

Profile of Mufti Muhammad Hassaan Kaleem

Sharia advisor State Life Insurance Corporation of Pakistan - Window Takaful Operations

Mufti Muhammad Hassaan Kaleem is a prominent personality in the Islamic Finance Industry. He has vast experience in matters of Shariah teachings and advisory and has been a faculty member of Darul Uloom Karachi for over 24 years. He is the vice chairman Shariah Board Of Dubai Islamic Bank Pakistan Limited, a Shariah Board Member of the Islamic Development Bank (IsDB Jeddah) and its associate institutions, Chairman Shariah Board of Pak –Qatar Takaful, Shariah Consultant for Deloitte (Global Islamic Finance Team), and a Shariah Council Member of Al Ameen UBL Funds.

In addition, Mufti Hassan is also a Shariah Board Member of Hanover Re-Takaful-Bahrain, A Shariah Board Member of Takaful Emirate- UAE, a Shariah Board Member of Amna Bank Limited-Sri Lanka , a permanent faculty member of the Center for Islamic Economics of Darul Uloom Karachi , a Trainer of Shariah Standards at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) - Bahrain, a Trainer at institute of Business Administration (IBA-CEIF) and a visiting faculty member of the National Institute of Banking and Finance (NIBAF).

He is also a frequent speaker/trainer on the concept and issues related to Islamic banking and finance, world-wide.

Shariah Advisor's Report to the Board of Directors

For the year ended 31 December 2024

I have reviewed the accompanying financial statements, Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of State Life Insurance Corporation - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended 31st December 2024.

I acknowledge that as Shariah Advisor of State Life Insurance Corporation - Window Takaful Operations, it is my responsibility to approve the above mentioned documents and ensure that the financial arrangements, Re-Takaful 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 and Takaful Rules 2012 are complied with, and that all investments done, products and services being offered are duly approved by the Shariah Advisor.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year ended 31 st December 2024 and to express his opinion on the transactions and operational aspects of Window Takaful Operations.

Progress of the Year:

During the year under review;

Slate Life - Window Takaful Operations has achieved significant successes, details of which are as follow:

1. Alhamdulillah, State Life - Window Takaful Operations has also commenced Group Life Takaful and Group Health Takaful Operations in the year 2024.
2. Under the guidance of the undersigned, State Life - Window Takaful Operations has developed & launched different Family Takaful Products, focusing on savings and investment-based plans.
3. The existing agency distribution channel, Banacatakaful Group Life Takaful and Group Health Takaful of State Life have performed well and underwritten significant business in Takaful

Shariah Certification

In my opinion and to the best of my understanding based on the provided information and explanations:

- i. Transactions undertaken by the Takaful Operator for the period ended 31st December 2024 were in accordance with the guidelines issued by Shariah Advisor, as well as the requirements of Takaful Rules 2012:
- ii. The investments have been made from the Participant Takaful Fund (PTF), Participant Investment Fund (PIF) and Operator's Fund, into Shariah Compliant avenues only, including Islamic Banks and Sukuks with prior Shariah approval. Further all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) or Islamic Branches/Windows of conventional banks with prior Shariah approval;
- iii. Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that State life - Window Takaful Operations has realized its criticality and Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues are kept completely separate from its conventional insurance business, as per requirement of Shariah and Takaful Rules 2012.
- iv. The transactions and activities of State life Insurance Corporation Window Takaful Operations are in accordance with the Shariah principles, while considering the accompanying financial statements of the Participants' Takaful Fund (Waqf Fund), Participants' Investment Fund, and the Operator's Sub Fund (OSF).

While concluding: I state that the Shariah principles were followed in every aspect of practical implementation of State life - Window Takaful Operations during the year. I am grateful to the Board of Directors of State Life, Management and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shariah Compliance in our Takaful practices.



Mufti Muhammad Hassaan Kaleem
Shariah Advisor

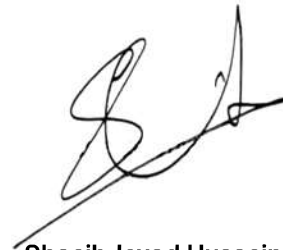
Management's Statement of Compliance with the Shariah Principles

The financial arrangements, contracts, and transactions entered into by State Life Insurance Corporation – Window Takaful Operations for the year ended December 31, 2024 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

- i. The Corporation has developed and implemented all 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 with zero tolerance.
- ii. 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.
- iii. The Corporation 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, management.
- iv. 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 polices approved by Shariah Advisor.
- v. The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Corporation.



Shoab Javed Hussain
Chief Executive Officer
State Life Insurance Corporation of Pakistan

Independent Assurance Report

On the Statement of Management’s Assessment of Compliance with the Shariah Principles

To the Board of Directors of State Life Insurance Corporation of Pakistan

We were engaged by the Board of Directors of State Life Insurance Corporation of Pakistan (“the Corporation”) to report on the management’s assessment of compliance of the Window Takaful Operations (“Takaful Operations”) of the Corporation, as set out in the annexed statement of compliance (“statement”) prepared by the management for the year ended 31 December 2024, 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 independent Shariah scholars.

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 Exchange Commission of Pakistan (SECP).

Management’s Responsibilities

The management of the Corporation is responsible for the preparation and designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The management of the Corporation is also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and Summary of 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, “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents 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 Corporation’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. Reasonable assurance is less than absolute assurance.

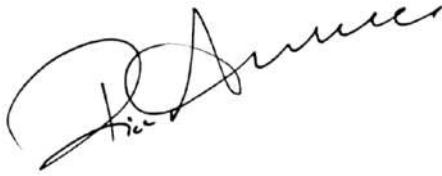
In this connection, we have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Takaful Rules, 2012 and Shariah guidelines issued by the Shariah Advisor of the

Company. In performing our audit procedures necessary guidance on Shariah matters was provided by independent Shariah scholars.

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.

Conclusion

In our opinion, the annexed statement, for the year ended 31 December 2024, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI
DATE: 19 March 2026

Statement of Financial Position

WINDOW TAKFUL OPERATIONS

AS AT 31 DECEMBER 2024

	Note	2024			2023
		Operators' Sub Fund (OSF)	Participant's Fund (PTF)	Total	Total
Rupees in '000					
ASSETS					
Property and equipment	5	5,383	-	5,383	2,053
Investments:					
Investment - Government Securities	6	1,172,536	994,109	2,166,645	1,137,444
Other receivables	7	494,973	90,131	585,104	404,345
Receivable from PTF/OSF	8	-	714	714	22,693
Cash and bank balances	9	376,477	1,737,197	2,113,674	552,467
TOTAL ASSETS		2,049,369	2,822,151	4,871,520	2,119,002
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO CORPORATION'S EQUITY HOLDERS					
Capital contributed from Shareholder Fund		299,000	-	299,000	299,000
Money ceded to Waqf Fund		-	1,000	1,000	1,000
Retained earning arising from other than participating business (Ledger Account D)		(184,126)	-	(184,126)	(128,710)
TOTAL EQUITY		114,874	1,000	115,874	171,290
LIABILITIES					
Takaful liabilities	10	-	2,649,199	2,649,199	1,122,996
Contribution received in advance		-	8,325	8,325	16,199
Takaful / retakaful payables	11	-	60,096	60,096	18,566
Other creditors and accruals	12	1,317,564	103,531	1,421,095	262,141
Inter account balances		616,217	-	616,218	505,117
Payable to PTF/OSF		714	-	714	22,692.66
TOTAL LIABILITIES		1,934,495	2,821,151	4,755,647	1,947,712
TOTAL EQUITY AND LIABILITIES		2,049,369	2,822,151	4,871,520	2,119,002
CONTINGENCIES AND COMMITMENTS	13				

The annexed notes from 1 to 24 form an integral part of these financial statements.

Saleem Zia
Chairman

Khaqan Murtaza
Director

Shoaib Mir
Director

Shoaib Javed Hussain
Chief Executive Officer

Muhammad Amjad
Chief Financial Officer

Statement of Comprehensive Income

WINDOW TAKFUL OPERATIONS

AS AT 31 DECEMBER 2024

	2024			2023		
	Operator's Sub Fund	Participant's Fund	Total	Operator's Sub Fund	Participant's Fund	Total
Note	----- Rupees in '000 -----			----- Rupees in '000 -----		
Contribution revenue	791,489	1,293,006	2,084,495	527,125	595,643	1,122,769
Contribution ceded to retakaful	-	(63,886)	(63,886)	-	(14,581)	(14,581)
Net contribution revenue	791,489	1,229,120	2,020,609	527,125	581,062	1,108,187
Takaful Operator's Fee / Wakala Fee	31,313	(31,313)	-	16,515	(16,515)	-
Mudarib fees	29,848	(29,848)	-	16,145	(16,145)	-
Claim expenses		(132,977)	(132,977)		(29,330)	(29,330)
Surplus before investment income	852,649	1,034,983	1,887,632	559,785	548,402	1,078,857
Investment income	105,854	239,616	345,470	37,739	48,505	86,243
Other income	30,824	84,831	115,655	13,999	62,080	76,078
Net income	989,327	1,359,430	2,348,757	611,522	658,987	1,241,179
Net changes in takaful liabilities	-	1,526,203	1,526,203	-	708,717	708,717
General administrative and management expenses	197,413	-	197,413	121,037	-	121,037
Acquisition expenses	680,557	-	680,557	467,098	-	467,098
Total expenses	877,970	1,526,203	2,404,173	588,135	708,717	1,296,853
Profit/ (loss) for the year	111,357	(166,773)	(55,416)	23,387	(79,061)	(55,674)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	111,357	(166,773)	(55,416)	23,387	(79,061)	(55,674)

The annexed notes from 1 to 24 form an integral part of these financial statements.

Saleem Zia
Chairman

Khaqan Murtaza
Director

Shoaib Mir
Director

Shoaib Javed Hussain
Chief Executive Officer

Muhammad Amjad
Chief Financial Officer

Statement of Cash Flows

WINDOW TAKFUL OPERATIONS

AS AT 31 DECEMBER 2024

	2024	2023
	----- Rupees in '000 -----	
Operating Cash flows		
(a) Takaful Activities		
Takaful contributions received	2,067,550	1,130,464
ReTakaful contributions paid	(3,791)	(14,581)
Claims paid	(182,161)	(14,721)
Surrenders paid	(3,289)	-
ReTakaful and other recoveries received	41,213	-
Commissions paid	(645,711)	(433,905)
Other underwriting payments, if any	(34,829)	(17,802)
Net cash flow from underwriting activities	1,238,982	649,455
(b) Other operating activities		
Income tax paid	(77,260)	(18,661)
General management expense paid	(298,649)	78,149
Other payment on operating assets	241,170	(490,775)
Net cash flow used in other operating activities	(134,739)	(431,287)
Total cash flow from all operating activities	1,104,243	218,168
Investment activities		
Profit / return received	484,911	135,013
Payment for investments	(1,029,201)	(525,000)
Fixed capital expenditure	(3,746)	(300)
Total cash flow used in investing activities	(548,036)	(390,287)
Financing activities		
Dividends paid	-	-
Capital payments received	1,005,000	400,000
Total cash flow used in financing activities	1,005,000	400,000
Net cash flow generated from all activities	1,561,207	227,881
Cash and cash equivalents at beginning of year	552,467	324,586
Cash and cash equivalents at end of year	2,113,674	552,467

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The annexed notes from 1 to 24 form an integral part of these unconsolidated financials statements.



Saleem Zia
Chairman



Khaqan Murtaza
Director



Shoaib Mir
Director



Shoaib Javed Hussain
Chief Executive Officer



Muhammad Amjad
Chief Financial Officer

Statement of Changes in Equity

WINDOW TAKFUL OPERATIONS

AS AT 31 DECEMBER 2024

	Attributable to equity holders of the Corporation			Total
	Money ceded to waqf fund	Capital contributed from Shareholder Fund	Retained Earning arising from other than participating business (Ledger Account D)	
	Rupees in '000			
Balance as at 1 January 2022	-	100,000	13,292	113,292
Transfer from Shareholder's fund	1,000	(1,000)	-	-
Other Comprehensive loss for the year	-	-	(86,328)	(86,328)
Balance as at 31 December 2022	1,000	99,000	(73,036)	26,964
Transfer from Shareholder fund to Waqf fund	-	200,000	-	200,000
Other Comprehensive loss for the year	-	-	(55,674)	(55,674)
Balance as at 31 December 2023	1,000	299,000	(128,710)	171,290
Transfer from Shareholder fund to Waqf fund	-	-	-	-
Other Comprehensive loss for the year	-	-	(55,416)	(55,416)
Balance as at 31 December 2024	1,000	299,000	(184,126)	115,874

Note: This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes from 1 to 24 form an integral part of these financial statements.



Saleem Zia
Chairman



Khaqan Murtaza
Director



Shoaib Mir
Director



Shoaib Javed Hussain
Chief Executive Officer



Muhammad Amjad
Chief Financial Officer

Notes to the Financial Statements

WINDOW TAKAFUL OPERATIONS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on 01 November 1972 under the Life Insurance Nationalization Order, 1972 (LINO). The Corporation's principal office is located at State Life Building No. 9, Dr. Ziauddin Ahmad Road, Karachi. It operates in Pakistan through 33 zones for individual life business, 4 zones for group life business and in the gulf countries {comprising United Arab Emirates (UAE) and Kuwait} through zonal office located at Dubai (UAE).

1.2 The Corporation is engaged in the life insurance business, health, accident insurance business and takaful business.

1.3 The Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan vide letter no. 0097, dated 22 September 2016. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on 18 August 2017 under the Waqf deed and cede Rupees 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations. Subsequently to the year end, the Corporation launched the Window Takaful Operations from February 2021.

2. BASIS OF PREPARATION

These financial statements for Window Takaful Operations of the Corporation have been prepared to comply with the requirement of Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 15 of 2019 dated 18 November 2019 in which Life Insurers carrying out Window Takaful Operations are required to prepare separately, the financial statements for Family Takaful Operations as if these are carried out by a standalone Takaful Operator.

2.1 Statement of compliance

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

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

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 and the Takaful Rules, 2012, have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupee, which is the Corporation's functional and presentation currency. Amounts have been rounded off to the nearest thousand, unless otherwise stated.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended 31 December 2024

The following standards, amendments and interpretations are effective for the year ended 31 December 2024. These standards, amendments and interpretations are either not relevant to the Corporation's operations or did not have significant impact on the financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	01 January 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	01 January 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01 January 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	01 January 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	01 January 2024

Adoption of the above standard have no significant effect on the amounts for the year ended 31 December 2024.

3.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended 31 December 2024

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	01 January 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	01 January 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	01 January 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01 January 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01 January 2026
IFRS 17 Insurance Contracts	01 January 2026

Certain annual improvements have also been made to a number of IFRSs and IASs.

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

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from 01 January 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from 01 January 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after 01 January 2023. However, SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by 01 January 2026.

3.3 Temporary exemption from application of IFRS 9

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

The Corporation has determined that it is eligible for the temporary exemption option since the Corporation has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Corporation doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Corporation can defer the application of IFRS 9 until the application of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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.

3.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result 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 recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

a) Classification of investments

In investments classified as "amortized cost", the Corporation has included financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Corporation evaluates its intention and ability to hold such investments to maturity.

b) Provision for outstanding claims (including IBNR)

The Corporation records claims based on the sum assured or other basis set by the Corporation. However, settlement of all the claims is made based on the nature of insured event.

Provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation. Actuarial valuation is made on the basis of past trend and pattern of reporting of claims. Actual amount of IBNR may materially differ from the actuarial estimates.

c) Provision for taxation

In making estimates for taxation currently payable by the Corporation, management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

d) Impairment of other assets, including contribution due but unpaid

The Corporation also considers the need for impairment provision against other assets, including premium due but unpaid and provision required there-against. While assessing such a requirement, various factors including delinquency in the account and financial position of the policyholders are considered.

e) Fixed assets, investment properties, depreciation and amortisation

In making estimates of depreciation / amortisation, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Corporation. The method applied is reviewed at each financial year end and if there is a change in expected pattern of consumption of future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

The Corporation also reviews value of the assets for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of fixed assets with a corresponding effect on the depreciation / amortization charge and impairment.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies and methods of computation adopted in the preparation of this financial statement is same as those applied in the preparation of the annual financial statements of the Corporation for the year ended 31 December 2023 except stated below.

4.1 Window Takaful Operations

Family Takaful Contracts

The Corporation offers Family takaful 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 basis of mutual assistance.

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 surpluses 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.

Repayment of Qard e Hasna shall receive priority over surplus distribution to participant of waqf fund.

Individual Family Takaful Contract Unit Linked

The Corporation 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.

4.2 Recognition of Policy Holders' Liability/Technical reserves

a) Reserve for claims incurred but not reported - Takaful Contracts

The liability for claims - IBNR, is determined by the Appointed Actuary and is included in the technical reserves. The IBNR is expressed on the basis of past claims reporting pattern as a percentage of earned contribution.

b) 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.

c) Contribution deficiency reserve - Takaful Contracts

The Corporation maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. Provision for contribution deficiency reserve is made as per the advice of the appointed actuary.

4.3 Property and equipment

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

Subsequent costs

Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to statement of comprehensive income currently.

Depreciation

Depreciation is calculated on straight-line method to write off the cost of assets over their expected useful lives at the rates specified in note 5 to the financial statements, after taking into account residual values, if any. The useful lives, residual values and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on addition is charged from the month in which the asset is available for use while no depreciation is charged in the month of disposal.

Gain and losses on disposal

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of fixed assets are included in current year's income and expenses respectively.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any and consist of expenditure incurred and advances made in respect of fixed assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of fixed asset when they are available for use.

4.4 Retakaful contracts held

Retakaful Contribution

These contracts are entered into by the Corporation with the retakaful operator under which the retakaful operator cedes the Takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful Expenses

Retakaful expenses are recognised as liabilities.

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are offset against related Retakaful liabilities under the circumstances only that there is a clear legal right of off-set of the amounts. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

4.5 Receivable and payable related to takaful contracts

Receivables and payables are recognised when due.

4.6 Cash and cash Equivalent

These include cash and bank balances and deposits maturing within twelve months.

4.7 Revenue recognition

4.7.1 Contributions

First year, renewal and single contributions are recognized once the related policies are issued / renewed against receipt of contribution.

Premiums for group life and accident & health business are recognised when due. The Corporation continues to provide the cover even if the premium is received after the grace period.

4.7.2 Reinsurance Commission

Commission from reinsurers is recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognized when the Corporation's right to receive the same is established.

4.8 Provisions

Provisions are recognized when the Corporation 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.

4.9 Impairment of non-financial assets

The carrying amounts of non financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense, for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

4.10 Financial Instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are recognised initially at cost including associated transaction costs which is the fair value of the consideration given.

The financial assets and financial liabilities are measured subsequently as described below:

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Other loans and receivables;
- Held to maturity; and
- Fair value through profit or loss.

Other loans and receivables

Other loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are carried at amortized cost.

Held to maturity

These include held to maturity investments that are financial assets with fixed or determinable payments and fixed maturity and the Corporation has a positive intent and ability to hold these investments till maturity. After initial recognition, these are carried at amortized cost.

Fair value through profit or loss

These are investment are initially recognized at cost being the fair value the of consideration given and its related transaction cost are charged to profit and loss account. These investments are subsequently measured at their market value with any gain or loss in statement of comprehensive income.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

Derecognition

Financial assets are derecognized at the time when the Corporation loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the statement of comprehensive income immediately.

Off setting

Financial assets and liabilities are off set and the amount is reported in the statement of financial position if the Corporation has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) / (PKISRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates / Corporate Sukuks, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates / Corporate Sukuks and investment in Mutual Fund is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are measured at amortised cost using effective interest method, which approximates to its cost except for policyholders' liabilities and liability for claims incurred but not reported (IBNR) which are measured on the basis of actuarial valuations.

4.11 Acquisition costs

These are costs incurred in acquiring and maintaining takaful policies and include without limitation all forms of remuneration paid to agents and certain field force staff.

4.12 Claim Expenses

Claim expenses are recognised on the date the insured event is intimated except for individual life unit linked where claim expenses are recognised earlier of the date the policy cease to participate in the earnings of the fund and the date insured event is intimated

Surrenders of individual life unit linked are recognised after these have been approved in accordance with the Corporation's policy.

Liability for outstanding claims is recognised in respect of all claims intimated up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

4.13 Takaful Operators' Fee

The shareholders of the Corporation manage the Window Takaful operations for the participants. Accordingly, the Corporation 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 recognized upfront.

5. PROPERTY AND EQUIPMENT	Note	2024	2023
		Rupees in '000	
Operating assets	5.1	5,383	2,053

5.1 Operating assets

OSF										
2024										
Cost				Depreciation				Written down value as at 31 December	Depreciation Rate	
As at 1 January	Additions/ (disposals)	Adjustment	As at 31 December	As at 1 January	For the year	Adjustment	As at 31 December			
Rupees in '000								%		
Furniture and fixture	1,626	2,779	-	4,405	625	252	-	877	3,528	10
Office equipment	1,473	1,086	300	2,259	421	163	25	560	1,699	10
Computers	2,612	-	-	2,612	2,612	-	-	2,612	-	30
Computer Peripherals	410	156	-	566	410	-	-	410	156	30
	6,121	4,021	300	9,842	4,068	416	25	4,459	5,383	

OSF										
2023										
Cost				Depreciation				Written down value as at 31 December	Depreciation Rate	
As at 1 January	Additions/ (disposals)	Adjustment	As at 31 December	As at 1 January	For the year	Adjustment	As at 31 December			
Rupees in '000								%		
Furniture and fixture	1,626	-	-	1,626	462	163	-	625	1,001	10
Office equipment	1,173	300	-	1,473	299	122	-	421	1,052	10
Computers	2,612	-	-	2,612	2,295	317	-	2,612	-	30
Computer Peripherals	410	-	-	410	389	20	-	410	-	30
	5,821	300	-	6,121	3,445	623	-	4,068	2,053	

6. INVESTMENT IN DEBT SECURITIES

Note

Operators' Sub Fund & PTF Held to maturity

GOP Ijarah Sukuks

2024		
Cost	Discount	Carrying value
Rupees in '000		
2,081,100	85,545	2,166,645

2023		
Cost	Discount	Carrying value
Rupees in '000		
1,138,600	1,156	1,137,444

7. OTHER RECEIVABLES

Accrued investment income
 Accrued interest on bank deposit
 Security deposit
 Other receivables - Agents
 Receivables from zones
 Advance tax
 Outstanding contribution receivable
 Other receivables

2024		2023	
Operator's Sub Fund	Participants Takaful Fund	Operator's Sub Fund	Participants Takaful Fund
Rupees in '000			
14,631	17,569	6,676	13,526
2,191	5,627	1,735	7,680
115	185	300	-
-	-	101	-
30,041	57,679	149,711	224,616
95,921	-	-	-
-	9,071	-	-
352,073			
494,973	90,131	158,523	245,822

8. RECEIVABLE FROM PIF / PAYABLE TO OSF

Wakala fee receivable/ (payable)
 Modarib share receivable/ (payable)
 Allocated contribution receivable

31,313	31,313	16,515	16,515
29,848	29,848	16,145	16,145
(61,874)	(61,874)	(9,967)	(9,967)
(714)	(714)	22,693	22,693

9. CASH AND BANK	2024		2023	
	Operator's Sub Fund	Participants Takaful Fund	Operator's Sub Fund	Participants Takaful Fund
	----- Rupees in '000 -----			
Cash and cash equivalent				
-Cash in hand	-	-	290	-
-Franking machine deposit	290	-	-	-
Cash at bank				
-Saving accounts	376,187	1,737,197	106,312	445,864
	376,477	1,737,197	106,603	445,864

9.1 These saving accounts carry profit ranging from 6% to 16% per annum.

10. TAKAFUL LIABILITIES	2024		2023	
	Operator's Sub Fund	Participants Takaful Fund	Operator's Sub Fund	Participants Takaful Fund
	----- Rupees in '000 -----			
Participant Takaful Fund balance	-	2,649,199	-	1,122,996

10.1 This comprises of surplus of Individual Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual Family Takaful Fund and is not available for distribution to shareholders. Under the Waqf Deed of Individual Family Takaful Fund read with Rule 21 of Takaful Rules, 2012, the surplus arising in the Participants Sub Fund can only be distributed to the Participants of that Fund based on approval of the Appointed Actuary. The surplus has been classified under takaful liabilities as clarified by SECP in Circular No. 15 of 2019 dated November 18, 2019.

11. TAKAFUL / RETAKAFUL PAYABLES	2024		2023	
	Operator's Sub Fund	Participants Takaful Fund	Operator's Sub Fund	Participants Takaful Fund
	----- Rupees in '000 -----			
Retakaful payable	-	60,096	-	18,566

12. OTHER CREDITORS AND ACCRUALS Individual Life

Accrued commission & incentives	81,067	-	200,338	-
Accrued expenses	7,271	1,275	44,960	15,817
Other payable	1,229,226	97,699	1,027	-
Claims payable	-	4,557	-	-
	1,317,564	103,531	246,324	15,817

13. CONTINGENCIES AND COMMITMENT(S)

There are no contingencies and commitments related to window takaful operations.

14. NET CONTRIBUTION REVENUE	2024		2023	
	Operator's Sub Fund	Participants Takaful Fund	Operator's Sub Fund	Participants Takaful Fund
	----- Rupees in '000 -----			
Individual Life				
Written Contribution	791,489	1,293,006	527,125	595,643
Less: Wakala fee				
Contribution net of wakala fee	791,489	1,293,006	527,125	595,643
Add: Unearned contribution reserve opening	-	-	-	-
Less: Unearned contribution reserve closing	-	-	-	-
Contribution Earned	791,489	1,293,006	527,125	595,643

	2024		2023	
	Operator's Sub Fund	Participants Takaful Fund	Operator's Sub Fund	Participants Takaful Fund
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Retakaful contribution ceded				
Add: Prepaid retakaful contribution opening	-	-	-	-
Less: Prepaid retakaful contribution closing	-	63,886	-	14,581
Retakaful expense	-	63,886	-	14,581
Net contribution	791,489	1,229,120	527,125	581,062
15. INVESTMENT INCOME				
Income from debt securities Held to maturity				
-Return on debt securities	105,854	239,616	37,739	48,505
16. OTHER INCOME				
Return on bank balances	30,824	84,831	13,999	62,080

	2024		2023	
	Operator's Sub Fund		Operator's Sub Fund	
	----- Rupees in '000 -----		----- Rupees in '000 -----	
17. GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES				
Salaries, allowances and other benefits	112,746		68,430	
Travelling expenses	11,592		5,230	
Advertisements and sales promotion	379		226	
Printing and stationery	1,564		12,808	
Depreciation	416		623	
Rent, rates and taxes	10,563		4,862	
Legal and professional charges - business related	27,837		10,918	
Utilities	3,708		736	
Office repairs and maintenance	2,866		1,791	
Bank charges	37		53	
Postages, telegrams and telephone	1,295		1,038	
Conference and meetings	2,443		2,483	
Training expense	4,666		6,322	
Entertainment	1,289		1,342	
Insurance charges	677		14	
Allocation of expenses from Principal Office	15,336		4,161	
	197,413		121,037	
18. ACQUISITION EXPENSES				
Remuneration to takaful intermediaries on individual policies:				
- Commission to agent on first & 2nd year contributions	Note	568,650	397,525	
- Other benefits to takaful intermediaries		75,680	19,545	
- Other incentive and bonuses		1,381	32,007	
Other Acquisition Cost:				
- Stamp duty		34,674	17,321	
- Initial medical fees		171	700	
		680,557	467,098	
19. WAKALA FEE				
Wakala fee	19.1	31,313	16,515	

19.1 The Operator manages the family takaful operations for the participants and charges Rs.100/- per month for each policy. The operator entitled for Takaful operator's fee (Wakala Fee) for the management of takaful operation under Waqf Fund to meet its general and administrative expense. The takaful operator fee is recognised upfront.

		2024	2023
		----- Rupees in '000 -----	
20. MODARIB'S FEE			
Modarib's fees	20.1	<u>29,848</u>	<u>16,145</u>
20.1	The operator manages the participants' investments as a Modarib and charge 20% Modarib's share of the investment income and profit on bank deposits earned by PTF.		

	Note	Operator's Sub Fund	Participant's Fund	Operator's Sub Fund	Participant's Fund
		2024		2023	
		----- Rupees in '000 -----			
21. CLAIM EXPENSE NET OFF RE-TAKAFUL					
Claim expense		-	<u>132,977</u>	-	<u>29,330</u>

22. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The Corporation is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the participant to the respective PTF. This section summarizes the risk and the way the Corporation manages them as part of Window Takaful Operations.

The PTF only issues Individual Family Takaful contracts

22.1 Individual Family Takaful

The risk covered is mainly death and/or disability. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risk due unexpected experience in terms of claims severity or frequency. This can be a result anti selection, fraudulent claim, and catastrophe on poor persistency.

The PTF may also face the risk of poor investment return and liquidity issues on monies invested in the fund. The risk of poor persistency can lead to an impact on the size of PTF. A larger PTF may allow for a greater degree of cross submission of mortality risk, increasing the probability of convergence between the actual and mortality experience.

The Corporation manages these risks through its underwriting, re-takaful, claims handling policy and other related controls. The Corporation has well-defined medical underwriting policies, which puts a check on anti-selection.

The Corporation manages these risks through its underwriting, re-takaful, claims handling policy and other related controls. The Corporation has well-defined medical underwriting policies, which puts a check on anti-selection.

On the claims handling side the Corporation has a procedure in place to ensure that payment of fraudulent claim is avoided for this purpose a claim with variable materiality limits review/consider all claims for verification and specific and detailed investigation of all apparently doubtful claims.

22.2 Financial Risk

Liquidity risk

This is the risk of losses in the event of insufficient liquid assets to meet cash flows requirement for participant's obligation. To guard against the risk, the corporation manages its keeping in view liquidity threshold in order to ensures obligation are made in timely manner.

Interest rate risk

Interest rate risk to the Corporation is the risk of changes in the market interest rates reducing the overall interest on its interest bearing securities. The Corporation limits its risk by monitoring interest rates in the currencies in which cash and investment are denominated.

22.3 Market Risk

Market risk is the risk that the value of the Financial Instrument will fluctuate as a result of change in market prices, whether those change a caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

The Corporation limits its risk by maintaining investments in minimal fluctuating securities.

23. NUMBER OF EMPLOYEES	2024	2023
Number of employees at the end of the year	9	9
Average number of employees	9	9

24. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorised for issue on 15 March 2026 by board of directors of the Corporation.



Saleem Zia
Chairman



Khaqan Murtaza
Director



Shoaib Mir
Director



Shoaib Javed Hussain
Chief Executive Officer



Muhammad Amjad
Chief Financial Officer