	422,292,881	575,389,979
Miscellaneous	775,632,604	605,360,866	663,725,463	500,507,290	111,907,141	104,853,576
	22,372,249,729	21,497,271,506	12,904,938,789	13,949,764,173	9,467,310,940	7,547,507,333

42.1.3 Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date.

42.1.4 Process used to decide on assumptions

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

Notes to the Unconsolidated Financial Statements

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The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries.

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

42.1.5 Changes in assumptions

There have been no changes in assumptions, and the same have been consistently applied.

42.1.6 Sensitivity analysis

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

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

	Pre tax profit / (loss)		Shareholders' equity	
	2025	2024	2025	2024
	----- Rupees in thousand -----			
10% increase in claims liability				
Net:				
Fire & property	(127,572)	(48,294)	(77,819)	(29,459)
Marine, aviation and transport	(89,885)	(63,095)	(54,830)	(38,488)
Motor	(1,963,749)	(1,254,865)	(1,197,887)	(765,468)
Accident & health	(347,435)	(351,837)	(211,935)	(214,621)
Miscellaneous	(79,364)	(49,616)	(48,412)	(30,266)
	(2,608,005)	(1,767,707)	(1,590,883)	(1,078,302)
10% decrease in claims liability				
Net:				
Fire & property	127,572	48,294	77,819	29,459
Marine, aviation and transport	89,885	63,095	54,830	38,488
Motor	1,963,749	1,254,865	1,197,887	765,468
Accident & health	347,435	351,837	211,935	214,621
Miscellaneous	79,364	49,616	48,412	30,266
	2,608,005	1,767,707	1,590,883	1,078,302

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Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
----- Rupees in thousand -----						
Claims not encashed - 2025	1,384,634	890,501	66,458	65,516	47,413	314,746
Claims not encashed - 2024	939,144	573,904	19,733	47,424	45,138	252,945

42.2 Financial Risk

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

42.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company's credit risk exposure is not significantly different from that reflected in these unconsolidated financial statements. The management monitors and limits the Company's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2025	2024
----- Rupees in thousand -----		
Investments	71,710,078	52,685,535
Loans and other receivable	1,027,714	1,507,904
Insurance / reinsurance receivables	7,244,625	7,992,721
Reinsurance recoveries against outstanding claims	15,595,938	15,361,295
Salvage recoveries accrued	592,776	400,039
Bank deposits subject to encumbrances	4,746,983	3,040,688
Cash and bank	5,835,562	3,968,883
Assets of Window Takaful Operations - OPF & PTF	4,974,036	4,692,992
	111,727,712	89,650,057

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 13.2 and 13.3 to these unconsolidated financial statements.

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Age analysis of due from insurance contact holders (net of provision) is as follows:

	2025	2024
	----- Rupees in thousand -----	
Upto one year	5,391,125	6,688,327
Above one year	1,916,091	1,902,642
	7,307,216	8,590,969
Provision for doubtful balances	(1,717,244)	(1,631,532)
	5,589,972	6,959,437

The credit quality of Company's bank balance including bank deposits subject to encumbrances can be assessed with reference to external credit rating as follows:

	Rating		Rating	2025	2024
	Short Term	Long Term	Agency	----- Rupees in thousand -----	
Current and other accounts					
Abu Dhabi Commercial Bank	A1	A+	S&P	1,977,746	2,171,405
Askari Bank Limited	A1+	AA+	PACRA	-	20
Bank Al Habib Limited	A1+	AAA	PACRA	124,592	42,940
Bank Alfalah Limited	A1+	AAA	PACRA	4,361,790	1,380,713
First Abu Dhabi Bank	A1+	AA-	S&P	40,897	40,661
Habib Bank Limited	A1+	AAA	JCR-VIS	193,418	131,502
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	16,413	15,322
Khushhali Microfinance Bank Limited	A2	A-	JCR-VIS	7,545	7,545
MCB Bank Limited	A1+	AAA	PACRA	3,342,966	2,924,095
Mobilink Micro Finance Bank Limited	A1	A	PACRA	6,730	29,836
National Bank of Pakistan	A1+	AAA	PACRA	14,681	14,681
Samba Bank Limited	A1	AA	PACRA	103	93
The Punjab Provincial Cooperative Bank Limited	A2	BBB+	PACRA	3,425	3,425
United Bank Limited	A1+	AAA	JCR-VIS	363,968	151,034
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	128,271	96,299
				10,582,545	7,009,571

The credit quality of amount due from other insurers (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2025	2024
	----- Rupees in thousand -----			
A or Above (including PRCL)	1,296,963	11,340,239	12,637,202	12,573,092
BBB	225,095	3,301,601	3,526,696	2,691,391
Others	355,809	954,098	1,309,907	1,331,398
Total	1,877,867	15,595,938	17,473,805	16,595,881

42.2.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding

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through an adequate amount of committed credit facilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 31 December 2025, the Company had Rupees 5,888.736 million (2024: Rupees 3,982.563 million) of cash and bank balances.

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

	2025			
	Carrying amount	Less than one year	One to five years	More than five years
	----- Rupees in thousand -----			
Financial liabilities				
Outstanding claims including IBNR	27,477,462	27,477,462	-	-
Insurance / reinsurance payables	4,420,186	4,420,186	-	-
Other creditors and accruals	2,893,031	2,893,031	-	-
Lease liabilities	39,295	12,220	27,075	-
Deposits against cash margin	438,864	438,864	-	-
Liabilities of Window Takaful Operations - OPF & PTF	1,616,949	1,616,949	-	-
	36,885,787	36,858,712	27,075	-

	2024			
	Carrying amount	Less than one year	One to five years	More than five years
	----- Rupees in thousand -----			
Financial liabilities				
Outstanding claims including IBNR	24,345,048	24,345,048	-	-
Insurance / reinsurance payables	3,739,632	3,739,632	-	-
Other creditors and accruals	2,406,978	2,406,978	-	-
Lease liabilities	31,693	15,541	16,152	-
Deposits against cash margin	436,620	436,620	-	-
Liabilities of Window Takaful Operations - OPF & PTF - (Restated)	2,076,055	2,076,055	-	-
	33,036,026	33,019,874	16,152	-

42.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and mutual funds. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

a) Interest / mark - up rate risk

Interest / mark - up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark - up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or are repaid in a given period. The Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted.

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	Effective interest rate (%)		Carrying amounts	
	2025	2024	2025	2024
	----- Percentage -----		---- Rupees in thousand ----	
Fixed rate of financial instruments				
Financial assets:				
Investments- Treasury Bills, Investment Bonds and Sukuks	4.38% - 20.90%	4.86% - 20.90%	27,282,705	14,348,460
Loans to employees	5%	5%	1,889	1,966
Floating rate financial instruments				
Financial assets:				
Banks - savings accounts	0.1% to 11.50%	0.1% to 20.50%	1,454,297	1,242,607
Pakistan Investment Bonds - Inside	11.92% to 12.19%	15.20% to 20.53%	1,470,977	1,460,578

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate will not affect the fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Pre tax profit / (loss)		Shareholders' equity	
	Increase	Decrease	Increase	Decrease
	----- Rupees in thousand -----			
As at 31 December 2025 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	29,253	(29,253)	17,844	(17,844)
As at 31 December 2024 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	27,032	(27,032)	16,490	(16,490)

b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Assets and liabilities exposed to foreign exchange risk amounted to Rupees 46,534.061 million (2024: Rupees 30,786.906 million) and Rupees 42,220.556 million (2024: Rupees 27,561.702 million), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2025	2024
	----- Rupees -----	
Rupees per US Dollar		
Average rate	281.1376	278.5110
Reporting date rate	280.1231	278.5500
Rupees per AED		
Average rate	76.5434	75.8285
Reporting date rate	76.2759	75.8362

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If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and AED with all other variables held constant, the impact on profit before taxation for the year would have been Rupees 48.079 million (2024: Rupees 11.153 million) higher / lower.

c) Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is exposed to equity price risk that arises as a result of changes in the levels of PSX - Index and the value of individual shares. The equity price risk arises from the Company's investment in equity securities for which the prices in the future are uncertain. The Company policy is to manage price risk through selection of blue chip securities.

The Company's strategy is to hold its strategic equity investments on a long term basis. Thus, Company is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favorable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Company has investments in quoted equity securities amounting to Rupees 37,203.119 million (2024: Rupees 30,842.417 million) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

The following table summarises the Company's other price risk as at 31 December 2025 and 31 December 2024. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values on available for sale securities (other than unquoted securities) would affect it in a similar and opposite manner.

	<u>Fair value</u>	<u>Price change</u>	<u>Effect on fair value</u>
	----- Rupees in thousand -----		
31 December 2025	37,203,119	+10%	3,720,312
	37,203,119	-10%	(3,720,312)
31 December 2024	30,842,418	+10%	3,084,242
	30,842,418	-10%	(3,084,242)

42.2.4 Capital risk management

The Company's goals and objectives when managing capital are :

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers as at 31 December 2025 is Rupees 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;
- 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 the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

42.2.5 Maturity analysis of financial assets and liabilities

2025							
Interest / markup bearing				Non - interest / markup bearing			
Effective rate per annum (%)	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total
----- Rupees in thousand -----							
Financial assets							
Investment							
Equity securities- quoted	-	-	-	37,203,119	-	37,203,119	37,203,119
Equity securities- unquoted	-	-	-	5,753,277	-	5,753,277	5,753,277
Debt securities	4.38% - 20.90%	5,381,012	3,883,515	9,264,527	-	-	9,264,527
Term deposits	2% - 9.40%	19,489,155	-	19,489,155	-	-	19,489,155
Loans and other receivables	5%	423	1,466	1,889	772,756	253,069	1,025,825
Insurance / reinsurance receivables	-	-	-	7,244,625	-	7,244,625	7,244,625
Reinsurance recoveries against outstanding claims	-	-	-	15,595,938	-	15,595,938	15,595,938
Salvage recoveries accrued	-	-	-	592,776	-	592,776	592,776
Bank deposits subject to encumbrances	7.5% to 11.50%	349	349	4,746,634	-	4,746,634	4,746,983
Cash and bank	0.1% to 11.50%	1,453,948	-	1,453,948	-	4,434,788	5,888,736
Assets of Window Takaful Operations - OPF & PTF	-	-	-	4,977,358	-	4,977,358	4,977,358
	26,324,887	3,884,981	30,209,868	81,321,271	253,069	81,574,340	111,784,208
Financial liabilities							
Outstanding claims including IBNR	-	-	-	27,477,462	-	27,477,462	27,477,462
Insurance / reinsurance payables	-	-	-	4,420,186	-	4,420,186	4,420,186
Other creditors and accruals	-	-	-	2,893,031	-	2,893,031	2,893,031
Lease liabilities	-	-	-	12,220	27,075	39,295	39,295
Deposits against cash margin	-	-	-	438,864	-	438,864	438,864
Liabilities of Window Takaful Operations - OPF & PTF	-	-	-	1,616,949	-	1,616,949	1,616,949
	-	-	-	36,858,712	27,075	36,885,787	36,885,787
Total	-	-	-	36,858,712	27,075	36,885,787	36,885,787

2024							
Interest / markup bearing				Non - interest / markup bearing			
Effective rate per annum (%)	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total
----- Rupees in thousand -----							
Financial assets							
Investment							
Equity securities- quoted	-	-	-	30,842,418	-	30,842,418	30,842,418
Equity securities- unquoted	-	-	-	6,034,079	-	6,034,079	6,034,079
Debt securities	4.86% - 20.90%	2,509,665	2,017,595	4,527,260	-	-	4,527,260
Term deposits	4% - 5.40%	11,281,778	-	11,281,778	-	-	11,281,778
Loans and other receivables	5%	379	1,587	1,966	1,329,955	175,983	1,505,938
Insurance / reinsurance receivables	-	-	-	7,992,721	-	7,992,721	7,992,721
Reinsurance recoveries against outstanding claims	-	-	-	15,361,295	-	15,361,295	15,361,295
Salvage recoveries accrued	-	-	-	400,039	-	400,039	400,039
Bank deposits subject to encumbrances	13.5% to 20.50%	549,011	-	549,011	-	2,491,677	3,040,688
Cash and bank	0.1% to 20.50%	693,596	-	693,596	-	3,288,967	3,982,563
Assets of Window Takaful Operations - OPF & PTF - (Restated)	-	-	-	4,695,295	-	4,695,295	4,695,295
	15,034,429	2,019,182	17,053,611	72,436,446	175,983	72,612,429	89,666,040
Financial liabilities							
Outstanding claims including IBNR	-	-	-	24,345,048	-	24,345,048	24,345,048
Insurance / reinsurance payables	-	-	-	3,739,632	-	3,739,632	3,739,632
Other creditors and accruals	-	-	-	2,406,978	-	2,406,978	2,406,978
Lease liabilities	-	-	-	15,541	16,152	31,693	31,693
Deposits against cash margin	-	-	-	436,620	-	436,620	436,620
Liabilities of Window Takaful Operations - OPF & PTF - (Restated)	-	-	-	2,076,055	-	2,076,055	2,076,055
	-	-	-	33,019,874	16,152	33,036,026	33,036,026
Total	-	-	-	33,019,874	16,152	33,036,026	33,036,026

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

43 STATEMENT OF SOLVENCY

2025

(Rupees in thousand)

Assets

Property and equipment	4,484,725
Intangible assets	200,807
Investment properties	3,703,511
Investment in subsidiary	2,223,110
Investments	
Equity securities	42,956,396
Debt securities	9,264,527
Term deposits	19,489,155
Loans and other receivables	1,210,300
Insurance / reinsurance receivables	7,244,625
Reinsurance recoveries against outstanding claims	15,595,938
Salvage recoveries accrued	592,776
Deferred commission expense / acquisition cost	4,709,982
Prepayments	5,792,350
Bank deposits subject to encumbrances	4,746,983
Cash and bank	5,888,736
	128,103,921
Total assets of Window Takaful Operations - OPF & PTF	6,203,138
Total assets	134,307,059

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

(Rupees in thousand)

(d) Loans to employees	51,120
(g) Investment in subsidiary	2,223,110
(g) Receivable from subsidiary company	118,190
(h) Premium due from insurance contract holders	1,708,552
(h) Due from other insurers / reinsurers	1,420,590
(i) Intangible assets	215,067
(l) Assets subject to encumbrances	20,668,110
(p) and (r) Equity investment	7,989,351
(u) Movable assets	1,221,583
Total of in-admissible assets	(35,615,673)
Total admissible assets	98,691,386

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2025
Liabilities	(Rupees in thousand)
Underwriting provisions:	
Outstanding claims including IBNR	27,477,462
Unearned premium reserves	30,898,217
Unearned reinsurance commission	396,196
Retirement benefits obligations	271,805
Deferred taxation	11,808,630
Premium received in advance	1,011,611
Insurance / reinsurance payables	4,420,186
Lease liabilities	39,295
Other creditors and accruals	3,624,005
Deposits against cash margin	438,864
Taxation - provision less payment	449,355
	80,835,626
Total liabilities of Window Takaful Operations - OPF & PTF	4,625,999
Total liabilities	85,461,625
Total net admissible assets	13,229,761
Minimum solvency requirement (higher of following)	
- Method A - U/s 36(3)(a)	150,000
- Method B - U/s 36(3)(b)	8,295,218
- Method C - U/s 36(3)(c)	8,213,536
	8,295,218
Excess in Net Admissible Assets over minimum requirement	4,934,543

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

44 FAIR VALUE MEASUREMENT 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

2025								
Available for sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees in thousand -----								
Financial assets								
Investment								
Equity securities- quoted (Note 9)	37,203,119	-	-	37,203,119	37,203,119	-	-	37,203,119
Equity securities- unquoted (Note 9)	5,753,277	-	-	5,753,277	-	-	5,753,277	5,753,277
Debt securities (Note 10)*	-	9,264,527	-	9,264,527	-	-	-	-
Loans and other receivables*	-	-	1,027,714	1,027,714	-	-	-	-
Investment - Term deposits (Note 11)*	-	19,489,155	-	19,489,155	-	-	-	-
Insurance / reinsurance receivables	-	-	-	-	-	-	-	-
- unsecured and considered good (Note 13)*	-	-	7,244,625	7,244,625	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	15,595,938	15,595,938	-	-	-	-
Salvage recoveries accrued*	-	-	592,776	592,776	-	-	-	-
Bank deposits subject to encumbrances (Note 15)*	-	-	4,746,983	4,746,983	-	-	-	-
Cash and bank (Note 16)*	-	-	5,888,736	5,888,736	-	-	-	-
Assets of Window Takaful Operations - OPF & PTF*	385,182	1,940,000	2,652,176	4,977,358	385,182	-	-	385,182
	43,341,578	30,693,682	37,748,948	111,784,208	37,588,301	-	5,753,277	43,341,578
Financial liabilities								
Underwriting provisions:								
Outstanding claims (including IBNR)* (Note 28)*	-	-	27,477,462	27,477,462	-	-	-	-
Insurance / reinsurance payables (Note 22)*	-	-	4,420,186	4,420,186	-	-	-	-
Other creditors and accruals*	-	-	2,893,031	2,893,031	-	-	-	-
Lease liabilities (Note 23)*	-	-	39,295	39,295	-	-	-	-
Deposits against cash margin (Note 25)*	-	-	438,864	438,864	-	-	-	-
Liabilities of Window Takaful Operations - OPF & PTF*	-	-	1,616,949	1,616,949	-	-	-	-
	-	-	36,885,787	36,885,787	-	-	-	-

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

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

	2024								
	Available for sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in thousand -----								
Financial assets									
Investment									
Equity securities- quoted (Note 9)	30,842,418	-	-	-	30,842,418	30,842,418	-	-	30,842,418
Equity securities- unquoted (Note 9)	6,034,079	-	-	-	6,034,079	-	-	6,034,079	6,034,079
Debt securities (Note 10)*	-	4,527,260	-	-	4,527,260	-	-	-	-
Loans and other receivables *	-	-	1,507,904	-	1,507,904	-	-	-	-
Investment - Term deposits (Note 11)*	-	11,281,778	-	-	11,281,778	-	-	-	-
Insurance / reinsurance receivables									
- unsecured and considered good (Note 13)*	-	-	7,992,721	-	7,992,721	-	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	15,361,295	-	15,361,295	-	-	-	-
Salvage recoveries accrued*	-	-	400,039	-	400,039	-	-	-	-
Bank deposits subject to encumbrances (Note 15)*	-	-	3,040,688	-	3,040,688	-	-	-	-
Cash and bank (Note 16)*	-	-	3,982,563	-	3,982,563	-	-	-	-
Assets of Window Takaful Operations - OPF & PTF* - (Restated)	1,739,918	51,418	2,903,959	-	4,695,295	1,739,918	-	-	1,739,918
	38,616,415	15,860,456	35,189,169	-	89,666,040	32,582,336	-	6,034,079	38,616,415
Financial liabilities									
Underwriting provisions:									
Outstanding claims (including IBNR)* (Note 28)*	-	-	-	24,345,048	24,345,048	-	-	-	-
Insurance / reinsurance payables (Note 22)*	-	-	-	3,739,632	3,739,632	-	-	-	-
Other creditors and accruals*	-	-	-	2,406,978	2,406,978	-	-	-	-
Lease liabilities (Note 23)*	-	-	-	31,693	31,693	-	-	-	-
Deposits against cash margin (Note 25)*	-	-	-	436,620	436,620	-	-	-	-
Liabilities of Window Takaful Operations - OPF & PTF* - (Restated)	-	-	-	2,076,055	2,076,055	-	-	-	-
	-	-	-	33,036,026	33,036,026	-	-	-	-

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

45 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on unaudited financial statements for the year ended 31 December 2025 and unaudited financial statements for the year ended 31 December 2024.

	2025	2024
	Rupees in thousand	
Size of fund - Total assets	1,962,747	1,742,780
Cost of investments	1,528,656	1,340,324
Fair value of investments	1,953,483	1,703,906
Investments made (Percentage)	100.00%	100.00%

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2025

45.1 The break-up of cost of investments is as follows:

	2025	2024	2025	2024
	----- (Percentage) -----		----- Rupees in thousand -----	
Investment in Money Market Collective Investment Scheme	13.30	12.60	203,292	168,913
Investment in Equity Collective Investment Schemes	1.76	2.01	26,871	26,934
Investment in Listed Debt Securities	1.86	3.36	28,500	45,000
Investment in Listed Equity Securities	4.15	5.13	63,493	68,693
Investment in Government Securities	72.79	69.38	1,112,765	929,967
Bank balances	2.05	2.39	31,310	32,071
Others	4.09	5.13	62,425	68,746
	100.00	100.00	1,528,656	1,340,324

The above investments / placement of funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 CORRESPONDING FIGURES

Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation.

47 NON - ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

- 47.1** The Board of Directors of the Company in their meeting held on 18 February 2026 proposed a final cash dividend for the year ended 31 December 2025 @ 20% i.e. Rupees 2.00 per share (2024: 15% i.e. Rupees 1.50 per share). This is in addition to the interim cash dividend @ 20% i.e. Rupees 2.00 per share (2024: 15% i.e. Rupees 1.50 per share) resulting in a total cash dividend for the year ended 31 December 2025 of Rupees 4.00 per share (2024: Rupees 3.00 per share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2025 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2026.

48 NUMBER OF EMPLOYEES

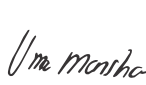
	2025	2024
	----- Numbers -----	
As at 31 December	1,015	943
Average during the year	981	923

49 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 18 February 2026 by the Board of Directors of the Company.

50 GENERAL

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

 Umer Mansha Chairman	 Shaikh Muhammad Jawed Director	 Imran Maqbool Director	 Muhammad Asim Nagi Chief Financial Officer	 Muhammad Ali Zeb Managing Director & Chief Executive Officer



FINANCIAL OVERVIEW

CONSOLIDATED
FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the members of Adamjee Insurance Company Limited Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Adamjee Insurance Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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.

Emphasis of Matter

We draw attention to note 27.2 to the consolidated financial statements, which describes that the Subsidiary Company along with other insurance companies had earlier challenged the scope and applicability of provincial sales tax on services on premium received from insurance business in provincial High Courts. Except for the stay against sales tax on health insurance business, the Hon'ble Sindh High Court has dismissed the case, with a direction to reapproach Sindh Revenue Board on the matter of taxability of life insurance. However, the insurance companies have filed a constitutional petition in the Supreme Court of Pakistan (now referred as Federal Constitutional Court of Pakistan).

The Subsidiary Company has not charged provincial sales tax to its clients. Furthermore, it has not recognized liability for the impugned sales tax amounting to Rupees 1,660 million as mentioned in note 27.2 to the consolidated financial statements as the management is confident that the final outcome will be in the favour of the Subsidiary Company based on legal opinion.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

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

Following are the key audit matters:

Sr. No	Key audit matter	How the matter was addressed in our audit
01	Premium Earned Refer to notes 3.2.1, 3.3 and 28 to the consolidated financial statements. The Group's premium / contribution earned amounts to Rupees 93,637.900 million which is generated from premium / contribution on insurance policies representing a significant element of the consolidated financial statements of the Group.	Our procedures included, but were not limited to: - We obtained an understanding of and evaluated the design and implementation of key controls over the process of capturing, processing and recording of premium / contribution. - We compared the premium / contribution underwritten on sample determined using an appropriate basis from the underlying policies issued to insurance contract holders.

Sr. No	Key audit matter	How the matter was addressed in our audit
	Premium / contribution income is one of the key performance indicators of the Group. Because of the significance of the premium / contribution as key performance indicator and that it was considered as an area of significant audit risk as part of our audit process, we considered this area as a key audit matter.	• We tested the policies on sample basis where premium / contribution was underwritten close to year end and subsequent to year end to evaluate that revenue from premium / contribution was recognized in the appropriate accounting period. • We recalculated the unearned portion of premium / contribution underwritten to evaluate that correct amount has been recorded as revenue for the current period. • We assessed the relevant presentation and disclosures made in the consolidated financial statements to ascertain whether these are in accordance with the accounting and reporting standards as applicable in Pakistan.
02	Valuation of Investments Refer to notes 3.14, 8, 9 and 10 to the consolidated financial statements. The investments of Rupees 195,172.809 million as at 31 December 2025 held by the Group constitute a significant component of total assets of the Group. The proper valuation of investments portfolio of the Group as at 31 December 2025 was considered a significant area of estimation and therefore, we considered this as a key audit matter.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to valuation of investments and tested the design and implementation of the relevant controls identified in the process. • We checked that the investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. • We checked that net unrealized gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the consolidated financial statements. • We evaluated the management's assessment of available-for-sale investments for any impairment in accordance with the accounting and reporting standards as applicable in Pakistan. • We agreed the holding of all investments from the Account Balance Report of Central Depository Company of Pakistan Limited and physical share certificates in hand. • We performed recalculation by using the data and inputs used in the valuation to assess the accuracy of carrying value of investments at the reporting date. • We assessed the appropriateness of disclosures made in the consolidated financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.

Sr. No	Key audit matter	How the matter was addressed in our audit
03	Valuation of Incurred But Not Reported (IBNR) claims reserves Refer to notes 3.2.7 and 29 to the consolidated financial statements. As at 31 December 2025, provision for IBNR amounted to Rupees 6,751.039 million. The provision for IBNR claims is calculated by the Group as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP). As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines. The calculation of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.	Our procedures included, but were not limited to: • We obtained an understanding of the Group's process and evaluation of the design and implementation of key controls in recognition and valuation of IBNR claims reserves. • We assessed the appropriateness of the Group's accounting policy for recognition and measurement of IBNR claims reserves, in compliance with applicable accounting and reporting standards. • We assessed the consistency of the methods used for calculation of the IBNR claims reserves and assumptions for the valuation parameters at 31 December 2025 to establish whether these had been subject to any arbitrary discontinuities from those used at 31 December 2024. • We performed procedures to evaluate the accuracy, completeness and reliability of the underlying data utilized for the purposes of measurement by reference to its source. • We inspected the report submitted by the Appointed Actuary for the year ended 31 December 2025, in respect of the IBNR claims reserves and the related methods and assumptions used for this purpose. • We appointed an independent actuarial expert to assess the reasonableness of assumptions and methods used by the management's expert in the valuation of IBNR claims reserves. Our procedures also included evaluating the adequacy of the work performed by our independent appointed actuarial expert. • We assessed the appropriateness of disclosures made in the consolidated financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.
04	Valuation of insurance / takaful liabilities Refer to notes 3.3.10 and 20 to the consolidated financial statements. The insurance / takaful liabilities represent the single largest liability of the Group as at 31 December 2025. The Minimum Valuation Basis for determination of actuarial reserve for the insurance / takaful liabilities of a life insurance company is specified under Annexure 5 to Rule 23 of the Insurance Rules, 2017. The Annexure describes the valuation method to be used in determination of the actuarial reserves for the insurance / takaful liabilities with respect to unit linked and other	Our procedures included, but were not limited to: • We obtained an understanding from the management of the actuarial assumptions and methodologies used for estimating the insurance / takaful liabilities as at 31 December 2025. • We inquired from the management about the consistency of the method used for calculation of the insurance / takaful liabilities and assumptions for the valuation parameters at 31 December 2025 to establish whether these had been subject to any arbitrary discontinuities from those used at 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Sr. No	Key audit matter	How the matter was addressed in our audit
	segments and certain valuation parameters (such as mortality rates, morbidity rates, valuation rates of interest etc.) to be taken into account. The determination of the insurance / takaful liabilities is a significant area of judgment and estimation. Because of the significance of the impacts of these judgments and estimations, we considered this area as a key audit matter.	- We reviewed the report submitted by the Appointed Actuary expressing his satisfaction over the valuation of the insurance / takaful liabilities in accordance with Annexure 5 to Rule 23 of the Insurance Rules, 2017 and performed an independent assessment of the assumption and conclusion. - We engaged an independent actuarial expert to assess whether the reserving methodology used with respect to all statutory funds maintained by the Group was in line with the Minimum Valuation Basis given in Annexure 5 to Rule 23 of the Insurance Rules, 2017 and was further in accordance with generally accepted actuarial principles. - We recomputed, on a test basis, the account / cash values of the insurance / takaful at 31 December 2025 by applying the relevant parameters (such as management fee charged, cost of insurance charged, return credited etc.) of the respective products. - We assessed the relevant disclosures made in the consolidated financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

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 consolidated financial statements and our auditor's report thereon.

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2025.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 30 March 2026

UDIN: AR2025101687naQhSqrc

Directors' Report to the Members on Consolidated Financial Statements

For the year ended 31 December 2025

On behalf of the Board, We are pleased to present the consolidated financial statements of Adamjee Insurance Company Limited and its subsidiary, Adamjee Life Assurance Company Limited, for the year ended 31 December 2025.

The following appropriation of profit has been recommended by the Board of Directors:

	2025	2024
	----- Rupees in thousand -----	
Profit before tax	9,816,157	8,592,961
Taxation	(4,052,122)	(3,640,275)
Profit after tax	5,764,035	4,952,686
Less: Profit attributable to non-controlling interest	(189,660)	(155,431)
Profit attributable to ordinary shareholders	5,574,375	4,797,255
Unappropriated profit brought forward	23,595,589	19,849,188
Profit available for appropriation	29,169,964	24,646,443
Final dividend for the year ended 31 December 2024 @ 15% (Rupees 1.5/- per share) [31 December 2023 @ 15% (Rupees 1.5/- per share)]	(525,000)	(525,000)
Interim dividend for the half year ended 30 June 2025 @ 20% (Rupee 2/- per share) [30 June 2024 @ 15% (Rupee 1.5/- per share)]	(700,000)	(525,000)
Adjustment in non-controlling interest	72,289	-
Other comprehensive loss – remeasurement of defined benefit obligation	(36,193)	(854)
Profit after appropriation	27,981,060	23,595,589
	2025	2024
	----- Rupees -----	
Earnings (after tax) per share - Basic and diluted	15.93	13.71

For and on behalf of the Board

Lahore: 18 February 2026


Shaikh Muhammad Jawed
Director


Muhammad Ali Zeb
Managing Director
& Chief Executive Officer

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025	2024	2023
		Rupees in thousand		
			(Restated)	(Restated)
ASSETS				
Property and equipment	5	6,057,557	5,734,813	5,385,484
Intangible assets	6	221,638	170,102	141,880
Investment properties	7	2,826,158	2,489,210	2,154,672
Investments				
Equity securities	8	68,998,726	59,506,210	38,403,345
Debt securities	9	106,684,928	87,648,997	66,769,062
Term deposits	10	19,489,155	11,281,778	7,078,102
Loan secured against life insurance policies		5,977	8,389	35,975
Loans and other receivables	11	2,634,735	3,309,457	2,406,313
Insurance / reinsurance receivables	12	7,558,502	8,070,102	7,649,565
Reinsurance recoveries against outstanding claims		15,595,938	15,361,295	20,601,648
Salvage recoveries accrued		592,776	400,039	300,921
Deferred commission expense / acquisition cost	30	4,709,982	3,116,714	2,133,671
Taxation - payment less provisions		178,169	207,238	376,524
Prepayments	13	5,901,984	8,647,219	8,507,372
Bank deposits subject to encumbrances	14	4,746,983	3,040,688	3,129,193
Cash and bank	15	12,301,207	10,228,477	6,050,179
		258,504,415	219,220,728	171,123,906
Total assets of Window Takaful Operations - Operator's Fund and Participants' Takaful Fund	16	6,203,138	5,453,830	3,964,778
TOTAL ASSETS		264,707,553	224,674,558	175,088,684
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Parent Company's equity holders				
Ordinary share capital	17	3,500,000	3,500,000	3,500,000
Reserves	18	19,339,357	14,933,612	7,963,020
Unappropriated profits		27,981,060	23,595,589	19,849,188
		50,820,417	42,029,201	31,312,208
Non-controlling interest	19	994,145	543,268	441,756
Total equity		51,814,562	42,572,469	31,753,964
Surplus on revaluation of fixed assets		30,566	30,390	30,754
LIABILITIES				
Insurance liabilities	20	124,171,257	106,246,825	79,470,020
Underwriting provisions:				
Outstanding claims including IBNR	29	27,477,462	24,345,048	26,395,403
Unearned premium reserves	28	30,898,217	24,971,654	19,343,851
Unearned reinsurance commission	30	396,196	439,530	507,332
Retirement benefits obligations	21	330,101	264,197	175,627
Deferred taxation	22	13,175,275	9,819,967	4,349,859
Premium received in advance		1,621,499	2,478,126	1,031,565
Insurance / reinsurance payables	23	4,690,695	3,903,885	4,054,711
Lease liabilities	24	355,341	400,214	115,940
Other creditors and accruals	25	4,681,519	4,621,382	4,391,678
Deposits against cash margin	26	438,864	436,620	462,374
		84,065,169	71,680,623	60,828,340
Total liabilities of Window Takaful Operations - Operator's Fund and Participants' Takaful Fund	16	4,625,999	4,144,251	3,005,606
TOTAL EQUITY AND LIABILITIES		264,707,553	224,674,558	175,088,684

CONTINGENCIES AND COMMITMENTS

27

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

Shaikh Muhammad Jawed
Director

Imran Maqbool
Director

Muhammad Asim Nagi
Chief Financial Officer

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Consolidated Profit and Loss Account

For the year ended 31 December 2025

	Note	2025	2024
		----- Rupees in thousand -----	
Net insurance premium / contribution	28	74,942,305	57,231,074
Net insurance claims	29	(58,166,029)	(42,027,073)
Net commission and other acquisition costs	30	(10,225,690)	(7,424,468)
Insurance claims and acquisition expenses		(68,391,719)	(49,451,541)
Management expenses	31	(8,053,360)	(6,426,570)
Net change in insurance liabilities (other than outstanding claims)		(16,777,580)	(25,292,831)
Underwriting results		(18,280,354)	(23,939,868)
Investment income	32	21,937,339	25,017,755
Net fair value gains on financial assets			
at fair value through profit or loss	33	4,534,626	5,643,684
Rental income	34	136,943	126,921
Other income	35	1,086,325	1,199,013
Fair value adjustment to investment property	7	335,028	337,982
Other expenses	36	(360,736)	(358,761)
Results of operating activities		9,389,171	8,026,726
Finance cost		(14,240)	(8,679)
Profit from Window Takaful Operations - Operator's Fund (Parent Company)	16	441,226	574,914
Profit before taxation		9,816,157	8,592,961
Income tax expense	37	(4,052,122)	(3,640,275)
Profit for the year		5,764,035	4,952,686
Profit attributable to:			
Equity holders of the Parent		5,574,375	4,797,255
Non-controlling interest	19	189,660	155,431
		5,764,035	4,952,686
		----- Rupees -----	
Earnings (after tax) per share - basic and diluted	38	15.93	13.71

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.



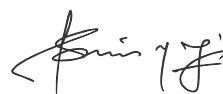
Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
Profit for the year	5,764,035	4,952,686
Items that will not be subsequently reclassified to profit and loss account		
Re-measurement loss on retirement benefit obligations - net of tax	(36,193)	(854)
Surplus on revaluation of fixed assets - net of tax	176	(364)
Items that may be subsequently reclassified to profit and loss account		
Unrealized gain on 'available-for-sale' investments - net of tax	5,090,462	7,242,833
Reclassification adjustment relating to 'available for sale' investments disposed off in the year - net of tax	(679,800)	(249,597)
Unrealized (loss) / gain on 'available for sale' investment from Window Takaful Operations - net of tax	(1,110)	1,188
Net effect of translation of foreign branches	8,015	(27,747)
Other comprehensive income for the year	4,381,550	6,965,459
Total comprehensive income for the year	10,145,585	11,918,145
Total comprehensive income attributable to:		
Equity holders of the Parent	9,942,578	11,766,629
Non-controlling interest	203,007	151,516
	10,145,585	11,918,145

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital		Capital reserves				Revenue reserve				
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	Fair value reserve	Surplus on revaluation of fixed assets	General reserve	Unappropriated profits	Equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	----- Rupees in thousand -----										
Balance as at 31 December 2023	3,500,000	22,859	3,764	2,165,419	4,834,478	30,754	936,500	19,849,188	31,342,962	441,756	31,784,718
Profit for the year	-	-	-	-	-	-	-	4,797,255	4,797,255	155,431	4,952,686
Other comprehensive income	-	-	-	(27,747)	6,998,339	(364)	-	(854)	6,969,374	(3,915)	6,965,459
Total comprehensive income for the year ended 31 December 2024	-	-	-	(27,747)	6,998,339	(364)	-	4,796,401	11,766,629	151,516	11,918,145
	3,500,000	22,859	3,764	2,137,672	11,832,817	30,390	936,500	24,645,589	43,109,591	593,272	43,702,863
Transactions with owners, recognized directly in equity											
Final cash dividend at Rupees 1.5 per share - 31 December 2023 - Parent	-	-	-	-	-	-	-	(525,000)	(525,000)	-	(525,000)
Interim cash dividend at Rupees 1.5 per share - 30 June 2024 - Parent	-	-	-	-	-	-	-	(525,000)	(525,000)	-	(525,000)
Final cash dividend at Rupees 1 per share - 31 December 2023 - Subsidiary	-	-	-	-	-	-	-	-	-	(25,002)	(25,002)
Interim cash dividend at Rupees 1 per share - 30 June 2024 - Subsidiary	-	-	-	-	-	-	-	-	-	(25,002)	(25,002)
	-	-	-	-	-	-	-	(1,050,000)	(1,050,000)	(50,004)	(1,100,004)
Balance as at 31 December 2024	3,500,000	22,859	3,764	2,137,672	11,832,817	30,390	936,500	23,595,589	42,059,591	543,268	42,602,859
Adjustment in non-controlling interest	-	-	-	-	1,525	-	-	72,289	73,814	316,186	390,000
	-	-	-	-	1,525	-	-	72,289	73,814	316,186	390,000
Profit for the year	-	-	-	-	-	-	-	5,574,375	5,574,375	189,660	5,764,035
Other comprehensive income	-	-	-	8,015	4,396,205	176	-	(36,193)	4,368,203	13,347	4,381,550
Total comprehensive income for the year ended 31 December 2025	-	-	-	8,015	4,396,205	176	-	5,538,182	9,942,578	203,007	10,145,585
	3,500,000	22,859	3,764	2,145,687	16,230,547	30,566	936,500	29,206,060	52,075,983	1,062,461	53,138,444
Transactions with owners, recognized directly in equity											
Final cash dividend at Rupees 1.5 per share - 31 December 2024 - Parent	-	-	-	-	-	-	-	(525,000)	(525,000)	-	(525,000)
Interim cash dividend at Rupees 2 per share - 30 June 2025- Parent	-	-	-	-	-	-	-	(700,000)	(700,000)	-	(700,000)
Final cash dividend at Rupees 1 per share - 31 December 2024 - Subsidiary	-	-	-	-	-	-	-	-	-	(25,002)	(25,002)
Interim cash dividend at Rupees 1 per share - 30 June 2025 - Subsidiary	-	-	-	-	-	-	-	-	-	(43,314)	(43,314)
	-	-	-	-	-	-	-	(1,225,000)	(1,225,000)	(68,316)	(1,293,316)
Balance as at 31 December 2025	3,500,000	22,859	3,764	2,145,687	16,230,547	30,566	936,500	27,981,060	50,850,983	994,145	51,845,128

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Consolidated Statement of Cash Flow

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

Cash flows from operating activities

Underwriting activities

Insurance premiums received	99,948,188	86,615,276
Reinsurance premiums paid	(14,355,317)	(22,040,244)
Claims paid	(69,654,846)	(52,342,111)
Reinsurance and other recoveries received	13,847,627	14,140,236
Commissions paid	(11,514,761)	(7,840,059)
Commissions received	1,025,483	1,083,850
Other underwriting payments	(8,392,904)	(8,172,743)
Net cash generated from underwriting activities	10,903,470	11,444,205

Other operating activities

Income tax paid	(3,305,121)	(2,228,261)
Other operating payments	(78,383)	(168,838)
Loans advanced	(77,882)	(69,686)
Loans repayments received	82,572	75,122
Other operating receipts	54,969	28,516
Net cash used in other operating activities	(3,323,845)	(2,363,147)

Total cash generated from all operating activities

7,579,625 **9,081,058**

Cash flows from investing activities

Profit / return received from bank deposits	11,733,031	14,948,154
Income from debt securities	279,843	392,456
Bank deposits subject to encumbrances - net	(1,706,295)	88,505
Dividends received	4,632,546	4,828,235
Rentals received	224,490	211,548
Payments made for investments	(215,576,184)	(301,790,959)
Loan to policy holder - net	2,831	28,634
Proceeds from disposal of investments	196,872,310	278,329,199
Investment related expenses	(16,282)	(1,061)
Fixed capital expenditure - operating assets	(790,975)	(360,893)
Fixed capital expenditure - intangible assets	(113,878)	(66,286)
Proceeds from disposal of operating assets	421,270	62,854
Total cash used in investing activities	(4,037,293)	(3,329,614)

Cash flows from financing activities

Payments against lease liability	(104,037)	(80,969)
Finance cost paid	(89,073)	(30,073)
Dividends paid	(1,276,492)	(1,537,104)
Total cash used in financing activities	(1,469,602)	(1,648,146)

Net cash flow from all activities

2,072,730 **4,103,298**

Cash and cash equivalents at beginning of the year

10,228,477 **6,125,179**

Cash and cash equivalents at end of the year

12,301,207 **10,228,477**

Consolidated Statement of Cash Flow

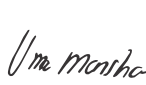
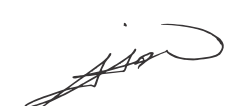
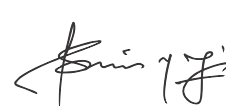
For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

Reconciliation to profit and loss account

Operating cash flows	7,579,625	9,081,058
Depreciation and amortization	(458,041)	(336,093)
Finance cost	(47,735)	(19,954)
Provision for retirement benefit obligations	(139,814)	(101,055)
Provision for doubtful balances against insurance / reinsurance receivables	(99,898)	-
Other income - bank and term deposits	1,618,465	1,690,971
Gain on sale of operating assets	326,479	34,551
Loss on derecognition of ROU assets	(2,594)	-
Rental income	140,730	129,919
Surplus on revaluation of investment net of related investment expenses	4,534,626	5,643,684
Fair value adjustment to investment property	335,028	337,982
Decrease in assets other than cash	(1,897,200)	(3,123,370)
Increase in liabilities	(24,965,786)	(30,017,829)
Net realized gains on investments	5,062,183	5,699,452
Investment related expenses on net realized gains on investments	(16,282)	(1,061)
Increase in unearned premium	(5,926,563)	(5,627,803)
Decrease in loans	(4,690)	(5,436)
Income tax paid	3,305,121	2,228,261
Provision of impairment of 'available-for-sale' investments	(12,981)	(3,653)
Dividend income	4,632,546	4,369,822
Income from debt securities	11,359,590	14,398,326
Profit for the year from Window Takaful Operations	441,226	574,914
- Operator's fund (Parent Company)		
Profit for the year	5,764,035	4,952,686
Cash and cash equivalents for the purpose of the cash flow statement consists of:		
Cash in hand and equivalents	63,037	25,906
Current and other accounts	12,238,170	10,202,571
	12,301,207	10,228,477

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

 Umer Mansha Chairman	 Shaikh Muhammad Jawed Director	 Imran Maqbool Director	 Muhammad Asim Nagi Chief Financial Officer	 Muhammad Ali Zeb Managing Director & Chief Executive Officer

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. THE GROUP AND ITS OPERATIONS

These consolidated financial statements comprise of Adamjee Insurance Company Limited ('the Parent Company') and Adamjee Life Assurance Company Limited ('the Subsidiary Company'), together referred to as 'the Group'. Equity of the Subsidiary Company held by the Parent Company is 83.499% (2024: 89.999%). The operations of the Group are described below:

Adamjee Insurance Company Limited

Adamjee Insurance Company Limited ('the Parent Company') is a public limited Company incorporated in Pakistan on 28 September 1960, under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Parent Company is listed on Pakistan Stock Exchange limited and is principally engaged in the general insurance business. The registered office of the Parent Company is situated at Adamjee House Building, 80/A Block E-1, Main Boulevard Gulberg-III, Lahore. The Parent Company operates 119 (2024: 117) branches in addition to 20 (2024: 20) specialized agriculture field offices within Pakistan.

The Parent Company also operates 3 (2024: 3) branches in the United Arab Emirates (UAE) and 1 (2024: 1) branch in the Export Processing Zone, Karachi (EPZ).

The Parent Company was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 01 January 2016. The Parent Company's Window Takaful Operations operates 8 (2024: 8) branches in Pakistan.

Adamjee Life Assurance Company Limited

Adamjee Life Assurance Company Limited ("the Subsidiary Company") was incorporated in Pakistan on 04 August 2008 as a public unlisted company under the Companies Act, 2017 (previously, Companies Ordinance, 1984). The Subsidiary Company started its operations from 24 April 2009. The Subsidiary Company was converted into a public limited company on 04 March 2022 and listed itself on Pakistan Stock Exchange. Registered office of the Subsidiary Company is at 5th floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is at Adamjee House, 3rd and 4th Floor, I.I Chundrigar Road, Karachi. Adamjee Insurance Company Limited owns 83.499% (2024: 89.999%) shares of Adamjee Life Assurance Company Limited.

The Subsidiary Company is engaged in life insurance business carrying on non-participating business only. In accordance with the requirements of the Insurance Ordinance, 2000, the Subsidiary Company has established a shareholders' fund and the following statutory funds in respect of each class of its life insurance business:

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitized Investment Linked Business
- Individual Life Unit Linked Business
- Individual Family Takaful Business
- Group Family Takaful Business

The Subsidiary Company was granted authorisation on 04 May 2016 under Rule 6 of Takaful Rules, 2012 to undertake Takaful Window Operations in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Subsidiary Company commenced Window Takaful Operations from 14 July 2016. The Subsidiary Company formed a Waqf Fund namely the Adamjee Life Assurance Company Limited - Window Takaful Operations Waqf Fund (here-in-after referred to as the Participant Takaful Fund (PTF)) on 22 December 2015 under a Waqf deed executed by the Subsidiary Company with the cede amount of Rupees 500,000.

The ceded money is required to be invested in Shariah compliant investments and any profit thereon can be utilised only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Subsidiary Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Subsidiary Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

The Subsidiary Company issued supplemental policies to the Window Takaful Operations Waqf Fund on 29 October 2019 to include Group Family Participant's Takaful Fund business in existing Window Takaful Operations Waqf Fund and the same was authorised by the Securities and Exchange Commission of Pakistan (SECP) on 11 December 2019 and the Subsidiary Company commenced its Group Family Takaful Business in the second Quarter of 2020.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These consolidated 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 Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

As per the requirements of the Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated 09 July 2015, previously, the assets, liabilities, profit and loss and other comprehensive income of the Operator's Fund of the Window Takaful Operations of the Parent Company were presented as a single line item in the statement of financial position, profit and loss account and statement of comprehensive income of the Parent Company respectively. During the year ended 31 December 2025, the Securities and Exchange Commission of Pakistan (SECP), with the approval of the Policy Board, introduced certain amendments to the General Takaful Accounting Regulations, 2019 through S.R.O. 311(I)/2025. These amendments specifically impact the Regulation 6 and require insurers, who are undertaking Window Takaful Operations to disclose, in addition to the assets and liabilities of Operator's Fund (OPF), the assets and liabilities of Participants' Takaful Fund (PTF) as a single line item in their statement of financial position. This change has been applied as a change in accounting policy retrospectively, in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in accounting policy, Assets and Liabilities of PTF amounting to Rupees 3,739 million (31 December 2024: Rupees 3,371 million) and Rupees 3,739 million (31 December 2024: Rupees 3,371 million), respectively, would have not been presented in the consolidated statement of financial position of the Group. A separate set of financial statements of the Window Takaful Operations of Parent Company has been annexed to these consolidated financial statements as per the requirements of the Takaful Rules, 2012.

There is no impact of this change on the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and earnings (after tax) per share.

2.2 Consolidation

2.2.1 Subsidiary Company

The Subsidiary Company is the entity in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date the control commences until the date that control ceases.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the Parent Company's share in paid up capital of the Subsidiary Company. Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of the Subsidiary Company attributable to interest which are not owned by the Parent Company which is 16.501% (2024:10.001%) as of reporting date. Non-controlling interests are presented as separate line item in the consolidated financial statements.

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2.3 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except as otherwise stated in respective accounting policies. All transactions reflected in these consolidated financial statements are on accrual basis except those reflected in consolidated cash flow statement.

2.4 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

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

Following amendment to published approved accounting standard is mandatory for the Group's accounting periods beginning on or after 01 January 2025:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability.

This amendment is either not relevant to the Group's operations or is not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective.

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them.

Standards or interpretations	Effective from annual period beginning on or after:
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) - Refer note 2.7	01 January 2027
IFRS 9 - Financial instruments - Refer note 2.8	01 January 2027
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
IFRS 18 - Presentation and Disclosure in Financial Statements	01 January 2027
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2025
IFRS S2 - Climate-related Disclosures'	01 July 2025
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026

Adoption of IFRS 17 and IFRS 9 is likely to have a significant impact on the consolidated financial statements, and the Group is in the process of assessing the impact of these standards on the consolidated financial statements in accordance with the directives of SECP.

2.7 IFRS 17- Insurance contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I)/2023 dated 21 November 2023, IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and re-insurance / re-takaful business from financial years commencing on or after 01 January 2026. However, the Securities and Exchange

Notes to the Consolidated Financial Statements

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Commission of Pakistan (SECP), through SRO 1336 (I)/2025 has modified the effective date for the applicability of International Financial Reporting Standard (IFRS) 17 – Insurance Contracts. Accordingly, IFRS 17 shall now be applicable for periods commencing on or after 01 January 2027. Consequently, the SECP has also extended the optional temporary exemption from applying IFRS 9 – Financial Instruments until annual periods beginning before 01 January 2027.

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

2.8 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

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

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

- (b) All other financial assets:

As at December 31, 2025					
Fail the SPPI test			Pass the SPPI test		
Fair value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period	
----- Rupees in thousand -----					
Financial assets					
Cash and bank*	4,738,118	-	7,563,089	-	-
Bank deposits subject to encumbrances*	4,746,983	-	-	-	-
Investments in equity securities	68,998,726	5,777,578	-	-	-
Investments in debt securities*	97,420,401	-	9,264,527	-	-
Term deposits*	-	-	19,489,155	-	-
Loan secured against life insurance policies*	-	-	5,977	-	-
Loans and other receivables*	2,437,201	-	1,889	-	-
Total	178,341,429	5,777,578	36,324,637	-	-

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For the year ended 31 December 2025

As at December 31, 2024					
Fail the SPPI test			Pass the SPPI test		
Fair value	Change in unrealized gain / (loss) during the period		Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
----- Rupees in thousand -----					
Financial assets					
Cash and bank*	3,676,823	-	6,551,654	-	-
Bank deposits subject to encumbrances*	3,040,688	-	-	-	-
Investments in equity securities	59,506,210	13,311,962	-	-	-
Investments in debt securities*	83,121,737	-	4,527,260	-	-
Term deposits*	-	-	11,281,778	-	-
Loan secured against life insurance policies	-	-	8,389	-	-
Loans and other receivables*	2,987,138	-	1,966	-	-
Total	152,332,596	13,311,962	22,371,047	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies adopted in preparation of these consolidated financial statements are set out below. Accounting policies relating to Window Takaful Operations of Parent Company are disclosed in separate financial statements of Window Takaful Operations which have been annexed to these financial statements. These accounting policies have been consistently applied to all the years presented.

3.1 Insurance contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event i.e insured event that adversely affects the policy holders. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life time, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts issued by the Group are generally classified in eleven basic categories among them five categories are covered by the Parent Company i.e. Fire & property, Marine, aviation & transport, Motor, Accident & health and Miscellaneous and six categories i.e. Conventional Business, Accident and Health Business, Individual Life Non-unitized Investment Linked Business, Individual Life Unit Linked Business, Individual Family Takaful Business and General Family Takaful Business are covered by the Subsidiary Company. These are issued to multiple types of clients with businesses in engineering, automobiles, cement, power, textiles, paper, agriculture, services & trading sectors and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

General insurance business

The non-life general insurance consists of the following categories:

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc. according to the terms and conditions of the policy.

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For the year ended 31 December 2025

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

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

Life insurance business

The life insurance business consists of the following categories:

- The Conventional Business includes individual life, group life and group credit life assurance:
- The individual life business segment provides coverage to individuals against deaths and disability under conventional policies issued by the Subsidiary Company. Additional riders are included on the discretion of the policyholder. The business is written through Bancassurance, Agency and through website.
- Group Life and group credit life contracts are mainly issued to employers to insure their commitments to their employees as required under the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Subsidiary Company. The Group Credit Life Protection segment provides coverage to individuals taking any type of loan, including personal loans, credit cards, and mortgages. This coverage is designed to protect both the borrower and the lender against death and disability.
- Accident and health Business provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals. The risk underwritten is mainly related to medical expenses relating to hospitalisation and death by accidental means. This business is written through direct sales force.
- Individual Life Non-unitized Investment Linked Business provides life assurance coverage to individuals under universal life policies issued by the Subsidiary Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. The risk underwritten is mainly death and disability. This business is written through bancassurance channel.
- Individual Life Unit Linked Business provides life assurance coverage to individuals under unit-linked investment policies issued by the Subsidiary Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. Various types of riders (accidental death, family income benefits etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policy holders fund value, while others are not charged i.e. additional premium is charged thereof against. The risk underwritten is mainly death and disability. This business is written through bancassurance channel and Subsidiary Company's own agency distribution channel.
- The Subsidiary Company offers Individual Family Takaful Unit Linked contracts. Family Takaful contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well being of a community, and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

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The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surplus generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to participants from the Waqf Fund.

The Subsidiary Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

- Group Family Takaful contracts are mainly issued to employers to insure their commitments to their employees as required under the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Subsidiary Company. The Group Credit Life Protection segment provides coverage to individuals taking any type of loan, including personal loans, credit cards, and mortgages. This coverage is designed to protect both the borrower and the lender against death and disability.

Since, the nature of insurance contracts entered into by the Parent Company and its Subsidiary Company are different, the respective accounting policies have separately been disclosed here as under:

3.2 General insurance business

3.2.1 Revenue recognition

a) Premiums

Premiums including administrative surcharge under an insurance contract are recognized as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognized as a liability as explained in note 3.2.3.

Reinsurance premium is recognized as an expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The prepaid portion of premium is recognized as a prepayment as explained in note 3.2.5.

b) Commission income

Commission income from other insurers / reinsurers is deferred and recognized as a liability and recognized in the profit and loss account as a commission income in accordance with the pattern of recognition of the reinsurance premiums.

3.2.2 Deferred commission expense / acquisition cost

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

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

3.2.3 Unearned premium reserve

The unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. It is recognized as a liability and is calculated as a ratio of the unexpired period of the policy and the total policy period, both measured to the nearest day except:

- for marine cargo, as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.

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- for crop business, as a ratio of the unexpired crop period to the total expected crop period, both measured to the nearest day.

Policy for recognition of premium revenue is discussed in detail in note 3.2.1(a) to these consolidated financial statements. Unearned premium reserve calculated by the Parent Company is also confirmed by an independent actuary.

3.2.4 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve (PDR) is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that class of business.

For this purpose, premium deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

Based on actuary's advice the management creates a reserve for the same in these consolidated financial statements. The movement in the premium deficiency reserve on net basis is recorded as an expense / income in consolidated profit and loss account for the year. No provision for PDR has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.2.5 Reinsurance contracts held

The Parent Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance contracts include treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk, at times reinsurance of excess of capacity is also placed on case-to-case basis under facultative reinsurance arrangement. The Parent Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Parent Company. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured. The risks undertaken by the Parent Company under these contracts for each class of business are stated in note 3.1 to these consolidated financial statements.

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

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

The Parent Company assesses its reinsurance assets for impairment on reporting date. If there is objective evidence that the reinsurance asset is impaired, the Parent Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the impairment loss in the consolidated profit and loss account.

The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

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Prepayment (i.e. premium ceded to reinsurers) is recognized as follows:

- for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognized on attachment of the underlying policies reinsured, while an asset is recognized for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies.
- for reinsurance contracts operating on a non-proportional basis, and for which the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies, on inception of the reinsurance contract and the same is expensed over the period of reinsurance contract.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Parent Company. This income is deferred and brought to consolidated profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission and no claim bonus (if any), which the Parent Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

3.2.6 Receivables and payables related to insurance contracts

Insurance / reinsurance receivable and payable including premium due but unpaid, relating to insurance contracts are recognized when due and carried at cost less provision for impairment (if any). The cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These amounts also include due to and from agents, brokers, insurance contract holders and other insurance companies.

Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the consolidated profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the consolidated profit and loss account.

3.2.7 Provision for outstanding claims including IBNR

The Parent 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 the insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported ('IBNR'), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

SECP through its circular 9 of 2016 dated 09 March 2016 issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' for non-life insurance companies and required to comply with all provisions of these guidelines with effect from 01 July 2016.

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

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

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3.2.8 Unearned reinsurance commission

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

3.2.9 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

3.2.10 Window Takaful Operations - Parent Company

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

3.3 Life insurance business

3.3.1 Conventional business

The Conventional Business includes individual life, group life and group credit life assurance.

3.3.1.1 Individual life

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the insured event giving rise to the claim is received. Surrender of conventional business policies is made after these have been approved in accordance with the Subsidiary Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.1.2 Group life and group credit life

Revenue recognition

Premiums are recognised as and when due. In respect of certain group policies, the Subsidiary Company continues to provide insurance cover even if the premium is received after the grace period. Provision for unearned premiums is included in the policyholders' liabilities.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

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Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of premium

Experience refund of premium payable to policyholders' is included in policyholders' liability in accordance with the policy of the Subsidiary Company and the advice of the appointed actuary.

3.3.2 Accident and health business

Revenue recognition

Premiums are recognised once the related policies have been issued and the premiums have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claims expenses are recognised after the date the insured event is intimated and a reliable estimate of the claim amount can be made.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.3 Non-unitized investment linked business

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium. Single premiums are recognised once the related policies are issued against the receipts of premium. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Subsidiary Company on behalf of policyholder.

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Surrender of Non-unitized Investment Linked Business policies are made after these have been approved in accordance with the Subsidiary Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Maturity claim expenses in Non-unitized Investment Linked business are recognised when the policy completes the benefit term.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.4 Unit linked business

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium. Single premiums are recognised once the related policies are issued against the receipts of premium. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Subsidiary Company on behalf of policyholder.

Surrender of Unit Linked Business policies is made after these have been approved in accordance with the Subsidiary Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Maturity claim expenses in Unit Investment Linked business are recognised when the policy completes the benefit term.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.5 Individual family takaful unit linked business

Revenue recognition

First year individual life contribution is recognised once the related policies have been issued and the contribution is received. Renewal contribution is recognised upon receipt of contribution. Single contribution is recognised once the related policies are issued against the receipts of contribution. Contribution of riders like 'Waiver of Contribution' will be recognised upon actuarial assumptions where actuary deems that all contributions due have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

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For the year ended 31 December 2025

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Contribution' is created when intimated with the amount to be applied by the Subsidiary Company on behalf of policyholder.

Surrender of Unit Linked Takaful Business policies is made after these have been approved in accordance with the Subsidiary Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Maturity claim expenses in Individual Family Takaful Unit Linked Business are recognised when the policy completes the benefit term.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.6 Group family takaful business

Revenue recognition

Contribution is recognised as and when due. In respect of certain group policies, the Subsidiary Company continues to provide insurance cover even if the contribution is received after the grace period. Provision for unearned contribution is included in the policyholders' liabilities.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of contribution

Experience refund of contribution payable to policyholders' is included in policyholders' liability in accordance with the policy of the Subsidiary Company and the advice of the appointed actuary.

3.3.7 Reinsurance / retakaful contracts held

Individual policies (including joint life policies underwritten as such) are reinsured under an individual life reinsurance / retakaful agreement whereas group life and group credit life policies are reinsured under group life and group credit life reinsurance agreements respectively.

3.3.7.1 Conventional

Reinsurance premium

Reinsurance premium ceded is recognised at the same time when the related premium revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Notes to the Consolidated Financial Statements

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Reinsurance recoveries

Reinsurance recoveries from reinsurers are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Subsidiary Company.

Experience refund

Experience refund receivable from reinsurers is included in the reinsurance recoveries of claims.

Amount due from / to reinsurer

All receivables (reinsurer's share in claims, inward commission from reinsurer and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised on net basis in the Subsidiary Company's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

Amounts due from / to reinsurers are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

3.3.7.2 Takaful

Retakaful contribution

Retakaful contribution ceded is recognised at the same time when the related contribution revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Retakaful recoveries

Retakaful recoveries from retakaful operators are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Subsidiary Company.

Experience refund

Experience refund receivable from retakaful operators is included in the retakaful recoveries of claims.

Amount due from / to retakaful operator

All receivables (retakaful operator's share in claims, inward commission from retakaful operator and experience refund) and payables (retakaful contribution) under retakaful agreements are recognised on net basis in the Subsidiary Company's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

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

3.3.8 Receivables and payables relating to insurance contracts

Receivables and payables are recognised when due. These include amount due to and from agents and policyholders.

3.3.9 Statutory funds

The Subsidiary Company maintains statutory funds in respect of each class of life assurance business in which it operates. Assets, liabilities, revenues and expenses of the Subsidiary Company are referable to the respective statutory funds. However, where these are not referable to statutory funds, these are allocated to shareholders' fund on the basis of actuarial advice. Apportionment of assets, liabilities, revenues and expenses, whenever required between funds are made on the basis certified by the appointed actuary of the Subsidiary Company. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Subsidiary Company on the reporting date as required under section 50 of the Insurance Ordinance, 2000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3.3.10 Policy holders' liabilities

3.3.10.1 Conventional business

i) Individual life

Policyholders' liabilities constitute the reserves for base plans, riders attached to the base plans, and reserves for IBNR claims.

For base plans, policyholders' liabilities are determined as per the minimum criteria given in Insurance Rules, 2017. The discount rate used in this calculation is 3.75%, and the mortality rates assumed are those according to the SLIC (2001-2005) table.

- Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

- Unearned Premium Reserve

For yearly renewable contracts and riders where premiums are not age related, the reserves are based on net unearned premium method. The premium (net of reinsurance) proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves. Reserves for riders where premiums are level over the term of the contract are based on the Net Premium Method.

ii) Group life and group credit life

Policyholders' liabilities comprise of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- Incurred But Not Reported (IBNR) claims

The provision for incurred but not reported claims is estimated at 15% of the earned premium for the year. The assumption is based on a "Claims run-off triangle" study.

- Unearned premium and premium deficiency reserve

Policy reserves for these plans are based on the unearned premium method net of allowances made for unexpired reinsurance premium.

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed is held as unearned premium reserves net of unexpired reinsurance premium.

No premium deficiency reserve has been maintained at the valuation date. The need for any premium deficiency reserve is determined by assessing the adequacy of premium rates for short-term business. Here loss ratios and combined ratios are analyzed for any indication of premium deficiency in the first instance. If further investigation is warranted, this is carried out and a reserve, if needed, is established for any deficiency of premium.

- Profit commission reserve

Allowance for a profit commission reserve has been made by estimating the cumulative profit earned on group policies as at the valuation date and retaining the percentage of profit applicable to those group policies where profit commissions will ultimately be payable. The profit commission reserve provided for are net of any expected profit commission recoverable from the reinsurer.

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3.3.10.2 Accident and health business

Main plan policy reserves are based on net unearned premiums. Reserves for yearly renewable riders are based on net unearned premiums.

3.3.10.3 Non-unitized investment linked business

Policyholders' liabilities constitute the account value of investment linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death, risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.) and Incurred But Not Reported (IBNR) claims.

Reserves for riders where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for riders where premiums are not age related are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

3.3.10.4 Unit linked business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-unit reserves of these linked contracts. Non-linked reserves constitute liability kept to account for risks such as death, Incurred But Not Reported (IBNR) claims and non-linked riders (Accidental Death and Disability, Waiver of Premium, etc.). Reserve for main plan mortality has been based on sum assured at risk using SLIC (2001-05) on the assumption that the risk is uniformly exposed and annually charged (unearned basis).

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

- Unearned premium and premium deficiency reserve

Reserves for riders where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for riders where premiums are not age related are based on net unearned premiums, where the rider premium (net of reinsurance) proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves.

The Premium Deficiency Reserve (PDR) is not applicable to these policies.

3.3.10.5 Individual family takaful unit linked business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-unit reserves of these linked contracts. Non-linked reserves constitute liability kept to account for risks such as death, Incurred But Not Reported (IBNR) claims and non-linked riders (Accidental Death and Disability, Waiver of Contribution, etc.).

Reserve for main plan mortality has been based on sum covered at risk using SLIC (2001-05) on the assumption that the risk is uniformly exposed and annually charged (unearned basis).

- Incurred But Not Reported (IBNR) claims.

Reserves for IBNR claims have been estimated using claims run-off triangle.

- Unearned premium and premium deficiency reserve

Reserves for riders where contributions are level over the term of the contract are based on the Net Premium Method whereas reserves for riders where contributions are not age related are based on net unearned premiums, where the rider contribution (net of retakaful) proportionate to the unexpired duration of the period for which the respective contributions have been received are held as unearned contribution reserves.

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The Premium Deficiency Reserve (PDR) is not applicable to these policies.

3.3.10.6 Group family takaful unit linked business

Policy reserves for these plans are based on the unearned contribution method net of allowances made for acquisition expenses, unexpired retakaful contribution and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for IBNR claims as included in policyholders' liability is estimated at 15% of the earned contribution for the year. The assumption is based on "Claims run-off triangle" study carried out as at 31 December 2025.

3.3.10.7 Reserve for unearned contribution - Takaful Contracts

The unearned portion of gross contribution, net off wakala fee, is set aside as a reserve and included in the technical reserves. Such reserve is calculated as a portion of the gross contribution of each policy, determined according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

3.3.11 Acquisition costs - life insurance business

These are costs incurred in acquiring insurance policies / takaful contracts, maintaining such policies / takaful contracts, and include without limitation all forms of remuneration paid to insurance agents / takaful agents.

Commission and other expenses are recognised as expense in the earlier of the financial year in which they are paid and the financial year in which they become payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer to is recognised as revenue.

3.3.12 Takaful operator fee - life insurance business

The shareholders of the Subsidiary Company manage the Window Takaful Operations for the participants. Accordingly, the Subsidiary Company is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's Fee, termed Wakala fee, is recognised upfront.

3.4 Investment property

Investment property is measured at purchase cost on initial recognition including directly attributable cost to the acquisition of the investment property and subsequently at fair value with any change therein recognized in consolidated profit and loss account. Subsequent costs are included in the carrying amount of the investment property, only when it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. Other repair and maintenance costs are charged to consolidated profit and loss account as and when incurred.

3.5 Property and equipment

a) Operating assets

Owned operating assets, other than freehold land which is not depreciated are stated at cost, signifying historical cost, less accumulated depreciation, and any provision for accumulated impairment. Freehold land is carried at cost less accumulated impairment losses, if any. In the books of accounts of the Parent Company, depreciation on additions to property and equipment is charged from the month the asset is available for use using reducing balance method, whereas no depreciation is charged in the month the asset is disposed off. In the books of accounts of the Subsidiary Company, depreciation on additions to property and equipment is charged from the date the asset is available for use using straight line method whereas no depreciation is charged from the date the asset is disposed off. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to consolidated profit and loss account as and when incurred.

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The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are taken to consolidated profit and loss account.

b) Capital work in progress

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

3.6 Leases

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

Right of use asset

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

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

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liability

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

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

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

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

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

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3.7 Intangible assets

These are stated at cost less accumulated amortization and provision for accumulated impairment, if any. In the books of accounts of the Parent Company, amortization is calculated from the month the assets are available for use using the straight-line method, whereas no amortization is charged from the month in which the asset is disposed off. In the books of accounts of the Subsidiary Company, amortization on additions is charged from the date the asset is acquired and capitalized, whereas no amortization is charged from the date the asset is disposed off, using the straight line method.

The cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each reporting date. Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Group.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

3.8 Segment reporting

An operating segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 and are disclosed in note 41 of the consolidated financial statements. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

3.9 Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statement of financial position include cash in hand, policy stamps, and bank balances.

3.10 Investment income

Following are recognized as investment income:

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the consolidated profit and loss account over the term of the investment.
- Dividend income is recognized when the Group's right to receive the dividend is established.
- Gain / loss on sale of available-for-sale investments is recognized in consolidated profit and loss account in the year of sale.
- Return on fixed income and government securities are recognized on time proportion basis using the effective interest rate method.

3.11 Rent and other income

Rental and other income is recognized on accrual basis.

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3.12 Return on bank deposits and loans

Return on bank deposits and loans to policyholders is recognized on a time proportion basis taking into account the effective yield.

3.13 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.14 Investments

Investments are recognized and classified as follows:

- Financial assets at fair value through profit or loss (held for trading)
- Available-for-sale
- Held to maturity

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

a) Financial assets at fair value through profit or loss (held for trading)

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

b) Available-for-sale

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

These are initially measured at cost and subsequently re-measured at fair value at each reporting date. The unrealized gains and losses arising from changes in fair values are directly recognized in equity through other comprehensive income in the year in which these arise. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated profit and loss account as gains and losses from investment securities. The Group assesses at each statement of financial position date whether there is objective evidence that the financial asset is impaired. If any such evidence exists for an 'available for sale' asset, the accumulated loss is removed from equity and recognized in the profit and loss account.

Quoted

Subsequent to initial recognition, these investments are re-measured at fair value.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IFRS-13 'Fair Value Measurement'. Where fair value cannot be measured reliably, these are carried at cost.

The valuation of unquoted investments as at 31 December 2025 has been carried out by independent valuer for determination of fair value of these investments.

Fair / market value measurements

For investments in mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). For investments in quoted marketable securities, fair / market value is determined by

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reference to Pakistan Stock Exchange quoted market price at the close of business on reporting date. For investments in Government securities, the market value is determined using PKRV / PKISRV / PKFRV rates. The fair market value of term finance certificates / corporate sukuks is as per the rates issued by Mutual Fund Association of Pakistan (MUFAP).

Date of recognition

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

c) Held to maturity

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

Subsequently, these are measured at amortized cost less provision for impairment, if any.

3.15 Off-setting of financial assets and financial liabilities

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

3.16 Provisions

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

3.17 Taxation

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

Current

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

Deferred

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

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

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3.18 Retirement benefit obligations

3.18.1 General insurance business

a) Defined contribution plan

The Parent Company operates an approved contributory provident fund scheme for all its eligible employees. Equal monthly contributions to the fund are made by the Parent Company and the employees at the rate of 8.33% of basic salary. Contributions made by the Parent Company are recognized as expense. The Parent Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognized as an expense in the consolidated profit and loss account as and when incurred.

b) Defined benefit plans

The Parent Company operates the following defined benefit plans:

- An approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contributions are made to this scheme on the basis of actuarial recommendations and liquidity requirement.
- Unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations.

Provision is made in these consolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at 31 December 2025.

Past-service costs are recognized immediately in consolidated profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Parent Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Parent Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Parent Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in consolidated profit and loss account.

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

c) Employees' compensated absences

The Parent Company accounts for these benefits in the period in which the absences are earned.

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The Parent Company provides annually for the expected cost of accumulating compensated absences on the basis of actuarial valuation. Regular employees of the Parent Company are entitled to 30 days earned leaves in a calendar year and they can accumulate the unutilized privilege leaves up to 60 days (2024: 60). The most recent valuation is carried out as at 31 December 2025 using the LIFO method. The liabilities are presented as a current employees benefit obligations in the consolidated statement of financial position.

3.18.2 Life insurance business

a) Defined benefit plans

The Subsidiary Company operates an approved gratuity fund for all its eligible employees.

The Subsidiary Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of retirement benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Subsidiary Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Subsidiary Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

Gratuity is based on employees' last drawn gross salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial assumptions.

b) Employees' compensated absences

The Subsidiary Company accounts for the liability in respect of employees accumulated compensated absences in the period in which they are earned.

3.19 Impairment of assets

Financial assets

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

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

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Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in consolidated profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated profit and loss account.

3.20 Dividend distribution and other appropriations

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

3.21 Management expenses

Expenses of management both direct and indirect are allocated on the basis of activity in each class of business. Expenses not allocable to the underwriting business are charged as other expenses.

3.22 Foreign currencies

Transactions in foreign currencies (other than the result of foreign branches) are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated to Pak Rupees at the average rate of exchange for the year. Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Group net investments in foreign branches, which are taken to the capital reserves (exchange translation reserve).

3.23 Financial instruments

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

Financial instruments carried in the consolidated statement of financial position include cash and bank, bank deposits subject to encumbrances, loans and other receivables, investments, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, salvage recoveries accrued, insurance liabilities, provision for outstanding claims, insurance / reinsurance payables, lease liabilities, other creditors and accruals and deposits against cash margin. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.24 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3.25 Creditors and accruals

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

3.26 Loan to employees

These are recognized at cost, which is the fair value of the consideration given.

3.27 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.28 Ijarah rentals

Ijarah rentals are recognized as an expense in the consolidated profit and loss account on a straight line basis from the period of the contract in accordance with the requirements of IFAS 2 Ijarah issued by ICAP.

3.29 Contingent liabilities

Contingent liabilities is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non - occurrence of one or more uncertain future events, not wholly within the control of the Group; or the Group has present legal or constructive obligation that arises from past events, but it is not possible that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 Use of estimates and judgments

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

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

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

	Note
Provision for doubtful insurance / reinsurance receivables	3.2.6
Provision for outstanding claim including claims incurred but not reported (IBNR)	3.2.7
Premium deficiency reserve	3.2.4
Retirement benefit obligations	3.18
Valuation of unquoted investments	3.14
Provision for taxation including the amount relating to tax contingency	3.17
Useful lives, pattern of economic benefits and impairments - Property and Equipment	3.5
Useful lives, pattern of economic benefits and impairments - Intangible Assets	3.7
Policy holders' liabilities and underlying actuarial assumptions	3.3.10
Impairment of assets – financial / non-financial assets	3.19

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

5 Property and equipment

Operating assets (Note 5.1)	5,688,894	5,272,728
Capital work in progress (Note 5.2)	94,957	103,486
Right of use asset (Note 5.3)	273,706	358,599
	6,057,557	5,734,813

5.1 Operating assets

	2025													
	Cost					Accumulated Depreciation								
	As at 01 January	Additions / Transfers	Exchange differences and other adjustments	Disposals / Write Offs	Transferred from CWIP	As at 31 December	As at 01 January	Charge for the year	Exchange differences and other adjustments	Disposals / Write offs	As at 31 December	Written down value as at 31 December	Depreciation rate %	
	----- Rupees in thousand -----													
Land	1,745,663	-	-	-	-	1,745,663	-	-	-	-	-	1,745,663	-	
Buildings	2,798,547	37,408	9,589	(60,477)	-	2,785,067	584,387	47,718	7,068	(27,937)	611,236	2,173,831	3.0% - 4.0%	
Furniture and fixtures	541,091	6,197	1,316	(35,842)	4,436	517,198	332,340	27,253	945	(29,542)	330,996	186,202	14.3% - 15%	
Motor vehicles	1,027,677	387,132	554	(130,231)	-	1,285,132	476,982	94,201	5,482	(77,070)	499,595	785,537	15% - 20%	
Machinery and equipment	811,149	70,868	487	(21,205)	1,121	862,420	420,624	47,750	528	(18,865)	450,037	412,383	15% - 20%	
Computer equipment	638,284	262,344	104	(6,236)	-	894,496	512,052	57,536	(4,803)	(5,535)	559,250	335,246	30% - 33.3%	
Leasehold improvements	69,744	11,926	-	(1,987)	13,035	92,718	33,042	11,240	-	(1,596)	42,686	50,032	14.3%	
Total	7,632,155	775,875	12,050	(255,978)	18,592	8,182,694	2,359,427	285,698	9,220	(160,545)	2,493,800	5,688,894		

	2024													
	Cost					Accumulated Depreciation								
	As at 01 January	Additions / Transfers	Exchange differences and other adjustments	Disposals / Write Offs	Transferred from CWIP	As at 31 December	As at 01 January	Charge for the year	Exchange differences and other adjustments	Disposals / Write offs	As at 31 December	Written down value as at 31 December	Depreciation rate %	
	----- Rupees in thousand -----													
Land	1,745,663	-	-	-	-	1,745,663	-	-	-	-	-	1,745,663	-	
Buildings	2,806,991	-	(8,444)	-	-	2,798,547	538,929	48,629	(3,171)	-	584,387	2,214,160	3.0% - 4.0%	
Furniture and fixtures	537,536	7,566	(1,998)	(2,013)	-	541,091	302,411	32,354	(1,353)	(1,072)	332,340	208,751	14.3% - 15%	
Motor vehicles	905,997	205,065	(1,032)	(82,353)	-	1,027,677	481,397	60,022	(622)	(63,815)	476,982	550,695	15% - 20%	
Machinery and equipment	817,886	19,038	(496)	(25,279)	-	811,149	397,827	46,285	(389)	(23,099)	420,624	390,525	15% - 20%	
Computer equipment	634,852	23,859	(637)	(19,790)	-	638,284	478,984	50,361	(559)	(16,734)	512,052	126,232	30% - 33.3%	
Leasehold improvements	71,594	10,023	-	(13,168)	1,295	69,744	26,091	10,410	-	(3,459)	33,042	36,702	14.3%	
Total	7,520,519	265,551	(12,607)	(142,603)	1,295	7,632,155	2,225,639	248,061	(6,094)	(108,179)	2,359,427	5,272,728		

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5.1.1 Operating assets include items costing Rupees 200.44 million (2024: Rupees 173.31 million) which are fully depreciated as of 31 December 2025 but are still in active use.

5.1.2 Depreciation expense amounting to Rupees 238.787 million (2024: Rupees 202.039 million) has been classified under management expenses and Rupees 46.911 million (2024: Rupees 46.022 million) has been classified under other acquisition costs.

5.1.3 Disposal of operating fixed assets

Detail of operating fixed assets exceeding the net book value of Rupees 50,000 disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Relationship	Particulars of purchaser
----- (Rupees in thousand) -----								
Furniture and fixtures								
Miscellaneous furniture and fixtures	25,703	20,894	4,809	4,809	-	Negotiation	Independent third party	Muhammad Farooq & Huzaifa Farooq
Chairs	278	207	71	6	(65)	Negotiation	Independent third party	Amjad Iqbal
Cabinets	348	224	124	20	(104)	Negotiation	Independent third party	Aslam Mehmood Butt
Tables and Chairs	192	136	56	14	(42)	Negotiation	Independent third party	Vishal Kumar
Tables and Chairs	125	71	54	-	(54)	Negotiation	Independent third party	Asghar Ali & Kashif Hussain
Written off	4,777	4,315	462	-	(462)			
Items having book value not exceeding 50,000	4,419	3,695	724	1,518	794			
	35,842	29,542	6,300	6,367	67			
Motor vehicles								
Honda Civic (AUK-619)	1,328	1,152	176	1,828	1,652	Auction	Independent third party	Muhammad Usman Amjad
Honda City Aspire 1.5 (AUX-616)	6,023	183	5,840	5,844	4	Settlement	Related party	Security General Insurance Company Limited
Toyota Corolla GLi (AXQ-023)	2,356	2,001	355	1,762	1,407	Auction	Independent third party	Nadeem Butt
Suzuki Cultus (AZD-350)	1,508	1,248	260	1,055	795	Auction	Independent third party	Ather Ali
Suzuki Cultus (AZE-718)	1,664	1,392	272	888	616	Auction	Independent third party	Saba Tariq
Honda City (AZG-208)	2,444	2,083	361	2,267	1,906	Auction	Independent third party	Muhammad Asif
Honda City (AZV-943)	1,596	1,248	348	2,036	1,688	Settlement	Related party	Security General Insurance Company Limited
Toyota Corolla GLi (BAQ-13-696)	1,688	1,304	384	2,008	1,624	Auction	Independent third party	Muhammad Kashif
Honda Civic Vti Pt Sr (BAU-659)	3,888	3,392	496	562	66	Negotiation	Employee	Affia Sikandar
Suzuki Cultus (BBC-767)	1,701	1,407	294	1,166	872	Auction	Independent third party	Choudhary Amjad Ali
Honda Civic Vti (BBK-751)	2,537	2,088	449	2,914	2,465	Auction	Independent third party	Shehzad Bin Qadir
Honda City Automatic (BBS-812)	2,262	1,791	471	2,525	2,054	Auction	Independent third party	Ather Ali
Suzuki Cultus (BDF-269)	1,054	768	286	1,151	865	Auction	Independent third party	Choudhary Amjad Ali
Honda Civic (BDH-852)	2,517	1,823	694	2,761	2,067	Auction	Independent third party	Nasir Jameel
Suzuki Cultus (BDJ-792)	1,050	769	281	1,230	949	Auction	Independent third party	Saba Tariq
Toyota Corolla Xli (BEA-199)	1,628	1,124	504	2,751	2,247	Settlement	Related party	Security General Insurance Company Limited
Toyota Corolla GLi (BEX-461)	1,776	1,236	540	2,433	1,893	Auction	Independent third party	Choudhary Amjad Ali
Suzuki Cultus (BFK-557)	1,758	1,340	418	1,277	859	Auction	Independent third party	Adnan Shehzad
Honda City Automatic (BFY-320)	3,156	2,430	726	2,505	1,779	Auction	Independent third party	Choudhary Amjad Ali
Suzuki Cultus (BHD-337)	1,744	1,295	449	1,326	877	Auction	Independent third party	Bilal Ahmed
Suzuki Mehran (BHW-562)	718	435	283	777	494	Auction	Independent third party	Sarfraz Ali
Suzuki Cultus (BJM-602)	1,149	706	443	1,427	984	Auction	Independent third party	Muhammad Irfan
Toyota Corolla GLi (BJX-344)	1,891	1,137	754	2,857	2,103	Auction	Independent third party	Munawar Hussain
Honda Civic Vti Oriel (BKR-176)	4,443	3,423	1,020	3,120	2,100	Auction	Independent third party	Sarfraz Ali
Suzuki Cultus (BLJ-912)	1,270	727	543	1,656	1,113	Auction	Independent third party	Asim Mehmood Bajwa
Honda Civic Vti Oriel 1.8 (BNM-624)	3,732	2,348	1,384	3,926	2,542	Auction	Independent third party	Rao Muhammad Khalid
Toyota Corolla GLi (BNR-583)	2,179	1,132	1,047	3,054	2,007	Auction	Independent third party	Nasir Jameel
Suzuki Cultus (BPH-218)	1,388	685	703	703	-	Transfer	Window Takaful Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Honda City 1.3 M/T (BPQ-199)	1,917	920	997	997	-	Transfer	Window Takaful Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Suzuki Alto Vx (BTT-276)	1,198	299	899	899	-	Transfer	Window Takaful Operations	Adamjee Insurance Company Limited - Window Takaful Operations

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Relationship	Particulars of purchaser
----- (Rupees in thousand) -----								
Honda Civic Prosmatic (LE-16-734)	2,581	1,790	791	2,411	1,620	Auction	Independent third party	Muhammad Qasim
Suzuki Cultus (LE-17-2236)	1,129	723	406	1,330	924	Auction	Independent third party	Nasir Jameel
Suzuki Cultus (LE-19A-4842)	1,990	831	1,159	2,537	1,378	Auction	Independent third party	Haroon Abid
Honda City I-Vtec Prosmatic (LEA-18-6055)	1,716	979	737	737	-	Transfer	Window Takaful Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Suzuki Mehran (LEB-17A-4857)	740	443	297	1,101	804	Auction	Independent third party	Muhammad Irfan
Toyota Corolla Altis 1.6 (LEB-19-5523)	2,694	1,280	1,414	1,414	-	Transfer	Window Takaful Operations	Adamjee Insurance Company Limited - Window Takaful Operations
Honda Civic Prosmatic (LED-14-1791)	2,257	1,684	573	2,934	2,361	Auction	Independent third party	Muhammad Taha
Honda Civic (LED-15-4298)	3,175	2,480	695	2,700	2,005	Auction	Independent third party	Hamza Azeem Khan
Toyota Corolla Altis Cruisetronic (LEE-16-4997)	4,291	3,410	881	3,731	2,850	Auction	Independent third party	Syed Tahir Ali Shah
Toyota Corolla Gili (LEF-17-1569)	1,914	1,162	752	3,322	2,570	Auction	Independent third party	Muhammad Irfan
Toyota Corolla Altis 1.6 (LEF-19-9222)	2,867	1,300	1,567	3,753	2,186	Auction	Independent third party	Hamza Azeem Khan
Bajaj Pulsar (73820)	728	497	231	153	(78)	Auction	Independent third party	Seagull Logistics
Ford Edge (32015)	3,827	2,473	1,354	612	(742)	Auction	Independent third party	Seagull Logistics
Toyota RAV4 (76558)	3,444	298	3,146	4,060	914	Auction	Independent third party	Ali Albasti Used Cars
Toyota Camry (75154)	3,751	2,559	1,192	689	(503)	Auction	Independent third party	Ali Albasti Used Cars
Nissan Armada (62891)	5,741	2,429	3,312	1,956	(1,356)	Auction	Independent third party	Baghdadi/Dhaka Garage
Kia Vh-00034	1,927	1,381	546	1,529	983	As per company policy	Employee	Tooba Azeem
Toyota Corolla Vh-00051	2,406	1,243	1,163	859	(304)	As per company policy	Employee	Ahmed Zafar
Suzuki Cultus Vh-00061	2,474	1,443	1,031	2,698	1,667	As per company policy	Employee	Nashad Nisar
Suzuki Alto Vh-00067	1,675	921	754	1,344	590	As per company policy	Employee	Mukesh
Suzuki Wagon R Vh-00081	293	78	215	404	189	As per company policy	Employee	Gulam Murtaza Subhani
Suzuki Cultus Vh-00082	338	101	237	481	244	As per company policy	Employee	Muhammad Ehsan ullah Sabri
Suzuki Cultus Vh-00083	379	114	265	725	460	As per company policy	Employee	Zeeshan Nabi
Kia Vh-00092	3,995	1,132	2,863	3,024	161	As per company policy	Employee	Syeda Shan e Zahra
Honda City Vh-00097	331	50	281	545	264	As per company policy	Employee	Muhammad Farrukh Jabbar
Honda City Vh-00100	487	97	390	1	(389)	As per company policy	Employee	Muhammad Usman
Suzuki Swift Vh-00102	4,798	720	4,078	4,744	666	As per company policy	Employee	Farhan Jiwani
Honda City Vh-00104	320	53	267	1,152	885	As per company policy	Employee	Muhammad Abu Bakkar
Suzuki Wagon R Vh-00106	390	52	338	350	12	As per company policy	Employee	Azhar Maqsood
Suzuki Wagon R Vh-00116	567	19	548	437	(111)	As per company policy	Employee	Ghulam Hyder
Items having book value not exceeding 50,000	3,443	3,442	1	308	307			
	130,231	77,070	53,161	111,746	58,585			
Buildings								
Adamjee Insurance Building	60,477	27,937	32,540	299,509	266,969	Negotiation	Independent third party	Muhammad Farooq & Huzaifa Farooq
	60,477	27,937	32,540	299,509	266,969			
Machinery & equipment								
Gree Split 1 tonne	80	10	70	20	(50)	Negotiation	Independent third party	Muhammad Usman
Items having book value not exceeding 50,000	21,125	18,855	2,270	2,671	401			
	21,205	18,865	2,340	2,691	351			
Computer equipment								
Hp Spectre X360 C17-Ultra	479	36	443	406	(37)	Settlement	Related party	Security General Insurance Company Limited
Cisco Switch / Hub	210	150	60	71	11	Negotiation	Independent third party	Zulfiqar Ali
Laptop	128	62	66	66	-	Negotiation	Independent third party	Sada Abbas
Items having book value not exceeding 50,000	5,419	5,287	132	347	215			
	6,236	5,535	701	890	189			
Leasehold improvements								
Leasehold improvements	935	842	93	33	(60)	As per Company policy	Independent third party	Bellevue Medical Billings
Leasehold improvements	140	27	113	16	(97)	As per Company policy	Independent third party	Enterprise
Written off	874	694	180	-	(180)			Noman Afridi
Items having book value not exceeding 50,000	38	33	5	18	13			
	1,987	1,596	391	67	(324)			
For the year ended 31 December 2025	255,978	160,545	95,433	421,270	325,837			
For the year ended 31 December 2024	142,603	108,179	34,424	62,854	28,430			

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5.1.4 Particulars of immovable properties (i.e. land and building) are as follows:

Office	Address	Area of land	Covered area of building
Adamjee Building Lahore	80/A, Block E-1, Main Boulevard, Gulberg III, Lahore	4 Kanals	155,742 Square feet
Adamjee Building Karachi	5th to 9th floor, 10th floor (Zone A, B and C), Adamjee House, I.I.Chundrigar Road, Karachi.	2,222.2 square yards	105,509 Square feet
Business Centre Premises	Office Nos. 101 to 108, 110 & 111 on 1st Floor and 1101 & 1102 on 11th Floor, Business Centre, Plot Survey No 7, Sheet No RY-4, Railway Quarters, Mumtaz Hassan Road, Karachi	-	10,135 Square feet
Gul Tower Premises	Office Nos. 801 & 805, 8th Floor, Gul Tower, I.I.Chundrigar Road, Karachi	-	2,961 Square feet
Shaheen Centre Premises	Office Nos. 404, 405 & 406, 4th Floor, Shaheen Centre, Plot No. DC-5, Clifton Block 7, KDA Scheme No. 5, Clifton, Karachi	-	3,191 Square feet
Business Plaza Premises	Office No. 502, Business Plaza, Mumtaz Hassan Road, Karachi	-	2,351 Square feet
Eden Garden / Centre Premises Lahore	Office Nos. 216, 217 & 218 on 2nd Floor, Office No 318 on 3rd Floor, Eden Centre, 43 Jail Road, Lahore	-	3,639 Square feet
Islamabad Stock exchange	Offices No. 4, 5, & 6 1st Floor, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad	-	4,983 Square feet
Agha Siraj Complex Quetta	Room No. C 1&2, 2nd Floor, Agha Siraj, Complex Circular Road, Quetta	-	1,103 Square feet
EPZ Office	Plot No. C-6, Sector B-III, Karachi Export Processing Zone Authority	-	1,033 Square feet
One Business Bay Tower	Office Unit No. 301 & 302 & 304 3rd Floor, One Business Bay Tower by Omniyat, Business Bay, Dubai, UAE	-	7,232 Square feet

2025 **2024**
 ----- Rupees in thousand -----

5.2 Capital work in progress

Advance against property and equipment	94,957	92,166
Leasehold improvements	-	11,320
	94,957	103,486

5.3 Right of use asset

Opening net book value	358,599	74,230
Additions during the year	54,040	334,636
Derecognition	(26,571)	-
Depreciation charge during the year	(104,776)	(48,098)
Exchange differences and other adjustments	(7,586)	(2,169)
Closing net book value	273,706	358,599

5.3.1 All the right of use assets include premises obtained on rent for branch operations.

5.3.2 Depreciation expense amounting to Rupees 27.765 million (2024: Rupees 16.991 million) has been classified under management expenses and Rupees 77.011 million (2024: Rupees 31.107 million) has been classified under other acquisition costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

6 INTANGIBLE ASSETS

Intangible assets (Note 6.1)	174,493	131,250
Capital work in progress (Note 6.2)	47,145	38,852
	221,638	170,102

6.1 Intangible assets

Cost

Opening balance	790,972	745,239
Additions during the year	110,619	47,120
Transferred from CWIP	-	1,681
Exchange differences and other adjustments	1,413	(3,068)
Closing balance	903,004	790,972

Accumulated amortization

Opening balance	659,722	622,362
Amortization charged during the year (Note 31)	67,567	39,934
Exchange differences and other adjustments	1,222	(2,574)
Closing balance	728,511	659,722

Net book value as at December 31

174,493	131,250

Rate of amortization

20.00%	20.00%

6.2 Capital work in progress

Advance against intangible assets	47,145	38,852

7 INVESTMENT PROPERTIES

Opening net book value	2,489,210	2,154,672
Unrealized fair value gain	335,028	337,982
Exchange differences and other adjustments	1,920	(3,444)
Net book value as at December 31	2,826,158	2,489,210

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7.1 Particulars of investment property are as follows:

Description	Address	Covered area (Square feet)
Adamjee Building Karachi	Ground to 2nd floor & 10th Floor Zone D, Adamjee House, I.I.Chundrigar Road, Karachi.	38,595
Adamjee Building Lahore	2nd Floor, 80/A, Block E-1, Main Boulevard, Gulberg III, Lahore	9,076
One Business Bay Tower	Office Unit No. 303 3rd floor, One Business Bay Tower by Omniyat, Business Bay, Dubai, UAE	2,386

Market value of these investment properties amounts to Rupees 2,826.158 million based on valuations carried out by independent valuers as at 31 December 2025.

The fair value of investment properties was determined by external, independent property valuers having adequate qualifications and experience in the location and category of the property being valued. Investment properties of the Group are valued every year.

Significant unobservable inputs

The valuation has been carried out taking into account available information regarding segment and location of the property, size, utilization and current trends in price of real estate in close proximity, construction cost rates, current market rents for similar properties including assumptions that ready buyers are available in the current market which is analysed through detailed market surveys and the properties that have recently been sold or purchased or offered/quoted for sale into the same vicinity to determine the better estimates of the fair value.

Sensitivity analysis

If the market price per Kanal or per square foot, were to increase / decrease by 1%, the fair value of the investment property would increase/decrease by Rupees 28.262 million.

Fair value hierarchy

The investment properties are classified within the Level 3 of the fair value hierarchy because it is valued using significant unobservable inputs.

7.2 The rental income and related expenses are disclosed in note 34 to these consolidated financial statements.

8 INVESTMENTS IN EQUITY SECURITIES

	2025	2024
	----- Rupees in thousand -----	
Available-for-sale (Note 8.1)	43,362,198	37,093,605
Fair value through profit or loss (Note 8.2)	25,636,528	22,412,605
	68,998,726	59,506,210

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025			2024		
Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
----- Rupees in thousand -----					

8.1 Available-for-sale

Related parties

Listed shares (Note 8.1.1)	10,743,641	(32,988)	10,710,653	10,743,641	(32,988)	10,710,653
Unlisted shares (Note 8.1.2)	2,882,316	-	2,882,316	2,882,316	-	2,882,316
	13,625,957	(32,988)	13,592,969	13,625,957	(32,988)	13,592,969
Unrealized gain			18,467,345			12,818,623
			32,060,314			26,411,592

Others

Listed shares (Note 8.1.3)	4,217,980	(1,102,894)	3,115,086	5,029,126	(1,673,103)	3,356,023
Mutual Funds (Note 8.1.4)	48,860	(16,366)	32,494	769,926	(16,366)	753,560
NIT Units (Note 8.1.5)	161	-	161	161	-	161
	4,267,001	(1,119,260)	3,147,741	5,799,213	(1,689,469)	4,109,744
Unrealized gain			8,154,143			6,572,269
			11,301,884			10,682,013
	17,892,958	(1,152,248)	43,362,198	19,425,170	(1,722,457)	37,093,605

2025 2024
----- Rupees in thousand -----

Movement of impairment / provision

Opening balance	1,722,457	1,988,261
Movement during the year	(570,209)	(265,804)
Closing balance	1,152,248	1,722,457

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8.1.1 Related parties- listed shares

Company's name	Face value (Rupees)	No. of shares		Market value	
		2025	2024	2025	2024
----- Rupees in thousand -----					
Commercial bank					
MCB Bank Limited (Note 8.1.1.2)	10	59,225,639	59,225,639	22,469,023	16,660,172
Equity held 4.998% (2024: 4.998%)					
Textile composite					
Nishat Mills Limited	10	2,050	2,050	362	220
Equity held 0.001% (2024: 0.001%)					
Power generation & distribution					
Pakgen Power Limited	10	25,631,181	25,631,181	1,562,477	2,540,050
Equity held 6.889% (2024: 6.889%)					
Nishat Chunian Power Limited	10	8,050,000	8,050,000	405,801	217,109
Equity held 2.191% (2024: 2.191%)					
Lalpir Power Limited	10	27,348,388	27,348,388	664,292	594,554
Equity held 7.200% (2024: 7.200%)					
Investment company					
MCB Investment Management Limited	10	5,462,000	5,462,000	1,205,082	365,408
Equity held 7.59% (2024: 7.59%)					
				26,307,037	20,377,513

8.1.1.1 The Group does not have significant influence over these related parties; therefore, the requirements of IAS 28 are not applicable. The relationship with these related parties is disclosed in Note 40.1 of these consolidated financial statements.

8.1.1.2 37,300,000 (2024: 7,700,000) shares of MCB Bank Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Group, as collateral for NCCPL for trading margin and relating to UAE branch to meet regulatory requirement.

8.1.2 Related parties - unlisted shares

Company's name	Face value (Rupees)	No. of shares		Market value	
		2025	2024	2025	2024
		----- Rupees in thousand -----			
Hyundai Nishat Motor (Private) Limited Equity held 10.000% (2024: 10.000%) (Note 8.1.2.1)	10	195,623,000	195,623,000	3,466,440	3,413,621
Security General Insurance Company Limited Equity held 14.224% (2024: 14.224%) (Note 8.1.2.2)	10	9,681,374	9,681,374	2,286,837	2,620,458
				5,753,277	6,034,079

8.1.2.1 Company's name

Automobile assembler					
Hyundai Nishat Motor (Private) Limited	10	195,623,000	195,623,000	3,466,440	3,413,621
Equity held 10.000% (2024: 10.000%)					

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') a related party. The principal activity of HNMPL is to carry out the assembly and distribution of the Hyundai brand vehicles in Pakistan. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rupees 17.72 (2024: Rupees 17.45) per ordinary share as at 31 December 2025 through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 44 to these consolidated financial statements. During the year, the Level 3 fair value balance moved from an opening balance of Rupees 3,413.621 million to a closing balance of Rupees 3,466.440 million. The movement primarily reflects fair value gain of Rupees 52.819 million. In comparison, during the preceding year, the balance moved from Rupees 3,407.753 million to Rupees 3,413.621 million, due to fair value gain of Rupees 5.868 million.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 16.86%.
- Long term growth rate of 2% for computation of terminal value.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the fair value as at 31 December 2025 would decrease by Rupees 354.078 million.
- If the terminal growth rate increase by 1% with all other variables held constant, the fair value as at 31 December 2025 would increase by Rupees 215.185 million.

Value of investment in HNMPL calculated by reference to net assets of HNMPL as on 31 December 2024 is Rupees 2,065.779 million.

8.1.2.2 Company's name

Company's name	Face value (Rupees)	No. of shares		Market value	
		2025	2024	2025	2024
		----- Rupees in thousand -----			
Security General Insurance Company Limited Equity held 14.224% (2024: 14.224%)	10	9,681,374	9,681,374	2,286,837	2,620,458

This represents investment in the ordinary shares of Security General Insurance Company Limited ("SGI"), a related party. The principal activity of the company is to carry out general insurance business. Since SGI's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rupees 236.21 per ordinary share as at 31 December 2025 (2024: Rupees 270.67) through a valuation technique based on discounted cash flow analysis of SGI. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 44 to these unconsolidated financial statements. During the year, the Level 3 fair value balance moved from an opening balance of Rupees 2,620.458 million to a closing balance of Rupees 2,286.837 million. The movement primarily reflects fair value loss of Rupees 333.621 million. In comparison, during the preceding year, the balance moved from Rupees 3,157.968 million to Rupees 2,620.458 million, due to fair value loss of Rupees 537.510 million.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 14.56%
- Long term growth rate of 2% for computation of terminal value.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the fair value as at 31 December 2025 would decrease by Rupees 173.684 million.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

- If the terminal growth rate increases by 1% with all other variables held constant, the fair value as at 31 December 2025 would increase by Rupees 130.892 million.

The Chief Executive Officer of Security General Insurance Company Limited is Mr. Farrukh Aleem.

Value of investment in SGI calculated by reference to net assets of SGI as on 31 December 2024 is Rupees 3,472.128 million.

8.1.3 Others - listed shares

Others - listed shares	Face value (Rupees)	No. of shares		Market value	
		2025	2024	2025	2024
Company's name					
----- Rupees in thousand -----					
Automobile assembler					
Millat Tractors Limited	10	3,103,397	2,816,397	1,629,873	1,749,799
Cable & electrical goods					
Siemens (Pakistan) Engineering Company Limited	10	148,131	148,131	225,513	223,694
Cement					
Fecto Cement Limited	10	-	645,100	-	74,167
Close - end mutual fund					
HBL Investment Fund 'A'	10	4,113,500	4,113,500	26,038	17,236
Commercial banks					
Allied Bank Limited	10	6,277,500	6,277,500	1,147,339	865,479
Habib Bank Limited	10	-	680,300	-	118,685
National Bank of Pakistan	10	-	4,935,440	-	330,280
Fertilizer					
Engro Fertilizers Limited	10	12,707	12,707	2,876	2,595
Fauji Fertilizer Company Limited (Note 8.1.3.1)	10	9,998,900	9,998,900	5,906,450	3,662,797
Food & personal care products					
Nestle Pakistan Limited	10	5,740	5,740	45,648	42,763
Rafhan Maize Products Limited	10	70,304	70,304	707,144	632,735
Insurance					
Pakistan Reinsurance Company Limited	10	860,529	860,529	17,718	13,519
Investment companies					
Engro Holdings Limited (Formerly Dawood Hercules Corp. Ltd.)	10	2,220,100	2,220,100	526,763	576,804
DH Partners Limited	10	2,220,100	-	75,461	-
Oil & gas exploration companies					
Oil & Gas Development Company Limited	10	1,524,300	1,524,300	428,465	346,412
Sui Northern Gas Pipelines Limited	10	1,076,935	3,876,935	128,715	433,984
Paper & board					
Packages Limited	10	6,190	11,750	4,735	6,998
Pharmaceuticals					
Abbott Laboratories Pakistan Limited	10	-	369,400	-	457,265
Power generation & distribution					
Kot Addu Power Company Limited	10	5,731,000	5,731,000	215,027	215,486
Nishat Power Limited	10	923,500	923,500	61,561	32,655
Saif Power Limited	10	4,935,882	4,935,882	55,036	68,016
				11,204,362	9,871,369

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8.1.3.1 1,400,000 (2024: 5,200,000) shares of Fauji Fertilizer Company Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Group.

8.1.4 Others - mutual funds

No. of units		Face value (Rupees)	Fund's name	Carrying value	
2025	2024			2025	2024
----- Rupees in thousand -----					
-	60,341	100	Alfalah GHP Money Market Fund	-	6,504
36,068	31,575	100	HBL Cash Fund	3,914	3,544
4,534,282	4,469,715	10	HBL Investment Fund - Class B	91,504	71,574
-	968,240	100	Alfalah Islamic Money Market Fund	-	105,323
-	2,318,613	100	Alhamra Government Securities Plan-1	-	258,587
-	7,099,364	10	ABL Islamic Income Fund	-	80,280
-	3,545,756	50	Meezan Sovereign Fund	-	203,229
-	6,876,357	10	NBP Financial Sector Income Fund	-	79,847
				95,418	808,888

8.1.5 NIT units

No. of units		Face value (Rupees)	Fund's name	Carrying value	
2025	2024			2025	2024
----- Rupees in thousand -----					
12,540	12,540	10	National Investment Trust	2,104	1,757

8.2 Fair value through profit or loss

	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
----- Rupees in thousand -----						
Related party						
Listed shares (Note 8.2.1)	3,455,439	-	3,455,439	2,132,393	-	2,132,393
Mutual funds (Note 8.2.2)	4,280,428	-	4,280,428	3,081,754	-	3,081,754
	7,735,867	-	7,735,867	5,214,147	-	5,214,147
Unrealized gain			2,384,236			3,415,674
			10,120,103			8,629,821
Others						
Listed shares (Note 8.2.3)	11,702,543	-	11,702,543	10,230,666	-	10,230,666
Mutual funds (Note 8.2.4)	2,307,102	-	2,307,102	1,623,758	-	1,623,758
	14,009,645	-	14,009,645	11,854,424	-	11,854,424
Unrealized gain			1,506,780			1,928,360
			15,516,425			13,782,784
	21,745,512	-	25,636,528	17,068,571	-	22,412,605

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8.2.1 Related parties- listed shares

Company's name	Face value Rupees	No. of shares		Market value	
		2025	2024	2025	2024
----- Rupees in thousand -----					
Commercial bank					
MCB Bank Limited (Note 8.2.1.1)	10	10,000,044	10,155,286	3,793,817	2,856,680
Textile composite					
Nishat Chunian Limited	10	11,601,740	9,675,664	533,564	339,519
Power generation & distribution					
Nishat Chunian Power Limited	10	3,550,475	3,470,475	178,979	93,599
Lalpir Power Limited	10	110,000	-	2,672	-
				4,509,032	3,289,798

8.2.1.1 This includes 1.2 million shares having market value of Rupees 455.26 million (2024: Rupees 337.56 million) pledged with National Clearing Company of Pakistan Limited as a trading margin.

8.2.2 Related parties - mutual funds

Open ended mutual funds					
No. of units		Face value (Rupees)	Fund's name	Market value	
2025	2024			2025	2024
--- Rupees in thousand ---					
8,403,078	8,715,370	50	MCB Pakistan Stock Market Fund	3,052,220	1,985,548
26,628,590	58,448,080	10	Alhamra Islamic Stock Fund	811,906	1,281,766
-	8,672,001	100	Alhamra Islamic Income Fund	-	987,267
2,640,092	2,415,312	50	Alhamra Islamic Asset Allocation Fund	580,239	375,885
649,452	759,297	100	MCB Pakistan Dividend Yield Plan / Opportunity Fund	232,660	176,104
-	1,016,279	100	Pakistan Asset Allocation Fund	-	175,013
1,215,123	1,079,336	100	Alhamra Opportunity Fund-Dividend Strategy Plan	256,761	156,612
-	1,392,263	100	MCB Cash Management Optimizer	-	154,996
1,203,871	334,538	100	Alhamra Cash Management Optimizer	126,936	36,389
85,127	172,630	50	MCB Pakistan Sovereign Fund	4,938	10,406
2,725	2,328	50	Pakistan Income Fund	158	37
1,982,238	-	50	MCB Pakistan Assets Allocation Fund	480,439	-
180,923	-	100	MCB Pakistan Dividend Yield Plan	64,814	-
				5,611,071	5,340,023

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8.2.3 Others - listed shares

Company's name	Face value Rupees	No. of shares		Market value	
		2025	2024	2025	2024
				-- Rupees in thousand --	
Automobile assembler					
Indus Motors Company Limited	10	97,680	4,290	195,695	9,136
Honda Atlas Cars (Pakistan) Limited	10	498,196	-	136,755	-
Automobile parts & accessories					
Agriauto Industires Limited	5	1,051,867	371,087	165,795	40,333
Atlas Battery Limited	10	-	271,532	-	103,384
Exide Pakistan Limited	10	63,141	107,887	39,262	86,444
Panther Tyres Limited	10	7,982,184	6,241,342	452,670	291,096
Cement					
Cherat Cement Company Limited	10	1,537,191	1,230,112	512,684	336,669
Lucky Cement Limited	10	12,788	56,513	6,074	62,192
Pioneer Cement Limited	10	4,271	73,007	1,654	14,678
Investment company					
Engro Holdings Limited (Formerly Dawood Hercules Corp. Ltd.)	10	9,441	-	2,240	-
Leather & tanneries					
Bata Pakistan Limited	10	142,217	146,451	175,557	295,663
Commercial banks					
Bank Alfalah Limited	10	12,288,821	13,338,792	1,340,096	1,111,508
BankIslami Pakistan Limited	10	-	1,350,000	-	31,010
Faysal Bank Limited	10	320,825	18,439,419	29,763	893,943
Habib Bank Limited	10	13,019	5,032,970	4,210	878,052
Habib Metropolitan Bank Limited	10	-	4,063,478	-	353,523
Meezan Bank Limited	10	1,236,466	6,362,915	549,679	1,539,635
National Bank of Pakistan	10	-	6,084,590	-	407,182
United Bank Limited	10	2,786,908	519,114	1,183,293	198,421
Engineering					
International Industries Limited	10	416,364	-	77,510	-
International Steels Limited	10	2,574	-	271	-
Mughal Iron & Steel Industries Limited	10	-	6,193,294	-	496,083
Chemical					
Dynea Pakistan Limited	10	-	289,761	-	64,576
Lotte Chemical Pakistan Limited	10	-	1,508,059	-	31,533
Lucky Core Industries Limited	10	-	32,961	-	35,472
Sitara Chemical Industries Limited	10	-	444,275	-	139,952
Nimir Industrial Chemicals Limited	10	-	368,679	-	53,090
Fertilizer					
Engro Corporation Limited	10	-	6,500	-	2,894
Engro Fertilizer Limited	10	412,000	328,500	93,256	67,076
Fatima Fertilizer Company Limited	10	371,661	3,272,660	56,347	256,185
Food & personal care products					
Murree Brewery Company Limited	10	273,595	447,138	292,938	321,166
National Foods Limited	5	1,048,584	1,154,244	415,460	223,093
Rafhan Maize Products Company Limited	10	14,101	8,955	141,833	80,595
Tobacco industry					
Pakistan Tobacco Company Limited	10	1,155,101	383,353	1,780,796	510,545
Insurance					
IGI Holdings Company Limited	10	-	50,000	-	8,711
Jubilee General Insurance Company Limited	10	-	200,000	-	11,496

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Company's name	Face value Rupees	No. of shares		Market value	
		2025	2024	2025	2024
				---- Rupees in thousand ----	
Textile composite					
Gul Ahmed Textile Mills Limited	10	4,236,880	9,331,314	118,929	236,176
Interloop Limited	10	12,332,778	11,791,217	950,611	810,292
Technology & communication					
Hum Network Limited	10	-	50,000,000	-	733,500
Pakistan Telecommunication Company Limited	10	3,107	2,004,498	185	54,663
Systems Limited	10	2,796,284	55,677	477,829	34,601
Oil & gas exploration companies					
Mari Petroleum Company Limited	10	-	1,550	-	1,116
Oil & Gas Development Company Limited	10	2,015,756	298,504	566,609	67,838
Pakistan Oilfields Limited	10	-	267,103	-	168,708
Packaging					
Packages Limited	10	428,200	-	327,530	-
Paper & board					
Century Paper & Board Mills Limited	10	579,474	-	20,792	-
Healthcare company					
Ferozsons Laboratories Limited	10	500,398	-	188,020	-
Glaxosmithkline Consumer Healthcare Pakistan	10	431,411	-	168,155	-
Haleon Pakistan Limited	10	20,000	-	16,666	-
Pharmaceuticals					
AGP Limited	10	2,326,879	-	472,705	-
Abbott Laboratories Pakistan Limited	10	845,548	321,721	887,944	398,245
The Searle Company Limited	10	-	425	-	44
Highnoon Laboratories Limited	10	-	95,963	-	88,115
Power generation & distribution					
Mari Energies Limited	10	1,545	-	1,106	-
Wafi Energy Pakistan Limited	10	362,714	-	80,555	-
Glass & ceramics					
Shabbir Tiles & Ceramics Limited	5	-	3,734,706	-	60,091
Tariq Glass Industries	10	2,090	-	446	-
Oil & gas marketing companies					
Attock Petroleum Limited	10	419,578	2,427	248,187	1,346
Hi-Tech Lubricants Limited	10	1,084,959	-	62,700	-
Pakistan State Oil Company Limited	10	615,789	-	291,983	-
Refinery					
Pakistan Petroleum Limited	10	2,721,091	446,929	640,946	90,972
				13,175,736	11,701,043

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8.2.4 Others - mutual funds

Open ended mutual funds

No. of units		Face value (Rupees)	Fund's name	Market value	
2025	2024			2025	2024
---- Rupees in thousand ----					
3,547,415	-	10	Faysal Halal Amdani Fund	378,272	-
16,869,712	-	10	Faysal Halal Amdani Fund II	1,706,144	-
1,437,050	-	10	Faysal Halal Amdani Fund III	144,185	-
556,508	-	10	Faysal Islamic Cash Fund	55,841	-
542,678	-	10	NBP Income Fund	5,740	-
4,996,602	-	10	NBP Fixed Term Munafa Plan	50,507	-
-	12,331,796	10	Faysal Islamic Sovereign Plan I	-	1,358,716
-	6,619,336	10	Faysal Islamic Special Income Plan III	-	717,820
-	474,037	10	NBP Income Fund of Fund-NBP Cash Plan I	-	5,205
				2,340,689	2,081,741

2025

2024

----- Rupees in thousand -----

9 INVESTMENTS IN DEBT SECURITIES

Held to maturity

Inside Pakistan

Treasury Bills (Note 9.1.1)

Pakistan Investment Bonds (Note 9.1.2)

Outside Pakistan

Investment Bonds and Sukuks - (Note 9.1.3)

Fair value through profit or loss

Inside Pakistan

Term Finance Certificate (Note 9.2.1)

Corporate Sukuks / Bai' Muajjals (Note 9.2.2)

Ijara Sukuks (Note 9.2.3)

Treasury Bills (Note 9.2.4)

Pakistan Investment Bonds (Note 9.2.5)

5,381,012	2,509,665
1,470,977	1,460,578
2,412,538	557,017
9,264,527	4,527,260
1,892,534	1,991,907
2,772,778	1,547,374
10,180,650	9,110,186
38,701,269	36,780,309
43,873,170	33,691,961
97,420,401	83,121,737
106,684,928	87,648,997

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9.1 Held to maturity

9.1.1 Treasury Bills

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Carrying amount	
					2025	2024
-- Rupees in thousand -					----- Rupees in thousand -----	
100,000	11.25%	On maturity	12 Month Treasury Bills	8-Jan-26	99,805	-
500,000	11.38%	On maturity	12 Month Treasury Bills	6-Feb-26	494,962	-
500,000	11.60%	On maturity	12 Month Treasury Bills	8-Jan-26	498,847	-
300,000	11.58%	On maturity	12 Month Treasury Bills	19-Feb-26	295,735	-
500,000	11.55%	On maturity	12 Month Treasury Bills	5-Mar-26	491,060	-
400,000	11.86%	On maturity	12 Month Treasury Bills	17-Mar-26	391,158	-
500,000	11.90%	On maturity	12 Month Treasury Bills	2-Apr-26	486,742	-
500,000	11.93%	On maturity	12 Month Treasury Bills	16-Apr-26	484,666	-
300,000	12.01%	On maturity	12 Month Treasury Bills	16-Apr-26	290,744	-
300,000	11.32%	On maturity	12 Month Treasury Bills	14-May-26	288,800	-
300,000	11.27%	On maturity	12 Month Treasury Bills	16-Apr-26	291,168	-
500,000	11.16%	On maturity	12 Month Treasury Bills	29-May-26	479,506	-
432,000	10.75%	On maturity	12 Month Treasury Bills	24-Jun-26	411,994	-
200,000	10.90%	On maturity	12 Month Treasury Bills	6-Aug-26	188,312	-
200,000	10.94%	On maturity	12 Month Treasury Bills	20-Aug-26	187,513	-
300,000	20.26%	On maturity	12 Month Treasury Bills	6-Mar-25	-	291,134
325,000	20.90%	On maturity	12 Month Treasury Bills	3-Apr-25	-	310,832
375,000	20.84%	On maturity	12 Month Treasury Bills	3-Apr-25	-	358,692
500,000	20.85%	On maturity	12 Month Treasury Bills	17-Apr-25	-	474,938
300,000	20.36%	On maturity	12 Month Treasury Bills	15-May-25	-	281,360
500,000	19.98%	On maturity	12 Month Treasury Bills	29-May-25	-	466,225
350,000	19.85%	On maturity	12 Month Treasury Bills	29-May-25	-	326,484
					5,381,012	2,509,665

9.1.2 Pakistan Investment Bonds

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Carrying amount	
					2025	2024
-- Rupees in thousand -					----- Rupees in thousand -----	
300,000	12.19%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	293,585	291,230
700,000	11.94%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	687,469	682,868
100,000	11.94%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	98,205	97,546
200,000	11.92%	Semi-Annually	5 Years Pakistan Investment Bonds	19-Oct-28	196,656	195,462
200,000	12.12%	Semi-Annually	5 Years Pakistan Investment Bonds	7-Feb-29	195,062	193,472
					1,470,977	1,460,578

9.1.2.1 Pakistan Investment Bonds with face value of Rupees 400 million (2024: Rupees 400 million) are placed with State Bank of Pakistan in accordance with the requirements of section 29 of the Insurance Ordinance, 2000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9.1.3 Investment Bonds and Sukuks

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Carrying amount	
					2025	2024
-- Rupees in thousand --					----- Rupees in thousand -----	
140,062	4.86%	Semi-Annually	Bond	10-Oct-29	140,062	139,255
140,062	5.43%	Semi-Annually	Sukuk	17-Apr-35	140,062	139,254
280,124	5.14%	Semi-Annually	Bond	26-Nov-29	280,123	278,508
280,124	5.00%	Semi-Annually	Bond	12-Mar-35	280,123	-
252,111	5.03%	Semi-Annually	Sukuk	22-Apr-30	252,111	-
140,272	4.50%	Semi-Annually	Bond	14-Sep-27	140,272	-
140,762	4.80%	Semi-Annually	Sukuk	16-Aug-28	140,762	-
140,062	4.38%	Semi-Annually	Bond	10-Sep-30	140,062	-
337,568	4.54%	Semi-Annually	Sukuk	23-Mar-31	337,567	-
280,152	4.57%	Semi-Annually	Sukuk	19-Nov-30	280,151	-
281,244	4.38%	Semi-Annually	Bond	9-Oct-31	281,243	-
					2,412,538	557,017

9.2 Fair value through profit or loss

9.2.1 Term Finance Certificates

Face value	Maturity date	Coupon rate %	2025	2024	Company's name	Market value	
			No. of certificates			2025	2024
-- Rupees in thousand --						----- Rupees in thousand -----	
973,440	30-Sep-31	11.84%	195,000	195,000	Bank Al Habib Limited	958,838	959,223
424,235	1-Mar-31	12.38%	4,250	4,250	Samba Bank Limited	425,679	424,405
99,900	17-Apr-28	12.43%	2,580	2,580	The Bank of Punjab II	98,152	260,568
257,226	23-Apr-28	12.43%	1,000	1,000	The Bank of Punjab I	259,865	98,211
60,000	30-Jun-28	12.15%	60	100	Askari Bank Limited VI	60,000	100,000
40,000	3-Jul-28	12.15%	40	100	Askari Bank Limited VII	40,000	99,500
50,000	26-Sep-34	12.23%	500	500	Habib Bank Limited II	50,000	50,000
						1,892,534	1,991,907

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9.2.2 Corporate Sukuks / Bai' Muajjals

Face value	Maturity date	Coupon rate %	2025	2024	Company's name	Market value	
			No. of certificates			2025	2024
- Rupees in thousand -						----- Rupees in thousand -----	
580,730	21-May-30	11.09%	-	115,000	Pakistan Energy - Sukuk II	-	580,730
500,000	9-Jan-30	11.54%	-	500	Meezan Bank Limited	-	504,101
450,000	16-Dec-31	11.54%	450	450	Meezan Bank Limited II	442,491	440,499
22,000	2-Dec-32	11.88%	22	22	Dubai Islamic Bank (Pakistan) Limited	22,176	22,044
531,606	23-Feb-26	10.83%	1	-	Askari Bank Limited	523,834	-
797,280	4-Feb-26	10.80%	1	-	Zarai Tariqati Bank Limited	783,828	-
1,044,350	26-Jan-26	10.25-10.35%	1	-	United Bank Limited	1,000,449	-
						2,772,778	1,547,374

9.2.3 Ijara Sukuks

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Carrying amount	
					2025	2024
- Rupees in thousand -					----- Rupees in thousand -----	
5,048,500	5.07% - 10.49%	On maturity	GOP Ijara Sukuk 1 Year	2026	5,003,738	1,920,657
310,000	10.41% - 10.52%	On maturity	GOP Ijara Sukuk 1 Year	2027	331,626	308,701
187,500	10.41% - 10.52%	On maturity	GOP Ijara Sukuk 2 Year	2027	193,906	273,240
220,000	10.48% - 10.63%	On maturity	GOP Ijara Sukuk 2 Year	2028	221,768	-
700,000	10.48% - 10.63%	On maturity	GOP Ijara Sukuk 3 Year	2028	790,720	762,650
310,000	10.59% - 10.65%	On maturity	GOP Ijara Sukuk 3 Year	2029	349,244	567,697
225,000	10.55% - 10.72%	On maturity	GOP Ijara Sukuk 4 Year	2029	240,634	-
587,500	10.34% - 10.83%	On maturity	GOP Ijara Sukuk 4 Year	2030	600,295	-
212,500	10.34% - 10.83%	On maturity	GOP Ijara Sukuk 5 Year	2030	216,601	-
1,010,000	10.63% - 11.31%	On maturity	GOP Ijara Sukuk 1 Year	2026	1,013,020	546,474
214,900	10.16% - 11.40%	On maturity	GOP Ijara Sukuk 1 Year	2027	216,232	-
250,005	10.16% - 11.40%	On maturity	GOP Ijara Sukuk 2 Year	2027	250,215	-
660,000	10.69%	On maturity	GOP Ijara Sukuk 3 Year	2028	665,148	686,598
25,000	10.13%	On maturity	GOP Ijara Sukuk 3 Year	2029	25,015	25,750
62,500	10.46%	On maturity	GOP Ijara Sukuk 4 Year	2030	62,488	-
25,000	10.29%	On maturity	GOP Ijara Sukuk 2 Year	2027	-	25,700
527,500	10.96%	On maturity	GOP Ijara Sukuk 5 Years	2026	-	531,459
475,000	12.55% - 12.80%	On maturity	GOP Ijara Sukuk 1 Year	2026	-	485,714
2,341,965	9.28% - 13.41%	On maturity	GOP Ijara Sukuk 1 Year	2025	-	2,234,764
100,000	12.17%	On maturity	GOP Ijara Sukuk 5 Years	2025	-	97,920
630,000	10.1% -14.40%	On maturity	GOP Ijara Sukuk 5 Years	2025	-	642,862
					10,180,650	9,110,186

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9.2.4 Treasury Bills

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Carrying amount	
					2025	2024
-- Rupees in thousand -					----- Rupees in thousand -----	
40,394,130	10.35% - 10.44%	On maturity	12 Months Treasury Bills	2026	38,701,269	-
28,983,025	11.90% - 12.86%	On maturity	12 Months Treasury Bills	2025	-	27,222,783
6,560,000	11.92% - 12.86%	On maturity	3 Months Treasury Bills	2025	-	6,432,702
3,265,000	11.90% - 12.86%	On maturity	6 Months Treasury Bills	2025	-	3,124,824
					38,701,269	36,780,309

9.2.5 Pakistan Investment Bond

Face value	Yield rate %	Profit payment	Type of security	Maturity date	Carrying amount	
					2025	2024
-- Rupees in thousand -					----- Rupees in thousand -----	
6,900,000	10.40% - 10.41%	On maturity	1 Year Pakistan Investment Bond	2025	6,929,909	9,887
5,575,000	10.39% - 10.43%	On maturity	1 Year Pakistan Investment Bond	2026	5,033,024	6,981,312
250,100	10.39% - 10.43%	On maturity	1 Year Pakistan Investment Bond	2027	213,762	259,356
15,000	10.51%	On maturity	2 Year Pakistan Investment Bond	2027	16,331	4,356
5,550,000	10.91% - 11.35%	On maturity	2 Year Pakistan Investment Bond	2028	5,528,165	49,265
550,000	10.71%	On maturity	3 Year Pakistan Investment Bond	2029	604,095	-
6,540,000	10.91% - 11.35%	On maturity	3 Year Pakistan Investment Bond	2028	6,509,221	11,758,013
8,056,800	10.51% - 12.24%	On maturity	3 Year Pakistan Investment Bond	2029	7,987,617	7,832,166
1,400,000	10.51% - 12.24%	On maturity	4 Year Pakistan Investment Bond	2029	1,388,019	-
2,300,000	10.79% - 10.81%	On maturity	4 Year Pakistan Investment Bond	2029	2,388,932	2,467,643
3,470,000	10.79% - 10.81%	On maturity	4 Year Pakistan Investment Bond	2030	3,328,665	-
1,750,000	10.64% - 11.24%	On maturity	4 Year Pakistan Investment Bond	2030	1,736,325	1,208,094
38,000	10.39% - 11.18%	On maturity	5 Year Pakistan Investment Bond	2027	38,030	37,324
2,250,000	10.68% - 11.86%	On maturity	10 Year Pakistan Investment Bond	2035	2,171,075	-
500	12.10%	On maturity	1 Year Pakistan Investment Bond	2025	-	483
3,150,000	11.75% - 12.25%	On maturity	1 Year Pakistan Investment Bond	2026	-	2,584,108
500,000	12.63%	On maturity	4 Year Pakistan Investment Bond	2030	-	499,954
					43,873,170	33,691,961

9.2.5.1 These include PIBs of Rupees 75 million, Rupees 100 million and Rupees 300 million (2024: Rupees 75 million, Rupees 100 million and Rupees 300 million) placed with State Bank of Pakistan as per the requirement of section 29 of Insurance Ordinance, 2000 carrying coupon rate of 7.5%, 8% and 12% per annum having maturity period of 5, 10 & 3 years and will mature on 29 April 2027, 10 December 2030 and 4 July 2026 respectively.

10 INVESTMENTS IN TERM DEPOSITS

2025 2024

----- Rupees in thousand -----

Held to maturity

Deposits maturing within 12 months

Inside Pakistan

- other (Note 10.1)

1,000,000	-
1,000,000	-

Outside Pakistan

- related party (Note 10.2)

- others

2,100,924	2,089,041
16,388,231	9,192,737
18,489,155	11,281,778
19,489,155	11,281,778

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

- 10.1** These include fixed deposits amounting to Rupees 504.395 million (31 December 2024: Nil) marked under lien against SBLC (Standby Letter of Credit) issued in favor of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Group and for claims under litigation filed against the Parent Company.
- 10.2** These represent fixed deposits with MCB Bank Limited, a related party of the Group.
- 10.3** Term deposits kept Outside Pakistan include fixed deposits amounting to Rupees 689.534 million (AED 9.04 million) [2024: Rupees 685.559 million (AED 9.04 million)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates.
- 10.4** Rate of profit on term deposit kept Inside Pakistan is 9.40% (2024: Nil) per annum. Rate of profit on term deposits kept Outside Pakistan ranges from 2.00% to 4.15% (2024: 4.00% to 5.40%) per annum.

2025 2024
----- Rupees in thousand -----

11 LOANS AND OTHER RECEIVABLES

Considered good

Rent receivable	-	9
Accrued investment income	2,145,600	1,894,711
Security deposits	104,301	118,837
Advances to employees and suppliers	125,506	314,557
Agents commission receivable	3,380	5,796
Loans to employees	71,222	77,301
Receivable against the sale of investment	-	72,792
Receivable from salvage buyers	37,970	309,858
Receivable from Window Takaful Operations	-	338,097
Federal excise duty / sales tax / VAT	66,759	-
Other receivables	79,997	177,499
	2,634,735	3,309,457

12 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

Due from insurance contract holders (Note 12.1)	7,405,596	8,637,096
Provision for impairment of receivables from insurance contract holders (Note 12.2)	(1,717,244)	(1,631,532)
	5,688,352	7,005,564
Due from other insurers / reinsurers	2,093,364	1,265,840
Provision for impairment of due from other insurers / reinsurers (Note 12.3)	(223,214)	(201,302)
	1,870,150	1,064,538
	7,558,502	8,070,102

- 12.1** Due from insurance contact holders include an amount of Rupees 514.020 million (2024: Rupees 386.388 million) held with related parties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
12.2 Provision for impairment of receivables from insurance contract holders		
Opening balance	1,631,532	1,648,180
Provision made during the year (Note 31)	77,909	-
Exchange difference	7,803	(16,648)
Closing balance	1,717,244	1,631,532
12.3 Provision for impairment of due from other insurers / reinsurers		
Opening balance	201,302	201,302
Provision made during the year (Note 31)	21,989	-
Exchange difference	(77)	-
Closing balance	223,214	201,302
13 PREPAYMENTS		
Prepaid reinsurance premium ceded (Note 28)	5,465,280	8,370,324
Prepaid miscellaneous expenses	436,704	276,895
	5,901,984	8,647,219
14 BANK DEPOSITS SUBJECT TO ENCUMBRANCES		
Inside Pakistan		
Saving accounts under lien (Note 14.1 and 14.2)	349	549,011
Margin against guarantee (Note 14.3)	83,372	83,999
	83,721	633,010
Outside Pakistan		
Current accounts under lien (Note 14.4)	82,894	128,800
Margin against guarantee (Note 14.5)	4,580,368	2,278,878
	4,663,262	2,407,678
	4,746,983	3,040,688
14.1 This represents lien marked on cash deposit in saving account against claim under litigation filed against the Parent Company.		
14.2 Saving / profit and loss account placed in Pakistan carry expected profit rates ranging from 7.50% to 11.50% (2024: 13.50% to 20.50%) per annum.		
14.3 These represent margin against bank guarantee, kept with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Parent Company for claims under litigation filed against the Parent Company and bid bond guarantees.		
14.4 These represent lien marked on current accounts by the banks as per the instructions issued by the Court in lieu of execution of legal orders against the Parent Company in different cases pertaining to claims in United Arab Emirates.		
14.5 This represents margin provided for a bank guarantee issued outside Pakistan in favor of the Central Bank of the UAE to meet regulatory requirement of the Parent Company.		

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15 CASH AND BANK

2025 2024
----- Rupees in thousand -----

Cash and cash equivalents

Inside Pakistan

Cash in hand

Policy and revenue stamps, bond papers

1,765	1,648
61,272	24,258
63,037	25,906
63,037	25,906

Cash at bank

Inside Pakistan

Current accounts

Savings accounts

877,249	740,937
7,560,783	6,549,335
8,438,032	7,290,272

Outside Pakistan

Current accounts

Savings accounts

3,797,832	2,909,980
2,306	2,319
3,800,138	2,912,299
12,238,170	10,202,571
12,301,207	10,228,477

15.1 Cash at bank includes an amount of Rupees 6,432.654 million (2024: Rupees 6,372.363 million) Rupees 2,866.919 million (2024: Rupees 2,507.568 million) held with MCB Bank Limited and MCB Islamic Bank Limited, related parties of the Group, respectively.

15.2 Saving / profit and loss accounts placed in Pakistan carry estimated profit rates ranging from 4% to 11.50% (2024: 6.73% to 20.50%) per annum. Saving / profit and loss account placed in UAE carries expected profit rate of 0.1% (2024: 0.1%) per annum.

2025 2024
----- Rupees in thousand -----

15.3 Cash and cash equivalent for the purpose of the cash flow statement consists of:

Cash in hand and policy Stamps

Cash at bank

63,037	25,906
12,238,170	10,202,571
12,301,207	10,228,477

16 WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND AND PARTICIPANT'S TAKAFUL FUND

Total assets of Operator's Fund (Note 16.1)

Total assets of Participants' Takaful Fund (Note 16.2)

2,464,381	(Restated) 2,082,402
3,738,757	3,371,428
6,203,138	5,453,830

Total liabilities of Operator's Fund (Note 16.1)

Total liabilities against Participants' Takaful Fund (Note 16.2)

887,242	772,823
3,738,757	3,371,428
4,625,999	4,144,251

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

16.1 Operator's Fund

Assets

Property and equipment	69,056	46,568
Intangible assets	14,260	15,214
Investments - equity securities	385,182	1,075,440
Investments - debt securities	40,000	51,418
Investments - term deposits	1,300,000	-
Qard-e-Hasna to Participants' Takaful Fund	-	221,460
Cash and bank deposits	306,242	295,515
Other assets	349,641	376,787

Total assets

2,464,381 2,082,402

Total liabilities

887,242 772,823

16.1.1 Profit and loss account

Wakala fee	1,176,215	988,894
Commission expense	(507,972)	(322,768)
General, administrative and management expenses	(406,555)	(335,433)
Mudarib's share of PTF investment income and other income	25,555	38,522
Investment income	130,917	148,148
Direct expenses	(5,200)	(4,840)
Other income	28,266	62,391
Profit before taxation	441,226	574,914
Taxation	(172,556)	(225,695)
Profit after taxation	268,670	349,219

16.2 Participants' Takaful Fund

Assets

Investments - equity securities	-	664,478
Investments - term deposits	600,000	-
Cash and bank deposits	345,757	896,141
Other assets	2,793,000	1,810,809

Total assets

3,738,757 3,371,428

Total liabilities

3,738,757 3,371,428

16.3 Details of assets, liabilities and segment disclosures of 'Window Takaful Operations' of the Parent Company are stated in the annexed financial statements of the 'Window Takaful Operations'.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17 ORDINARY SHARE CAPITAL

17.1 Authorized share capital

	2025	2024	2025	2024
	----- Number of shares -----		----- Rupees in thousand -----	
Ordinary shares of Rupees 10 each	375,000,000	375,000,000	3,750,000	3,750,000
17.2 Issued, subscribed and paid up capital				
Ordinary shares of Rupees 10 each fully paid in cash	250,000	250,000	2,500	2,500
Ordinary shares of Rupees 10 each issued as fully paid bonus shares	349,750,000	349,750,000	3,497,500	3,497,500
	350,000,000	350,000,000	3,500,000	3,500,000

17.3 Ordinary shares of the Parent Company held by the associated companies:

	2025	2024
	-----Number of shares-----	
MCB Bank Limited	70,583,095	70,583,095
Security General Insurance Company Limited	41,127,237	28,515,087
D.G. Khan Cement Company Limited	27,877,735	27,877,735
Masood Holdings (Private) Limited	-	7,805,854
Roomi Holdings (Private) Limited	-	5,503,500
Nishat (Aziz Avenue) Hotels & Properties Limited	1,427,016	1,267,000
Nishat Mills Limited	102,809	102,809
	141,117,892	141,655,080

18 RESERVES

	2025	2024
	----- Rupees in thousand -----	
Capital reserves		
Reserves for exceptional losses (Note 18.1)	22,859	22,859
Investment fluctuation reserve (Note 18.2)	3,764	3,764
Exchange translation reserve (Note 18.3)	2,145,687	2,137,672
Fair value reserve (Note 18.4)	16,230,547	11,832,817
	18,402,857	13,997,112
Revenue reserve		
General reserve	936,500	936,500
	19,339,357	14,933,612

18.1 The reserve for exceptional losses represents the amount set aside by the Parent Company in prior years up to 31 December 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit such deduction, the Parent Company discontinued the setting aside of reserve for exceptional losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

- 18.2** This amount has been set aside by the Parent Company in prior years for utilization against possible diminution in the value of investments.
- 18.3** The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) of the Parent Company into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.
- 18.4** The fair value reserve represents the net cumulative unrealized gain on available for sale investments held by the Group as at 31 December 2025.

19 NON-CONTROLLING INTEREST

	2025	2024
	----- Rupees in thousand -----	
Opening Non Controlling Interest	543,268	441,756
Dividend paid by subsidiary	(68,316)	(50,004)
Adjustment in non-controlling interest	316,186	-
Total comprehensive income for the year	203,007	151,516
	994,145	543,268

Following are the summarised information of Adamjee Life Assurance Company Limited's stand alone financial statements:

	2025	2024
	----- Rupees in thousand -----	

For the year / year ended

Net premium / contribution revenue	35,429,608	30,284,691
Profit after tax for the year	1,314,311	1,554,305
Total comprehensive income	1,413,773	1,515,161
Total assets	134,592,532	116,444,949
Total liabilities	128,258,530	111,012,220
Cash and cash equivalents for the purpose of cash flow statement	6,412,471	6,245,914

20 INSURANCE LIABILITIES

Life insurance business

Reported outstanding claims (including claims in payment) (Note 20.1)	6,036,101	4,876,639
Incurred but not reported claims (Note 20.2)	203,268	209,283
Investment component of unit-linked and account value policies (Note 20.3)	116,204,042	99,622,849
Liabilities under individual conventional insurance contracts (Note 20.4)	27,744	29,904
Liabilities under group insurance contracts (other than investment linked) (Note 20.5)	235,323	227,121
Other insurance liabilities (Note 20.6)	1,108,086	982,361
	123,814,564	105,948,157
Surplus of Participant Takaful Fund (Note 20.7)	356,693	298,668
Total insurance liabilities	124,171,257	106,246,825

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20.1 Reported outstanding claims

Gross of reinsurance

Payable within one year

Recoverable from reinsurers

Receivable within one year

Net reported outstanding claims

	2025	2024
	----- Rupees in thousand -----	
	6,036,101	4,876,639
	(205,704)	(50,067)
	5,830,397	4,826,572

20.2 Incurred but not reported claims

Individual life

Gross of reinsurance

Reinsurance recoveries

Net of reinsurance

Group life

Gross of reinsurance

Reinsurance recoveries

Net of reinsurance

	183,658	193,562
	(41,455)	(51,560)
	142,203	142,002
	209,567	155,073
	(148,502)	(87,792)
	61,065	67,281
	203,268	209,283

20.3 Investment component of unit linked and account value policies

Investment component of unit linked policies

Investment component of account value policies

	115,931,891	98,968,682
	272,151	654,167
	116,204,042	99,622,849

20.4 Liabilities under individual conventional insurance contracts

Gross of reinsurance

Reinsurance credit

Net of reinsurance

	28,592	31,509
	(848)	(1,605)
	27,744	29,904

20.5 Liabilities under group insurance contracts (other than investment linked)

Gross of reinsurance

Reinsurance credit

Net of reinsurance

	513,639	472,988
	(278,316)	(245,867)
	235,323	227,121

20.6 Other insurance liabilities

Gross of reinsurance

Reinsurance credit

Net of reinsurance

	1,224,950	1,091,882
	(116,864)	(109,521)
	1,108,086	982,361

20.7 This comprises the surplus of the Individual and Group Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual and Group Family Takaful Fund and is not available for distribution to shareholders. The surplus arising in the Participants' Sub-Fund can only be distributed to the participants of that fund with the approval of the appointed actuary. As clarified by SECP, the surplus has been classified under insurance liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21 RETIREMENT BENEFIT OBLIGATIONS

Parent Company

Unfunded gratuity scheme (Note 21.1)

Funded gratuity scheme (Note 21.2)

Subsidiary Company

Funded gratuity scheme (Note 21.3)

	2025	2024
	----- Rupees in thousand -----	
	192,087	157,510
	79,718	34,563
	58,296	72,124
	330,101	264,197

21.1 Unfunded gratuity scheme

21.1.1 This provision relates to the Parent Company's operations in UAE branches. The eligible employees under the scheme are 76 (2024 : 57). The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2025 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

21.1.2 Movement in the defined benefit obligation recognized in the consolidated statement of financial position is as follows:

Present value of defined benefit obligation as at 01 January
 Charge for the year
 Benefits paid
 Remeasurement loss on obligation
 Exchange loss / (gain)
 Present value of defined benefit obligation as at 31 December

	2025	2024
	----- Rupees in thousand -----	
	157,510	139,012
	24,361	21,629
	(9,897)	(12,920)
	19,318	11,429
	795	(1,640)
	192,087	157,510

21.1.3 Principal actuarial assumptions used are as follows:

- Valuation discount rate
 - Expected rate of increase in salary level

	2025	2024
	----- Percentage -----	
	3.60	4.20
	3.00	3.00

Discount rate used in last actuarial valuation was 4.20% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 3.60% per annum. The rate of increase in eligible salary has been kept constant at 3.00% per annum.

21.1.4 The amount charged in consolidated profit and loss account is as follows:

Service cost
 Interest cost
 Expense for the year

	2025	2024
	----- Rupees in thousand -----	
	17,933	14,978
	6,428	6,651
	24,361	21,629

21.1.5 The amounts charged to consolidated statement of comprehensive income is as follows:

Remeasurement of the present value of defined benefit obligation due to:

- Changes in assumptions
 - Experience adjustments

	2025	2024
	7,416	4,157
	11,902	7,272
	19,318	11,429

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21.1.6 5 year historical data on the deficit of defined benefit plan is as follows:

	2025	2024	2023	2022	2021
Unfunded gratuity scheme	Rupees in thousand				
Present value of defined obligation	192,087	157,510	139,012	131,152	82,145
Experience adjustments	Percentage				
(Loss) / gain on obligations (percentage of obligation)	(6.20)	(4.62)	4.89	(10.39)	(4.27)

21.2 Funded gratuity scheme

21.2.1 The Parent Company operates an approved funded gratuity scheme for all employees. The eligible employees under the scheme are 800 (2024 : 749). The defined benefit plan exposes the Parent Company to mortality risk which is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit. The rates assumed were based on SLIC (2001-2005) mortality table. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2025 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

	2025	2024
	Percentage	
21.2.2 Principal actuarial assumptions used are as follows:		
Discount rate	11.00	12.25
Expected rate of increase in salary level	9.50	10.75

Discount rate used in last actuarial valuation was 12.25% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 11.00% per annum. Correspondingly, due to downward trend in inflationary expectations, the rate of increase in eligible salary has been decreased to 9.50% from 10.75%.

	2025	2024
	Rupees in thousand	
21.2.3 Movement in the net liabilities recognized in the consolidated statement of financial position is as follows:		
Net liabilities as at 01 January	34,563	36,615
Expenses recognized	43,920	36,695
Remeasurement gain / (loss) recognized - net	1,235	(38,747)
Net liabilities as at 31 December	79,718	34,563
21.2.4 The amount recognized in the consolidated profit and loss account are as follows:		
Service cost	39,686	30,653
Interest cost	61,364	71,211
Interest income on plan assets	(57,130)	(65,169)
	43,920	36,695

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
21.2.5 The amount recognized in statement of comprehensive income are as follows:		
Remeasurement of plan obligation from:		
Experience on obligation	44,483	(4,888)
Change in assumptions	(538)	14,098
Remeasurement of plan assets:		
Investment return	(42,710)	(47,957)
	1,235	(38,747)

Remeasurement due to change in demographic assumptions is the impact of change in withdrawal rates. Change in the discount rate and salary increase assumption is reflected in remeasurement due to change in financial assumptions.

	2025	2024
	----- Rupees in thousand -----	
21.2.6 The amount recognized in the consolidated statement of financial position is as follows:		
Present value of the obligation	630,499	516,350
Fair value of plan assets	(550,781)	(481,787)
	79,718	34,563
21.2.7 Movement in present value of defined benefit obligation		
Present value of defined benefit obligation as at 01 January	516,350	457,878
Current service cost	39,686	30,653
Interest cost	61,364	71,211
Actual benefits paid during the year	(30,846)	(52,602)
Remeasurement loss on obligation	43,945	9,210
Present value of defined benefit obligation as at 31 December	630,499	516,350
21.2.8 Movement in fair value of plan assets		
Fair value as at 01 January	481,787	421,263
Interest income on plan assets	57,130	65,169
Actual benefits paid during the year	(30,846)	(52,602)
Remeasurement gain due to investment return	42,710	47,957
Fair value of plan assets as at 31 December	550,781	481,787
21.2.9 Actual return on plan assets		
Expected return on plan assets	57,130	65,169
Remeasurement gain due to investment return	42,710	47,957
	99,840	113,126

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21.2.10 5 year historical data on the deficit of defined benefit plan is as follows:

Funded gratuity scheme

	2025	2024	2023	2022	2021
	----- Rupees in thousand -----				
Present value of defined obligation	630,499	516,350	457,878	426,489	393,191
Fair value of plan assets	550,781	481,787	421,263	356,234	211,676
Deficit	79,718	34,563	36,615	70,255	181,515
	----- Percentage -----				
Gain / (loss) on plan assets (percentage of plan assets)	7.75	9.95	6.78	(1.44)	(2.22)
Loss / (gain) on obligations (percentage of obligation)	6.97	1.78	(1.44)	6.74	2.75

21.2.11 Plan assets consist of the following:

	2025	2024	2025	2024
	----- Percentage -----		----- Rupees in thousand -----	
Equity securities				
- Mutual funds - equity	8.75	8.37	48,199	40,312
- Power generation	9.09	5.51	50,062	26,555
- Cements	2.92	1.52	16,094	7,344
- Fertilizer	2.05	2.12	11,318	10,210
	22.81	17.52	125,673	84,421
Government bonds - debt	74.89	83.72	412,500	403,330
Benefits due & cash equivalents	2.30	(1.24)	12,608	(5,964)
	100.00	100.00	550,781	481,787

21.2.12 Plan assets do not include any investment in the Parent Company's ordinary shares as at 31 December 2025 (2024: Nil).

21.2.13 Expected cost to be recorded in the consolidated profit and loss account for the year ending 31 December 2026 is Rupees 53.944 million.

21.2.14 Expected contributions to the plan for the year ending 31 December 2026 is Rupees 58.349 million.

21.2.15 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at beginning of the year.

21.2.16 The weighted average duration of the defined benefit obligation for gratuity plan is 5.7 years (2024: 5.8 years).

21.2.17 These defined benefit plans expose the Parent Company to actuarial risks such as investment risk and salary risk.

21.2.18 The main features of the gratuity schemes are as follows:

- All confirmed employees are eligible to the scheme and the normal retirement age for all employees is 60 years.
- A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Parent Company's Service rules.
- The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21.2.19 The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

21.2.20 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

Change in assumptions		Impact on gratuity plans			
		Unfunded		Funded	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- Rupees in thousand -----					
Discount rate	1%	(12,062)	13,692	(30,231)	33,461
Salary growth rate	1%	13,636	(12,239)	33,621	(30,893)

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 actuarial assumptions the 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 when calculating the defined benefit obligation recognized within the consolidated statement of financial position.

21.3 Funded gratuity scheme - Subsidiary Company

The Subsidiary Company operates a funded gratuity scheme covering eligible employees who have completed the minimum qualifying eligible service period of six months. The employees are entitled to gratuity on the basis of last drawn monthly gross salary on normal retirement or on death in service on the number of years of services with the Subsidiary Company. Contribution to the fund is made and expense is recognised on the basis of actuarial valuations carried out at each year end using the projected unit credit method.

Responsibility for the governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Subsidiary Company appoints the Trustees and all trustees are employees of the Subsidiary Company. Details of the Subsidiary Company's obligation under the staff gratuity scheme determined on the basis of an actuarial valuation carried out by an independent actuary as at 31 December 2025 under the Projected Unit Credit Method are as follows:

	2025	2024
	----- Rupees in thousand -----	
Consolidated Statement of financial Position reconciliation:		
Present value of defined benefit obligations as at 31 December (Note 21.3.1)	311,063	306,556
Fair value of plan assets at 31 December (Note 21.3.2)	(252,767)	(234,432)
Net liability at end of the year	58,296	72,124
Movement in present value of defined benefit obligations		
Present value of defined benefit obligations as at 01 January	306,556	203,354
Current service cost (Note 21.3.3)	57,851	40,856
Interest cost on defined benefit obligation (Note 21.3.3)	43,681	37,033
Benefits paid during the year	(123,931)	(33,004)
Remeasurement loss on obligation:		
- due to changes in financial assumptions (Note 21.3.4)	26,906	58,317
Present value of defined benefit obligations as at 31 December	311,063	306,556

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For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
21.3.2 Movement in fair value of plan assets		
Fair value of plan assets as at 01 January	234,432	215,145
Contributions made	111,000	5,000
Interest income	29,999	35,158
Benefits paid	(123,931)	(33,004)
Remeasurement gain on plan assets	1,267	12,133
Fair value of plan assets as at 31 December	252,767	234,432
21.3.3 Expense recognized in consolidated profit and loss account		
Current service cost	57,851	40,856
Interest cost	43,681	37,033
Interest income	(29,999)	(35,158)
	71,533	42,731
21.3.4 Expense recognized in consolidated statement of comprehensive income		
Remeasurement loss on obligation	26,906	58,317
Remeasurement gain on fair value of plan assets	(1,267)	(12,133)
	25,639	46,184
21.3.5 Net recognized liability / (asset)		
Net liability / (asset) at 01 January	72,124	(11,791)
Expense recognized in consolidated profit and loss account	71,533	42,731
Expense recognized in consolidated statement of comprehensive income	25,639	46,184
Contributions made to the fund during the year	(111,000)	(5,000)
Net liability at 31 December	58,296	72,124
21.3.6 Expected cost to be recorded in the consolidated profit and loss account for the year ending 31 December 2026 is Rupees 74.655 million.		

21.3.7 Plan assets comprise of following:	2025	2024	2025	2024
	----- Percentage -----		----- Rupees in thousand -----	
Government securities	66.02	90.61	166,882	212,428
Bank balance	12.73	9.38	32,183	21,996
Mutual funds	21.25	-	53,702	8
Fair value of plan assets at end of the year	100.00	100.00	252,767	234,432

The assets are represented by cash in the Scheme's bank deposit account with Standard Chartered Bank (Pakistan) Limited and MCB Bank Limited, a related party, directly held T-Bills and PIBs and funds invested with JS Cash Fund managed by JS Funds.

21.3.8 The principal assumptions used in the actuarial valuations carried out as of 31 December 2025, using the 'Projected Unit Credit Method', are as follows:

	2025	2024
	----- Percentage -----	
Discount rate per annum	11.00	12.25
Expected per annum rate of return on plan assets	11.00	12.25
Expected per annum rate of increase in salary level	3.00 - 11.00	3.00 - 11.00
Expected mortality rate	LIC 94-96 Mortality table for males (rated down by 3 years for females)	LIC 94-96 Mortality table for males (rated down by 3 years for females)
Expected withdrawal rate	60	60

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21.3.9 The plans expose the Subsidiary Company to actuarial risks such as:

Salary risks

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

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

The investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Board of Trustees actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations. The Board of Trustees has not changed the process used to manage its risks from previous periods. Investments are well diversified. Majority of investments are placed in government securities.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS-19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the date of financial statement. Expected return on equity investments reflect long-term real rates of return experienced in the market.

21.3.10 Sensitivity analysis

Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation of the Subsidiary Company to changes in the weighted principal assumptions is as follows:

		Impact on gratuity plans	
		Funded	
	Change in assumptions	Increase in assumption	Decrease in assumption
----- Rupees in thousand -----			
Discount rate	1%	(18,228)	20,666
Salary growth rate	1%	22,038	(19,776)

The impact on retirement benefit obligation due to increase in life expectancy by 1 year would be Rupees 1,439 (2024: Rupees 40,029)

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

The weighted average duration of the retirement benefit obligation is 7.43 years. Besides the number of employees covered in the scheme at 31 December 2025 were 627 (2024: 832).

21.3.11 The expected maturity analysis of undiscounted retirement benefit plan is as follows: **(Rupees in thousand)**

Less than a year	13,730
Between 1 - 2 years	3,405
Between 2 - 3 years	9
Between 3 - 4 years	10,881
Between 4 - 5 years	1,372

21.3.12 5 year historical data on the deficit / (surplus) of defined benefit plan is as follows:

	2025	2024	2023	2022	2021
	----- Rupees in thousand -----				
Present value of defined benefit obligation	311,063	306,556	203,354	189,140	178,588
Fair value of plan assets	(252,767)	(234,432)	(215,145)	(184,274)	(185,048)
(Surplus) / deficit	58,296	72,124	(11,791)	4,866	(6,460)

21.3.13 Experience adjustments

	2025	2024	2023	2022	2021
	----- Percentage -----				
Experience adjustments on obligation	9%	19%	1%	-10%	-24%
Experience adjustments on asset	1%	5%	5%	-9%	-4%

21.3.14 Gratuity cost to be recognised in the consolidated profit and loss account in the next financial period is not necessarily the amount of the contribution for that period. Decision about the contribution is made by the Subsidiary Company based on the allowability under the Insurance Tax Rules, 2002 and the availability of surplus funds, etc.

22 DEFERRED TAXATION

2025 **2024**
----- Rupees in thousand -----

Deferred tax debits arising in respect of:

Provision for gratuity	102,925	79,441
Impairment loss recognized against available for sale investments	449,377	678,773
Lease liability	237,280	270,113
Others	41,815	-
	831,397	1,028,327

Deferred tax credits arising in respect of:

Tax depreciation and amortization allowance	(1,816,904)	(1,610,595)
Right of use assets	(210,541)	(270,589)
Investments - amortisation on PIBs and T-Bills	(163,448)	(124,230)
Unrealized gain on remeasurement of available for sale investments	(10,389,390)	(7,569,463)
Surplus on revaluation of fixed assets	(19,543)	(19,430)
Retained earnings - Ledger Account D	(1,310,223)	(1,211,328)
Financial assets at fair value through profit or loss - unrealised	(96,623)	(42,659)
	(14,006,672)	(10,848,294)
	(13,175,275)	(9,819,967)

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22.1 Movement in deferred tax balances is as follows:

Deferred debits arising in respect of:

Provision for gratuity	
Impairment loss recognized against available for sale investments	
Lease liability	
Others	

Deferred credits arising due to:

Tax depreciation and amortization allowance	
Right of use assets	
Investments - amortisation on PIBs and T-Bills	
Unrealized gain on remeasurement of available for sale investments	
Surplus on revaluation of fixed assets	
Retained earnings - Ledger account D	
Financial assets at fair value through profit or loss - unrealised	

2025

Opening balance	Recognised in consolidated profit and loss account	Recognised in other comprehensive income	Closing balance
----- Rupees in thousand -----			
79,441	13,485	9,999	102,925
678,773	(229,396)	-	449,377
270,113	(32,833)	-	237,280
-	41,815	-	41,815
1,028,327	(206,929)	9,999	831,397
(1,610,595)	(206,309)	-	(1,816,904)
(270,589)	60,048	-	(210,541)
(124,230)	(39,218)	-	(163,448)
(7,569,463)	-	(2,819,927)	(10,389,390)
(19,430)	-	(113)	(19,543)
(1,211,328)	(98,895)	-	(1,310,223)
(42,659)	(53,964)	-	(96,623)
(10,848,294)	(338,338)	(2,820,040)	(14,006,672)
(9,819,967)	(545,267)	(2,810,041)	(13,175,275)

2024

Opening balance	Recognised in consolidated profit and loss account	Recognised in other comprehensive income	Closing balance
----- Rupees in thousand -----			
54,215	7,214	18,012	79,441
775,422	(103,664)	7,015	678,773
15,005	255,108	-	270,113
844,642	158,658	25,027	1,028,327
(1,396,504)	(214,091)	-	(1,610,595)
(13,721)	(256,868)	-	(270,589)
-	(124,230)	-	(124,230)
(3,091,363)	-	(4,478,100)	(7,569,463)
(19,662)	-	232	(19,430)
(669,602)	(541,726)	-	(1,211,328)
-	(42,659)	-	(42,659)
(5,190,852)	(1,179,574)	(4,477,868)	(10,848,294)
(4,346,210)	(1,020,916)	(4,452,841)	(9,819,967)

Deferred debits arising in respect of:

Provision for gratuity	
Impairment loss recognized against available for sale investments	
Lease liability	

Deferred credits arising due to:

Tax depreciation and amortization allowance	
Right of use assets	
Investments - amortisation on PIBs and T-Bills	
Unrealized gain on remeasurement of available for sale investments	
Surplus on revaluation of fixed assets	
Retained earnings - Ledger account D	
Financial assets at fair value through profit or loss - unrealised	

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	2025	2024
	----- Rupees in thousand -----	
23 INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers	4,690,695	3,903,885
24 LEASE LIABILITIES		
Lease liabilities	355,341	400,214
Lease liabilities - movement		
Opening balance	400,214	115,940
Additions / adjustments during the year	54,040	306,108
Finance cost	47,735	19,954
Rental payments	(112,459)	(39,234)
Exchange differences and other adjustments	(34,189)	(2,554)
Closing balance	355,341	400,214
24.1 Maturity analysis		
Not later than 1 year	74,230	84,613
Later than 1 year and not later than 5 years	281,111	315,601
	355,341	400,214

	2025			2024		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees in thousand -----					
Not later than one year	145,719	71,489	74,230	171,635	87,022	84,613
Later than one year and not later than five years	460,094	178,983	281,111	472,066	156,465	315,601
	605,813	250,472	355,341	643,701	243,487	400,214

	2025	2024
	----- Rupees in thousand -----	
25 OTHER CREDITORS AND ACCRUALS		
Agents commission payable	1,915,832	1,927,037
Federal excise duty / sales tax / VAT	-	459,172
Federal insurance fee payable	49,248	44,536
Payable to related parties	2,838	12,977
Workers' welfare fund (Note 25.1)	718,973	511,349
Tax deducted at source	59,395	95,666
Accrued expenses	717,576	710,236
Unpaid and unclaimed dividend	203,271	186,447
Payable to employees' provident fund	271	514
Stale cheques	349,044	216,254
Regulatory fee payable	212,194	129,322
Other deposits	24,592	43,859
Unearned receipts	35,286	39,694
Sundry creditors	392,999	244,319
	4,681,519	4,621,382

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2025 2024
----- Rupees in thousand -----

25.1 Workers' welfare fund

Balance as at 01 January	511,349	304,348
Provision for the year	207,624	207,001
Balance as at 31 December	<u>718,973</u>	<u>511,349</u>

26 DEPOSITS AGAINST CASH MARGIN

Cash margin against performance bonds (Note 26.1)	<u>438,864</u>	<u>436,620</u>

26.1 This represents margin deposit on account of performance and other bond policies issued by the Parent Company.

27 CONTINGENCIES AND COMMITMENTS

27.1 Income tax

The Group has filed appeals in respect of certain assessment years mainly on account of the following:

Parent Company

- (a) The Tax Authorities have passed an order in the tax years 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rupees 38.360 million. An appeal was filed before the CIR - Appeals who upheld the order of the Taxation Officer. The Parent Company has filed an appeal before the Additional Tribunal Inland Revenue (ATIR) which is yet to be heard.
- (b) The Parent Company had filed an appeal before Commissioner Appeal (SRB) against order in-original no 147 dated 02 July 2020 passed by the assistant commissioner SRB, Karachi, on account of inadmissible input tax adjustment etc., whereby, demand amounting to Rupees 56.259 million and penalty amounting to Rupees 2.798 million along with default surcharge has been established.
- (c) Sindh Revenue Board has passed orders under section 23(1) of the Sindh Sales Tax On Services Act 2011 creating a demand of Rupees 469.020 million and Rupees 1,800.219 million for the period from July 2011 to December 2011 and for the period January 2014 to December 2015. The impugned demand has been created on account of non levy of sales tax on reinsurance services acquired from foreign reinsurance companies. The Parent company has challenged the order before Commissioner (Appeals) Sindh Revenue Board. However, the same has not been fixed for hearing till now. The Parent Company, based on reasonable grounds, expects that the ultimate outcome of the case will be in the favour of the Parent Company.

Pending resolution of the above-mentioned appeals filed by the Parent Company, no provision has been made in these consolidated financial statements for the aggregate amount of Rupees 2,366.656 million (2024: Rupees 2,366.656 million) as the management is confident that the eventual outcome of the above matters will be in favor of the Parent Company.

Subsidiary Company

Additional Commissioner Inland Revenue (ACIR), Range B, Zone VI, Large Taxpayers Office, Karachi issued orders dated 29 December 2023, 26 December 2024 and 19 December 2025 u/s 122(5A) of the Income Tax Ordinance, 2001 to the Subsidiary Company for tax year 2018, tax year 2019 and tax year 2020. In the aforementioned orders, ACIR levied a minimum tax of Rupees 197.36 million, Rupees 197.84 million and Rupees 245.54 million for tax year 2018, tax year 2019 and tax year 2020 respectively under section 113 of the Ordinance @ 1.25% on the gross turnover of the Subsidiary Company taking into account the entire gross receipts of Statutory funds which essentially is attributable to policyholders' funds, the taxability of which is dealt with separately under the Fourth Schedule of the Income Tax Ordinance, 2001.

The Subsidiary Company, through its tax consultant had filed appeals for tax year 2018 before Income Tax Commissioner (Appeals) and for tax year 2019 and tax year 2020, directly to Appellate Tribunal Inland Revenue (as per the new rules). The decision against all the appeals is pending. The grounds of the appeals were that owing to the special nature of insurance business, ACIR, has ignored the well-settled principles that used to calculate the income tax liability of life assurance business. Rules 1, 2 and 3 of the Fourth Schedule to the Ordinance overrides the provisions of the Ordinance by virtue of section 99 of the Ordinance. Rule 2 of the Fourth Schedule provides that profit and gains of a life insurance business shall be the current year's surplus appropriated to P&L Account as per the advice of the appointed Actuary. It is evident that tax can only be levied on shareholder's surplus appropriated to P&L account whereas policyholder's surplus is exempt from tax.

Notes to the Consolidated Financial Statements

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The gross turnover as calculated by ACIR does not represent the income of the Subsidiary Company and hence levying minimum tax on gross turnover is tantamount to tax on policyholders which is against the intent of the legislature.

The Subsidiary Company and the legal advisors are confident that the outcome of the matter will ultimately be decided in favour of the Subsidiary Company, hence, no provision for the amount involved is required to be made in these consolidated financial statements.

27.2 Sales tax on life insurance premium - Subsidiary Company

Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 08 May 2019, extended the exemption on life insurance till 30 June 2019. Subsequently, life insurance was made taxable from 01 July 2019, at the rate of 3% and group life insurance at the rate of 13%. With effect from 01 November 2018 the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The subsidiary Company collectively through the forum of Insurance Association of Pakistan ("IAP") filed a constitutional petition in the Lahore High Court (LHC) and in the High Court of Sindh (SHC) at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively on the following main contentions:

- Substantiating the Subsidiary Company's view that insurance is not a service but in fact, in sum and substance, a contingent contract under which payment is made on the occurrence of the event, specified in the term of contract or policy, and is thus a financial arrangement. Superior courts in foreign jurisdictions have held that insurance is not a service;
- A question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, was a Federal subject, since the Federation has retained a legislative mandate over all laws relating to insurance under Entry 29 of the said List, therefore, only the Federation is entitled to levy and any tax in relation to insurance business; and
- A vast majority of premium received from a policyholder, during the life of the policy, is in fact channelled to the policyholders' investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules. Thus, if the entire Gross Written Premium (GWP) was subjected to the provincial sales tax, this was akin to a direct tax on the policyholders, in the nature of income tax, wealth tax or capital value tax, all of which fall exclusively within the domain of Federal Legislature.

Shortly after the end of 2024, the Hon'ble SHC dismissed the case merely on technical grounds and without considering the merits of the arguments that forms the basis of the petition, essentially directing the petitioners to re-approach SRB regarding show cause notices issued by the department on the matter of taxability of life and health insurance. Subsequently the industry, through the platform of Insurance Association of Pakistan (IAP), has filed a constitutional petition in the Supreme Court of Pakistan the hearing of which is yet to commence.

In view of the opinion of the legal advisors, and pending the adjudication of the subject matter, the Subsidiary Company has neither billed its customers, nor recognised the contingent liability for Sind Sales Tax, Punjab Sales Tax & Khyber Pakhtunkhwa Sales Tax, which, calculated on the basis of risk premium only and excluding the investment component allocated to unit linked policies, aggregated to Rupees 1,660 million (31 December 2024: Rupees 1,338 million). In Baluchistan province, given that the Subsidiary Company has limited operations in that province, the amount of contingent sales tax liability for Baluchistan Sales Tax on Services, calculated on the similar basis as Sindh Sales Tax, Punjab Sales Tax & Khyber Pakhtunkhwa Sales Tax, is immaterial. The Subsidiary Company, based on the opinions of the legal advisors, is confident about the favorable outcome of the case. Meanwhile, the life insurance companies will collectively continue their administrative efforts through IAP platform to reach an amicable settlement with the provincial revenue authorities. Should the administrative efforts fail, the Subsidiary Company will pursue the outcome of the petitions filed. The Subsidiary Company is highly optimistic that any unfavorable decision will not be applied retrospectively. Hence, charging of sales tax to policyholder, will apply prospectively. In the unlikely event of retrospective application by the authorities, the entire amount will be borne by the Shareholders' fund.

27.3 Others

Parent Company

The Parent Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rupees 1,015.614 million (2024: Rupees 1,104.757 million).

The Parent Company has issued letter of guarantees amounting to AED 215.269 million amounting to Rupees 16,419.837 million (2024: AED 115.050 million amounting to Rupees 8,724.955 million) relating to UAE branches for the purpose of carrying on business in United Arab Emirates.

Notes to the Consolidated Financial Statements

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2025 2024
----- Rupees in thousand -----

27.4 Commitments

Commitment in respect of Ijarah rentals - Subsidiary Company

Not later than one year

Later than one year and not later than five years

24,210	48,858
4,982	35,091
29,192	83,949

Commitments represent Ijarah rentals for vehicles payable in future period.

28 NET INSURANCE PREMIUM / CONTRIBUTION

General insurance business:

Written gross premium

Unearned premium reserve - opening

Unearned premium reserve - closing

Currency translation effect

Premium earned

Reinsurance premium ceded

Prepaid reinsurance premium - opening

Prepaid reinsurance premium - closing (Notes 13)

Currency translation effect

Reinsurance expense

63,114,215	54,238,871
24,971,654	19,343,851
(30,898,217)	(24,971,654)
49,713	(100,136)
57,237,365	48,510,932
(14,806,099)	(21,637,359)
(8,370,324)	(8,298,195)
5,465,280	8,370,324
(1,381)	10,157
(17,712,524)	(21,555,073)
39,524,841	26,955,859

Life insurance business:

Regular premium / contributions individual policies

first year

second year renewal

subsequent years renewal

4,020,179	2,806,172
2,189,868	2,130,498
7,994,677	7,992,781
14,204,724	12,929,451

Single premium / contributions individual policies

Group policies without cash values

Less: experience refund

20,847,134	17,086,687
1,415,187	1,096,106
(66,510)	(152,890)

Total gross premiums / contributions

36,400,535	30,959,354

Less: Reinsurance premiums / retakaful contributions ceded

On individual life first year business

On individual life second year business

On individual life renewal business

On single premium individual policies

On group policies

Profit commission on reinsurance

(57,923)	(45,136)
(28,688)	(32,829)
(101,059)	(124,172)
(13,970)	(6,990)
(859,175)	(575,154)
77,744	100,142
(983,071)	(684,139)

Net premiums / contributions

35,417,464	30,275,215
74,942,305	57,231,074

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

28.1 Net insurance premium - business underwritten inside Pakistan

Written gross premium	25,756,679	31,198,684
Unearned premium reserve - opening	11,643,488	10,824,315
Unearned premium reserve - closing	(9,632,812)	(11,643,488)
Premium earned	27,767,355	30,379,511
Reinsurance premium ceded	(12,263,409)	(20,085,026)
Prepaid reinsurance premium - opening	(7,886,261)	(7,441,378)
Prepaid reinsurance premium - closing	4,572,510	7,886,261
Reinsurance expense	(15,577,160)	(19,640,143)
	12,190,195	10,739,368

28.2 Net insurance premium - business underwritten outside Pakistan

Written gross premium	37,357,536	23,040,187
Unearned premium reserve - opening	13,328,166	8,519,536
Unearned premium reserve - closing	(21,265,405)	(13,328,166)
Currency translation effect	49,713	(100,136)
Premium earned	29,470,010	18,131,421
Reinsurance premium ceded	(2,542,690)	(1,552,333)
Prepaid reinsurance premium - opening	(484,063)	(856,817)
Prepaid reinsurance premium - closing	892,770	484,063
Currency translation effect	(1,381)	10,157
Reinsurance expense	(2,135,364)	(1,914,930)
	27,334,646	16,216,491
	39,524,841	26,955,859

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025

2024

----- Rupees in thousand -----

29 NET INSURANCE CLAIMS EXPENSE**General insurance business:**

Claims paid	37,897,039	29,080,716
Outstanding claims including IBNR - closing	27,477,462	24,345,048
Outstanding claims including IBNR - opening	(24,345,048)	(26,395,403)
Currency translation effect	(59,678)	116,808
Claim expense	40,969,775	27,147,169
Reinsurance and other recoveries received	(14,490,985)	(14,536,509)
Reinsurance and other recoveries in respect of outstanding claims - closing	(16,188,714)	(15,761,334)
Reinsurance and other recoveries in respect of outstanding claims - opening	15,761,334	20,902,569
Currency translation effect	28,636	(74,829)
Reinsurance and other recoveries revenue	(14,889,729)	(9,470,103)
	26,080,046	17,677,066

Life insurance business:**Gross claims**

Claims under individual policies		
- by death	780,241	696,259
- by insured event other than death	12,813	13,521
- by maturity	11,696,288	9,214,096
- by surrender	19,388,239	14,260,267
Total gross individual policy claims	31,877,581	24,184,143
Claims under group policies		
- by death	1,006,617	554,211
- by insured event other than death	29,049	17,466
Total gross group policy claims	1,035,666	571,677
Claim related expenses	4,022	5,160
Total gross claims	32,917,269	24,760,980

Less: Reinsurance recoveries

- on individual life claims	(83,538)	(81,829)
- on group life claims	(747,748)	(329,144)
	(831,286)	(410,973)

Net insurance claims expense - life insurance business	32,085,983	24,350,007
	58,166,029	42,027,073

29.1 Net insurance claims expense - business underwritten inside Pakistan

Claims paid	11,823,135	11,812,962
Outstanding claims including IBNR - closing	11,436,293	11,912,919
Outstanding claims including IBNR - opening	(11,912,919)	(16,482,355)
Claims expense	11,346,509	7,243,526
Reinsurance and other recoveries received	(4,929,829)	(5,614,251)
Reinsurance and other recoveries in respect of outstanding claims - closing	(8,839,120)	(9,926,475)
Reinsurance and other recoveries in respect of outstanding claims - opening	9,926,475	14,571,713
Reinsurance and other recoveries revenue	(3,842,474)	(969,013)
	7,504,035	6,274,513

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29.2 Net insurance claims expense - business underwritten outside Pakistan

	2025	2024
	----- Rupees in thousand -----	
Claims paid	26,073,904	17,267,754
Outstanding claims including IBNR - closing	16,041,169	12,432,129
Outstanding claims including IBNR - opening	(12,432,129)	(9,913,048)
Currency translation effect	(59,678)	116,808
Claims expense	29,623,266	19,903,643
Reinsurance and other recoveries received	(9,561,156)	(8,922,258)
Reinsurance and other recoveries in respect of outstanding claims - closing	(7,349,594)	(5,834,859)
Reinsurance and other recoveries in respect of outstanding claims - opening	5,834,859	6,330,856
Currency translation effect	28,636	(74,829)
Reinsurance and other recoveries revenue	(11,047,255)	(8,501,090)
	18,576,011	11,402,553
	26,080,046	17,677,066

29.3 Claims development tables

The Group maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

29.3.1 General insurance business:

Accident year	2021	2022	2023	2024	2025	Total
	----- Rupees in thousand -----					
Estimate of the ultimate claim cost:						
At the end of accident year	14,166,057	27,835,542	23,674,232	28,756,579	40,408,738	134,841,148
One year later	8,158,522	20,531,766	9,206,608	14,227,089	-	52,123,985
Two years later	2,756,387	12,033,247	2,371,409	-	-	17,161,043
Three years later	1,012,267	5,581,346	-	-	-	6,593,613
Four years later	2,785,919	-	-	-	-	2,785,919
Current estimate of cumulative claims	2,785,919	5,581,346	2,371,409	14,227,089	40,408,738	65,374,501
Less: Cumulative payments to date	(602,152)	(2,493,805)	(1,373,857)	(11,267,617)	(22,159,608)	(37,897,039)
Liability recognized in consolidated statement of financial position	2,183,767	3,087,541	997,552	2,959,472	18,249,130	27,477,462

29.3.2 Life insurance business:

29.3.2.1 Individual life claims

Accident year	2021	2022	2023	2024	2025
	----- Rupees in thousand -----				
Estimate of the ultimate claim cost:					
At the end of accident year	449,291	331,935	452,924	360,083	474,677
One year later	705,685	538,662	687,953	618,537	-
Two years later	767,763	588,531	720,502	-	-
Three years later	778,910	597,678	-	-	-
Four years later	788,509	-	-	-	-
Current estimate of cumulative claims	788,509	597,678	720,502	618,537	474,677
Less: Cumulative payments to date	(774,076)	(580,447)	(694,635)	(582,766)	(370,737)
	14,433	17,231	25,867	35,771	103,940
Sum of 2021 to 2025 outstanding claims					197,242
Claims outstanding prior to 2021 as at 31 December 2025					40,034
Liability recognised in the consolidated statement of financial position					237,276

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29.3.2.2 Group life claims

Accident year	2021	2022	2023	2024	2025
	----- Rupees in thousand -----				
Estimate of the ultimate claim cost:					
At the end of accident year	343,287	285,806	421,621	449,196	865,175
One year later	405,694	383,032	534,957	611,068	-
Two years later	407,794	386,767	537,306	-	-
Three years later	408,759	386,767	-	-	-
Four years later	408,759	-	-	-	-
Current estimate of cumulative claims	408,759	386,767	537,306	611,068	865,175
Less: Cumulative payments to date	(408,033)	(384,767)	(533,761)	(609,441)	(623,071)
	<u>726</u>	<u>2,000</u>	<u>3,545</u>	<u>1,627</u>	<u>242,104</u>
Sum of 2021 to 2025 outstanding claims					250,002
Claims outstanding prior to 2021 as at 31 December 2025					4,658
Liability recognised in the consolidated statement of financial position					<u>254,660</u>

29.3.2.3 Insurance benefits unclaimed at year end

	Total	1-6 months	7-12 months	13-24 months	25-36 months	Beyond 36 months
	----- Rupees in thousand -----					
For the year ended 31 December 2025						
Unclaimed maturity benefits	4,320,194	1,810,695	845,449	794,390	369,273	500,387
Unclaimed death benefits	-	-	-	-	-	-
Claims not encashed	168,478	168,478	-	-	-	-
	<u>4,488,672</u>	<u>1,979,173</u>	<u>845,449</u>	<u>794,390</u>	<u>369,273</u>	<u>500,387</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30 NET COMMISSION EXPENSE / ACQUISITION COSTS

General insurance business:

	2025	2024
	----- Rupees in thousand -----	
Commission paid or payable	9,046,309	6,144,089
Deferred commission expense - opening	3,116,714	2,133,671
Deferred commission expense - closing	(4,709,982)	(3,116,714)
Currency translation effect	9,556	(19,808)
Net commission	7,462,597	5,141,238
Commission received or recoverable	(1,025,483)	(1,083,850)
Unearned reinsurance commission - opening	(439,530)	(507,332)
Unearned reinsurance commission - closing	396,196	439,530
Currency translation effect	39	1,094
Commission from reinsurance	(1,068,778)	(1,150,558)
	6,393,819	3,990,680

Life insurance business:

Remuneration to insurance / takaful intermediaries on individual policies:		
Commission to agent on first year premium / contribution	1,147,698	835,255
Commission to agent on second year premium / contribution	125,924	124,298
Commission to agent on subsequent years renewal premium / contribution	200,947	192,669
Commission to agent on single contribution premium	571,411	482,919
Other benefits to insurance intermediaries	377,369	516,470
	2,423,349	2,151,611

Remuneration to insurance intermediaries on group policies:

Commission	28,416	22,257
Other benefits to insurance intermediaries	4,012	2,397
	32,428	24,654

Other acquisition costs:

Employee benefit cost	688,984	660,342
Car, fuel and maintenance	82,276	87,153
Office repairs and maintenance	90,329	86,508
Marketing cost	136,144	84,889
Stamp duty	82,382	62,292
Rent, rates and taxes	3,413	57,500
Depreciation	46,911	46,022
Electricity, gas and water	33,699	36,957
Depreciation - right of use asset	77,011	31,107
Travelling expenses	22,676	19,250
Entertainment	13,058	15,319
Training and development	17,305	13,656
Postage	12,483	13,219
Legal and professional charges	10,873	11,891
Financial charges	33,495	11,275
Information technology expenses	8,824	8,323
Printing and stationery	3,291	4,758
Insurance cost	8,823	4,750
Medical examination fee	3,651	2,265
Write off against property and equipment	564	32
Amortisation	-	15
Miscellaneous	(98)	-
	1,376,094	1,257,523
	3,831,871	3,433,788
	10,225,690	7,424,468

30.1 Employee benefit cost includes charges for post employment benefit of Rupees 28.29 million (31 December 2024: Rupees 10.243 million).

Notes to the Consolidated Financial Statements

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	2025	2024
	----- Rupees in thousand -----	
30.2 Net commission expense / acquisition costs - Business underwritten inside Pakistan		
Commission paid or payable	1,733,297	1,698,235
Deferred commission expense - opening	536,004	448,982
Deferred commission expense - closing	(572,018)	(536,004)
Net commission	1,697,283	1,611,213
Commission received or recoverable	(955,296)	(1,072,250)
Unearned reinsurance commission - opening	(428,504)	(415,444)
Unearned reinsurance commission - closing	356,289	428,504
Commission from reinsurance	(1,027,511)	(1,059,190)
	669,772	552,023
30.3 Net commission expense / acquisition costs - Business underwritten outside Pakistan		
Commission paid or payable	7,313,012	4,445,854
Deferred commission expense - opening	2,580,710	1,684,689
Deferred commission expense - closing	(4,137,964)	(2,580,710)
Currency translation effect	9,556	(19,808)
Net commission	5,765,314	3,530,025
Commission received or recoverable	(70,187)	(11,600)
Unearned reinsurance commission - opening	(11,026)	(91,888)
Unearned reinsurance commission - closing	39,907	11,026
Currency translation effect	39	1,094
Commission from reinsurance	(41,267)	(91,368)
	5,724,047	3,438,657
31 MANAGEMENT EXPENSES		
Employees benefit costs (Note 31.1)	4,004,429	3,399,769
Travelling expenses	151,697	123,653
Advertisement and sales promotion	140,168	149,493
Printing and stationary	73,281	63,384
Depreciation	266,552	219,030
Amortization (Note 6.1)	67,567	39,919
Rent, rates and taxes	76,755	57,375
Legal and professional charges - business related	379,958	319,218
Electricity, gas and water	149,009	180,954
Entertainment	86,424	67,054
Vehicle running expenses	294,682	271,926
Office repairs and maintenance	270,060	226,473
Bank charges	556,524	227,608
Postages, telegrams and telephone	119,245	117,609
Supervision fee	253,325	182,791
IT related costs	402,189	317,501
Tracking and monitoring charges	77,753	73,961
Provision for doubtful balances against due from insurance contract holders (Note 12.2)	77,909	-
Provision for doubtful balances against due from other insurers / reinsurers (Note 12.3)	21,989	-
Regulatory fee	510,613	295,837
Miscellaneous	73,231	93,015
	8,053,360	6,426,570

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	2025	2024
	----- Rupees in thousand -----	
31.1 Employee benefit costs		
Salaries, allowances and other benefits	3,815,516	3,250,228
Charges for post employment benefit	188,913	149,541
	<u>4,004,429</u>	<u>3,399,769</u>
32 INVESTMENT INCOME		
Business underwritten Inside Pakistan		
Income from equity securities		
Dividend income		
- Available for sale	3,328,435	3,142,309
- Fair value through profit or loss	1,304,111	1,227,513
	4,632,546	4,369,822
Income from debt securities		
Return on debt securities		
- Fair value through profit or loss	421,431	760,228
	421,431	760,228
Return on government securities		
- Fair value through profit or loss	10,107,030	12,988,102
- Held to maturity	767,597	645,605
	10,874,627	13,633,707
Income from term deposits		
- Held to maturity	120,614	8,029
	120,614	8,029
Net realized gains on investments		
Available for sale		
- Equity securities	1,114,427	409,176
Fair value through profit or loss		
- Equity securities	3,779,731	4,823,063
- Debt securities	(9,351)	-
- Government securities	177,376	467,213
	3,947,756	5,290,276
Provision of impairment in value of available-for-sale' investments	(12,981)	(3,653)
Investment related expenses	(8,770)	(1,061)
	<u>21,089,650</u>	<u>24,466,524</u>
Business underwritten Outside Pakistan		
Return on term deposits		
- Held to maturity	791,669	546,840
	791,669	546,840
Income from debt securities		
Held to maturity		
Return on Investment Bonds and Sukuks	63,532	4,391
	63,532	4,391
Investment related expenses	(7,512)	-
	847,689	551,231
Net investment income	<u>21,937,339</u>	<u>25,017,755</u>

32.1 This includes an amount of Rupees 2,783.169 million (2024: Rupees 3,385.319 million) from related parties.

Notes to the Consolidated Financial Statements

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33 NET FAIR VALUE GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2025 ----- Rupees in thousand -----	2024 ----- Rupees in thousand -----
Held for trading		
Net unrealised gains on:		
- Open ended mutual funds	1,364,230	1,654,603
- Equity securities	2,526,786	2,627,784
- Debt securities	2,968	12,833
- Government securities	795,578	1,499,116
Total investment income	4,689,562	5,794,336
Less: Investment related expenses	(154,936)	(150,652)
	4,534,626	5,643,684
34 RENTAL INCOME		
Rental income	140,730	129,919
Expenses of investment property	(3,787)	(2,998)
	136,943	126,921
35 OTHER INCOME		
Return on bank balances	706,182	1,136,102
Mark-up on policy loans	419	1,048
Gain on sale of operating assets	326,479	34,551
Return on loans to employees	83	101
Exchange gain	203	374
Shared expenses received	26,400	14,757
Miscellaneous	26,559	12,080
	1,086,325	1,199,013
36 OTHER EXPENSES		
Legal and professional charges other than business	77,367	55,874
Auditors' remuneration (Note 36.1)	35,198	36,655
Subscription fee	24,902	19,957
Donations (Note 36.2)	3,985	5,131
Directors' fee	1,828	1,375
Central depository expense	2,354	1,840
Meeting and conference expenses	3,617	25,970
Workers welfare fund	207,624	207,001
Loss on derecognition of ROU assets	2,594	-
Others	1,267	4,958
	360,736	358,761

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

36.1 Auditors' remuneration

Inside Pakistan:

Audit fee	6,769	6,657
Annual audit fee - staff gratuity fund	61	99
Interim review fee	1,706	1,692
Special certifications and sundry advisory services	4,385	4,477
Out-of-pocket expenses	2,070	1,526
	14,991	14,451

Outside Pakistan:

Audit fee	16,380	19,076
Interim review fee	3,827	2,085
Out-of-pocket expenses	-	1,043
	20,207	22,204
	35,198	36,655

36.2 The Parent Company has paid the donations amounting to Rupees 1.5 million (2024: Rupees 1.5 million) to Pakistan Agricultural Coalition, Rupees 0.2 million (2024: Nil) to Childlife Foundation, Rupees 0.05 million (2024: Nil) to The Pakistan Institute of International Affairs and Nil (2024: Rupees 2 million) to Saleem Memorial Trust Hospital during the current year. The Subsidiary Company has paid the donations amounting to Rupees 0.203 million (2024: Rupees 0.509 million) to The Kiran Foundation, Rupees Nil (2024: 0.500 million) to The Hunar Foundation, Rupees 1.238 million (2024: Nil) to Indus Hospital & Health Network and Rupees 1.238 million (2024: Nil) to Sindh Institute of Urology and Transplantation (SIUT) during the current year. Further, there is no donation made to any related party during the year.

2025 2024
----- Rupees in thousand -----

37 Taxation - net

Current tax

For the year

- Conventional		
- Inside Pakistan	3,251,116	2,396,298
- Outside Pakistan	83,210	1,016
- Window Takaful Operations	172,529	224,241
	3,506,855	2,621,555

Deferred tax

For the year

- Conventional		
- Inside Pakistan	527,163	1,002,614
- Outside Pakistan	18,077	14,652
- Window Takaful Operations	27	1,454
	545,267	1,018,720
	4,052,122	3,640,275

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2025 2024
----- Rupees in thousand -----

37.1 Relationship between tax expense and accounting profit

Profit before tax	9,816,157	8,592,961
Applicable tax @ 29%	3,044,753	2,680,986
Effect of super tax on current year's profit	925,825	924,478
Effect of dividend income taxed at reduced rate	(13,086)	(10,165)
Effect of WWF- inadmissible	49,444	53,316
Effect of donations - inadmissible	508	1,015
Others	44,678	(9,355)
	<u>4,052,122</u>	<u>3,640,275</u>

38 EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share which is based on:

Profit (after tax) for the year attributable to owners of the parent - Rupees in thousand	<u>5,574,375</u>	<u>4,797,255</u>
Weighted average number of ordinary shares	<u>350,000,000</u>	<u>350,000,000</u>
Earning (after tax) per share attributable to owners of the parent - basic and diluted - Rupees	<u>15.93</u>	<u>13.71</u>

39 COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for remuneration, including all benefits, to the Chief Executive Officers, Directors and Executives of the Group, are as follows:

	Chief Executive Officer		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	----- Rupees in thousand -----					
Meeting fees	-	-	1,828	1,375	-	-
Managerial remuneration	71,647	64,500	-	-	2,223,474	1,804,492
Leave encashment	6,299	2,589	-	-	81,663	93,115
Bonus	18,820	16,148	-	-	234,012	203,514
Charge of defined benefit plan	2,330	1,846	-	-	59,056	50,295
Contribution to defined contribution plan	2,440	2,179	-	-	45,383	35,178
House rent allowance	9,139	8,371	-	-	436,280	362,617
Utilities	3,041	3,093	-	-	41,234	35,938
Medical	660	630	-	-	90,596	75,930
Conveyance	-	-	-	-	145,927	131,307
Special allowance	1,800	1,800	-	-	-	-
Other allowance	794	684	-	-	156,519	134,110
	<u>116,970</u>	<u>101,840</u>	<u>1,828</u>	<u>1,375</u>	<u>3,514,144</u>	<u>2,926,496</u>
Number	<u>2</u>	<u>2</u>	<u>13</u>	<u>13</u>	<u>867</u>	<u>739</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

- 39.1** Executive means an employee, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 39.2** In addition, the Chief Executive Officer (CEO) of the Parent Company is also provided with Company maintained car (s), certain household items, furniture and fixtures and equipment in accordance with the policy of the Parent Company. The Chief Executive Officer, Directors and certain Executives of the Subsidiary Company are also provided with free use of the Company cars and reimbursement of utilities in accordance with their entitlements.
- 39.3** No remuneration was paid to Non-Executive Directors of the Parent Company and Subsidiary Company except for meeting fees.

40 TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associates, employee retirement benefit plans, key management personnel and other parties. Transactions are entered into with such related parties for the issuance of policies to and disbursements of claims incurred by them and other transactions carried out for normal business operations. There are no transactions with key management personnel other than those specified in their terms of employment.

Investments and bank deposits with related parties have been disclosed in note 8, 10 and 15 to the consolidated financial statements and related cashflows have been included in these consolidated financial statements. Other transactions and balances with related parties are summarized as follows:

	2025	2024
	----- Rupees in thousand -----	
Parent Company		
i) Transactions during the year		
Premiums underwritten	2,305,148	3,570,668
Premiums received	2,787,843	3,824,357
Claims paid	951,656	1,122,182
Claims received	11,037	1,870
Commission paid	32,298	19,352
Premium paid	33,198	29,379
Security deposit received	980	-
Guarantee commission received	8,173	14,131
Rent paid	10,383	10,827
Rent received	136,104	97,978
Dividends received	1,987,671	2,169,036
Dividends paid	448,098	442,486
Income on bank deposits	91,698	316,261
Fee / service charges paid	16,663	14,515
Fee / service charges received / accrued	41,663	26,866
ii) Year end balances		
Balances receivable	491,833	381,479
Balances payable	506,848	389,042

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

	2025	2024
	----- Rupees in thousand -----	
iii) Post employment benefit plans		
Transactions during the year		
Payments made to provident fund	54,527	45,833
Charge in respect of gratuity fund	43,920	36,695
Charge in respect of provident fund	54,527	45,833
Year end balances		
Payable to provident fund	271	514
Payable to gratuity fund	79,718	34,563
Subsidiary Company		
i) Transactions during the year		
Premium written	616,656	552,926
Claims expense	415,046	282,870
Commission and other incentives in respect of Bancassurance	1,763,923	1,371,326
Profit on bank deposits	487,608	573,457
Bank charges	7,752	8,626
Investments purchased	8,642,082	4,114,195
Investments sold	10,383,711	6,300,029
Investment advisor fee	37,299	27,307
Dividend income	440,129	858,995
Dividend paid	41,966	25,464
Others	1,538	6,946
ii) Staff retirement benefit plan (gratuity fund)		
Charge for the year - OCI	25,639	46,184
Charge for the period	97,172	42,731
iii) Balances outstanding at the end of the year		
Premium due but unpaid	24,842	15,299
Bank deposits	5,956,607	5,955,836
Investments held	10,523,232	8,847,037
Commission payable	333,036	408,994
Claims payable	14,186	4,036
Premium received in advance	1,820	5,151
iv) Retirement benefit obligation plan (gratuity fund)		
Payable to gratuity fund	(58,296)	(72,124)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40.1 Following are the particulars of the related parties of the Group at the reporting date.

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Group
AFLAK Developers	Common directorship	Nil
Agrohub International (Private) Limited	Common directorship	Nil
Arshie Tech Private Limited	Company director Shareholder	Nil
Avenue Marketing (Private) Limited	Company director Shareholder	Nil
Cotton Web (Private) Limited	Company director Chairman	Nil
D.G. Khan Cement Company Limited	Company director Shareholder	Nil
Deposit Protection Corporation	Common directorship	Nil
Din Farm Products (Private) Limited	Common directorship	Nil
Din Leather (Private) Limited	Common directorship	Nil
Din Textile Mills Limited	Common directorship	Nil
Dupak Developers Pakistan (Private) Limited	Common directorship	Nil
Dupak Energy (Private) Limited	Company director / relative Shareholder	Nil
Dupak Premier Properties (Private) Limited	Common directorship	Nil
Dupak Properties (Private) Limited	Common directorship	Nil
Dupak Residency (Private) Limited	Common directorship	Nil
Dupak Sky Line (Private) Limited	Common directorship	Nil
Dupak Tameer Limited	Common directorship	Nil
Dupak Tower (Private) Limited	Common directorship	Nil
Emporium Properties (Private) Limited	Common directorship	Nil
Export Import Bank of Pakistan	Common directorship	Nil
Fortress Builders (Private) Limited	Common directorship	Nil
Fortress Developers (Private) Limited	Company director Shareholder	Nil
Fortress Financials Services (Private) Limited	Common directorship	Nil
Fortress Square Services (Private) Limited	Common directorship	Nil
Golf View Land (Private) Limited	Common directorship	Nil
Hyundai Nishat Motor (Private) Limited	Common directorship	10.000%
IBSAL Logistics Limited	Common directorship	Nil
A. A. Joyland (Private) Limited	Common directorship	Nil
Joyland (Private) Limited	Common directorship	Nil
Joyland Construction (Private) Limited	Common directorship	Nil
Joyland Entertainment (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Company director Shareholder	7.229%
Masood Apparels (Private) Limited *	Common directorship	Nil
Masood Fabrics Limited *	Common directorship	Nil
Masood Holdings (Private) Limited *	Common directorship	Nil
Masood Roomi Foods (Private) Limited *	Common directorship	Nil
Masood Roomi Textile Mills (Private) Limited *	Common directorship	Nil
MCB Bank Limited	Common directorship	5.842%
MCB Investment Management Limited	Company director Shareholder	7.586%
MCB Islamic Bank Limited	Company director Shareholder	Nil
MCB Exchange Company (Private) Limited	Group Entity	Nil
MCB Employees Foundation	Common directorship	Nil
MCB Non-Bank Credit Organization, CJS, Azerbaijan	Other Related Party	Nil
Momentum Park (Private) Limited	Company director / relative Shareholder	Nil
National Textile Foundation	Common directorship	Nil
Nishat (Aziz Avenue) Hotels & Properties Limited	Company director Shareholder	Nil
Nishat (Raiwind) Hotels & Properties Limited	Common directorship	Nil
Nishat Agriculture Farming (Private) Limited	Common directorship	Nil
Nishat Agrotech Farms (Private) Limited	Common directorship	Nil

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Group
Nishat Commodities (Private) Limited	Group entity	Nil
Nishat Chunian Limited	Company director Shareholder	4.832%
Nishat Chunian Power Limited	Company director Shareholder	3.158%
Nishat Dairy (Private) Limited	Common directorship	Nil
Nishat Developers (Private) Limited	Common directorship	Nil
Nishat Hotels & Properties Limited	Common directorship	Nil
Nishat Hospitality (Private) Limited	Group entity	Nil
Nishat International FZE	Group entity	Nil
Nishat Linen (Private) Limited	Common directorship	Nil
Nishat Linen Trading LLC	Group entity	Nil
Nishat Mills Limited	Common directorship	0.001%
Nishat Paper Products Limited	Common directorship	Nil
Nishat Packaging Limited	Common directorship	Nil
Nishat Real Estates Development Company (Private) Limited	Group entity	Nil
Nishat UK (Private) Limited	Group entity	Nil
Nishat USA Incorporated	Group entity	Nil
Pakgen Power Limited	Common directorship	6.889%
Nishat Sutas Dairy Limited	Common directorship	Nil
Pakistan Aviators and Aviation (Private) Limited	Company director Shareholder	Nil
Roomi Fabrics Limited *	Common directorship	Nil
Roomi Holdings (Private) Limited *	Common directorship	Nil
Roomi Home (Private) Limited *	Common directorship	Nil
Security General Insurance Company Limited	Company director Shareholder	14.224%
Nexgen Auto (Private) Limited	Company director Shareholder	Nil
Siddiqsons Limited	Common directorship	Nil
Siddiqsons Tin Plate Limited	Common directorship	Nil
Siddiqsons Energy Limited	Common directorship	Nil
Turbo Games (Private) Limited	Company director / relative Shareholder	Nil
Wonder Games (Private) Limited	Company director / relative Shareholder	Nil
Adamjee Insurance Company Limited Employees' Gratuity Fund	Post employment benefits plan	Nil
Adamjee Insurance Company Limited Employees' Provident Fund	Post employment benefits plan	Nil
Adamjee Life Assurance Company Limited - Employee Gratuity Fund	Post employment benefits plan	Nil
MCB Bank Limited - Provident Fund	Post employment benefits plan of the related party	Nil
Mr. Umer Mansha	Chairman	Nil
Mr. Ibrahim Shamsi	Director	Nil
Mr. Imran Maqbool	Director	Nil
Ms. Maha Rehman	Director	Nil
Mr. Shahmeer Khalid Butt	Director	Nil
Ms. Sadia Younas Mansha	Director	Nil
Mr. Shaikh Muhammad Jawed	Director	Nil
Mr. Khawaja Jalaluddin*	Director	Nil
Mr. Ismail Arif Rafi	Director	Nil
Mr. Muhammad Ali Zeb	Director	Nil
Mr. S.M. Jawed	Director	Nil
Ms. Naz Mansha	Director	Nil

* These were the related parties due to common directorship of Mr. Khawaja Jalaluddin who ceased to be director of the Parent Company with effect from 28 May 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41 SEGMENT INFORMATION

The Group conducts general insurance business both inside and outside Pakistan while life assurance is conducted only in Pakistan.

	2025													
	General Insurance													
	Rupees in thousand													
	Fire and property damage		Marine, aviation and transport		Motor		Accident & health		Miscellaneous		Total		Aggregate General Insurance	
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan
Premium receivable (Inclusive of federal excise duty, Federal insurance fee and administrative surcharge)	16,020,407	386,102	2,699,401	183,124	4,672,546	35,846,941	4,049,067	2,769,844	2,145,405	39,703	29,586,826	39,225,714	68,812,540	105,213,075
Federal excise duty / VAT	(2,138,760)	(18,636)	(8,730)	(346,544)	(629,459)	(1,706,997)	(226,294)	(131,897)	(233,340)	(1,691)	(3,574,397)	(1,868,151)	(5,442,548)	(5,442,548)
Federal insurance fee	(135,543)	(26)	(23,397)	(1)	(40,075)	-	(98,112)	-	(18,623)	-	(255,750)	(27)	(255,777)	(255,777)
	13,746,104	367,440	2,329,480	174,393	4,003,012	34,139,944	3,784,661	2,637,947	1,893,442	37,812	25,756,679	37,357,536	63,114,215	36,400,535
Gross written premium (Inclusive of administrative surcharge)	13,746,104	367,440	2,329,480	174,393	4,003,012	34,139,944	3,784,661	2,637,947	1,893,442	37,812	25,756,679	37,357,536	63,114,215	36,400,535
Gross direct premium	13,479,068	366,929	2,278,518	174,359	3,884,967	33,933,201	3,782,129	2,637,947	1,840,881	37,511	25,265,563	37,149,947	62,415,510	36,400,535
Facultative inward premium	246,129	-	9,356	-	-	-	-	-	36,005	-	291,490	-	291,490	-
Administrative surcharge	20,907	511	41,586	34	118,045	206,743	2,532	-	16,556	301	199,626	207,589	407,215	-
Insurance premium earned	13,746,104	367,440	2,329,480	174,393	4,003,012	34,139,944	3,784,661	2,637,947	1,893,442	37,812	25,756,679	37,357,536	63,114,215	36,400,535
Insurance premium ceded to reinsurers	16,561,229	188,353	2,193,927	171,436	3,577,633	26,903,005	3,536,406	2,180,777	1,898,160	26,439	27,767,355	29,470,010	57,237,365	36,400,535
Net insurance premium	(14,130,596)	(157,740)	(627,335)	-	(103,327)	(811,846)	-	(1,148,349)	(715,902)	(17,429)	(15,577,160)	(2,135,364)	(17,712,524)	(983,071)
Commission income	2,430,633	30,613	1,566,592	171,436	3,474,306	26,091,159	3,536,406	1,032,428	1,182,258	9,010	12,190,195	27,334,646	39,524,841	36,417,464
Net underwriting income	887,250	31,523	1,566	1,586	7,899	1,011	-	-	130,776	8,733	1,027,511	41,267	1,068,778	-
Insurance claims	3,317,883	62,136	1,568,178	171,436	3,482,205	26,092,170	3,536,406	1,032,428	1,313,034	17,743	13,217,706	27,375,913	40,593,619	36,417,464
Insurance claim recovered from reinsurer	(3,216,666)	(138,824)	(1,900,135)	(118,657)	(1,861,195)	(27,761,682)	(2,992,872)	(1,571,361)	(1,265,641)	(12,742)	(11,346,509)	(29,623,266)	(40,969,775)	(32,917,269)
	1,974,274	105,501	1,176,257	33,687	198,265	9,807,123	-	1,089,883	493,678	11,061	3,842,474	11,047,255	14,889,729	831,286
Net claims	(1,242,392)	(33,323)	(813,878)	(84,970)	(1,662,930)	(17,974,559)	(2,992,872)	(481,478)	(791,963)	(1,681)	(7,504,035)	(18,576,011)	(26,080,046)	(32,085,983)
Commission expense	(883,398)	(35,497)	(232,181)	(21,370)	(279,586)	(5,430,886)	(126,910)	(275,691)	(165,208)	(1,870)	(1,697,283)	(5,765,314)	(7,482,597)	(3,831,871)
Management expense	(1,135,881)	(12,289)	(500,158)	(57,584)	(1,293,368)	(2,845,900)	(221,373)	(270,278)	(326,669)	(3,199)	(3,477,449)	(3,189,250)	(6,666,699)	(1,386,661)
Net insurance claims and expenses	(3,271,671)	(81,109)	(1,546,217)	(163,924)	(3,235,884)	(26,251,345)	(3,341,155)	(1,027,447)	(1,263,940)	(6,750)	(12,678,767)	(27,530,575)	(40,209,342)	(37,304,515)
Net change in insurance liabilities (other than outstanding claims)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Underwriting results	46,212	(18,973)	21,961	7,512	246,321	(159,175)	195,251	4,981	29,194	10,993	538,939	(154,662)	384,277	(18,684,631)
Net investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net fair value gain on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustment to investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	134,173	200,855	335,028	4,534,626
Other income	-	-	-	-	-	-	-	-	-	-	136,943	-	136,943	-
Other expenses	-	-	-	-	-	-	-	-	-	-	488,009	96,556	584,565	501,760
Finance cost	-	-	-	-	-	-	-	-	-	-	(277,425)	(28,860)	(306,285)	(94,451)
Profit/loss tax from Window Takatuf Operations - Operator's Fund (Parent Company)	-	-	-	-	-	-	-	-	-	-	(6,357)	(14,240)	(7,883)	(14,240)
Profit before tax	-	-	-	-	-	-	-	-	-	-	441,226	-	441,226	-
	6,610,759	961,578	7,572,337	2,243,820	9,816,157	-	-	-	-	-	6,610,759	961,578	7,572,337	2,243,820
Segment assets - Conventional	12,405,919	366,606	2,195,040	25,767	1,181,220	12,975,836	738,506	1,492,015	2,191,098	36,595	18,711,783	14,896,819	33,608,602	129,598,871
Unallocated assets - Conventional	-	-	-	-	-	-	-	-	-	-	59,349,179	31,637,242	90,986,421	4,310,521
Segment assets of Window Takatuf Operations - OPF & PTF	907,425	-	137,611	-	1,006,829	-	736,417	-	182,966	-	2,971,248	-	2,971,248	-
Unallocated assets of Window Takatuf Operations - OPF & PTF	-	-	-	-	-	-	-	-	-	-	3,231,890	-	3,231,890	-
	84,264,100	46,534,061	130,798,161	84,264,100	46,534,061	130,798,161	84,264,100	46,534,061	130,798,161	84,264,100	46,534,061	130,798,161	84,264,100	46,534,061
Segment liabilities - Conventional	13,422,466	477,828	2,506,673	105,459	2,903,147	37,529,036	2,137,220	2,181,591	2,894,168	46,084	23,863,674	40,339,998	64,203,672	127,185,516
Unallocated liabilities - Conventional	-	-	-	-	-	-	-	-	-	-	14,267,929	1,880,558	16,148,487	698,751
Segment liabilities of Window Takatuf Operations - OPF & PTF	842,118	-	89,865	-	1,562,981	-	1,300,988	-	173,983	-	3,969,935	-	3,969,935	-
Unallocated liabilities of Window Takatuf Operations - OPF & PTF	-	-	-	-	-	-	-	-	-	-	656,064	-	656,064	-
	42,757,602	42,220,556	84,978,158	127,884,267	212,862,425	-	-	-	-	-	42,757,602	42,220,556	84,978,158	127,884,267

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41.1 Segment Information

	2024											
	General Insurance											
	Marine, aviation and transport				Motor				Accident & health			
	Fire and property damage		Miscellaneous		Total		Aggregate General Insurance		Life Insurance		Aggregate	
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan
Premium receivable (Inclusive of federal excise duty, Federal insurance fee and administrative surcharge)	23,088,134	65,402	3,114,475	115,718	3,879,673	22,152,815	3,794,461	1,843,020	1,932,555	15,463	35,809,298	24,192,418
Federal excise duty / VAT	(2,989,011)	(3,278)	(665,595)	(5,524)	(510,886)	(1,054,886)	(225,008)	(87,763)	(206,838)	(736)	(4,297,349)	(1,152,197)
Federal insurance fee	(199,787)	(30)	(27,671)	(4)	(33,423)	-	(35,580)	-	(16,905)	-	(313,266)	(34)
	19,899,336	62,094	2,721,209	110,190	3,335,354	21,097,919	3,533,873	1,755,257	1,708,912	14,727	31,198,684	23,040,187
Gross written premium (Inclusive of administrative surcharge)	19,899,336	62,094	2,721,209	110,190	3,335,354	21,097,919	3,533,873	1,755,257	1,708,912	14,727	31,198,684	23,040,187
Gross direct premium	19,878,180	61,919	2,692,557	110,178	3,234,987	20,984,299	3,531,435	1,755,257	1,680,404	14,643	30,987,563	22,926,296
Facultative inward premium	1,476	-	-	-	-	-	-	-	32,870	-	34,346	-
Administrative surcharge	19,680	175	38,652	12	100,367	113,620	2,438	-	15,638	84	176,775	113,891
Insurance premium earned	19,889,336	62,094	2,721,209	110,190	3,335,354	21,097,919	3,533,873	1,755,257	1,708,912	14,727	31,198,684	23,040,187
Insurance premium ceded to reinsurers	19,080,070	38,829	2,687,698	119,070	3,405,771	16,180,116	3,581,962	1,780,129	1,624,010	13,277	30,379,511	18,131,421
Net insurance premium	(17,533,646)	(61,492)	(1,336,172)	-	(87,631)	(931,207)	-	(943,522)	(672,694)	(8,709)	(19,640,143)	(1,914,930)
Commission income	1,546,424	7,337	1,351,526	119,070	3,308,140	15,248,909	3,581,962	836,607	951,316	4,568	10,739,388	16,216,491
	909,846	6,302	16,441	-	5,617	85,392	-	127,286	(326)	1,059,190	91,368	1,150,558
Net underwriting income	2,456,270	13,639	1,367,967	119,070	3,313,757	15,334,301	3,581,962	836,607	1,078,602	4,242	11,798,558	16,307,569
Insurance claims	(701,801)	85,803	(1,180,429)	(17,073)	(1,687,284)	(13,772,991)	(3,182,292)	(1,184,218)	(531,720)	(15,164)	(7,243,526)	(19,903,843)
Insurance claim recovered from reinsurer	225,252	(92,196)	566,555	-	140,350	7,751,275	-	828,140	36,856	13,871	969,013	8,501,090
Net claims	(476,549)	(6,393)	(613,874)	(17,073)	(1,526,934)	(11,021,716)	(3,182,292)	(356,078)	(494,864)	(1,293)	(6,274,513)	(11,402,553)
Commission expense	(769,990)	(5,574)	(248,048)	(11,701)	(325,766)	(3,295,896)	(134,401)	(216,578)	(133,008)	(276)	(1,611,213)	(3,530,025)
Management expense	(944,998)	(24,181)	(472,705)	(25,821)	(1,219,105)	(1,784,260)	(184,762)	(159,207)	(314,294)	(22,525)	(3,135,864)	(2,015,994)
Net insurance claims and expenses	(2,191,537)	(36,148)	(1,334,627)	(64,595)	(3,071,805)	(16,101,872)	(3,481,455)	(731,863)	(942,166)	(24,094)	(11,021,590)	(16,948,572)
Net change in insurance liabilities (other than outstanding claims)	-	-	-	-	-	-	-	-	-	-	-	-
Underwriting results	264,733	(22,509)	33,340	64,475	241,952	(767,571)	100,507	104,744	136,436	(19,852)	776,968	(640,713)
Net investment income	-	-	-	-	-	-	-	-	-	-	-	-
Net fair value on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustment to investment property	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-
Profit before tax from Window Takatuli Operations - Operator's Fund (Parent Company)	-	-	-	-	-	-	-	-	-	-	-	-
Profit before tax	264,733	(22,509)	33,340	64,475	241,952	(767,571)	100,507	104,744	136,436	(19,852)	776,968	(640,713)
Segment assets - Conventional	19,206,010	84,506	1,173,878	19,104	861,312	10,438,772	623,735	1,091,255	1,716,967	25,555	23,581,902	11,659,192
Unallocated assets - Conventional	-	-	-	-	-	-	-	-	-	-	-	-
Segment assets of Window Takatuli Operations - OPF & PTF - (Restated)	568,636	-	77,248	-	628,846	-	666,915	-	127,951	-	2,069,596	-
Unallocated assets of Window Takatuli Operations - OPF & PTF - (Restated)	-	-	-	-	-	-	-	-	-	-	-	-
Segment liabilities - Conventional	20,025,842	106,656	1,536,848	43,638	2,498,103	24,655,831	1,978,202	1,359,597	2,389,853	32,009	28,428,948	26,197,731
Unallocated liabilities - Conventional	-	-	-	-	-	-	-	-	-	-	-	-
Segment liabilities of Window Takatuli Operations - OPF & PTF - (Restated)	573,798	-	61,848	-	1,115,767	-	1,155,068	-	137,767	-	3,044,248	-
Unallocated liabilities of Window Takatuli Operations - OPF & PTF - (Restated)	-	-	-	-	-	-	-	-	-	-	-	-
	43,888,192	27,561,701	71,459,893	110,611,806	182,071,699							

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42 MOVEMENT IN INVESTMENTS

	Available for sale	Held to maturity	Fair value through profit or loss	Total
----- Rupees in thousand -----				
At beginning of previous year 01 January 2024	24,865,242	8,852,449	78,532,818	112,250,509
Additions	1,394,145	18,910,801	281,253,172	301,558,118
Disposals (sales and redemptions)	(895,907)	(12,049,388)	(260,045,983)	(272,991,278)
Fair value net gains (excluding net realized gain)	11,464,322	-	5,794,335	17,258,657
Currency translation effect	-	(223,359)	-	(223,359)
Unwinding of discount on debt securities	-	318,535	-	318,535
Movement in provision for impairment	265,803	-	-	265,803
At beginning of current year 01 January 2025	37,093,605	15,809,038	105,534,342	158,436,985
Additions	692,109	35,870,216	179,013,862	215,576,187
Disposals (sales and redemptions)	(2,755,556)	(23,525,366)	(166,180,836)	(192,461,758)
Fair value net gains (excluding net realized gain)	8,345,021	-	4,689,561	13,034,582
Currency translation effect	-	40,363	-	40,363
Unwinding of discount on debt securities	-	559,431	-	559,431
Movement in provision for impairment	(12,981)	-	-	(12,981)
At end of current year 31 December 2025	43,362,198	28,753,682	123,056,929	195,172,809

43 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The individual risk wise analysis is given below :

Parent Company

43.1 Insurance risk

The principal risk that the Parent Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Parent Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Parent Company. The Parent Company further enforces a policy of actively managing and promptly pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Parent Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Parent Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Parent Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Parent Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

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Experience shows that larger the portfolio is in similar reinsurance contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Parent Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Parent Company principally issues the general insurance contracts e.g. Fire & property, Marine, aviation & transport, Motor, Accident & health and other miscellaneous. Risks under non-life insurance policies usually cover twelve month or lesser duration. For general insurance contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities. Insurance contracts at times also cover risk for single incidents that expose the Parent Company to multiple insurance risks.

43.1.1 Geographical concentration of insurance 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 risks with reference to the geographical location, the most important of which is risk survey.

43.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Parent Company.

	Gross sum insured		Reinsurance		Net	
	2025	2024	2025	2024	2025	2024
	----- Rupees in thousand -----					
Fire & property damage	13,838,059,872	13,421,180,903	11,041,448,646	11,768,343,348	2,796,611,226	1,652,837,555
Marine aviation & transport	5,911,945,163	5,839,247,516	721,976,583	1,287,123,046	5,189,968,580	4,552,124,470
Motor	968,416,629	677,213,536	21,885,517	14,911,783	946,531,112	662,301,753
Accident & health	878,195,461	954,268,685	455,902,580	378,878,706	422,292,881	575,389,979
Miscellaneous	775,632,604	605,360,866	663,725,463	500,507,290	111,907,141	104,853,576
	<u>22,372,249,729</u>	<u>21,497,271,506</u>	<u>12,904,938,789</u>	<u>13,949,764,173</u>	<u>9,467,310,940</u>	<u>7,547,507,333</u>

43.1.3 Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date.

43.1.4 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserves is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified

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claim is assessed in separate, case to case basis, with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Parent Company, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries.

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

43.1.5 Changes in assumptions

There have been no changes in assumptions, and the same have been consistently applied.

43.1.6 Sensitivity analysis

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

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

	Pre tax profit / (loss)		Shareholders' equity	
	2025	2024	2025	2024
	----- Rupees in thousand -----			
10% increase in claims liability				
Net:				
Fire & property	(127,572)	(48,294)	(77,819)	(29,459)
Marine, aviation and transport	(89,885)	(63,095)	(54,830)	(38,488)
Motor	(1,963,749)	(1,254,865)	(1,197,887)	(765,468)
Accident & health	(347,435)	(351,837)	(211,935)	(214,621)
Miscellaneous	(79,364)	(49,616)	(48,412)	(30,266)
	(2,608,005)	(1,767,707)	(1,590,883)	(1,078,302)
10% decrease in claims liability				
Net:				
Fire & property	127,572	48,294	77,819	29,459
Marine, aviation and transport	89,885	63,095	54,830	38,488
Motor	1,963,749	1,254,865	1,197,887	765,468
Accident & health	347,435	351,837	211,935	214,621
Miscellaneous	79,364	49,616	48,412	30,266
	2,608,005	1,767,707	1,590,883	1,078,302

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Statement of age-wise breakup of unclaimed insurance benefits

	Total	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	----- Rupees in thousand -----					
Claims not encashed - 2025	1,384,634	890,501	66,458	65,516	47,413	314,746
Claims not encashed - 2024	939,144	573,904	19,733	47,424	45,138	252,945

Subsidiary Company

43.2 Conventional business

43.2.1 Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims are avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

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Benefits assured per life	Sum assured at the end of 2025			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	2,243	3.67%	2,114	5.40%
200,000 - 400,000	3,204	5.24%	3,204	8.19%
400,001 - 800,000	10,182	16.64%	8,234	21.04%
800,001 - 1,000,000	21,431	35.02%	16,754	42.82%
More than 1,000,000	24,129	39.43%	8,824	22.55%
Total	61,189	100.0%	39,130	100.00%

Benefits assured per life	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	2,874	2.09%	2,745	3.46%
200,000 - 400,000	3,232	2.34%	3,232	4.07%
400,001 - 800,000	23,975	17.39%	19,628	24.70%
800,001 - 1,000,000	43,310	31.41%	30,318	38.16%
More than 1,000,000	64,488	46.77%	23,529	29.61%
Total	137,879	100.00%	79,452	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

c) Factors impacting future benefit payments and premium receipts are as follows:

The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05). Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rates.

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

d) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05).
- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

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- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

e) Changes in assumptions

There are no material changes in assumptions from the preceding year.

f) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

43.2.2 Group Life

The main risk written by the Subsidiary Company is mortality. The Subsidiary Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Subsidiary Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Subsidiary Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rupees 2 million or above in accordance with the requirements of Circular 11 of 2013 dated 14 June 2013. The Subsidiary Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure to any one life.

The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

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Benefits assured per client	Sum assured at the end of 2025			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-500,000	65,905,067	6.15%	63,654,209	20.44%
500,001-1,000,000	79,795,575	7.44%	65,265,665	20.95%
1,000,001-1,500,000	41,851,409	3.90%	24,782,715	7.96%
1,500,001-2,000,000	165,943,887	15.48%	66,105,158	21.22%
More than 2,000,000	718,649,833	67.03%	91,670,208	29.43%
Total	1,072,145,771	100.00%	311,477,955	100.00%

Benefits assured per client	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-500,000	50,503,576	5.10%	50,270,506	13.96%
500,001-1,000,000	261,981,734	26.50%	165,993,290	46.11%
1,000,001-1,500,000	68,513,740	6.93%	38,965,854	10.82%
1,500,001-2,000,000	97,503,390	9.86%	37,535,071	10.43%
More than 2,000,000	510,248,998	51.61%	67,259,535	18.68%
Total	988,751,438	100.00%	360,024,256	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There are no material changes in assumptions from the preceding year.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant:

Variables	Change in variables	Increase in liability 2025 (Rupees in thousands)
Worsening of mortality rates for risk policies	+10% pa	4,680
Increase in reporting lag	+10% pa	4,680

43.2.3 Non unitized Investment Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the insured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

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The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims are avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2025			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Rupees				
0-200,000	712	1.21%	624	3.39%
200,000 - 400,000	3,786	6.42%	1,899	10.32%
400,001 - 800,000	8,656	14.68%	3,191	17.33%
800,001 - 1,000,000	4,808	8.16%	1,442	7.83%
More than 1,000,000	40,989	69.53%	11,253	61.13%
Total	58,951	100.00%	18,409	100.00%
Benefits assured per life	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Rupees				
0-200,000	1,523	0.89%	1,107	2.04%
200,000 - 400,000	13,224	7.70%	5,531	10.20%
400,001 - 800,000	54,319	31.65%	17,985	33.15%
800,001 - 1,000,000	36,551	21.29%	11,665	21.50%
More than 1,000,000	66,029	38.47%	17,961	33.11%
Total	171,646	100.00%	54,249	100.00%

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b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term non-unitised investment linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behaviour.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05)
- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term non-unitised investment linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05).
- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no material changes in assumptions from the preceding year.

e) Sensitivity analysis

After reinsurance, the overall liability for non unitised investment linked business stands at less than 1% of the total policyholder liability. Due to its immateriality, sensitivity analysis has not been conducted.

43.2.4 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an

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annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one policyholder. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per client

Rupees	Sum assured at the end of 2025			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	4,476,639	5.63%	4,214,413	8.47%
200,000 - 400,000	11,333,907	14.27%	10,743,816	21.59%
400,001 - 800,000	18,301,100	23.05%	16,094,157	32.34%
800,001 - 1,000,000	10,186,633	12.83%	6,889,206	13.84%
More than 1,000,000	35,112,899	44.22%	11,818,963	23.76%
Total	79,411,178	100.00%	49,760,555	100.00%

Benefits assured per client

Rupees	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	4,607,312	5.58%	4,170,473	7.93%
200,000 - 400,000	11,463,473	13.85%	10,499,578	19.95%
400,001 - 800,000	19,824,107	23.95%	17,112,174	32.52%
800,001 - 1,000,000	11,862,102	14.33%	8,028,319	15.26%
More than 1,000,000	35,002,154	42.29%	12,810,439	24.34%
Total	82,759,148	100.00%	52,620,983	100.00%

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a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behaviour.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05)

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no material changes in assumptions from the preceding year.

43.2.5 Individual Family Takaful Unit Linked Business

The risk covered is mainly death and sometimes disability and / or critical illness. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The PTF may also face the risk of poor investment return, and liquidity issues on monies invested in the fund. The PTF faces the risk of inadequacy of the Mortality Charge (Takaful Contribution) particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency can lead to an impact on the size of the PTF. A larger PTF may allow for a greater degree of cross-subsidization of Mortality Risk, increasing the probability of convergence between actual and expected Mortality experience.

The Subsidiary Company manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids issuing cover to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of contribution charged for risk underwritten by the PTF. Retakaful contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one participant. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical

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risks. To avoid poor persistency, the Subsidiary Company applies quality controls on the standard of service provided to Participants of the PTF and has placed checks to curb mis-selling and improvement in the standard of customer service. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, a Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the Takaful Contributions deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all Takaful contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and retakaful arrangements.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits assured per client

Rupees	Sum assured at the end of 2025			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	1,408,000	3.23%	1,403,318	5.61%
200,000 - 400,000	3,670,376	8.41%	3,661,202	14.65%
400,001 - 800,000	7,631,173	17.49%	7,170,277	28.69%
800,001 - 1,000,000	4,776,007	10.95%	3,455,957	13.83%
More than 1,000,000	26,146,370	59.91%	9,303,350	37.22%
Total	43,631,926	100.00%	24,994,104	100.00%

Benefits assured per client

Rupees	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	1,437,350	3.49%	1,431,011	5.88%
200,000 - 400,000	3,636,377	8.85%	3,624,825	14.91%
400,001 - 800,000	7,252,454	17.65%	6,764,273	27.81%
800,001 - 1,000,000	4,284,593	10.43%	3,188,438	13.11%
More than 1,000,000	24,487,486	59.58%	9,310,683	38.29%
Total	41,098,260	100.00%	24,319,230	100.00%

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b) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long-term unit linked takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participant's behaviour.

c) Factors impacting future benefit payments and contribution receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05).

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

d) Process used to decide on assumptions

For long-term unit linked takaful contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: A periodic study is conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

e) Changes in assumptions

There are no material changes in assumptions from the preceding year.

43.2.6 Group Life Family Takaful

The main exposure of the PTF is to mortality risk. The PTF may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality, writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The PTF also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of takaful contributions in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, retakaful, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done using the retakaful rates. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Subsidiary Company also maintains an MIS to track the adequacy of the takaful contribution charged. Retakaful contracts have been purchased by the Subsidiary Company to limit the maximum mortality exposure of any one covered person. The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims

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handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. Strict monitoring is in place in order to keep the outstanding balances of contribution at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits assured per client	Sum assured at the end of 2025			
	Total benefits covered			
	Before retakaful		After retakaful	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Rupees				
0 - 500,000	34,695,641	8.55%	34,259,524	21.44%
500,001-1,000,000	51,212,092	12.61%	39,379,389	24.66%
1,000,001-1,500,000	27,184,556	6.69%	16,538,119	10.36%
1,500,001-2,000,000	19,512,781	4.80%	9,446,871	5.92%
More than 2,000,000	273,576,747	67.35%	60,073,222	37.62%
Total	406,181,817	100.00%	159,697,125	100.00%
Benefits assured per client	Sum assured at the end of 2024			
	Total benefits covered			
	Before retakaful		After retakaful	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Rupees				
0 - 500,000	20,535,779	17.49%	19,764,720	34.24%
500,001-1,000,000	29,973,832	25.54%	21,397,329	37.07%
1,000,001-1,500,000	9,336,854	7.96%	4,568,500	7.91%
1,500,001-2,000,000	6,135,219	5.23%	2,072,500	3.59%
More than 2,000,000	51,374,866	43.78%	9,925,500	17.19%
Total	117,356,550	100.00%	57,728,549	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and retakaful risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

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d) Changes in assumptions

There are no material changes in assumptions from the preceding year.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in variables	Increase in liability 2025 (Rupees in thousands)
Worsening of mortality rates for risk policies	+10% pa	1,426
Increase in reporting lag	+10% pa	1,426

43.3 Liability Adequacy Test

Liability adequacy test is applied to all long term contracts. Liability adequacy test is carried out using current best estimates of assumptions and future net cash flows, including premiums receivable, benefits payable and investment income from related assets.

To determine the adequacy of liabilities, assumptions must be based on realistic best estimates. We have compared our valuation mortality assumption (SLIC mortality table) with the mortality of developing Asian countries, namely: India and Malaysia. The comparison suggests that the best estimate assumption is better than the experience reflected in SLIC mortality table.

The investment return assumed for valuation is 3.75% per annum. This rate is prescribed by law. We have valued our liabilities based on the 10-Year PIB rate of 11.6650% to determine adequacy.

The table below compares total policyholder liabilities in Unit Linked Business, Non unitised Investment Linked Business, Individual Life Conventional business and Individual Family Takaful Unit Linked Business under existing valuation basis with policyholder liabilities calculated using best estimate assumptions:

Assumptions	Policyholder liabilities on existing valuation basis	Policyholder liabilities using best estimate assumptions
	----- Rupees in thousand -----	
Mortality	117,600,253	117,545,573
Investment returns	117,600,253	117,593,204

The liabilities evaluated under the assumptions suggest the recognised liabilities are adequate and no further provision is required.

43.4 Financial risk

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

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43.4.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

The information about Company's exposure to interest rate risk based on maturity profile is as follows:

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Group's credit risk exposure is not significantly different from that reflected in these consolidated financial statements. The management monitors and limits the Group's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2025	2024
	----- Rupees in thousand -----	
Investments	195,172,809	158,436,985
Loan secured against life insurance policies	5,977	8,389
Loans and other receivable	2,439,090	2,989,104
Insurance / reinsurance receivables	7,558,502	8,070,102
Reinsurance recoveries against outstanding claims	15,595,938	15,361,295
Salvage recoveries accrued	592,776	400,039
Bank deposits subject to encumbrances	4,746,983	3,040,688
Cash and bank	12,238,170	10,202,571
Assets of Window Takaful Operations - OPF & PTF	4,974,036	4,692,992
	243,324,281	203,202,165

Provision for impairment is made for doubtful receivables according to the Group's policy. The impairment provision is written off when the Group expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 12.2 and 12.3 to these consolidated financial statements.

Age analysis of due from insurance contract holders (net of provision) is as follows:

	2025	2024
	----- Rupees in thousand -----	
Upto one year	5,488,111	6,734,454
Above one year	1,917,485	1,902,642
	7,405,596	8,637,096
Provision for doubtful balances	(1,717,244)	(1,631,532)
	5,688,352	7,005,564

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The credit quality of Group's bank balance including bank deposits subject to encumbrances can be assessed with reference to external credit rating as follows:

	Rating		Rating agency	2025	2024
	Short term	Long term			
----- Rupees in thousand -----					
Abu Dhabi Commercial Bank	A1	A+	S&P	1,977,746	2,171,405
Al Baraka Limited	A1	AA-	JCR-VIS	41,471	29,290
Askari Bank Limited	A1+	AA+	PACRA	1,476	4,140
Bank Al Habib Limited	A1+	AAA	PACRA	124,592	42,940
Bank Alfalah Limited	A1+	AAA	PACRA	4,366,711	1,384,973
Bank Islami Pakistan Limited	A1	AA-	PACRA	1,349	3,001
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	1,492	6,577
Faysal Bank Limited	A1+	AA	PACRA	2,843	5,325
FINCA Micro Finance Bank Limited	A2	A-	JCR-VIS	390	390
First Abu Dhabi Bank	A1+	AA-	S&P	40,897	40,661
Habib Bank Limited	A1+	AAA	JCR-VIS	193,420	131,504
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	32,244	116,929
Khushhali Microfinance Bank Limited	A2	A-	JCR-VIS	8,419	7,790
MCB Bank Limited	A1+	AAA	PACRA	6,432,654	6,372,363
MCB Islamic Bank Limited	A1	A+	PACRA	2,866,919	2,507,568
Mobilink Microfinance Bank Limited	A1	A	PACRA	8,709	32,724
National Bank of Pakistan	A1+	AAA	PACRA	23,622	15,811
NRSP Microfinance Bank Limited	A2	A-	PACRA	5	5
Samba Bank Limited	A1	AA	PACRA	162,341	2,133
Silk Bank Limited	Not available	Not available	Not available	1,149	5,032
Standard Chartered Bank	A1+	AAA	PACRA	198,747	110,259
Telenor Microfinance Bank Limited	A1	A+	PACRA	2,094	1,504
The Punjab Provincial Cooperative Bank Limited	A2	BBB+	PACRA	3,425	3,425
United Bank Limited	A1+	AAA	JCR-VIS	364,158	151,203
U Microfinance Bank Limited	Not available	Not available	Not available	9	8
Zarai Taraqiyati Bank Limited	A1+	AAA	JCR-VIS	128,271	96,299
				16,985,153	13,243,259

The credit quality of amount due from other insurers (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2025	2024
	----- Rupees in thousand -----			
A or Above (including PRCL)	1,512,460	11,340,239	12,852,699	12,604,346
BBB	225,095	3,301,601	3,526,696	2,691,391
Others	355,809	954,098	1,309,907	1,331,398
	2,093,364	15,595,938	17,689,302	16,627,135

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43.4.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The Group manages liquidity risk by maintaining sufficient cash and bank balances. At 31 December 2025, the Group had Rupees 12,301.207 million (2024: Rupees 10,228.477 million) of cash and bank balances.

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

2025				
	Carrying amount	Less than one year	One to five years	More than five years
----- Rupees in thousand -----				
Financial liabilities				
Insurance liabilities	124,171,257	124,171,257	-	-
Outstanding claims including IBNR	27,477,462	27,477,462	-	-
Insurance / reinsurance payables	4,690,695	4,690,695	-	-
Other creditors and accruals	3,853,632	3,853,632	-	-
Lease liabilities	355,341	74,230	281,111	-
Deposits against cash margin	438,864	438,864	-	-
Liabilities of Window Takaful Operations - OPF & PTF	1,616,949	1,616,949	-	-
	162,604,200	162,323,089	281,111	-
----- Rupees in thousand -----				
2024				
	Carrying amount	Less than one year	One to five years	More than five years
----- Rupees in thousand -----				
Financial liabilities				
Insurance liabilities	106,246,825	106,246,825	-	-
Outstanding claims including IBNR	24,345,048	24,345,048	-	-
Insurance / reinsurance payables	3,903,885	3,903,885	-	-
Other creditors and accruals	3,510,145	3,510,145	-	-
Lease liabilities	400,214	84,613	315,601	-
Deposits against cash margin	436,620	436,620	-	-
Liabilities of Window Takaful Operations - OPF & PTF - (Restated)	2,076,055	2,076,055	-	-
	140,918,792	140,603,191	315,601	-

43.4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and mutual funds. In addition, the Group actively monitors the key factors that affect the underlying value of these securities.

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a) Interest / mark - up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark - up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or are repaid in a given period. The Group manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date the interest / mark-up rate profile of the Group's significant interest / mark-up bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amounts	
	2025	2024	2025	2024
	Percentage		Rupees in thousand	
Fixed rate of financial instruments				
Financial assets:				
Investments- Term deposits, Treasury Bills, Investment Bonds and Sukuks	2% - 20.90%	4% - 21.92%	65,983,974	51,128,769
Loan secured against life insurance policies	11.29% - 20.99%	11.29% - 20.99%	5,977	8,389
Loans to employees	5.00%	5.00%	1,889	1,966
Floating rate of financial instruments				
Financial assets:				
Banks - savings accounts	0.1% to 11.50%	0.1% to 20.50%	7,563,438	7,100,665
Pakistan Investment Bonds, TFCs & Sukuks	5.07% - 14.40%	8.77% - 24.56%	60,190,109	47,802,006

For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax		Effect on equity	
	Increase	Decrease	Increase	Decrease
	Rupees in thousand			
As at 31 December 2025 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	677,535	(677,535)	413,296	(413,296)
As at 31 December 2024 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	549,027	(549,027)	334,906	(334,906)

b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Assets and liabilities exposed to foreign exchange risk amounted to Rupees 46,534.061 million (2024: Rupees 30,786.905 million) and Rupees 42,220.556 million (2024: Rupees 27,561.701 million), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2025	2024
	Rupees	
Rupees per US Dollar		
Average rate	281.1376	278.511
Reporting date rate	280.1231	278.55
Rupees per AED		
Average rate	76.5434	75.8285
Reporting date rate	76.2759	75.8362

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and AED with all other variables held constant, the impact on profit before taxation for the year would have been Rupees 48.079 million (2024: Rupees 11.153 million) higher / lower.

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c) Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Group is exposed to equity price risk that arises as a result of changes in the levels of PSE - Index and the value of individual shares. The equity price risk arises from the Group's investment in equity securities for which the prices in the future are uncertain. The Group policy is to manage price risk through selection of blue chip securities.

The Group's strategy is to hold its strategic equity investments on a long term basis. Thus, Group is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favourable. The Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Group has investments in quoted equity securities amounting to Rupees 63,245.449 million (2024: Rupees 53,472.131 million) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

The following table summarises the Group's other price risk as at 31 December 2025 and 31 December 2024. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values on quoted equity securities would affect it in a similar and opposite manner.

	Fair value (Rupees in thousand)	Price change	Effect on fair value (Rupees in thousand)
31 December 2025	63,245,449	+10%	6,324,545
	63,245,449	-10%	(6,324,545)
31 December 2024	53,472,132	+10%	5,347,213
	53,472,132	-10%	(5,347,213)

43.4.4 Capital risk management

The Group's goals and objectives when managing capital are :

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers as at 31 December 2025 is Rupees 500 million whereas for life insurers as at 31 December 2025 is Rupees 700 million. The Group's current paid-up capital is well in excess of the limit prescribed by the SECP;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

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- To maintain strong ratings and to protect the Group against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

43.4.5 Maturity analysis of financial assets and liabilities

2025								
	Interest / markup bearing			Non - interest / markup bearing				
	Effective rate per annum (%)	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
----- Rupees in thousand -----								
Financial assets								
Investment								
Equity securities- quoted		-	-	-	63,245,449	-	63,245,449	63,245,449
Equity securities- unquoted		-	-	-	5,753,277	-	5,753,277	5,753,277
Debt securities	4.38% - 20.90%	64,370,083	42,314,845	106,684,928	-	-	-	106,684,928
Term deposits	2% - 9.40%	19,489,155	-	19,489,155	-	-	-	19,489,155
Loans and other receivables	5%	423	1,466	1,889	2,184,132	253,069	2,437,201	2,439,090
Loan secured against life insurance policies		5,977	-	5,977	-	-	-	5,977
Insurance / reinsurance receivables		-	-	-	7,558,502	-	7,558,502	7,558,502
Reinsurance recoveries against outstanding claims		-	-	-	15,595,938	-	15,595,938	15,595,938
Salvage recoveries accrued		-	-	-	592,776	-	592,776	592,776
Bank deposits subject to encumbrances	7.5% to 11.50%	349	-	349	4,746,634	-	4,746,634	4,746,983
Cash and bank	0.1% to 11.50%	7,563,089	-	7,563,089	4,738,118	-	4,738,118	12,301,207
Assets of Window Takaful Operations - OPF & PTF		-	-	-	4,977,358	-	4,977,358	4,977,358
		91,429,076	42,316,311	133,745,387	109,392,184	253,069	109,645,253	243,390,640
Financial liabilities								
Insurance liabilities		-	-	-	124,171,257	-	124,171,257	124,171,257
Outstanding claim including IBNR		-	-	-	27,477,462	-	27,477,462	27,477,462
Insurance / reinsurance payables		-	-	-	4,690,695	-	4,690,695	4,690,695
Other creditors and accruals		-	-	-	3,853,632	-	3,853,632	3,853,632
Lease liabilities		-	-	-	74,230	281,111	355,341	355,341
Deposits against cash margin		-	-	-	438,864	-	438,864	438,864
Liabilities of Window Takaful Operations - OPF & PTF		-	-	-	1,616,949	-	1,616,949	1,616,949
		-	-	-	162,323,089	281,111	162,604,200	162,604,200
		91,429,076	42,316,311	133,745,387	(52,930,905)	(28,042)	(52,958,947)	80,786,440

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2024							
	Interest / markup bearing			Non - interest / markup bearing			Total
	Effective rate per annum (%)	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total
----- Rupees in thousand -----							
Financial assets							
Investment							
Equity securities- quoted	-	-	-	53,472,131	-	53,472,131	53,472,131
Equity securities- unquoted	-	-	-	6,034,079	-	6,034,079	6,034,079
Debt securities	8.77% - 24.56%	46,372,188	41,276,809	87,648,997	-	-	87,648,997
Term deposits	4% - 5.40%	11,281,778	-	11,281,778	-	-	11,281,778
Loans and other receivables	5%	379	1,587	1,966	2,811,155	175,983	2,987,138
Loan secured against life insurance policies	-	8,389	-	8,389	-	-	8,389
Insurance / reinsurance receivables	-	-	-	8,070,102	-	8,070,102	8,070,102
Reinsurance recoveries against outstanding claims	-	-	-	15,361,295	-	15,361,295	15,361,295
Salvage recoveries accrued	-	-	-	400,039	-	400,039	400,039
Bank deposits subject to encumbrances	13.5% to 20.50%	549,011	-	549,011	2,491,677	-	2,491,677
Cash and bank	0.1% to 20.50%	6,551,654	-	6,551,654	3,676,823	-	3,676,823
Assets of Window Takaful Operations - OPF & PTF - (Restated)	-	-	-	4,695,295	-	4,695,295	4,695,295
		64,763,399	41,278,396	106,041,795	97,012,596	175,983	97,188,579
							203,230,374
Financial liabilities							
Insurance liabilities	-	-	-	106,246,825	-	106,246,825	106,246,825
Outstanding claims including IBNR	-	-	-	24,345,048	-	24,345,048	24,345,048
Insurance / reinsurance payables	-	-	-	3,903,885	-	3,903,885	3,903,885
Other creditors and accruals	-	-	-	3,510,145	-	3,510,145	3,510,145
Lease liabilities	-	-	-	84,613	315,601	400,214	400,214
Deposits against cash margin	-	-	-	436,620	-	436,620	436,620
Liabilities of Window Takaful Operations - OPF & PTF - (Restated)	-	-	-	2,076,055	-	2,076,055	2,076,055
		-	-	-	140,603,191	315,601	140,918,792
		64,763,399	41,278,396	106,041,795	(43,590,595)	(139,618)	(43,730,213)
							62,311,582

44 FAIR VALUE MEASUREMENT 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.

Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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IFRS 13 'Fair Value Measurement' requires the Group to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

2025									
Available for sale	Held to maturity	Fair value through Profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees in thousand									
Financial assets									
Investment									
Equity securities- quoted (Note 8)									
37,608,921	-	25,636,528	-	-	63,245,449	63,245,449	-	-	63,245,449
Equity securities- unquoted (Note 8)									
5,753,277	-	-	-	-	5,753,277	-	-	5,753,277	5,753,277
Debt securities (Note 9)*									
-	9,264,527	97,420,401	-	-	106,684,928	-	-	-	-
Investment - Term deposits (Note 10)*									
-	19,489,155	-	-	-	19,489,155	-	-	-	-
Loans and other receivables*									
-	-	2,439,090	-	-	2,439,090	-	-	-	-
Loan secured against life insurance policies*									
-	-	5,977	-	-	5,977	-	-	-	-
Insurance / reinsurance receivables (Note 12)*									
-	-	7,558,502	-	-	7,558,502	-	-	-	-
Reinsurance recoveries against outstanding claims *									
-	-	15,595,938	-	-	15,595,938	-	-	-	-
Salvage recoveries accrued*									
-	-	592,776	-	-	592,776	-	-	-	-
Bank deposits subject to encumbrances (Note 14)*									
-	-	4,746,983	-	-	4,746,983	-	-	-	-
Cash and bank (Note 15)*									
-	-	12,301,207	-	-	12,301,207	-	-	-	-
Assets of Window Takaful Operations - OPF & PTF*									
385,182	1,940,000	-	2,652,176	-	4,977,358	385,182	-	-	385,182
43,747,380	30,693,682	123,056,929	45,892,649	-	243,390,640	63,630,631	-	5,753,277	69,383,908
Financial liabilities									
Insurance liabilities (Note 20)*									
				124,171,257	124,171,257	-	-	-	-
Underwriting provisions:									
Outstanding claims including IBNR (Note 29)*									
-	-	-	-	27,477,462	27,477,462	-	-	-	-
Insurance / reinsurance payables (Note 23)*									
-	-	-	-	4,690,695	4,690,695	-	-	-	-
Other creditors and accruals*									
-	-	-	-	3,853,632	3,853,632	-	-	-	-
Lease liabilities (Note 24)*									
-	-	-	-	355,341	355,341	-	-	-	-
Deposits against cash margin (Note 26)*									
-	-	-	-	438,864	438,864	-	-	-	-
Liabilities of Window Takaful Operations - OPF & PTF*									
-	-	-	-	1,616,949	1,616,949	-	-	-	-
-	-	-	-	162,604,200	162,604,200	-	-	-	-

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

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44.1 Fair value measurement of financial instruments

	2024									
	Available for sale	Held to maturity	Fair value through Profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand									
Financial assets										
Investment										
Equity securities- quoted (Note 8)	31,059,527	-	22,412,605	-	-	53,472,132	53,472,132	-	-	53,472,132
Equity securities- unquoted (Note 8)	6,034,079	-	-	-	-	6,034,079	-	-	6,034,079	6,034,079
Debt securities (Note 9)*	-	4,527,260	83,121,737	-	-	87,648,997	-	-	-	-
Loans and other receivables*	-	-	-	2,989,104	-	2,989,104	-	-	-	-
Loan secured against life insurance policies*	-	-	-	8,389	-	8,389	-	-	-	-
Investment - Term deposits (Note 10)*	-	11,281,778	-	-	-	11,281,778	-	-	-	-
Insurance / reinsurance receivables (Note 12)*	-	-	-	8,070,102	-	8,070,102	-	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	15,361,295	-	15,361,295	-	-	-	-
Salvage recoveries accrued*	-	-	-	400,039	-	400,039	-	-	-	-
Bank deposits subject to encumbrances (Note 14)*	-	-	-	3,040,688	-	3,040,688	-	-	-	-
Cash and bank (Note 15)*	-	-	-	10,228,477	-	10,228,477	-	-	-	-
Assets of Window Takaful Operations - OPF & PTF - (Restated)*	1,739,918	51,418	-	2,903,959	-	4,695,295	1,739,918	-	-	1,739,918
	38,833,524	15,860,456	105,534,342	43,002,053	-	203,230,375	55,212,050	-	6,034,079	61,246,129
Financial liabilities										
Insurance liabilities (Note 20)*	-	-	-	-	106,246,825	106,246,825	-	-	-	-
Underwriting provisions:										
Outstanding claims including IBNR (Note 29)*	-	-	-	-	24,345,048	24,345,048	-	-	-	-
Insurance / reinsurance payables (Note 23)*	-	-	-	-	3,903,885	3,903,885	-	-	-	-
Other creditors and accruals*	-	-	-	-	3,510,145	3,510,145	-	-	-	-
Lease liabilities (Note 24)	-	-	-	-	400,214	400,214	-	-	-	-
Deposits against cash margin (Note 26)*	-	-	-	-	436,620	436,620	-	-	-	-
Liabilities of Window Takaful Operations - OPF & PTF - (Restated)*	-	-	-	-	2,076,055	2,076,055	-	-	-	-
	-	-	-	-	140,918,792	140,918,792	-	-	-	-

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

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45 STATEMENT OF SOLVENCY

2025

(Rupees in thousand)

Parent Company
Assets

Property and equipment	4,484,725
Intangible assets	200,807
Investment properties	3,703,511
Investment in subsidiary	2,223,110
Investments	
Equity securities	42,956,396
Debt securities	9,264,527
Term deposits	19,489,155
Loans and other receivables	1,210,300
Insurance / reinsurance receivables	7,244,625
Reinsurance recoveries against outstanding claims	15,595,938
Salvage recoveries accrued	592,776
Deferred commission expense / acquisition cost	4,709,982
Prepayments	5,792,350
Bank deposits subject to encumbrances	4,746,983
Cash and bank	5,888,736
	128,103,921

Total assets of Window Takaful Operations - OPF & PTF

6,203,138

Total assets
134,307,059
In-admissible assets as per following clauses of Section 32(2) of the Insurance Ordinance, 2000

(Rupees in thousand)

(d) Loans to employees	51,120
(g) Investment in subsidiary	2,223,110
(g) Receivable from subsidiary company	118,190
(h) Premium due from insurance contract holders	1,708,552
(h) Due from other insurers / reinsurers	1,420,590
(i) Intangible assets	215,067
(l) Assets subject to encumbrances	20,668,110
(p) and (r) Equity investment	7,989,351
(u) Movable assets	1,221,583

Total of in-admissible assets
(35,615,673)
Total admissible assets
98,691,386

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2025

Liabilities

(Rupees in thousand)

Underwriting provisions:

Outstanding claims including IBNR	27,477,462
Unearned premium reserves	30,898,217
Unearned reinsurance commission	396,196
Retirement benefits obligations	271,805
Deferred taxation	11,808,630
Premium received in advance	1,011,611
Insurance / reinsurance payables	4,420,186
Lease liabilities	39,295
Other creditors and accruals	3,624,005
Deposits against cash margin	438,864
Taxation - provision less payment	449,355
	80,835,626
Total liabilities of Window Takaful Operations - OPF & PTF	4,625,999
Total liabilities	85,461,625
Total net admissible assets	13,229,761
Minimum solvency requirement (higher of following)	
- Method A - U/s 36(3)(a)	150,000
- Method B - U/s 36(3)(b)	8,295,218
- Method C - U/s 36(3)(c)	8,213,536
	8,295,218
Excess in net admissible assets over minimum requirement	4,934,543

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45.1 Subsidiary Company

Particulars	Shareholders' fund	Conventional fund	Accident and health business	Non-united investment link business	Unit linked business	Individual family takaful unit linked business	Group family takaful business
----- Rupees in thousand -----							
Assets							
Property and equipment	403,889	-	-	-	-	-	-
Right of use assets	428,160	-	-	-	-	74,665	-
Intangible assets	20,831	-	-	-	-	-	-
Investment property	-	-	-	-	1,182,300	-	-
Investments							
Listed equity securities and units of mutual funds	1,645,812	327,804	-	-	18,535,929	5,383,111	149,673
Government securities	2,798,764	642,580	5,338	724,396	80,095,702	9,670,085	301,536
Debt securities	-	-	-	-	2,271,108	2,394,203	-
Loans secured against life insurance / takaful policies	-	-	-	5,252	725	-	-
Insurance / takaful / reinsurance / retakaful receivables	-	67,521	-	1,831	-	742	33,496
Other loans and receivables	59,794	2,462	-	-	8,434	197,327	-
Taxation - payments less provision	-	834	-	34,288	940,946	190,836	-
Prepayments	91,053	-	-	-	-	-	-
Cash and bank	85,924	386,300	3,514	23,949	2,991,660	2,830,834	90,290
Total assets (A)	5,534,227	1,427,501	8,852	789,716	106,026,804	20,741,803	574,995
Inadmissible assets as per following clauses of section 32 (2) of Insurance Ordinance, 2000							
Inter-fund	-	-	-	-	-	-	-
Assets in excess of prescribed limit	(683,061)	-	(3)	-	-	-	-
Loan to employees	(18,165)	-	-	-	-	(3,248)	-
Taxation - payments less provision	-	-	-	(12,543)	-	-	-
Premiums more than 90 days	-	(2,878)	-	-	-	-	(69)
Intangible assets	(13,344)	-	-	-	-	-	-
Excess of lease assets from corresponding liability (SRO 1012(I) / 2022)	-	-	-	-	-	(9,853)	-
Tangible fixed assets	(411,376)	-	-	-	-	-	-
Total of inadmissible assets (B)	(1,125,946)	(2,878)	(3)	(12,543)	-	(13,101)	(69)
Total admissible assets (C = A-B)	4,408,281	1,424,623	8,849	777,173	106,026,804	20,728,702	574,926
Total liabilities							
Insurance / takaful liabilities net of reinsurance / retakaful recoveries	-	72,966	-	348,687	5,126,668	271,222	10,854
Retirement benefit obligations	52,469	-	-	-	-	5,827	-
Deferred taxation	55,552	-	-	-	-	-	-
Liability against lease	504,303	-	-	-	-	64,812	-
Premium received in advance	-	53,129	25	5,505	411,487	138,297	1,446
(Insurance / takaful) / (reinsurance / retakaful) payables	-	194,500	-	-	4,943	19,896	43,950
Other creditors and accruals	461,258	10,157	2,893	616	454,103	165,591	184,401
Taxation - provision less payments	539,907	-	-	-	-	-	-
Total liabilities (D)	1,613,489	330,752	2,918	354,808	5,997,201	665,645	240,651
Total net admissible assets (E = C-D)	2,794,792	1,093,871	5,931	422,365	100,029,603	20,063,057	334,275
Minimum solvency requirement							
Shareholders' fund	(165,000)	-	-	-	-	-	-
Policyholders liability	-	(285,971)	(12)	(299,983)	(98,195,204)	(19,262,738)	(209,437)
Solvency margin	-	(147,733)	(345)	(7,502)	(1,017,197)	(208,127)	(53,314)
Excess net admissible assets over minimum requirements	2,629,792	660,167	5,574	114,880	817,202	592,192	71,524

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46 CORRESPONDING FIGURES

Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation. However, except for restatement as disclosed in note 2.1 and reclassification as described below, there were no material reclassifications during the year.

Reclassification from	Reclassification to	Rupees in thousands
Insurance / takaful / reinsurance / retakaful receivables	Reinsurance / retakaful payables	16,696

47 NON - ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the Parent Company in their meeting held on 18 February 2026 proposed a final cash dividend for the year ended 31 December 2025 @ 20% i.e. Rupees 2.00 per share (2024: 15% i.e. Rupees 1.50 per share). This is in addition to the interim cash dividend @ 20% i.e. Rupees 2.00 per share (2024: 15% i.e. Rupees 1.50 per share) resulting in a total cash dividend for the year ended 31 December 2025 of Rupees 4.00 per share (2024: Rupees 3.00 per share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2025 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2026.

48 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at 31 December 2025 and 2024, are as follows:

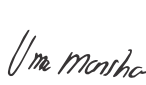
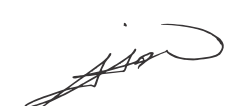
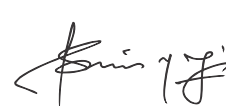
	2025	2024
As at 31 December	Number	
Parent Company	1,015	943
Subsidiary Company	1,991	1,797
Average during the year		
Parent Company	981	923
Subsidiary Company	1,894	1,799

49 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 18 February 2026 by the Board of Directors of the Parent Company.

50 GENERAL

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

				
Umer Mansha Chairman	Shaikh Muhammad Jawed Director	Imran Maqbool Director	Muhammad Asim Nagi Chief Financial Officer	Muhammad Ali Zeb Managing Director & Chief Executive Officer



The image features a large circular frame containing a silhouette of a person in a suit standing with their back to the camera, looking out a window at a bright sunset. The scene is framed by a thick blue arc on the left and top, and a thick orange arc on the right and bottom. In the bottom left corner, there is a small graphic of a network or molecular structure with white dots and lines.

WINDOW TAKAFUL OPERATIONS

Shariah Advisor Profile



Mufti Muhammad Hassaan Kaleem

Mufti Muhammad Hassaan Kaleem is a renowned figure in the field of Islamic Finance. He is considered as one of the most revered Shariah scholar in the Islamic Finance industry, who sits on the Shariah Advisory numerous institutions, Boards of financial Islamic investment Funds and Takaful Companies, including Al-Ameen UBL Funds, Adamjee Takaful, State Life-Window Takaful Operations, Pak Qatar Family Takaful Ltd-Pakistan, Hanover Re Takaful-Bahrain and Takaful Emirate-UAE etc.

In addition, Mufti Hassaan is a Shariah Consultant of Deloitte (Global Islamic Finance Team), Trainer of Shariah Standard, a member of subcommittee of Shariah Standards at AAOIFI-Bahrain, Visiting faculty member of National Institute of Banking and Finance (State Bank of Pakistan) and Center for Excellence in Islamic Finance (CEIF)-IBA and a permanent faculty member of Center for Islamic Economics Karachi. Furthermore, he was former Shariah Advisor of Bank Al Baraka and Chairman Shariah board of SECP.

Statement of Compliance with the Shariah Principles

As at 31 December 2025

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of Adamjee Insurance Company Limited (the Company) for the year ended 31 December 2025 are in compliance with the Takaful Rules, 2012 as mentioned below;

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff and management;
- All the products and policies have been approved by Shariah Advisor 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 Advisor;
- 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; and

This has been duly confirmed by the Shariah Advisor of the Company.



Shaikh Muhammad Jawed
Director



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Lahore: 18 February, 2026

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Compliance with the Shariah Principles

Introduction

We were engaged by the Board of Directors of Adamjee Insurance Company Limited (the Company) to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2025, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and an independent Shariah scholar.

Applicable criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012 issued by the Securities and Exchange Commission of Pakistan (SECP).

Management's responsibility for Shariah compliance

The management of the Company is responsible for preparation of the annexed statement that is free from material misstatement.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

Our Independence and Quality control

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

Our firm applies International Standard on Quality Management 1, which requires the firm to 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.

Our responsibility and summary of the work performed

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the 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 Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In this connection, we have also reviewed the work carried out by the Internal Shariah Compliance Department and the Shariah reviews carried out by the Internal Shariah Compliance Department. We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Takaful Rules, 2012 and Shariah guidelines issued by the Shariah Advisor of the Company. In performing our audit procedures necessary guidance on Shariah matters was provided by independent Shariah scholar referred above.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement for the year ended 31 December 2025 presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Restriction on use and distribution

Without modifying our opinion, we draw attention to the fact that our report is intended solely for the Board of Directors and Shariah Advisor of Adamjee Insurance Company Limited and its onward submission to the Securities and Exchange Commission of Pakistan (SECP). Our report should not be distributed to or used by parties other than Adamjee Insurance Company Limited, the Company's Shariah Advisor or the SECP.



Riaz Ahmad & Company

Chartered Accountants

Name of engagement partner:

Syed Mustafa Ali

Date: 30 March 2026

LAHORE

Shariah Advisor's Report to the Board of Directors

As at 31 December 2025

الحمد لله رب العالمين والصلوة والسلام على سيد الانبياء والمرسلين وبعد!

I have reviewed Takaful products, details of underwriting and other related documents, as well as, the Participant Takaful Fund (PTF) Policy, PTF pool position, Investment Policy, Re-Takaful arrangements, claims details and the related transactions of Adamjee Insurance – Window Takaful Operations (hereafter referred to as "Takaful Operator").

I acknowledge that as Shariah Advisor of Takaful Operator, it is my responsibility to approve the above-mentioned document and ensure that the financial arrangements, contracts and transactions entered into 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 Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The Takaful Operator's activities, operations are periodically checked and monitored by Shariah Advisor.

In my opinion and to the best of my understanding based on the provided information and explanations:

- i. Transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012 and General Takaful Accounting Regulations 2019;
- ii. The investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues with Shariah Approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Approval; and
- iii. The transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participant's Takaful Fund (Waqf Fund) and Operator's Fund.

And Allah knows best



Date: 18 February, 2026

Mufti Muhammad Hassaan Kaleem
Shariah Advisor

INDEPENDENT AUDITOR'S REPORT

To the Members of Adamjee Insurance Company Limited Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Adamjee Insurance Company 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 participant's takaful fund and the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position 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 cash flow statement 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).

Other Matter

The financial statements of the Operator for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2025.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 30 March 2026

UDIN: AR202510168fm94dYMF2

Window Takaful Operations

Statement of Financial Position of OPF and PTF

As at 31 December 2025

		Operator's Fund		Participants' Takaful Fund	
	Note	2025	2024	2025	2024
----- Rupees in thousand -----					
ASSETS					
Property and equipment	5	69,056	46,568	-	-
Intangible assets	6	14,260	15,214	-	-
Investments					
Equity securities	7	385,182	1,075,440	-	664,478
Debt securities	8	40,000	51,418	-	-
Term deposits	9	1,300,000	-	600,000	-
Qard-e-Hasna to Participants' Takaful Fund	10	-	221,460	-	-
Loans and other receivables	11	37,651	40,330	118,765	69,752
Takaful / retakaful receivables	12	-	-	1,311,109	871,496
Salvage recoveries accrued		-	-	91,076	98,538
Receivable from PTF / OPF	13	115,220	259,081	-	-
Retakaful recoveries against outstanding claims / benefits		-	-	352,342	180,599
Deferred wakala fee	27	-	-	559,525	354,900
Deferred commission expense	26	192,635	77,376	-	-
Prepayments	14	4,135	-	360,183	235,524
Cash and banks	15	306,242	295,515	345,757	896,141
		2,464,381	2,082,402	3,738,757	3,371,428
TOTAL ASSETS		2,464,381	2,082,402	3,738,757	3,371,428
FUNDS AND LIABILITIES					
Funds attributable to Operator's and Participants' Takaful Fund					
Capital and reserves attributable to Operator's Fund					
Statutory reserve	16	500,000	50,000	-	-
Fair value reserve		78	1,188	-	-
Accumulated profit		1,077,061	1,258,391	-	-
		1,577,139	1,309,579	-	-
Waqf / Participants' Takaful Fund					
Seed money		-	-	500	500
Fair value reserve		-	-	-	807
Accumulated surplus		-	-	165,380	154,556
		-	-	165,880	155,863
Qard-e-Hasna from Operator's Fund		-	-	-	221,460
LIABILITIES					
PTF UNDERWRITING PROVISIONS					
Outstanding claims including IBNR	24	-	-	945,966	726,815
Unearned contribution reserves	22	-	-	1,772,371	1,218,171
Contribution deficiency reserves		-	-	81,491	20,130
Reserve for unearned retakaful rebate	23	-	-	75,082	47,244
		-	-	2,874,910	2,012,360
Retirement benefit obligation	17	-	-	-	-
Deferred taxation	19	3,033	3,716	-	516
Unearned wakala fee	27	559,525	354,900	-	-
Contribution received in advance		-	-	147,700	77,204
Takaful / retakaful payables	18	-	-	272,581	340,702
Payable to OPF / PTF	13	-	-	115,220	259,081
Other creditors and accruals	20	275,027	369,072	159,085	293,433
Taxation - provision less payments		49,657	45,135	3,381	10,809
TOTAL LIABILITIES		887,242	772,823	3,572,877	2,994,105
TOTAL FUNDS AND LIABILITIES		2,464,381	2,082,402	3,738,757	3,371,428
Contingencies and commitments		21			

Contingencies and commitments

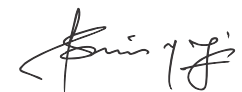
21

The annexed notes from 1 to 45 form an integral part of these financial statements.


Umer Mansha
Chairman


Shaikh Muhammad Jawed
Director


Imran Maqbool
Director


Muhammad Asim Nagi
Chief Financial Officer


Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Window Takaful Operations

Statement of Profit or Loss Account For the Year Ended 31 December 2025

	Note	2025	2024
----- Rupees in thousand -----			
PARTICIPANTS' TAKAFUL FUND			
Contributions earned		2,835,193	2,548,428
Less: contributions ceded to retakaful		(913,508)	(662,043)
Net contribution revenue	22	1,921,685	1,886,385
Retakaful rebate earned	23	185,190	125,231
Net underwriting income		2,106,875	2,011,616
Net claims - reported / settled (including IBNR)	24	(2,036,012)	(2,114,200)
(Charge) / reversal of contribution deficiency reserves		(61,361)	3,087
		(2,097,373)	(2,111,113)
Other direct expenses	25	(45,445)	(57,701)
Deficit before investment income		(35,943)	(157,198)
Investment income	29	67,425	192,612
Other income	30	34,798	65,315
Less: modarib's share of investment income and other income	31	(25,555)	(38,522)
Surplus before taxation		40,725	62,207
Taxation	33	(29,901)	(85,568)
Surplus / (deficit) after taxation transferred to accumulated surplus		10,824	(23,361)
OPERATOR'S FUND			
Wakala fee	27	1,176,215	988,894
Commission expense	26	(507,972)	(322,768)
General, administrative and management expenses	28	(406,555)	(335,433)
		261,688	330,693
Modarib's share of PTF investment income and other income	31	25,555	38,522
Investment income	29	130,917	148,148
Direct expenses	32	(5,200)	(4,840)
Other income	30	28,266	62,391
Profit before taxation		441,226	574,914
Taxation	33	(172,556)	(225,695)
Profit after taxation attributable to shareholders		268,670	349,219

The annexed notes from 1 to 45 form an integral part of these financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Window Takaful Operations

Statement of Comprehensive Income For the Year Ended 31 December 2025

2025 2024
----- Rupees in thousand -----

PARTICIPANTS' TAKAFUL FUND

Surplus / (deficit) for the year

Other comprehensive income:

Items that may be reclassified subsequently to profit and loss account:

Unrealized gain on available-for-sale investments - net of tax

Reclassification adjustment for net gain on sale of available-for-sale

investments included in profit and loss account -

Items that will not be subsequently reclassified to profit and loss account

Other comprehensive loss for the year

Total comprehensive income / (loss) for the year

OPERATOR'S FUND

Profit after tax

Other comprehensive income:

Items that may be reclassified subsequently to profit and loss account:

Unrealized gain on available-for-sale investments- net of tax

Reclassification adjustment for net gain on sale of available-for-sale

investments included in profit and loss account -

Items that will not be subsequently reclassified to profit and loss account

Other comprehensive (loss) / income for the year

Total comprehensive income for the year

10,824	(23,361)
16,932 (17,739)	35,036 (47,702)
-	-
(807)	(12,666)
10,017	(36,027)
268,670	349,219
36,649 (37,759)	32,813 (31,625)
-	-
(1,110)	1,188
267,560	350,407

The annexed notes from 1 to 45 form an integral part of these financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Window Takaful Operations

Statement of Changes in Shareholders Equity and Participants' Takaful Funds For the Year Ended 31 December 2025

	Operator's Fund			
	Statutory reserve	Fair value reserve	Accumulated profit	Total
	----- Rupees in thousand -----			
Balance as at 31 December 2023	50,000	-	909,172	959,172
Profit for the year	-	-	349,219	349,219
Other comprehensive income for the year	-	1,188	-	1,188
Total comprehensive income for the year	-	1,188	349,219	350,407
Balance as at 31 December 2024	50,000	1,188	1,258,391	1,309,579
Profit for the year	-	-	268,670	268,670
Transfer from unappropriated profit to statutory reserve	450,000	-	(450,000)	-
Other comprehensive loss for the year	-	(1,110)	-	(1,110)
Total comprehensive income for the year	450,000	(1,110)	(181,330)	267,560
Balance as at 31 December 2025	500,000	78	1,077,061	1,577,139

	Participants' Takaful Fund			
	Seed money	Fair value reserve	Accumulated surplus	Total
	----- Rupees in thousand -----			
Balance as at 31 December 2023	500	13,473	177,917	191,890
Deficit for the year	-	-	(23,361)	(23,361)
Other comprehensive loss for the year	-	(12,666)	-	(12,666)
Total comprehensive loss for the year	-	(12,666)	(23,361)	(36,027)
Balance as at 31 December 2024	500	807	154,556	155,863
Deficit for the year	-	-	10,824	10,824
Other comprehensive loss for the year	-	(807)	-	(807)
Total comprehensive income for the year	-	(807)	10,824	10,017
Balance as at 31 December 2025	500	-	165,380	165,880

The annexed notes from 1 to 45 form an integral part of these financial statements.



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Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Window Takaful Operations

Cash Flow Statement

For the Year Ended 31 December 2025

Operator's Takaful Fund		Participants' Takaful Fund	
2025	2024	2025	2024
----- Rupees in thousand -----			

Operating cash flows

(a) Takaful activities

Contributions received	-	-	4,316,474	3,495,819
Wakala fee received / (paid)	1,519,234	981,329	(1,519,234)	(981,329)
Mudarib fee received / (paid)	31,022	42,247	(31,022)	(42,247)
Retakaful / co-takaful contributions paid	-	-	(1,223,351)	(588,508)
Retakaful and other recoveries received	-	-	401,270	107,995
Claims paid / benefits paid	-	-	(2,382,412)	(2,150,554)
Commissions paid	(522,193)	(288,445)	-	-
Retakaful rebate received	-	-	213,028	138,199
Other underwriting (payments) / receipts	-	-	(197,825)	106,595
Net cash inflows / (outflows) from takaful activities	1,028,063	735,131	(423,072)	85,970

(b) Other operating activities

Income tax paid	(168,717)	(297,346)	(37,329)	(115,257)
Management expenses paid	(593,302)	(126,876)	-	-
Other (payments) / receipts	-	-	(35,889)	116,237
Net cash (outflows) / inflows from other operating activities	(762,019)	(424,222)	(73,218)	980

Total cash inflows / (outflows) from operating activities

266,044	310,909	(496,290)	86,950

(c) Investment activities

Profit / return received	157,330	123,364	104,212	259,900
Payment for investments	(11,944,297)	(695,540)	(7,338,088)	(289,028)
Proceeds from disposal of investments	11,343,414	500,000	7,401,242	252,000
Fixed capital expenditure	(41,298)	(20,611)	-	-
Sale proceeds from disposal of operating assets	8,074	533	-	-
Total cash (outflows) / inflows from investing activities	(476,777)	(92,254)	167,366	222,872

Window Takaful Operations

Cash Flow Statement

For the Year Ended 31 December 2025

	Operator's Takaful Fund		Participants' Takaful Fund	
	2025	2024	2025	2024
----- Rupees in thousand -----				
(d) Financing activities				
Qard-e-Hasna paid from Operator's Fund	221,460	-	(221,460)	-
Total cash inflows / (outflows) from financing activities	221,460	-	(221,460)	-
Net cash (outflows) / inflows from all activities	10,727	218,655	(550,384)	309,822
Cash and cash equivalent at the beginning of the year	295,515	76,860	896,141	586,319
Cash and cash equivalent at the end of the year	306,242	295,515	345,757	896,141
Reconciliation to profit and loss account				
Operating cash flows	266,044	310,909	(496,290)	86,950
Depreciation	(10,843)	(6,098)	-	-
Amortization	(3,427)	(3,644)	-	-
(Decrease) / increase in assets other than cash	(27,837)	129,173	913,684	445,547
Decrease in liabilities other than cash	(114,450)	(291,660)	(508,793)	(813,785)
Investment income	130,917	148,148	67,425	192,612
Other income	28,266	62,391	34,798	65,315
Net profit / surplus / (deficit) after tax for the year	268,670	349,219	10,824	(23,361)
Attributed to				
	Operator's Fund		Participants' Takaful Fund	
	2025	2024	2025	2024
	Rupees in thousand		Rupees in thousand	
Profit after tax attributable to Operator's Fund	268,670	349,219	-	-
Surplus / (deficit) after tax in Participants' Takaful Fund	-	-	10,824	(23,361)
	268,670	349,219	10,824	(23,361)

The annexed notes from 1 to 45 form an integral part of these financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

1. LEGAL STATUS AND NATURE OF BUSINESS

Adamjee Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Act, 2017). The Operator is listed on Pakistan Stock Exchange and is engaged in general takaful business comprising fire & property, marine aviation & transport, motor, accident & health and miscellaneous. The registered office of the Operator is situated at Adamjee House, 80/A, Block E-1, Main Boulevard, Gulberg-III, Lahore. The Operator operates 3 (2024: 3) branches within Pakistan.

The Operator was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("WTO") in respect of general takaful products by the Securities and Exchange Commission of Pakistan ("SECP").

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on 01 January 2016 under the Waqf deed with a seed money of Rupees 500,000. The Waqf deed governs the relationship of Operator and participants' for management of takaful operations. Further, the list of business units of the Operator is given below:

Sr. No.	Branch Unit	Address
1.	Head office	Adamjee House, 80/A, Block E1, Main Boulevard, Gulberg-III, Lahore
2.	Central Branch	Adamjee House, 80/A, Block E1, Main Boulevard, Gulberg-III, Lahore
3.	ICT Branch	1st Floor, Jinnah Avenue, Block J F 7/1 Blue Area, Islamabad
4.	North Branch	1st Floor, Jinnah Avenue, Block J F 7/1 Blue Area, Islamabad
5.	South Branch – 1	Adamjee House, I.I Chundrigar Road, Seari Quarters, Karachi
6.	South Branch – 2	Adamjee House, I.I Chundrigar Road, Seari Quarters, Karachi
7.	South Branch – 3	Adamjee House, I.I Chundrigar Road, Seari Quarters, Karachi
8.	South Branch - 4	Adamjee House, I.I Chundrigar Road, Seari Quarters, Karachi

2. BASIS OF PREPARATION AND 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 International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan (ICAP) as are notified under Companies Act 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the 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, the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 and Islamic Financial Accounting Standards shall prevail.

2.1 Basis of measurement

These financial statements have been prepared under historical cost convention except as otherwise stated in the respective accounting policies. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates ("the functional currency"). The financial statements are presented in Pak Rupees, which is the Operator's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in rupee, unless otherwise stated.

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

Following amendment to published approved accounting standard is mandatory for the Operator's accounting periods beginning on or after 01 January 2025.

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates - Clarification on how entity accounts when there is long term lack of Exchangeability.

This amendment is either not relevant to the Operator's operations or is not expected to have significant impact on the Operator's financial statements other than certain additional disclosures.

2.4 New accounting standards / amendments and IFRS interpretations that are not yet effective.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date mentioned against each of them:

Standards or Interpretations	Effective from annual period beginning on or after:
IFRS 18 'Presentation and Disclosure in Financial Statements'	01 January 2027
IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'	01 July 2025
IFRS S2 'Climate-related Disclosures'	01 July 2025
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) - Refer note 2.5	01 January 2027
IFRS 9 - Financial instruments - Refer note 2.6	01 January 2027
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred indefinitely	

Adoption of IFRS 17 and IFRS 9 is likely to have a significant impact on the Operator's financial statements, and the Operator is in the process of assessing the impact of these standards on the financial statements in accordance with the directives of SECP.

2.5 IFRS 17- Insurance contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I)/2023 dated 21 November 2023, IFRS 17 "Insurance Contracts", was applicable to the companies engaged in insurance/takaful and re-insurance/retakaful business from financial years commencing on or after 01 January 2026. However, the Securities and Exchange Commission of Pakistan (SECP), through SRO 1336(I)/2025 has modified the effective date for the applicability of International Financial Reporting Standard (IFRS) 17 – Insurance Contracts. Accordingly, IFRS 17 shall now be applicable for periods commencing on or after 01 January 2027. Consequently, the SECP has also extended the optional temporary exemption from applying IFRS 9 – Financial Instruments until annual periods beginning before 01 January 2027.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

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

2.6 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

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

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

- (b) All other financial assets:

Operator's Fund				
As at 31 December 2025				
Fail the SPPI test		Pass the SPPI test		
Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period

Financial assets

Cash and bank*

Investments in equity securities - available-for-sale

Investments in debt securities - held-to-maturity*

Investments in term deposits - held-to-maturity*

Loans and other receivables*

Total

----- Rupees in thousand -----

154	-	306,088	-	-
385,182	(1,838)	-	-	-
-	-	40,000	-	-
-	-	1,300,000	-	-
11,665	-	-	-	-
397,001	(1,838)	1,646,088	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

Financial assets

Cash and bank *

Investments in equity securities -availablefor-sale

Investments in term deposits - held-to-maturity*

Loans and other receivables*

Total

Participants' Takaful Fund				
As at 31 December 2025				
Fail the SPPI test		Pass the SPPI test		
Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less impairment	Change in unrealized gain / (loss) during the period
----- Rupees in thousand -----				
3,168	-	342,589	-	-
-	(1,323)	-	-	-
-	-	600,000	-	-
118,765	-	-	-	-
-	-	-	-	-
121,933	(1,323)	942,589	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

3. MATERIAL ACCOUNTING POLICIES 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 in these financial statements.

3.1 Property and equipment

Owned operating assets, other than freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any provision for accumulated impairment. Freehold land and capital work-in-progress are stated at cost, less accumulated impairment losses, if any. Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labour and overheads directly relating to constructions, and installation of operating assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Operator and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation is charged to profit and loss account applying reducing balance method depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date. Depreciation on additions is charged for the full month in which the asset is available for use up to the month prior to disposal.

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on derecognition is determined by comparing the proceeds with the carrying amount of the asset and is included in the profit and loss account in the year the asset is derecognized.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

3.2 Intangible assets

These are stated at cost less accumulated amortization and any provision for accumulated impairment, if any. Amortization is calculated from the month the assets are available for use, using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Operator. The useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date. Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Operator.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

3.3 Takaful contracts

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

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

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

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

- Fire & property Takaful contracts generally cover the assets of the participants against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful properties in their business activities.
- Marine aviation and transport Takaful contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.
- Motor Takaful contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Accident & health Takaful contracts mainly compensate hospitalization and out-patient medical coverage to the participant.
- Miscellaneous Takaful contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

3.4 Deferred commission expense / acquisition cost

Commission expenses incurred in obtaining and recording Takaful contracts are deferred and recognized in the Operator's Takaful Fund as an expense in accordance with the pattern of recognition of contribution revenue. The deferred commission expense, representing the portion related to the unexpired period of the Takaful contract, is recognized as an asset and calculated in accordance with the pattern of its related provision for unearned contribution.

Other acquisition costs are charged to the profit and loss account at the time takaful contracts are accepted.

3.5 Reserve for unearned contributions

The unearned portion of the contribution written is set aside as a reserve. Unearned contribution is determined as the ratio of the unexpired period of the contract and the total period, both measured to the nearest day except:

- for marine cargo, where unearned contribution is determined as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.
- for crop business, where unearned contribution is determined as a ratio of the unexpired crop period to the total expected crop period, both measured to the nearest day.

Administrative surcharge is recognized as a contribution at the time the contracts are written and is included in above mentioned calculations.

3.6 Contribution deficiency reserve

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

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

3.7 Retakaful contracts held

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

Retakaful contribution is recognized as an expense at the time the retakaful is ceded. Rebate from retakaful is recognized in accordance with the policy of recognizing contribution revenue. The portion of retakaful contribution not recognized as an expense is shown as a prepayment.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Due from retakaful operators are carried at cost less any provision for impairment, if any. 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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

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

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

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

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

3.8 Receivables and payables related to Takaful contracts

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

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

3.9 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

An Operating segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017, Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 and are disclosed in note 37. The reported operating segments are also consistent with the internal reporting framework provided to Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of takaful contracts issued, the Operator has five primary business segments for reporting purposes namely fire & property, marine aviation & transport, motor, accident & health and others including miscellaneous. The nature and business activities of these segments are disclosed in note 3.3 of these financial statements. Since the operation of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The accounting policies of operating segment are the same as those described in the summary of material accounting policies.

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

3.10 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 comprise of cash in hand, policy stamps and bank balances.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

3.11 Revenue recognition

a) Contribution

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

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

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

b) Rebate from retakaful operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution ceded to which it relates.

c) Wakala fee

The Operator manages the general takaful operations for the participants and charge wakala fee to PTF on gross contribution written including administrative surcharge to meet the general and administrative expenses of the operator including commission to agents at following rates:

Class	2025	2024
	(with effect from 01 July)	
	Percentage	
Fire and property	35.0%	28.0%
Marine, aviation and transport	35.0%	35.0%
Motor	35.0%	32.5%
Accident and health	25.0%	25.0%
Miscellaneous	35.0%	25.0%

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

d) Investment income

Following are recognized as investment income:

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.
- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale.
- Dividend income is recognized when the Operator's right to receive the dividend is established.

e) Profit on bank deposits

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

3.12 Investments

Investments are recognized and classified as follows:

- Held to maturity
- Available for sale

The classification depends on the purpose for which the financial assets were acquired. The Operator does not have any 'investment at fair value through profit and loss account at the statement of financial position date.

a) Held to maturity

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

Subsequently, these are measured at amortized cost less provision for impairment, if any.

b) Available-for-sale

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

Quoted

Subsequent to initial recognition, these investments are re-measured at fair value. Gains or losses on investments on re-measurement of these investments are recognized in statement of comprehensive income.

Unquoted

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

Fair / market value measurements

For investments in mutual funds fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to the Pakistan Stock Exchange limited quoted market price at the close of business on reporting date.

Date of recognition

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

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability other than those relating takaful contract is offset and the net amount is reported in the statement of financial position when the Operator has a legally enforceable right to set off the recognized amount and intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

3.14 Creditors, accruals, provisions and contingencies

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

Provisions are recognized when the Operator has a legal or constructive obligation as a result of a past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The provisions are reviewed at statement of financial position date and adjusted to reflect current best estimates.

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

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

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

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

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

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

3.16 Taxation

Current

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

Deferred

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

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

3.17 Employees benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Operator and measured on an undiscounted basis. The accounting policy for employee benefits is described below:

a) Defined contribution plan

The Operator operates an approved contributory provident fund scheme for all its eligible employees at entity level.

b) Defined benefit plans

The Operator operates a funded gratuity scheme for its employees' end-of-service benefits. The entitlement to these benefits is based on the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

c) Employees' compensated absences

The Operator accounts for these benefits in the period in which the absences are earned.

Employees are entitled to 30 days of earned leave in a calendar year. They can accumulate up to 60 days of leave. At the end of each calendar year, any excess leave balance over 60 days lapses. Employee must take 1 period of annual leave of at least 10 days in one stretch each calendar year. Encashment of leave is allowed at 1/30 of monthly gross salary per day. Serving employees can encash leave accumulated over 20 days. Minimum encashment is 16 calendar days, and the ratio of encash leave can not exceed 4:1. Separating employees can encash 100% of their accumulated leave.

3.18 Impairment of assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

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

Non-financial assets

The carrying amounts of Operator's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

3.19 Claims expense

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

3.20 Takaful surplus

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

3.21 Management expenses

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution. Expenses not allocable to the underwriting business are charged as administrative expenses.

3.22 Financial instruments

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

Financial instruments carried in the statement of financial position include cash and bank, loans, investments, contribution due but unpaid, amount due from other takaful / retakaful, loans and other receivables, retakaful recoveries against outstanding claims, provision for outstanding claims, amounts due to other takaful / retakaful and other creditors and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.23 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in PTF, the Operator from the Operators Fund may provide Qard-e-Hasna to PTF so that PTF may become solvent as per Takaful Rules, 2012.

Qard-e-Hasna from PTF can be recovered by the Operator over any period of time without charging any profit.

3.24 Mudarib's fee

The Operator manages the participants' investment as Mudarib and charges 25% (2024: 20%) of the investment income and other income earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgments

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

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

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

	Note
- Contribution deficiency reserve	3.6
- Employees benefits	3.17
- Provision for outstanding claims (including IBNR) and retakaful recoveries there against	3.15
- Residual values and useful lives of property and equipment	3.1
- Residual values and useful lives of intangible assets	3.2
- Taxation	3.16
- Segment reporting	3.9

5 PROPERTY AND EQUIPMENT

	2025	2024
	----- Rupees in thousand -----	
Operating assets (Note 5.1)	69,056	46,568

5.1 Operating assets

	Operator's Fund									
	Cost				Depreciation				Book value	
	As at 01 January 2025	Additions	Disposals	As at 31 December 2025	As at 01 January 2025	Charge for the year	On disposal	As at 31 December 2025	As at 31 December 2025	Rate
	----- Rupees in thousand -----									
Motor vehicles	66,485	37,991	(11,033)	93,443	21,958	10,294	(5,627)	26,625	66,818	15%
Office equipment	823	253	(73)	1,003	387	81	(1)	467	536	15%
Computer equipment	3,920	430	(20)	4,330	2,549	431	(3)	2,977	1,353	30%
Furniture and fixture	631	152	-	783	397	37	-	434	349	15%
Total	71,859	38,826	(11,126)	99,559	25,291	10,843	(5,631)	30,503	69,056	

	Operator's Fund									
	Cost				Depreciation				Book value	
	As at 01 January 2024	Additions	Disposals	As at 31 December 2024	As at 01 January 2024	Charge for the year	On disposal	As at 31 December 2024	As at 31 December 2024	Rate
	----- Rupees in thousand -----									
Motor vehicles	48,992	18,179	(686)	66,485	16,559	5,552	(153)	21,958	44,527	15%
Office equipment	760	63	-	823	317	70	-	387	436	15%
Computer equipment	3,488	432	-	3,920	2,116	433	-	2,549	1,371	30%
Furniture and fixture	631	-	-	631	355	42	-	397	234	15%
Total	53,871	18,674	(686)	71,859	19,347	6,097	(153)	25,291	46,568	

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

5.1.1 Details of operating fixed assets exceeding the book value of Rupees 50,000, disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Relationship	Particulars of purchaser
----- Rupees in thousand -----								
Motor vehicles								
Honda Civic 1.8 Prosmatic A/T	2,405	(1,814)	591	3,170	2,579	Auction	Third Party	Mr. Gul Hassan, Lahore
Toyota Corolla Altis CVT 1.8-AT	3,803	(2,157)	1,646	1,646	-	Transfer	The Operator	Adamjee insurance Company Limited
Toyota Yaris 1.6 GLI	3,692	(1,325)	2,367	2,367	-	Transfer	The Operator	Adamjee insurance Company Limited
Suzuki Wagon R VXR BRK-926	1,133	(331)	802	802	-	Transfer	The Operator	Adamjee insurance Company Limited
Computer equipment								
Alcatel telephone sets	73	(1)	72	72	-	Transfer	The Operator	Adamjee insurance Company Limited
Items having book value of below Rupees 50,000	20	(3)	17	17	-	Transfer	The Operator	Adamjee insurance Company Limited
For the year ended 31 December 2025	11,126	(5,631)	5,495	8,074	2,579			
For the year ended 31 December 2024	686	153	533	533	-			

5.1.2 The depreciation charge / expense for the year has been allocated to management expenses as disclosed in note 28.

6 INTANGIBLE ASSETS

Computer softwares (Note 6.1 and 6.3)
Intangible assets under development (Note 6.2 and 6.4)

2025 2024
----- Rupees in thousand -----

6.1 Computer softwares

Cost

Opening balance
Additions
Transfer from intangible assets under development (Note 6.2)
Closing balance

8,549	10,078
5,711	5,136
14,260	15,214
40,241	36,591
952	1,700
945	1,950
42,138	40,241

Accumulated amortization

Opening balance
Amortization charged during the year (Note 28)
Closing balance

30,163	26,519
3,426	3,644
33,589	30,163

Net book value as at December 31

8,549	10,078

Rate of amortization

20%	20%

6.2 Intangible assets under development

Opening balance
Additions during the year
Capitalized during the year (Note 6.1)
Closing balance

5,136	6,850
1,520	236
(945)	(1,950)
5,711	5,136

6.3 These include fully amortized computer softwares having cost of Rupees 23.744 million (2024: Rupees 23.744 million) which are still in use at the reporting date.

6.4 This represents the ongoing development cost of the digital platform for motor takaful and health takaful as at 31 December 2025.

6.5 The amortization expense for the year has been allocated to management expense as disclosed in note 28

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

7 INVESTMENTS IN EQUITY SECURITIES

	2025			2024		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Operator's Fund	----- Rupees in thousand -----					
Available for sale						
Related party						
Mutual fund (Note 7.1)	212,777	-	212,777	-	-	-
Unrealised gain on mutual fund			55			-
	212,777	-	212,832	-	-	-
Others						
Mutual funds (Note 7.2)	172,277	-	172,277	1,073,529	-	1,073,529
Unrealised gain on mutual funds			73	-	-	1,911
	172,277	-	172,350	1,073,529	-	1,075,440
	385,054	-	385,182	1,073,529	-	1,075,440
Participants' Takaful Fund						
Available for sale						
Related parties						
Mutual funds (Note 7.3)	-	-	-	562,079	-	562,079
Unrealised gain on mutual funds			-			1,121
	-	-	-	562,079	-	563,200
Other						
Mutual fund (Note 7.4)	-	-	-	101,076	-	101,076
Unrealised gain on mutual fund			-			202
	-	-	-	101,076	-	101,278
	-	-	-	663,155	-	664,478

7.1 Mutual fund - related party

Number of units		Face value	Mutual fund's name	Cost		Carrying value	
2025	2024			2025	2024	2025	2024
----- Rupees in thousand -----							
1,944,729	-	100	Al Hamra Islamic Income Fund	212,777	-	212,832	-

7.2 Mutual funds - others

Number of units		Face value	Mutual fund's name	Cost		Carrying value	
2025	2024			2025	2024	2025	2024
----- Rupees in thousand -----							
-	952,819	100	HBL Islamic Money Market Fund	-	104,054	-	104,389
-	9,943,351	10	NBP Islamic Savings Fund	-	102,969	-	103,104
-	6,408,475	10	ABL Islamic Sovereign Plan 1	-	70,045	-	70,105
1,635,253	1,449,954	100	Al Habib Islamic Savings Fund	172,277	158,046	172,350	158,091
-	5,308,992	50	Meezan Islamic Sovereign Fund	-	303,785	-	304,286
-	67	50	Meezan Islamic Income Fund	-	4	-	4
-	22	50	Meezan Rozana Amdani Fund	-	1	-	1
-	2,138	10	NBP Islamic Daily Dividend Fund	-	21	-	21
-	3,638	10	ABL Islamic Cash Fund	-	36	-	36
-	3,004,787	100	Al-Ameen Islamic Sovereign Fund	-	334,568	-	335,403
				172,277	1,073,529	172,350	1,075,440

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

7.3 Mutual funds - related parties

Number of units		Face value	Mutual fund's name	Cost		Carrying value	
2025	2024			2025	2024	2025	2024
----- Rupees in thousand -----							
-	4,946,937	100	Al Hamra Islamic Income Fund	-	562,059	-	563,180
-	198	100	Al Hamra Islamic Money Market Fund	-	20	-	20
				-	562,079	-	563,200

7.4 Mutual fund - other

Number of units		Face value	Mutual fund's name	Cost		Carrying value	
2025	2024			2025	2024	2025	2024
----- Rupees in thousand -----							
-	931,007	100	Alfalah Islamic Money Market Fund	-	101,076	-	101,278

8 INVESTMENTS IN DEBT SECURITIES

Operator's Fund

Held to maturity

Others

K-Electric (Note 8.1)

2025		2024	
Cost	Carrying value	Cost	Carrying value
----- Rupees in thousand -----			
40,000	40,000	50,000	51,418

- 8.1 These represent placements in Sukuks with K-Electric Limited, having a tenure of seven years with a return of 3M KIBOR + 1.7% (2024: 3M KIBOR + 1.7%) and will mature in November 2029.

Operator's Fund		Participants' Takaful Fund	
2025	2024	2025	2024
----- Rupees in thousand -----			

9 INVESTMENTS IN TERM DEPOSITS

Held to maturity

Term deposits (Note 9.1)

1,300,000	-	600,000	-

- 9.1 These represents placement in term deposit receipts with financial institutions having maturity upto one year with returns ranging from 9% to 11% (2024: Nil) per annum.

2025 2024
----- Rupees in thousand -----

10 QARD-E-HASNA TO PARTICIPANTS' TAKAFUL FUND

Opening balance of Qard-e-Hansa

Qard-e-Hasna returned by Participants' Takaful Fund during the year

Closing balance of Qard-e-Hansa

221,460	221,460
(221,460)	-
-	221,460

Window Takaful Operations

Notes To and Forming Part of Financial Statements
For the Year Ended 31 December 2025

11 LOANS AND OTHER RECEIVABLES

Considered good

Accrued income	8,155	7,464	7,792	9,781
Security deposits	310	310	-	-
Loans to employees	3,200	3,603	-	-
Advances to suppliers	25,986	28,953	-	-
Bid money for tenders	-	-	110,973	59,971
	37,651	40,330	118,765	69,752

12 TAKAFUL / RETAKAFUL RECEIVABLES

- Unsecured and considered good

Due from takaful participants holders	1,062,449	742,819
Due from other takaful / retakaful operators	248,660	128,677
	1,311,109	871,496

12.1 The Operator has cotakaful and retakaful arrangements with various takaful operators and domestic retakaful operators. Under the above arrangements, the receivable and payable balances originate mainly due to contributions collected or claims settled by the lead takaful operator on behalf of other cotakaful, and in case of retakaful, the contribution ceded to and claims recoverable from the retakaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under cotakaful arrangements are done between respective companies in normal course of business.

The Operator believes that the current balances of cotakaful and retakaful reflected in the records of the Operator are based on underlying contracts and transactions supported by appropriate evidence.

In this regard, the Operator exchanged balance information with cotakaful and retakaful operators. This information corroborates the balance position of the Operator in all material respects.

13 RECEIVABLE / PAYABLE BETWEEN OPF AND PTF

Receivable from PTF

Wakala fee	112,092	250,486	-	-
Mudarib fee	3,128	8,595	-	-
	115,220	259,081	-	-
Payable to OPF				
Wakala fee	-	-	112,092	250,486
Mudarib fee	-	-	3,128	8,595
	-	-	115,220	259,081

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

	Operator's Fund		Participants' Takaful Fund	
	2025	2024	2025	2024
	----- Rupees in thousand -----			
14 PREPAYMENTS				
Prepaid retakaful contribution ceded (Note 22)	-	-	349,342	227,603
Tracker monitoring fee	-	-	10,841	7,921
Others	4,135	-	-	-
	4,135	-	360,183	235,524
15 CASH AND BANKS				
Cash and cash equivalents:				
Cash in hand	154	146	-	-
Policy and revenue stamps	-	-	3,168	2,157
Cash at banks				
Saving accounts (Note 15.1)	306,088	295,369	342,589	893,984
	306,242	295,515	345,757	896,141

15.1 Saving accounts carry expected profit rates ranging from 3% to 9% (2024: 6% to 18.5%) per annum.

15.2 Cash at banks of Operator's Fund includes an amount of Rupees 0.686 million (2024: Rupees 0.105 million) held with MCB Islamic Bank Limited, a related party.

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

	Operator's Fund		Participants' Takaful Fund	
	2025	2024	2025	2024
	----- Rupees in thousand -----			
Cash and banks	306,242	295,515	345,757	896,141

15.3.1 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2025
	Qard-e-Hasna
	- Rupees in thousand -
Balance as at 31 December 2024	221,460
Repayment of loan	(221,460)
Balance as at 31 December 2025	-

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

16 STATUTORY RESERVE

Statutory reserve (Note 16.1)

Participants' Takaful Fund	
2025	2024
----- Rupees in thousand -----	
500,000	50,000

- 16.1** Amount of Rupees 500 million (2024: Rupees 50 million) is deposited as statutory reserve to comply with provisions of para 4 of Circular No. 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".

17 RETIREMENT BENEFIT OBLIGATION - OPERATOR'S FUND

Detailed disclosure as required under the Insurance Rules, 2017, have been presented on a collective basis in the separate unconsolidated financial statements of Adamjee Insurance Company Limited.

18 TAKAFUL / RETAKAFUL PAYABLES

Due to takaful participants' holders
Due to other takaful / retakaful operator's

Participants' Takaful Fund	
2025	2024
----- Rupees in thousand -----	
81,338	71,154
191,243	269,548
272,581	340,702

Operator's Fund		Participants' Takaful Fund	
2025	2024	2025	2024
----- Rupees in thousand -----			

19 DEFERRED TAXATION

Deferred tax credits arising for tax

depreciation allowance

Deferred tax credits arising for investments -

available for sale

2,983	2,956	-	-
50	760	-	516
3,033	3,716	-	516

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

19.1 Movement in net deferred tax liability is as follows:

Operator's Fund

Deferred credits arising due to:

Accelerated tax depreciation

Unrealized gain on remeasurement of available
for sale investments

Participants' Takaful Fund

Deferred credits arising due to:

Unrealized gain on remeasurement of available
for sale investments

2025			
Opening balance	Recognized in profit and loss account	Recognized in other comprehensive income	Closing balance
----- Rupees in thousand -----			

2,956	27	-	2,983
760	-	(710)	50
3,716	27	(710)	3,033
516	-	(516)	-
516	-	(516)	-
4,232	27	(1,226)	3,033

2024			
Opening balance	Recognized in profit and loss account	Recognized in other comprehensive income	Closing balance
----- Rupees in thousand -----			

Operator's Fund

Deferred credits arising due to:

Accelerated tax depreciation

Unrealized gain on remeasurement of available
for sale investments

Participants' Takaful Fund

Deferred credits arising due to:

Unrealized gain on remeasurement of available
for sale investments

1,502	1,454	-	2,956
-	-	760	760
1,502	1,454	760	3,716

8,613	-	(8,097)	516
8,613	-	(8,097)	516
10,115	1,454	(7,337)	4,232

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

20 OTHER CREDITORS AND ACCRUALS

Agents commission payable	
Federal excise duty	
Federal insurance fee	
Sales tax payable	
Income tax deducted at source	
Accrued expenses	
Payable to Adamjee Insurance Company Limited	
Others	

Operator's Fund		Participants' Takaful Fund	
2025	2024	2025	2024
----- Rupees in thousand -----			
209,528	108,490	-	-
-	-	86,786	14,187
-	-	12,200	8,811
6,345	12,056	-	-
17,996	10,975	27,603	88,479
19,084	14,792	-	-
-	193,563	-	144,534
22,074	29,196	32,496	37,422
275,027	369,072	159,085	293,433
-	-	-	-
-	-	-	-
1,230	2,024	-	-

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

Commitments (Note 21.2)

21.2 Commitments in respect of low value lease

Not later than one year
Later than one year and not later than five years

Operator's Fund	
2025	2024
----- Rupees in thousand -----	
1,230	1,614
-	410
1,230	2,024
Participants' Takaful Fund	
2025	2024
----- Rupees in thousand -----	

22 NET CONTRIBUTION REVENUE

Written gross contribution	
Less: wakala fee	
Contribution net of wakala fee	
Unearned contribution reserve - opening	
Unearned contribution reserve - closing	
Contribution earned	
Retakaful contribution ceded	
Prepaid retakaful contribution ceded - opening	
Prepaid retakaful contribution ceded - closing	
Retakaful expense	

Net contribution

4,565,608	3,897,836
(1,176,215)	(988,894)
3,389,393	2,908,942
1,218,171	857,657
(1,772,371)	(1,218,171)
2,835,193	2,548,428
1,035,247	710,314
227,603	179,332
(349,342)	(227,603)
913,508	662,043
1,921,685	1,886,385

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

23 RETAKAFUL REBATE

Retakaful rebate / commission received
Unearned retakaful rebate - opening
Unearned retakaful rebate - closing

Participants' Takaful Fund	
2025	2024
----- Rupees in thousand -----	
213,028	138,199
47,244	34,276
(75,082)	(47,244)
185,190	125,231

24 TAKAFUL BENEFITS / CLAIMS EXPENSE

Benefits / claims paid
Outstanding benefits / claims including IBNR - closing (Note 24.1)
Outstanding benefits / claims including IBNR - opening
Claims expense
Retakaful and other recoveries received
Retakaful and other recoveries in respect of outstanding claims - closing
Retakaful and other recoveries in respect of outstanding claims - opening
Re-takaful and other recoveries revenue
Net claims expense

2,382,412	2,150,554
945,966	726,815
(726,815)	(616,699)
2,601,563	2,260,670
401,270	107,995
443,418	279,137
(279,137)	(240,662)
565,551	146,470
2,036,012	2,114,200

24.1 This includes provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2025 amounting to Rupees 196.635 million (2024: Rupees 162.054 million).

24.2 Benefit / claim development

The following table shows the development of fire, marine, motor, health and miscellaneous claims compared to the last four years. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

	2021	2022	2023	2024	2025	Total
----- Rupees in thousand -----						
At end of accident year with IBNR	863,161	1,503,060	2,123,402	2,142,396	2,709,759	9,341,778
One year later	181,376	268,546	671,159	560,860		1,681,941
Two years later	2,277	40,170	43,800			86,247
Three years later	22,756	9,095				31,851
Four years later	4,864					4,864
Current estimate of cumulative claims	4,864	9,095	43,800	560,860	2,709,759	3,328,378
Less: Cumulative payments to date	(1,023)	(670)	(23,792)	(492,354)	(1,864,573)	(2,382,412)
Liability recognized in the statement of financial position	3,841	8,425	20,008	68,506	845,186	945,966

Estimate of ultimate claims cost

At end of accident year with IBNR	863,161	1,503,060	2,123,402	2,142,396	2,709,759	9,341,778
One year later	181,376	268,546	671,159	560,860		1,681,941
Two years later	2,277	40,170	43,800			86,247
Three years later	22,756	9,095				31,851
Four years later	4,864					4,864
Current estimate of cumulative claims	4,864	9,095	43,800	560,860	2,709,759	3,328,378
Less: Cumulative payments to date	(1,023)	(670)	(23,792)	(492,354)	(1,864,573)	(2,382,412)
Liability recognized in the statement of financial position	3,841	8,425	20,008	68,506	845,186	945,966

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

25 OTHER DIRECT EXPENSES

Monitoring charges
Other taxes
Inspection charges
Bank charges
Others

Participants' Takaful Fund	
2025	2024
----- Rupees in thousand -----	
20,332	20,552
3,732	4,049
13,025	15,138
372	362
7,984	17,600
45,445	57,701

26 COMMISSION EXPENSE

Commission paid or payable
Deferred commission expense - opening
Deferred commission expense - closing
Commission expense

Operator's Fund	
2025	2024
----- Rupees in thousand -----	
623,231	323,536
77,376	76,608
(192,635)	(77,376)
507,972	322,768

27 WAKALA FEE

Gross wakala fee
Unearned wakala fee - opening
Unearned wakala fee - closing
Net wakala fee

1,380,840	1,088,315
354,900	255,479
(559,525)	(354,900)
1,176,215	988,894

28 MANAGEMENT EXPENSES

Employee benefit cost (Note 28.1)
Depreciation (Note 5.1)
Amortization (Note 6.1)
Advertisement and sales promotion
Rent, rates and taxes
Communication
Legal and professional charges - business related
Travelling and conveyance expenses
Shared expenses
Entertainment
Printing, stationery and postage
Annual supervision fee SECP
Bank charges
Repair and maintenance
Others

286,317	233,850
10,843	6,097
3,426	3,644
23,541	26,792
5,302	4,547
1,215	828
1,151	97
2,597	2,359
41,478	30,285
7,708	5,039
701	646
4,585	4,008
37	32
3,068	2,226
14,586	14,983
406,555	335,433

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

28.1 Employee benefit cost

Salaries, allowances and other benefits
Charges for post employment benefit

Operator's Fund	
2025	2024
----- Rupees in thousand -----	
278,977	228,240
7,340	5,610
286,317	233,850

29 INVESTMENT INCOME

Income from equity securities

Available for sale - mutual funds

Dividend income

Income from debt securities

Held to maturity - sukuks

K-Electric

Income from term deposits

Return on term deposits

Net realized gain on investment

Available-for-sale

Realized gain on:

-Equity securities

Operator's Fund		Participants' Takaful Fund	
2025	2024	2025	2024
----- Rupees in thousand -----			
2	33,025	-	120
4,679	11,466	-	5,688
64,336	51,813	38,343	108,604
61,900	51,844	29,082	78,200
130,917	148,148	67,425	192,612
25,687	57,094	34,798	65,315
2,579	-	-	-
-	5,297	-	-
28,266	62,391	34,798	65,315

30 OTHER INCOME

Profit on bank deposits

Gain on sale of operating assets (Note 5.1.1)

Other income

31 MODARIB'S FEE

The Operator manages the participants' investments as a Modarib and charge 25% Modarib's share of the investment income and other income earned by Participants' Takaful Fund.

Operator's Fund	
2025	2024
----- Rupees in thousand -----	

32 DIRECT EXPENSES

Auditors' remuneration (Note 32.1)
Shariah audit fee

1,760	1,760
3,440	3,080
5,200	4,840

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

32.1 Auditors remuneration

Annual audit fee
Half year review fee
Shariah's compliance report
Out of pocket expense

Operator's Fund	
2025	2024
----- Rupees in thousand -----	
700	700
200	200
700	700
160	160
1,760	1,760

33 TAXATION

For the year

Current tax
Deferred tax (Note 19.1)

Operator's Fund		Participants' Takaful Fund	
2025	2024	2025	2024
----- Rupees in thousand -----			
172,529	224,241	29,901	85,568
27	1,454	-	-
172,556	225,695	29,901	85,568

33.1 Tax charge reconciliation

Tax at the applicable rate of
Others
Effective tax rate

39%	39%	39%	39%
0%	0%	0%	0%
39%	39%	39%	39%

34 REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS AND EXECUTIVES

Managerial remuneration
Leave encashment
Bonus
Rent and house maintenance
Medical
Conveyance
Contribution to defined contribution plan
Other perquisites and allowances

Number of persons

Head of Window Takaful Operations		Executives	
2025	2024	2025	2024
----- Rupees in thousand -----			
5,091	4,346	93,765	96,148
-	-	43	3,330
973	1,146	10,973	7,516
2,291	1,751	42,479	29,654
509	389	9,377	6,563
1,200	1,020	29,736	17,647
424	324	6,583	4,353
594	-	42,650	924
11,082	8,976	235,606	166,135
1	1	85	63

34.1 Executives mean employees, other than the chief executive officer and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

34.2 There has been no payments made to the directors / chief executive officer during the year 2025 (2024 : nil) from OPF.

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

	2025	2024
	Numbers	
35 NUMBER OF EMPLOYEES		
As at 31 December	123	107
Average during the year	115	103

36 RELATED PARTIES TRANSACTIONS

The related parties of the Operator comprise of the subsidiary of Adamjee Insurance Company Limited, associated companies and undertakings having directors in common, directors and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	2025	2024
	Rupees in thousand	
Participants' Takaful Fund		
(i) Related party - subsidiary company of Adamjee Insurance Company Limited		
Transactions during the year		
Gross contribution written	12,260	7,758
Contribution received	14,324	8,529
Claims paid	6,689	4,334
Year end balances		
Claim outstanding	1,159	576
Contribution due but unpaid	561	602
Contribution received in advance	693	693
(ii) Related parties based on common directorship		
Transactions during the year		
Gross contribution written	241,067	254,684
Contribution received	265,945	190,654
Claims paid	119,030	98,993
Income on bank deposits	357	3,010
Year end balances		
Contribution due but unpaid	81,617	31,246
Claim outstanding	29,548	47,304
Cash at banks	686	105
Contribution received in advance	601	480
(iii) Post employment benefit plans		
Transactions during the year		
Contribution to staff provident fund	14,826	11,332
Charge in respect of provident fund	7,340	5,610

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

36.1 Following are the associated undertakings / companies, subsidiary company of Adamjee Insurance Company Limited and post retirement benefits plans along with basis of their relationship with the Operator with whom OPF / PTF had entered into transactions during the current year;

Name of related parties	Direct shareholding	Relationship
Adamjee Life Assurance Company Limited	None	Subsidiary company of Adamjee Insurance Company Limited
Agrohub International (Private) Limited	None	Common directorship
Cotton Web (Private) Limited	None	Common directorship
Hyundai Nishat Motor (Private) Limited	None	Common directorship
Joyland (Private) Limited	None	Common directorship
MCB Islamic Bank Limited	None	Common directorship
Nishat Mills Limited	None	Common directorship
Siddiqsons Limited	None	Common directorship
Siddiqsons Energy Limited	None	Common directorship
Din Textile Mills Limited	None	Common directorship
Adamjee Insurance Company Limited Employees' Provident Fund Trust	None	Staff retirement benefit
Adamjee Insurance Company Limited Employees' Gratuity Fund Trust	None	Staff retirement benefit

37 SEGMENT INFORMATION

The Operator has identified five (2024: five) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019 and the Takaful Rules, 2012. These include fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

Revenues, results, assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

37.1 Current year - Participants' Takaful Fund (PTF)

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Contribution receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	882,332	280,738	1,896,100	1,840,340	177,656	5,077,166
Less : Federal excise duty	(120,008)	(35,775)	(253,310)	(44,478)	(23,433)	(477,004)
Federal insurance fee	(7,520)	(2,433)	(16,270)	(17,749)	(1,525)	(45,497)
Gross direct written contribution (inclusive of administrative surcharge)	754,804	242,530	1,626,520	1,778,113	152,698	4,554,665
facultative inward contribution	10,943	-	-	-	-	10,943
	765,747	242,530	1,626,520	1,778,113	152,698	4,565,608
Wakala fee	(205,351)	(83,075)	(449,185)	(399,500)	(39,104)	(1,176,215)
Contribution net of wakala fee	560,396	159,455	1,177,335	1,378,613	113,594	3,389,393
Takaful contribution earned	459,441	154,281	914,289	1,201,720	105,462	2,835,193
Takaful contribution ceded to retakaful	(585,354)	(187,820)	(36,353)	-	(103,981)	(913,508)
Net underwriting income	(125,913)	(33,539)	877,936	1,201,720	1,481	1,921,685
Retakaful rebate	147,496	41,537	(189)	-	(3,654)	185,190
Net underwriting income / (loss)	21,583	7,998	877,747	1,201,720	(2,173)	2,106,875
Takaful claims	(300,965)	(234,183)	(736,715)	(1,286,304)	(43,396)	(2,601,563)
Takaful claims recovered from retakaful	276,129	187,091	67,623	-	34,708	565,551
Net claims	(24,836)	(47,092)	(669,092)	(1,286,304)	(8,688)	(2,036,012)
Contribution deficiency expense				(60,042)	(1,319)	(61,361)
Other direct expenses	(3,098)	689	(37,355)	(4,374)	(1,307)	(45,445)
Net takaful claims and expenses	(27,934)	(46,403)	(706,447)	(1,350,720)	(11,314)	(2,142,818)
(Deficit) / surplus before investment income	(6,351)	(38,405)	171,300	(149,000)	(13,487)	(35,943)
Investment income						67,425
Other income						34,798
Modarib's share of investment income and other income						(25,555)
Surplus before taxation						40,725
Taxation						(29,901)
Surplus after tax transferred to balance of Participants' Takaful Fund						10,824
Corporate segment assets	826,901	117,549	897,200	645,751	175,993	2,663,394
Corporate unallocated assets	-	-	-	-	-	1,075,363
Total assets	826,901	117,549	897,200	645,751	175,993	3,738,757
Corporate segment liabilities	715,194	87,129	1,278,949	1,165,914	163,224	3,410,410
Corporate unallocated liabilities	-	-	-	-	-	162,467
Total liabilities	715,194	87,129	1,278,949	1,165,914	163,224	3,572,877

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

37.1.1 Prior year - Participants' Takaful Fund (PTF)

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
Rupees in thousand						
Contribution receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	659,109	161,305	1,273,289	2,010,344	136,321	4,240,368
Less : Federal excise duty	(88,286)	(19,599)	(166,074)	(34,027)	(17,383)	(325,369)
Federal insurance fee	(5,650)	(1,403)	(10,988)	(19,567)	(1,177)	(38,785)
Gross direct written contribution (inclusive of administrative surcharge)	565,173	140,303	1,096,227	1,956,750	117,761	3,876,214
facultative inward contribution	21,560	62	-	-	-	21,622
	586,733	140,365	1,096,227	1,956,750	117,761	3,897,836
Wakala fee	(143,567)	(48,931)	(325,871)	(443,634)	(26,891)	(988,894)
Contribution net of wakala fee	443,166	91,434	770,356	1,513,116	90,870	2,908,942
Contribution earned	369,172	90,867	676,811	1,330,904	80,674	2,548,428
Takaful contribution ceded to retakaful	(437,293)	(105,295)	(38,788)	-	(80,667)	(662,043)
Net takaful contribution	(68,121)	(14,428)	638,023	1,330,904	7	1,886,385
Retakaful rebate	102,750	22,605	-	-	(124)	125,231
Net underwriting income	34,629	8,177	638,023	1,330,904	(117)	2,011,616
Takaful claims	(45,328)	(64,647)	(510,286)	(1,596,873)	(43,536)	(2,260,670)
Retakaful and other recoveries	31,932	48,938	25,101	-	40,499	146,470
Net claims	(13,396)	(15,709)	(485,185)	(1,596,873)	(3,037)	(2,114,200)
Contribution deficiency expense				4,406	(1,319)	3,087
Other direct expenses	(6,646)	(498)	(40,767)	(9,066)	(724)	(57,701)
Net takaful claims and expenses	(20,042)	(16,207)	(525,952)	(1,601,533)	(5,080)	(2,168,814)
(Deficit) / surplus before investment income	14,587	(8,030)	112,071	(270,629)	(5,197)	(157,198)
Investment income						192,612
Other income						65,315
Modarib's share of investment income and other income						(38,522)
Surplus before taxation						62,207
Taxation						(85,568)
Deficit after tax transferred to balance of Participants' Takaful Fund						(23,361)
Corporate segment assets	494,533	60,790	531,801	528,382	117,633	1,733,139
Corporate unallocated assets	-	-	-	-	-	1,638,289
Total assets	420,016	59,864	349,332	437,531	111,496	3,371,428
Corporate segment liabilities	499,280	60,922	933,298	1,064,217	131,630	2,689,347
Corporate unallocated liabilities	-	-	-	-	-	304,758
Total liabilities	499,280	60,922	933,298	1,064,217	131,630	2,994,105

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

37.2 Current year - Operator's Fund

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
Rupees in thousand						
Wakala fee	205,351	83,075	449,185	399,500	39,104	1,176,215
Commission expense	(113,623)	(29,453)	(201,419)	(150,331)	(13,146)	(507,972)
Management expenses	(90,898)	(23,562)	(161,134)	(120,265)	(10,696)	(406,555)
	830	30,060	86,632	128,904	15,262	261,688
Mudarib's share of PTF investment income and other income						25,555
Investment income						130,917
Direct expenses						(5,200)
Other income						28,266
Profit before tax						441,226
Taxation						(172,556)
Profit after taxation attributable to shareholders						268,670
Corporate segment assets	80,524	20,062	109,629	90,666	6,973	307,854
Corporate unallocated assets	-	-	-	-	-	2,156,527
Total assets	80,524	20,062	109,629	90,666	6,973	2,464,381
Corporate segment liabilities	126,924	2,736	284,032	135,074	10,759	559,525
Corporate unallocated liabilities	-	-	-	-	-	327,717
Total liabilities	126,924	2,736	284,032	135,074	10,759	887,242

37.2.1 Prior year - Operator's Fund

Wakala fee income	143,567	48,931	325,871	443,634	26,891	988,894
Commission expense	(91,161)	(20,838)	(98,633)	(100,034)	(12,102)	(322,768)
Management expenses	(94,737)	(21,656)	(102,503)	(103,960)	(12,577)	(335,433)
	(42,331)	6,437	124,735	239,640	2,212	330,693
Mudarib's share of PTF investment income and other income						38,522
Investment income						148,148
Direct expenses						(4,840)
Other income						62,391
Profit before tax						574,914
Taxation expense						(225,695)
Profit after taxation						349,219
Corporate segment assets	74,103	16,458	97,045	138,533	10,318	336,457
Corporate unallocated assets	-	-	-	-	-	1,745,945
Total assets	74,103	16,458	97,045	138,533	10,318	2,082,402
Corporate segment liabilities	74,518	926	182,469	90,851	6,137	354,901
Corporate unallocated liabilities	-	-	-	-	-	417,922
Total liabilities	74,518	926	182,469	90,851	6,137	772,823

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

38 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The individual risk wise analysis is given below :

38.1 Takaful risk

The principal risk that the Operator faces under takaful contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of takaful contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Operator. The Operator further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Operator.

Amounts recoverable from retakaful are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

Although the Operator has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any retakaful operator is unable to meet its obligations assumed under such retakaful agreements. The Operator's placement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor are the operations of the Operator substantially dependent upon any single retakaful contract. Retakaful contracts are written with approved retakaful operators on either a proportionate basis or non-proportionate basis. The retakaful operators are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar retakaful contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Operator has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Operator principally issues the general takaful contracts e.g. fire and property damage, marine, aviation and transport, motor, accident and health and other miscellaneous. Risks under non-life takaful contracts usually cover twelve month or lesser duration. For general takaful contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities. Takaful contracts at times also cover risk for single incidents that expose the Operator to multiple takaful risks.

(a) Geographical concentration of takaful 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 risks with reference to the geographical location, the most important of which is risk survey.

(b) Retakaful arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional retakaful arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

Class	Participants' Takaful Fund					
	Gross sum covered		Re-takaful		Net	
	2025	2024	2025	2024	2025	2024
	----- Rupees in thousand -----					
Fire and property	866,333,079	559,561,764	492,982,284	302,896,425	373,350,795	256,665,339
Marine, aviation and transport	419,188,520	248,018,204	278,977,697	157,024,327	140,210,823	90,993,877
Motor	123,160,661	77,866,404	5,116,339	2,816,729	118,044,322	75,049,675
Accident and health	157,866,764	99,049,319	-	-	157,866,764	99,049,319
Miscellaneous	19,856,032	15,682,008	11,915,596	9,884,637	7,940,436	5,797,371
	1,586,405,056	1,000,177,699	788,991,916	472,622,118	797,413,140	527,555,581

(c) Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date.

(d) Process used to decide on assumptions

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the retakaful recoveries.

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

(e) Changes in assumptions

The Operator has not changed its assumptions for the takaful contracts as disclosed in above (c) and (d).

(f) Sensitivity analysis

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

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and balance of waqf is set out below.

		Underwriting results	
		2025	2024
		----- Rupees in thousand -----	
10% increase in average claim cost			
Net:			
Fire and property	(2,484)	(1,340)	
Marine, aviation and transport	(4,709)	(1,570)	
Motor	(66,909)	(48,519)	
Accident and health	(128,630)	(159,687)	
Miscellaneous	(869)	(304)	
	(203,601)	(211,420)	
10% decrease in average claim cost			
Net:			
Fire and property	2,484	1,340	
Marine, aviation and transport	4,709	1,570	
Motor	66,909	48,519	
Accident and health	128,630	159,687	
Miscellaneous	869	304	
	203,601	211,420	

38.2 Financial Risk

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

(a) Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Operator attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Operator's credit risk exposure is not significantly different from that reflected in these financial statements. The management monitors and limits the Operator's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2025			2024		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
----- Rupees in thousand -----						
Investment in equity securities	385,182	-	385,182	1,075,440	664,478	1,739,918
Investment in debt securities	40,000	-	40,000	51,418	-	51,418
Investment in term deposits	1,300,000	600,000	1,900,000	-	-	-
Loans and other receivable	11,665	118,765	130,430	11,377	69,752	81,129
Takaful / retakaful receivables	-	1,311,109	1,311,109	-	871,496	871,496
Retakaful recoveries against outstanding claims / benefits	-	352,342	352,342	-	180,599	180,599
Salvage recoveries accrued	-	91,076	91,076	-	98,538	98,538
Receivable from OPF / PTF	115,220	-	115,220	259,081	-	259,081
Cash at bank	306,242	345,757	651,999	295,515	896,141	1,191,656
Qard-e-Hasna to PTF	-	-	-	221,460	-	221,460
	2,158,309	2,819,049	4,977,358	1,914,291	2,781,004	4,695,295

Provision for impairment is made for doubtful receivables according to the Operator's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due at reporting date.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

Age analysis of due from takaful contact holders (net of provision) other than related parties is as follows:

	2025	2024
	----- Rupees in thousand -----	
Not yet due	460,171	392,131
Upto one year	516,169	308,959
Above one year	3,931	10,499
	980,271	711,589
Less: provision for doubtful balances	-	-
	980,271	711,589
Age analysis of due from related parties against takaful contracts is as follows:		
Upto one year	82,069	29,724
Above one year	109	1,506
	82,178	31,230
Less: provision for doubtful balances	-	-
	82,178	31,230

The credit quality of the bank balance and investments can be assessed with reference to external credit rating as follows:

	Rating		Rating	2025	2024
	Short term	Long term	agency	----- Rupees in thousand -----	
Saving accounts					
Operator's Fund					
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	306,080	228,310
Meezan Bank Limited	A1+	AAA	JCR-VIS	8	67,060
				306,088	295,370
Participants' Takaful Fund					
MCB Islamic Bank Limited	A1	A+	PACRA	686	105
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	247,727	262,503
Meezan Bank Limited	A1+	AAA	JCR-VIS	14,547	119,048
BankIslami Pakistan Limited	A1	AA-	PACRA	46,689	480,810
Faysal Bank Limited	A1+	AA	PACRA	30,579	29,846
United bank Limited	A1+	AAA	JCR-VIS	2,361	1,671
				342,589	893,983

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

	Rating		Rating	2025	2024
	Short term	Long term	agency	----- Rupees in thousand -----	
Mutual funds					
Operator's Fund					
Al Hamra Islamic Income Fund	-	AA(f)	VIS	212,832	-
Al-Ameen Islamic Sovereign Fund	-	AA(f)	VIS	-	335,403
Meezan Islamic Sovereign Fund	-	AA(f)	VIS	-	304,286
Al Habib Islamic Savings Fund	-	AA(f)	PACRA	172,350	158,091
HBL Islamic Money Market Fund	-	AA+(f)	VIS	-	104,389
NBP Islamic Savings Fund	-	AA-(f)	PACRA	-	103,104
ABL Islamic Sovereign Plan 1	-	AA-(f)	PACRA	-	70,105
ABL Islamic Cash Fund	-	AA-(f)	PACRA	-	36
NBP Islamic Daily Dividend Fund	-	AA-(f)	PACRA	-	21
Meezan Islamic Income Fund	-	A+(f)	VIS	-	4
Meezan Rozana Amdani Fund	-	AA+(f)	VIS	-	1
				385,182	1,075,440
Participants' Takaful Fund					
Al Hamra Islamic Income Fund	-	AA(f)	PACRA	-	563,180
Al Hamra Islamic Money Market Fund	-	AA+(f)	PACRA	-	20
Alfalah Islamic Money Market Fund	-	AA(f)	PACRA	-	101,278
				-	664,478
Debt securities and term deposits					
Operator's Fund					
K-electric sukuks	-	AA+	PACRA	40,000	51,418
Term Deposits - Meezan Bank Limited	A1+	AAA	VIS	1,300,000	-
Participants' Takaful Fund					
Term Deposits - Meezan Bank Limited	A1+	AAA	VIS	300,000	-
Term Deposits - Bank Islami Limited	A1	AA-	PACRA	300,000	-
				600,000	-

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

The credit quality of amount due from other co-takaful/retakaful operators (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other co-takaful / retakaful operators	Retakaful and other recoveries against outstanding claims	2025	Amounts due from other co-takaful / retakaful operators	Retakaful and other recoveries against outstanding claims	2024
----- Rupees in thousand -----						
A or above (including PRCL)	163,118	299,622	462,740	128,677	149,524	278,201
BBB	85,541	-	85,541	-	-	-
Others	-	52,720	52,720	-	31,075	31,075
Total	248,659	352,342	601,001	128,677	180,599	309,276

(b) Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. The diversified funding sources and assets of the Operator are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below analysis the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

2025			
Carrying amount	Contractual cash flows	Upto one year	Over one year
----- Rupees in thousand -----			
Financial liabilities - Operator's Fund			
Other creditors and accruals	250,686	250,686	250,686
	250,686	250,686	250,686
Financial liabilities - Participants' Takaful Fund			
Outstanding claims including IBNR	945,966	945,966	945,966
Payable by PTF	115,220	115,220	115,220
Takaful / retakaful payables	272,581	272,581	272,581
Other creditors and accruals	32,496	32,496	32,496
	1,366,263	1,366,263	1,366,263
	1,616,949	1,616,949	1,616,949

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

	2024			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
	----- Rupees in thousand -----			
Financial liabilities-Operator's Fund				
Other creditors and accruals	346,041	346,041	346,041	-
	346,041	346,041	346,041	-
Financial liabilities-Participants' Takaful Fund				
Outstanding claims including IBNR	726,815	726,815	726,815	-
Payable to OPF	259,081	259,081	259,081	-
Takaful / retakaful payables	340,702	340,702	340,702	-
Other creditors and accruals	181,956	181,956	181,956	-
Qard-e-Hasna from Operators Fund	221,460	221,460	221,460	-
	1,730,014	1,730,014	1,730,014	-
	2,076,055	2,076,055	2,076,055	-

(c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at reporting date there are no financial instruments denominated in foreign currencies. Therefore, the Operator is not exposed to risk from foreign currency exchange rate fluctuations.

(i) Profit rate risk

Profit rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market profit rates. Sensitivity to profit rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given period. The Operator manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the mark-up rate profile of the Operator's significant profit bearing financial instruments was as follows:

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

At the reporting date, the profit rate profile of the Operator's significant profit-bearing financial instrument is:

Participants' Takaful fund							
2025							
Profit rate	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Rupees in thousand							
Financial assets							
Investments - term deposits	9% - 11%	600,000	-	600,000	-	-	600,000
Loans and other receivables		-	-	-	118,765	-	118,765
Takaful / retakaful receivables		-	-	-	1,311,109	-	1,311,109
Retakaful recoveries against outstanding claims		-	-	-	352,342	-	352,342
Salvage recoveries accrued		-	-	-	91,076	-	91,076
Cash and bank	3% - 9%	342,589	-	342,589	3,168	-	345,757
		942,589	-	942,589	1,876,460	-	2,819,049
Financial liabilities							
Outstanding claims including IBNR		-	-	-	945,966	-	945,966
Takaful / retakaful payables		-	-	-	272,581	-	272,581
Payable to OPF		-	-	-	115,220	-	115,220
Other creditors and accruals		-	-	-	32,496	-	32,496
		-	-	-	1,366,263	-	1,366,263

Participants' Takaful fund							
2024							
Profit rate	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Rupees in thousand							
Financial assets							
Investments - equity securities		-	-	-	664,478	664,478	664,478
Loans and other receivables		-	-	-	69,752	-	69,752
Takaful / retakaful receivables		-	-	-	871,496	-	871,496
Retakaful recoveries against outstanding claims		-	-	-	180,599	-	180,599
Salvage recoveries accrued		-	-	-	98,538	-	98,538
Cash and bank	6% - 18.5%	893,984	-	893,984	2,157	-	896,141
		893,984	-	893,984	1,222,542	664,478	2,781,004
Financial liabilities							
Outstanding claims including IBNR		-	-	-	726,815	-	726,815
Takaful / retakaful payables		-	-	-	340,702	-	340,702
Payable to OPF		-	-	-	259,081	-	259,081
Other creditors and accruals		-	-	-	181,956	-	181,956
Qard-e-Hasna from Operator's Fund		-	-	-	221,460	-	221,460
		-	-	-	1,730,014	-	1,730,014

Window Takaful Operations

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For the Year Ended 31 December 2025

Financial assets

Investment - equity securities
Investments - debt securities
Investments - term deposits
Loans and other receivables
Receivable from PTF
Cash and bank

Financial liabilities

Other creditors and accruals

Operator's fund							
2025							
Profit rate	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
----- Rupees in thousand -----							
	-	-	-		385,182	385,182	385,182
12.73% - 15.45 %	10,000	30,000	40,000	-	-	-	40,000
	-	1,300,000	1,300,000	-	-	-	1,300,000
9% - 11%	-	-	-	11,665	-	11,665	11,665
	-	-	-	115,220	-	115,220	115,220
3% - 9%	306,088	-	306,088	154	-	154	306,242
	316,088	1,330,000	1,646,088	127,039	385,182	512,221	2,158,309
	-	-	-	250,686	-	250,686	250,686
	-	-	-	250,686	-	250,686	250,686

Operator's fund							
2024							
Profit rate	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
----- Rupees in thousand -----							
	-	-	-		1,075,440	1,075,440	1,075,440
14.75% - 18.73%	-	10,000	41,418	51,418	-	-	51,418
	-	-	-	11,377	-	11,377	11,377
	-	-	-	259,081		259,081	259,081
6% - 18.5%	295,369	-	295,369	146	-	146	295,515
	-	-	-	221,460	-	221,460	221,460
	305,369	41,418	346,787	492,064	1,075,440	1,567,504	1,914,291
	-	-	-	346,041	-	346,041	346,041
	-	-	-	346,041	-	346,041	346,041

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its balances with banks. In case of 100 basis points (bps) increase / decrease in profit rates at period end, assuming that all other variables remain constant, the net income and equity would have been higher / lower by Rupees 3.461 million (2024: Rupees 3.468 million) in Operator's fund. Similarly, in case of Participants' Takaful Fund the net income and balance of Waqf / PTF would have been higher / lower approximately by Rupees 3.426 million (2024: Rupees 8.940 million).

(ii) Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Operator is exposed to equity price risk that arises as a result of changes in the net asset value of mutual funds. The equity price risk arises from the Operator's investment in equity securities of mutual funds.

The Operator's strategy is to hold its strategic equity investments on a long term basis. Thus, Operator is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favourable. The Operator strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Operator manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The OPF and PTF has investments in quoted equity securities amounting to Rupees 385.182 million (2024: Rupees 1.075.440 million) and Nil (2024: 664.478 million) respectively at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

As the entire investment portfolio has been classified in the 'available-for-sale' category, a 10% increase / decrease in unit prices at year end would have increased / decreased fair value as follows:

(d) Capital adequacy risk

	Fair value	Price change	Effect on fair value
	(Rupees in thousand)		(Rupees in thousand)
Operator's Fund			
31 December 2025	385,182	+10%	38,518
	385,182	-10%	(38,518)
31 December 2024	1,075,440	+10%	107,544
	1,075,440	-10%	(107,544)
Participants' Takaful Fund			
31 December 2025	-	+10%	-
	-	-10%	-
31 December 2024	664,478	+10%	66,448
	664,478	-10%	(66,448)

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

39 FAIR VALUES 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.

Underlying the definition of fair value is the presumption that the Operator is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Operator to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy in the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

Participants' Takaful Fund								
2025								
Carrying amount					Fair value			
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

----- Rupees in thousand -----

Financial assets measured at fair value

Investments - equity securities

- - - - - - - - - -

Financial assets not measured at fair value

Investments - term deposits

600,000 600,000

Loan and other receivables

- - 118,765 - 118,765 - - - -

Takaful / retakaful receivables

- - 1,311,109 - 1,311,109 - - - -

Re - takaful recoveries against outstanding claims

- - 352,342 - 352,342 - - - -

Salvage recoveries accrued

- - 91,076 - 91,076 - - - -

Cash and bank

- - 345,757 - 345,757 - - - -

- 600,000 2,219,049 - 2,819,049 - - - -

Financial liabilities measured at fair value

- - - - - - - - - -

Financial liabilities not measured at fair value

Outstanding claims including IBNR

- - - 945,966 945,966 - - - -

Takaful / retakaful payables

- - - 272,581 272,581 - - - -

Payable to OPF

- - - 115,220 115,220 - - - -

Other creditors and accruals

- - - 32,496 32,496 - - - -

- - - 1,366,263 1,366,263 - - - -

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

Participants' Takaful Fund								
2024								
Carrying amount					Fair value			
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

Financial assets measured at fair value

Rupees in thousand

Investments - equity securities	664,478	-	-	-	664,478	664,478	-	-	664,478

Financial assets not measured at fair value

Loan and other receivables	-	-	69,752	-	69,752	-	-	-	-
Takaful / retakaful receivables	-	-	871,496	-	871,496	-	-	-	-
Retakaful recoveries against outstanding claims	-	-	180,599	-	180,599	-	-	-	-
Salvage recoveries accrued	-	-	98,538	-	98,538	-	-	-	-
Cash and bank deposits	-	-	896,141	-	896,141	-	-	-	-
	664,478	-	2,116,526	-	2,781,004	664,478	-	-	664,478

Financial liabilities measured at fair value

-	-	-	-	-	-	-	-	-	-

Financial liabilities not measured at fair value

Outstanding claims including IBNR	-	-	-	726,815	726,815	-	-	-	-
Takaful / retakaful payables	-	-	-	340,702	340,702	-	-	-	-
Payable to OPF	-	-	-	259,081	259,081	-	-	-	-
Other creditors and accruals	-	-	-	181,956	181,956	-	-	-	-
Qard-e-Hasna from Operator's Fund	-	-	-	221,460	221,460	-	-	-	-
	-	-	-	1,730,014	1,730,014	-	-	-	-

Operator's Fund								
2025								
Carrying amount					Fair value			
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

Financial assets measured at fair value

Rupees in thousand

Investments - equity securities	385,182	-	-	-	385,182	385,182	-	-	385,182

Financial assets not measured at fair value

Investments - debt securities	-	40,000	-	-	40,000	-	-	-	-
Investments - term deposits	-	1,300,000	-	-	1,300,000	-	-	-	-
Loan and other receivables	-	-	11,665	-	11,665	-	-	-	-
Receivable from PTF	-	-	115,220	-	115,220	-	-	-	-
Cash and bank	-	-	306,242	-	306,242	-	-	-	-
	385,182	1,340,000	433,127	-	2,158,309	385,182	-	-	385,182

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

Operator's Fund								
2025								
Carrying amount					Fair value			
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

----- Rupees in thousand -----

Financial liabilities measured at fair value

Financial liabilities not measured at fair value

Other creditors and accruals

-	-	-	-	-	-	-	-	-
-	-	-	250,686	250,686	-	-	-	-
-	-	-	250,686	250,686	-	-	-	-

Operator's Fund								
2024								
Carrying amount					Fair value			
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

----- Rupees in thousand -----

Financial assets measured at fair value

Investments - equity securities

Financial assets not measured at fair value

Investments - debt securities

Loan and other receivables

Receivable from PTF

Cash and bank

Qard-e-Hasna to Participants' Takaful Fund

1,075,440	-	-	-	1,075,440	1,075,440	-	-	1,075,440
-	51,418	-	-	51,418	-	-	-	-
-	-	11,377	-	11,377	-	-	-	-
-	-	259,081	-	259,081	-	-	-	-
-	-	295,515	-	295,515	-	-	-	-
-	-	221,460	-	221,460	-	-	-	-
1,075,440	51,418	787,433	-	1,914,291	1,075,440	-	-	1,075,440

Financial liabilities measured at fair value

Financial liabilities not measured at fair value

Other creditors and accruals

-	-	-	346,041	346,041	-	-	-	-
-	-	-	346,041	346,041	-	-	-	-

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2025

40 STATEMENT OF SOLVENCY - PARTICIPANTS' TAKAFUL FUND

	2025 Rupees in thousand
Assets	
Investments in term deposits	600,000
Loans and other receivables	118,765
Takaful / retakaful receivables	1,311,109
Retakaful recoveries against outstanding claims / benefits	352,342
Salvage recoveries accrued	91,076
Deferred wakala fee	559,525
Prepayments	360,183
Cash and bank	345,757
Total assets (A)	3,738,757
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
Contribution due but unpaid more than 3 months	133,500
Co-takaful balances more than 3 months	61,613
Other related parties balances receivable	73,040
	268,153
Total of in-admissible assets (B)	
Total admissible assets (C=A-B)	3,470,604
Total liabilities	
Outstanding benefits including IBNR	945,966
Unearned contribution reserves	1,772,371
Unearned commission income	75,082
Contribution deficiency reserves	81,491
Deferred taxation	-
Contributions received in advance	147,700
Takaful / Retakaful Payables	272,581
Payable to OPF	115,220
Other creditors and accruals	159,085
Taxation - provision less payments	3,381
Total liabilities (D)	3,572,877
Total net admissible assets (E=C-D)	(102,273)
Minimum solvency requirement (higher of following)	
Method A - U/s 36(3)(a)	150,000
Method B - U/s 36(3)(b)	384,337
Method C - U/s 36(3)(c)	403,331
	403,331
Deficit in net admissible assets over minimum requirements	(505,604)

Window Takaful Operations

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2025

Operator's Takaful Fund		Participants' Takaful Fund	
Available for sale	Held to maturity	Available for sale	Held to maturity
----- Rupees in thousand -----			

41 MOVEMENT IN INVESTMENT

At the beginning of previous year	293,848	551,974	396,213	252,000
Additions	779,681	-	663,134	-
Disposals (sale and redemptions)	-	(500,000)	(396,213)	(252,000)
Fair value gains (excluding net realized gains)	1,911	-	1,323	-
Adjustment	-	(556)	21	-
At the beginning of current year	1,075,440	51,418	664,478	-
Additions	3,344,297	8,600,000	1,938,088	5,400,000
Disposals (sale and redemptions)	(4,094,635)	(7,310,000)	(2,630,323)	(4,800,000)
Fair value gains (excluding net realized gains)	60,080	-	27,757	-
Adjustment	-	(1,418)	-	-
At the end of current year	385,182	1,340,000	-	600,000

42 SUBSEQUENT EVENTS - NON ADJUSTING EVENT

There are no significant events that need to be disclosed for the year ended 31 December 2025.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on February 18, 2026 by the Board of Directors of the Operator.

44 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, except for reclassification as disclosed in note 44.1 to these financial statements, no significant rearrangements have been made.

44.1	Description	Note	From	To	Amount
					Rupees in thousand
	Reclassification of deferred wakala fee	23	Unearned contribution reserve	Deferred wakala fee	354,900

45 GENERAL

Figures have been rounded off to nearest of Rupee.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Imran Maqbool
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer



OTHER INFORMATION



BCR CRITERIA

S.No.	BCR Criteria	Page No.
1	Organizational Overview and External Environment	
1.01	Mission, vision, code of conduct, ethical, principal and core values.	29, 30 & 36
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	56 & 57
1.03	Geographical location and address of all business units including sales units and plants.	60, 61 & 247 (Note 1)
1.04	The legislative and regulatory environment in which the company operates.	74
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	128, 129 & 247 (Note 1)
1.06	Name and country of origin of the holding company / subsidiary company, if such companies are a foreign company.	128, 129
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	128, 129
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	63
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	104 to 107, 156, 175 & 298 (Note 40)
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	104 to 107, 156, 175, 190 & 298 (Note 40)
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	70
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response.	68
	b) The effect of seasonality on business in terms of production and sales.	176
1.13	The legitimate needs, interests of key stakeholders and industry trends.	134
1.14	SWOT Analysis of the company.	67
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	64 to 66
1.16	History of major events.	54 & 55
1.17	Details of significant events occurred during the year and after the reporting period.	53, 185 & 188
2	Strategy and Resource Allocation	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	77

S.No.	BCR Criteria	Page No.
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	79 to 85
2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	79 to 85
2.04	Company's strategy on market development, product and service development.	89
2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	87 & 88
2.06	Key Performance Indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	78 & 79
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	76 & 77
2.08	Board's statement on the internal controls including IT controls of the company.	109 & 151
2.09	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	89 & 184
2.10	a) Information about defaults in payment of any debt with reasons and its repayment plan;	89
	b) Board strategy to overcome liquidity problems and plans to meet operational losses.	89
3	Risks and Opportunities	
3.01	Key risks and opportunities (internal and external), including sustainability-related risks and opportunities, affecting availability, quality and affordability of Capitals.	92 to 102
3.02	Company's robust assessment of the principal risks and uncertainties being faced, including those that would threaten the business model, future performance and solvency or liquidity. This may include operational risk, IT risk, regulatory risk, legal risk, political risk, strategic risk, and credit risk etc.	92 to 102
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	92 to 102
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	92 to 102

S.No.	BCR Criteria	Page No.
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	92 to 102
4	Sustainability Reporting and Corporate Social Responsibility (CSR)	
4.01	Disclosure of the role of the Board to address the company's sustainability risks and opportunities, as required under the recent amendments of the SECP 'Listed Companies (Code of Corporate Governance) Regulations, 2019, SECP SRO 920/2024 dated June 12, 2024 for the following: a) Disclosures of company specific sustainability-related risks and opportunities (climate-related risks and opportunities) and their impact on the financial performance in the short, medium and long term and how these are managed or mitigated; b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company. c) Disclosure of company's sustainability and DE&I related strategies, priorities and targets, the measures taken to promote in the company as well as performance against these targets are periodically reviewed and monitored. d) Boards are encouraged to adopt of the SECP's ESG Disclosure Guidelines (https://www.secp.gov.pk/document/secp-esg-disclosure-guidelines-for-listed-companies/)	208 to 233
4.02	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability: • Social initiatives - financial inclusion, research and development, employment generation, community health and education, and health and safety of staff etc.; • Environmental initiatives - climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle), how does the company reduce pollution, depletion and degradation of natural resources; and indirect like investment/ financing in green /sustainable project. • Technological innovation - use of advanced technology, innovative ideas leading to sustainability practices like energy-efficient processes or eco-friendly product designs; • Information on consumption and management of materials, energy, water, emissions and waste.	
4.03	a) Has the board established a dedicated sustainability committee, having at least one female director, or assign additional responsibilities to an existing board committee. b) Has the committee submitted to the board a report, at least once a year, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.	
4.04	Board's statement for the adoption of CSR best practices including Board's commitment to promote CSR and how the company's sustainable practices can affect the financial performance of the company.	

S.No.	BCR Criteria	Page No.
4.05	Highlights of the company's performance, policies, initiatives for CSR.	
5	Governance	
5.01	Board composition: a) Leadership structure of those charged with governance; b) Name of independent directors indicating justification for their independence; c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience; d) Profile of each director including education, experience and engagement in other entities as CEO, Director CFO or Trustee etc.; e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	44 to 46, 129
5.02	A brief description about role of the Chairman and the CEO.	47 & 51
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	129 & 130
5.04	Chairman's Review Report on the overall performance of the board including: a) Effectiveness of the role played by the board in achieving the company's objectives; b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year'; c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	38 & 109
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	36 & 37
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	130
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	130
5.08	Details of formal orientation courses for directors.	130
5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	130
5.10	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	130
5.11	Disclosure about related party transactions:	
	a) Approved policy for related party transactions;	131

S.No.	BCR Criteria	Page No.
	b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding;	
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement;	
	d) Disclosure of director's interest in related party transactions;	
	e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	
5.12	Disclosure of Board's Policy on the following significant matters:	
	a) Risk Management and internal control policies.	92 to 102, 131
	b) Disclosure of director's interest in significant contracts and arrangements.	131
	c) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	108, 132
	d) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	132
	e) Security clearance of foreign directors.	132
	f) Board meetings held outside Pakistan.	132
	g) Human resource management including: · Preparation of succession plan; · Merit based recruitment; · Performance based appraisal system; · Promotion, reward and motivation; · Training and development; · Diversity, Equity & Inclusion (DE&I) policy; and · Employee engagement /feedback.	132
	h) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.	133, 208 to 233
	i) Communication with stakeholders.	134
	j) Dividend policy.	189
	k) Investors' relationship and grievances.	134
	l) Employee's health, safety and protection.	36, 220
	m) Whistle blowing policy	134
	n) anti-harassment policy to safeguard the rights and well-being of employees.	37
	o) Safety of records of the company.	134
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	135
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	122 to 127
5.15	Disclosure about:	
	a) Shares held by Sponsors / Directors / Executives;	128, 516 & 517

S.No.	BCR Criteria	Page No.
	b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any).	
5.16	Details about Board meetings and its attendance.	132
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	135, 140 & 141
5.18	Timely Communication: Date of authorization of financial statements by the board of directors: Within 40 days - 6 marks Within 50 days - 6 marks (in case of holding company who has listed subsidiary /subsidiaries) Within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	313 (Note 49)
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as “financially literate” and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Committee’s overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed. c) Committee’s overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor’s performance. e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor’s objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee’s views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company’s position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	137 to 139

S.No.	BCR Criteria	Page No.
	j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	141
5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) How it is designed to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system; b) Management support in the effective implementation and continuous updation; c) Details about user training of ERP software; d) How the company manages risks or control risk factors on ERP projects; e) How the company assesses system security, access to sensitive data and segregation of duties.	153 to 154
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance.	107
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	190
6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators, showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as future prospects of profits.	156 to 177
6.02	a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators.	157 to 177
	b) Explanation of negative change in the performance as compared to last year.	N / A (Positive performance in current year)
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	158 to 160, 164 to 168, 172 to 173,
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	244 to 245
6.05	a) Information about business segment and non-business segment; and	190
	b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	298 to 299
6.06	Disclosure of market share of the company and share price sensitivity analysis.	174,178, 179 & 184

S.No.	BCR Criteria	Page No.
6.07	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	86
6.08	Statement of Economic value added (EVA) [EVA = NOPAT – WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	180
6.09	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	143
7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	72 to 73
7.02	Explanation of any material changes in the entity's business model during the year.	74
8	Disclosures on IT Governance and Cybersecurity	
8.01	The Board responsibility statement on the IT system/ controls and AI strategy of the company including compliance of legal and regulatory requirements regarding data privacy and cyber security and how the board is engaging with management in case of any breaches.	148 to 154
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	148 to 154
8.03	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	148 to 154
8.04	Disclosure about company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	148 to 154
8.05	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	148 to 154
8.06	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	148 to 154
8.07	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (Artificial Intelligence (AI), RPA, Data Analytics, Block Chain, Cloud Computing etc.) to improve transparency and governance, value creation and reporting.	148 to 154

S.No.	BCR Criteria	Page No.
8.08	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	148 to 154
9	Future Outlook	
9.01	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	192 to 199
9.02	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year and whether the performance of the company is aligned with the forward-looking statement.	192 to 199
9.03	Disclosures about the company's future plans for AI adoption and its potential impact on the company's long-term strategy.	192 to 199
9.04	Disclosure about company's future Research & Development initiatives.	192 to 199
9.05	Sources of information and assumptions used for projections / forecasts in the forward-looking statement, and any assistance taken by any external consultant	192 to 199
10	Stakeholders Relationship and Engagement	
10.01	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	202
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	202 to 204
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	204
10.04	Investors' Relations section on the corporate website with all relevant information including audited annual reports are available in the section.	205
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	205
10.06	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and	205
	b) Disclosure of brief summary of Corporate Analyst briefing conducted during the year.	205
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	205

S.No.	BCR Criteria	Page No.
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	205
10.09	Disclosure of whistle blowing mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in the Audit Committee's report.	134 & 139
11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	144
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	500 to 512
12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	Refer below
13	Assessment based on Qualitative Factors	
13.01	Assessment of overall quality of information contained in the annual report based on the following qualitative factors:	
	a) Clarity, simplicity and lucidity in presentation of Financial Statements;	
	b) Theme on the cover page;	
	c) Effective use of presentation tools, particularly diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report;	
	d) Effectiveness and relevance of photos and graphs;	
	e) Effectiveness of the theme on the cover page.	
14	Industry Specific Disclosures (if applicable)	
b)	Disclosures required for Insurance Company (Annexure IV).	Refer below
	Annexure I - Financial Ratios (refer section 6 of the criteria)	
	Financial Sector	
	Profitability Ratios	
	a) Profit before tax ratio	161 to 162
	b) Gross Yield on Earning Assets	
	c) Gross Spread ratio	
	d) Cost/Income ratio	
	e) Return on Equity	
	f) Return on Capital employed	
	g) Shareholders' Funds	
	h) Return on Shareholders' Funds	
	i) Return on Investment	
	j) Total Shareholder Return	

S.No.	BCR Criteria	Page No.
	Liquidity Ratios	
	a) Advances to deposits ratio	161 to 162
	b) Current ratio	
	c) Net interest income as a percentage of working funds / operating cost – Efficiency ratio	
	d) Non-interest income as a percentage of working funds	
	e) Quick / Acid test ratio	
	f) Cash to Current Liabilities	
	g) Cost of Funds	
	h) Cash flow coverage ratio	
	i) Net interest income as a percentage of working funds / Operating cost - Efficiency ratio	
	j) Cash Reserve Ratio / Liquid Asset ratio	
	k) Gross Non-Performing assets to gross advances	
	l) Non-Performing loans (Assets) to Total Loans (Assets)	
	m) Credit-- Deposit Ratio	
	Investment / Market Ratios	
	a) Earnings per share (EPS) and diluted EPS	161 to 162, 169, 170 & 180
	b) Price Earnings ratio	
	c) Price to Book ratio	
	d) Dividend Yield ratio	
	e) Dividend Payout ratio / Dividend Cover Ratio	
	f) Cash Dividend per share / Stock Dividend per share	
	g) Market value per share at the end of the year and high/low during the year	
	h) Breakup value per share	
	i. Without Surplus on Revaluation of property, plant and equipment	
	ii. With Surplus on Revaluation of property plant and equipment including the effect of all Investments	
	iii. Including Investment in Related Party at fair /market value and also with Surplus on Revaluation of property plant and equipment.	
	i) DuPont Analysis	
	j) Free Cash Flow	
	k) Economic Value Added (EVA)	
	Capital Structure	
	a) Capital Adequacy ratio	161 to 162
	b) Earning assets to total assets ratio	
	c) Weighted Average cost of deposit	
	d) Statutory Liquidity Reserve (Ratio)	

S.No.	BCR Criteria	Page No.
	e) Net assets per share	
	f) Debt to Equity ratio (as per book and as per market value)	
	Non-Financial Ratios	
	a) Staff turnover ratio	162
	b) Customer Satisfaction Index	
	c) Employee Productivity Rate	
	d) Revenue per Employee	
	e) Customer Retention Ratio	
	Annexure II - Specic Disclosures of the Financial Statements (refer section 12 of the criteria)	
1	Fair value of Property, Plant and Equipment.	185
2	Particulars of significant / material assets and immovable property including location and area of land.	185 & 264
3	Capacity of an industrial unit, actual production and the reasons for shortfall.	Not Applicable
4	Specific disclosures required for shariah compliant companies / companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	Not Applicable
5	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53(I)/2022 dated January 12, 2022)	Not Applicable
6	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	186
7	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	Not Applicable
	Annexure IV - Specic Disclosures for Insurance Company	
1	Claims management and details of outstanding claims (IBNR & IBNER) with estimated liability and ageing thereof.	256 (Note 3.17), 288 (Note 28.3)
2	Highlights of segment revenue account.	298 & 299
3	Disclosure of outstanding premium / unearned premium.	189
4	Details of claims under different categories of policies including average claim settlement period.	189
5	Estimated liability in respect of outstanding claims including their ageing.	288
6	Disclosures of re-insurance ceded premium & claim recovered.	286 (Note 27), 287 (Note 28)

S.No.	BCR Criteria	Page No.
7	Disclosure of extent of risk retained, reinsured and unexpired risk.	301 (Note 42.1.2)
8	Disclosures pertaining to solvency margin / solvency ratio.	187, 309 & 310
9	Valuation & impairment of investment as per regulatory requirements.	255 (Note 3.14) 266 to 273
10	Actuarial assumptions made are in compliance with the regulations issued by regulatory authorities.	189
11	Following accounting ratios pertaining to insurance sector: • Claim ratio; • Premium growth ratio; • Claim settlement ratio; • Combined ratio; • Persistency ratio; • Reinsurance premium ceded on gross premium (%); • Reinsurance claim recovery percentage; • Retention ratio; • External liability ratio.	162
12	Review of assets quality.	188
13	Report of the life actuary (for life insurance).	Not Applicable
14	Statement showing age-wise analysis of unclaimed amount of policyholders.	303

NOTICE OF 65th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 65th Annual General Meeting (AGM) of Adamjee Insurance Company Limited (the "Company") will be held on April 28, 2026 (Tuesday) at 10:00 A.M. at Nishat Gulberg, Lahore and through video- link facility to transact the following ordinary business:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2025, Directors' and Auditors' reports thereon and the Chairman's Review Report.

Pursuant to SRO 389(1)/2023 dated 21 March 2023 and approval of shareholders in EOGM on 16th June 2023, the financial statements of the Company have been up-loaded on the website of the Company which can be downloaded from the following weblink and/ or QR enabled code.



<https://www.adamjeeinsurance.com/investor-relation#financial-report>

2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 2/- per share i.e., 20% in addition to 20% interim cash dividend already declared and paid i.e., total 40% for the year ended 31 December 2025.
3. To appoint auditors for the next term and fix their remuneration. The Board of Directors and the Audit Committee have recommended the name of Riaz Ahmed & Company Chartered Accountants for re-appointment as auditors of the Company.

By Order of the Board

Tameez-ul-Haque
Company Secretary

Lahore: April 07, 2026

NOTES:

1. Book Closure

The share transfer books of the Company will remain closed from April 21, 2026, to April 28, 2026 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s CDC Share Registrar Services Ltd., CDC House, 99- B, S.M.C.H.S, Main Shahrah e Faisal, Karachi by the close of business (5:00 PM) on April 20, 2026 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the AGM.

2. Instrument of Proxy

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the Company. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of board of directors for attending and voting at the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.

3. Attendance

To attend the meeting through video link, the members and their proxies are requested to register themselves by providing the following information along with their Name, Folio Number, Cell No., and Number of Shares held, a valid copy of CNIC (both sides)/ passport, attested copy of board resolution/power of attorney (in case of corporate shareholders) through email at zafar.iqbal@adamjeeinsurance.com and/or info@adamjeeinsurance.com by 20 April, 2026:

Name of Member/ proxyholders	CNIC No.	Folio No./ Participant Id/ Account No.	Cell No./ WhatsApp's No.	Email ID.

The shareholders who are registered after the necessary verification will be provided with a video link by the Company at the said email address. The login facility will remain open from the start of the meeting till its proceedings are concluded.

4. Placement of Annual Reports, Financial Statements, AGM Notice

The annual report containing inter alia audited standalone and consolidated financial statements and mandatory reports and notice of AGM have been placed on the website of the Company www.adamjeeinsurance.com

5. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the applicable guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.
6. Members are requested to promptly notify any change in their address to our Independent Share Registrar at the address provided in Note No. 1.
7. **Notice to Shareholders who have not provided CNIC:**

The shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given in Note No.1.

8. Payment of Cash Dividend Electronically:

Under the provision of Section 242 of Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to their shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrant.

In order to receive cash dividend directly into the designated bank account, shareholders are requested to fill and sign the "Mandate Form for E-DIVIDEND" available on the Company's website link: https://www.adamjeeinsurance.com/assets/e_mandate.pdf and send to the relevant Broker/Participants/Investor Account Services of the CDC/Share Registrar of the Company (as the case may be) before April 21, 2026 along with a copy of their valid CNICs. The aforesaid form is also available at the end of the Annual Report of the Company. In case of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of CNICs, the Company will withhold cash dividends of such members in terms of Section 242 of The Companies Act, 2017.

9. Unclaimed Dividend:

Shareholders, who for any reason, could not claim their dividends/shares are advised to contact our Share Registrar to collect/ enquire about their unclaimed dividend/shares, if any.

10. Hardcopy of Annual Report:

Shareholders have passed Special Resolution in EOGM held on June 16, 2023, to circulate annual reports through QR enabled code and weblink in compliance of directive of SRO 389 (1)/ 2023 dated 21st March 2023. The annual report is emailed to shareholders who have provided their email address in terms of Section 223 (6) of the Companies Act, 2017. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary/Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

11. Deduction of Withholding Tax on Dividend:

Pursuant to Circular No.19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in Section 150 of the Income Tax Ordinance, 2001. The Company hereby advise to its shareholders, the important amendments, as under:

The Government of Pakistan through Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a) For filers of income tax returns 15%
- b) For non-filers of income tax returns 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 30% instead @ 15%.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-Filer, and tax will be deducted by the Company based on shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Independent Share Registrar address at Note No.1. The shareholders, while sending NTN or NTN certificates, must quote the company name and their respective folio numbers.

12. Zakat Declarations:

The members of the Company are required to submit Declarations for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980 to the Company.

13. Deposit of Physical Shares into CDC Account:

SECP through its letter No. CSD/ED/Misc/2016-639-640, dated March 26, 2021, has advised the listed companies to adhere with the provisions of the Section 72 of the Companies Act, 2017 (the "Act") requiring all the existing companies to replace physical shares issued by them with shares in book-entry form in a manner and from the date as may be specified by the SECP. Therefore, shareholders still carrying physical shares are requested to convert it into book-entry form by opening an account with CDC. Members are apprised of the various advantages associated with holding shares in book-entry form, including secure and convenient custody, easy tradability, elimination of risks like loss or theft, no stamp duty is required on issuance of duplicate share certificates and transfer of shares, and the smooth crediting of bonus or right-shares. We strongly advise members, in their best interest, to promptly undertake the conversion of their physical shares into book-entry form.

14. Prohibition of Gift

In view of prohibition under Section 185 of the Companies Act, 2017, the Company does not distribute gifts in any form to its members in the general meetings.

THE COMPANIES ACT 2017 - SECTION 227(2)(F)

THE COMPANIES REGULATIONS, 2024 / FORM 20

PATTERN OF SHAREHOLDING

1.1 Name of the Company ADAMJEE INSURANCE COMPANY LIMITED.

2.1 Pattern of holding of the shares held by the shareholders as at 31-12-2025

2.2	No. of Shareholders	Shareholding	Total Shares Held
	1,215	1 to 100	32,997
	949	101 to 500	279,320
	478	501 to 1000	384,821
	1,696	1001 to 100000	19,347,726
	102	100001 to 475000	21,471,980
	38	495001 to 3485000	43,639,269
	1	4245001 to 4250000	4,246,420
	1	4580001 to 4585000	4,584,869
	1	5955001 to 5960000	5,960,000
	1	6530001 to 6535000	6,530,351
	1	7255001 to 7260000	7,255,804
	1	17105001 to 17110000	17,107,420
	1	27875001 to 27880000	27,877,735
	1	31495001 to 31500000	31,498,528
	1	41125001 to 41130000	41,127,237
	1	48655001 to 48660000	48,655,523
	1	69995001 to 70000000	70,000,000
	4,489		349,967,003

2.3	Categories of Shareholders	Number of Shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer their spouses & minor children			
	Shaikh Muhammad Jawed	1	2,500	0.00
	Ibrahim Shamsi	1	16,797	0.00
	Umer Mansha	1	60,335	0.01
	Imran Maqbool	1	7,073	0.00
	Sadia Younas Mansha	1	2,500	0.00
	Mohammad Ali Zeb	1	7,073	0.00
	Maha Rehman	1	2,500	0.00
	Shahmeer Khalid Butt	1	2,500	0.00
			-	
2.3.1(a)	Executives	1	104	0.00
2.3.2	Associated Companies, undertakings & related parties			
a)	MCB Bank Limited - Treasury	2	70,583,095	20.17
b)	Security General Insurance Co Ltd	1	41,127,237	11.75
c)	D.G. Khan Cement Company Limited	1	27,877,735	7.97
d)	Nishat Mills Limited	1	102,809	0.03
e)	Nishat (Aziz Avenue) Hotels And Properties Limited	1	1,427,016	0.41

	<u>Number of Shareholders</u>	<u>Shares held</u>	<u>Percentage</u>
2.3.3 NIT and ICP	-	-	-
2.3.4 Public Sector Companies & Corporation	-	-	-
2.3.5 Banks, Development Finance Institutions, Non-Banking Finance Companies	11	5,967,544	1.71
2.3.6 Insurance Companies	5	4,875,076	1.39
2.3.7 Modarabas and Mutual Funds	25	18,931,261	5.41
2.3.8 Shareholders holding 5% or more voting interest (reflected in relevant category, reference given)			
i) MCB Bank Ltd (2.3.2a)	70,583,095	20.17	
ii) Security General Insurance Co Ltd (2.3.2b)	41,127,237	11.75	
iii) D.G. Khan Cement Company Limited (2.3.2c)	27,877,735	7.97	
iv) Trustee-MCB Employees Pension Fund(2.4)	48,655,523	13.90	
v) Trustees of UBL Staff Pension Fund Trust(2.4)	31,498,528	9.00	
2.3.9 General Public			
a) Local-Individuals	4,272	62,719,976	17.92
b) Foreign Individuals	33	1,393,114	0.40
c) Foreign Companies/organizations(on repatriable basis)	9	12,000,781	3.43
2.4 Others:(Joint Stock Cos., Pension/Provident Funds etc.)	119	102,892,974	29.40
	4,489	350,000,000	100.00



Shaikh Muhammad Jawed
Director



MUHAMMAD ALI ZEB
Managing Director & Chief Executive Officer



Please fill the following details & forward by e-mail/letter to any of the following three **(not to AICL)**:

- CDC Share Registrar Services Ltd
Share Registrar
Adamjee Insurance Company Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi - 74400

آدمی انشورنس کمپنی کے شیئر ہولڈرز کے لیے

برقی ذریعہ سے منافع کی ادائیگی کا فارم - کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۴۲ کے مطابق

فارم مکمل کرنے کے بعد ۳۰ میں سے کسی ایک کو ارسال کریں (آؤچی انشورنس کو نہیں)

(نمبر) اگر آپ کا انویسٹر کا ونٹ سی ڈی سی میں ہے تو سی ڈی سی کے شعبہ انویسٹر کا ونٹ کو (ای-میل نیچے درج ہے)

(نمبر ۲) اگر آپ کا سب اکاؤنٹ کسی بروکر کے پاس ہے تو ان کے ڈاک/ای-میل کے ذریعے (بہ آپ کے پاس موجود ہوگا)

(نمبر ۳) اگر آپ کے پاس فزیکل شیئرس سرٹیفکیٹس موجود ہیں تو آدمی انشورنس کے شیئرس رجسٹر اکاؤنٹ پر ہونے والے پتے پر بذریعہ ڈاک ارسال کریں

سی ڈی سی شیئر رجسٹرار سرورسز لمیٹڈ
شیئر رجسٹرار
آدمی انشورنس کمپنی لمیٹڈ

سی ڈی سی ہاؤس، B-99، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی۔ 74400

Participant ID																						
Investor / Sub Account No.																						
Folio In case of Physical Shareholder																						
Title of Account																						
IBAN Number																						
Bank Name																						
Branch																						
Branch Address																						
Mobile Number																						
Email address																						

Authorized Signatories
(to be signed as per operating instruction)

آپ کے دستخط ہمارے ریکارڈ کے مطابق ہونے چاہئیں
(آپ کی درج شدہ مدالیا ت کے تحت)

1) _____ 2) _____
3) _____ 4) _____

معلومات برائے سہولت:

- A) IBAN Number (24 Digit) : PK37 HABB 0000 0700 3333 9999
B) E-mail Investor Account Services CDC : ias-khi@cdcpak.com
C) CDC Participant : in case of a sub account with any of the broker participants, kindly convey information to your broker participants.

(ا) IBAN نمبر (24 ہند سے)
(ب) ای میل انویسٹر اکاؤنٹ سروسز CDC
(ج) CDC پارٹنیشن: کسی بروکر پارٹنیشن کے ساتھ سب اکاؤنٹ کی صورت میں براہ کرم اپنے بروکر پارٹنیشن کو معلومات پہنچائیں۔

آئندہ منافع کی ادائیگی کے لیے اس فارم کا بھرننا اور فراہم کرنا لازمی ہے۔

Form also available on website: www.adamjeeinsurance.com

فارم ویب سائٹ پر بھی دستیاب ہے: www.adamjeeinsurance.com



ADAMJEE INSURANCE COMPANY LIMITED

Registered Office: Adamjee House, 80/A, E-1, Main Boulevard, Gulberg-III, Lahore.

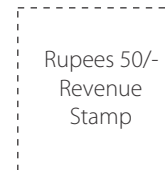
Form of Proxy

I/We _____ of _____ being a member of Adamjee Insurance Company Limited and holder of _____ shares as per Folio No. _____ CDC Participant ID No. _____ and Sub Account No. _____ / CDC Investors Account No. _____ hereby appoint Mr./Miss/Mrs. _____ of _____ (Folio No. _____ CDC Participant ID No. _____ and Sub Account No. _____ / CDC Investors Account No. _____) or failing him Mr./Miss/Mrs. _____ of _____ (Folio No. _____ CDC Participant ID No. _____ and Sub Account No. _____ / CDC Investors Account No. _____) as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 65th Annual General Meeting of the Company to be held on April 28, 2026 (Tuesday) at 10:00 a.m. at Nishat Hotel, Gulberg, Lahore and through video link facility and any adjournment thereof.

Signed this _____ day of _____ 2026

Witness 1:

Signature _____
Name _____
CNIC No. or Passport No. _____
Address _____



Witness 2:

Signature _____
Name _____
CNIC No. or Passport No. _____
Address _____

Signature of Member

Notes

1. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of board of directors for attending and voting at the meeting.
2. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A. For Attending the Meeting:

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by attaching with proxy form his/her attested copies of CNIC or, Passport at the time of submitting the proxy.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be provided (unless it has been provided earlier) before the Meeting.

B. For Appointing Proxies:

- a. In the case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his/her or original passport at the time of the Meeting.
- e. In the case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

میں/ہم مقیم آدمجی انشورنس کمپنی لمیٹڈ کے ایک ممبر اور شیئرز کی ملکیت/فولیو نمبر
سی ڈی سی پارٹنر آئی ڈی نمبر اور سب اکاؤنٹ نمبر سی ڈی سی انویسٹرز اکاؤنٹ نمبر کے مطابق محترم/محترمہ
مقیم (فولیو نمبر) سی ڈی سی پارٹنر آئی ڈی نمبر اور سب اکاؤنٹ نمبر سی ڈی سی انویسٹرز اکاؤنٹ نمبر
یا ان کے شریک نہ ہونے پر محترم/محترمہ مقیم (فولیو نمبر)
سی ڈی سی پارٹنر آئی ڈی نمبر اور سب اکاؤنٹ نمبر سی ڈی سی انویسٹرز اکاؤنٹ نمبر (کو بذریعہ بذات نشاط ہوٹل، گلبرگ، لاہور
میں بروز منگل مورخہ 28 اپریل 2026 بوقت صبح 10 بجے اور بذریعہ ویڈیو لنک منعقد ہونے والے 65 ویں سالانہ اجلاس عام میں شرکت ہونے، گفتگو کرنے اور ووٹ دینے کے لئے میرے/ہمارے نمائندے
کے طور پر نامزد کرنا چاہتا/چاہتے ہیں۔

آج بروز بتاریخ 2026ء دستخط کیے گئے۔

گواہ 1

۵۰/- روپے کی
ریونیو اسٹیٹمنٹ

دستخط
نام
پتہ
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

گواہ 2

دستخط
نام
پتہ
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

ملاحظات (نوٹس):

- 1- سالانہ اجلاس عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنی بجائے شرکت اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پروکسی) مقرر کر سکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرری بورڈ ریزولوشن کے ذریعے کر سکتی ہے۔ نمائندگی نامہ Proxy(s) اس اجلاس کے انعقاد کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں وصول ہو جانا چاہیے۔
- 2- ایسے ممبران جو سینٹرل یا ڈائریکٹری کمپنی آف پاکستان میں شیئرز جمع کروا چکے ہیں وہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی سی پارٹنر آئی ڈی نمبر ساتھ لائیں۔
- 3- CDC اکاؤنٹ ہولڈرز کو کیورٹیز اینڈ ایکسیچنج کمیشن آف پاکستان کی طرف سے جاری کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی:

(A) اجلاس میں شرکت کیلئے:

- (i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائے گا۔
- (ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نمائندہ کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔

(B) نمائندوں کی تقرری کیلئے:

- (i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت درج بالا تقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جمع کروائے گا۔
- (ii) نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہوں۔
- (iii) نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔
- (iv) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کاروباری ادارے کی صورت میں، اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نمائندہ کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔