

**Independent Auditor's Report**  
**To the members of State Life Insurance Corporation of Pakistan**  
**Report on the Audit of the Unconsolidated Financial Statements**

**Opinion**

We have audited the annexed unconsolidated financial statements of the **State Life Insurance Corporation of Pakistan ("the Corporation")** which comprise the unconsolidated statement of financial position as at December 31, 2025 and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, 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 statement of comprehensive income, the unconsolidated cash flow statement, the unconsolidated statement of changes in equity, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at December 31, 2025 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 25.1.1 to the unconsolidated financial statements describing the matter related to the provincial sales tax liability on premium charged to the policyholders in respect of health and life insurance. Our opinion is not modified in respect of this matter.

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

The management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Corporation 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 or 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 the accounting and reporting standards as applicable in Pakistan, the requirements of Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017), and the State-owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023), and for such internal control as management determines is necessary to enable the preparation of 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

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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 Corporation as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement cash flow together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) are in agreement with the books of account;
- c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Corporation's business; and
- e) zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

#### **Other matter**

The annual financial statements of the Corporation for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 19, 2026.

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

  
**Crowe Hussain Chaudhury & Co.**  
**Chartered Accountants**

**Place: Karachi**

**Date: May 04, 2026**

**UDIN: AR202510207VtYsGdP4C**






STATE LIFE INSURANCE CORPORATION OF PAKISTAN  
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2025

	Note	2025 -----Rupees in '000-----	2024
<b>ASSETS</b>			
Property and equipment	5	3,153,128	1,915,206
Investment properties	6	3,158,570	3,574,916
Investments in subsidiaries	7	323,618	323,618
Investments			
Equity securities	8	347,570,956	294,971,033
Government securities	9	1,549,277,422	1,334,312,555
Debt securities	10	43,207,237	30,108,018
Mutual funds	11	20,595,303	81,786,892
Fixed deposits	12	779,523	7,606,293
Loans secured against life insurance policies		156,365,739	154,825,679
Insurance / takaful / reinsurance / retakaful receivables	13	61,078,819	253,327,056
Other loans and receivables	14	135,514,182	96,719,481
Advance taxation		55,515,642	29,840,019
Deposit and prepayments	15	315,356	325,269
Cash and bank balances	16	149,459,198	76,358,238
<b>TOTAL ASSETS</b>		<b>2,526,314,693</b>	<b>2,365,994,273</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Ordinary share capital	17	8,000,000	8,000,000
Ledger account C and D	18	54,142,720	42,115,721
Unappropriated profit		4,082,291	2,235,510
Reserves	19	267,271	1,031,761
<b>TOTAL EQUITY</b>		<b>66,492,282</b>	<b>53,382,992</b>
<b>LIABILITIES</b>			
Insurance liabilities [including policyholders' liabilities and ledger account A and B]	20	2,329,091,767	1,998,113,353
Retirement benefit obligations	21	7,376,480	5,384,405
Deferred capital grant		289	3,237
Deferred taxation	22	31,304,432	23,614,317
Premium received in advance		7,122,914	6,487,496
Insurance / takaful / reinsurance / retakaful payables	23	1,204,537	2,843,961
Other creditors and accruals	24	81,180,532	274,086,632
Provision for taxation		2,541,460	2,077,880
<b>TOTAL LIABILITIES</b>		<b>2,459,822,411</b>	<b>2,312,611,281</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,526,314,693</b>	<b>2,365,994,273</b>

**CONTINGENCIES AND COMMITMENTS**

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

**CHAIRMAN**                      **DIRECTOR**                      **DIRECTOR**                      **CHIEF EXECUTIVE OFFICER**                      **CHIEF FINANCIAL OFFICER**  
**SALEEM ZIA**                      **KHAQAN MURTAZA**                      **SYED HAMID ALI**                      **SHOAIB JAVED HUSSAIN**                      **MUHAMMAD ANJAD**

STATE LIFE INSURANCE CORPORATION OF PAKISTAN  
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 -----Rupees in '000-----	2024
Gross premium / contribution revenue		289,329,389	265,268,149
Less: premium / contribution ceded to reinsurers / retakaful operators		(966,606)	(893,914)
<b>Net premium revenue / contribution revenue</b>	26	<b>288,362,783</b>	<b>264,374,235</b>
Investment income	27	189,279,240	169,472,259
Net realized fair value gain on financial assets	28	60,143,213	17,936,470
Net fair value gain on financial assets at fair value through profit or loss	29	54,904,231	119,700,888
Net rental income	30	1,086,301	931,648
Other income	31	47,113,642	59,570,003
		<b>352,526,627</b>	<b>367,611,268</b>
<b>Net income</b>		<b>640,889,410</b>	<b>631,985,503</b>
Insurance benefits		224,538,476	228,829,852
Recoveries from reinsurers		(696,437)	(523,988)
Claim related expense		23,384	22,533
<b>Net insurance benefits</b>	32	<b>223,865,423</b>	<b>228,328,397</b>
Net change in insurance liabilities (other than outstanding claims)		331,248,838	324,390,469
Acquisition expenses	33	36,767,447	32,436,694
Marketing and administration expenses	34	21,870,010	19,790,152
Other expenses	35	798,205	1,225,204
<b>Total expenses</b>		<b>390,684,499</b>	<b>377,842,519</b>
<b>Profit before tax</b>		<b>26,339,488</b>	<b>25,814,587</b>
Income tax expense	36	(10,230,197)	(10,063,782)
<b>Profit for the year</b>		<b>16,109,291</b>	<b>15,750,805</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>16,109,291</b>	<b>15,750,805</b>
Earnings per share - Rupees	37	<b>201.37</b>	<b>196.89</b>

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

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CHAIRMAN	DIRECTOR	DIRECTOR	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
SALEEM ZIA	KHAQAN MURTAZA	SYED HAMID ALI	SHOAB JAVED HUSSAIN	MUHAMMAD AMJAD

STATE LIFE INSURANCE CORPORATION OF PAKISTAN  
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2025

Attributable to equity holders of the Corporation					
	Revenue reserves		Ledger account C and D		Total
	General reserves		[Refer note]		
	-----Rupees in '000-----				
<b>Balance as at 01 January 2024</b>	8,000,000	1,661,919	28,600,427	1,869,842	40,132,188
Dividend paid for the year 31 December 2023	-	(630,158)	-	(1,869,842)	(2,500,000)
Transferred to reserve	-	-	-	-	-
Transfer to unappropriated profit	-	-	-	-	-
Total comprehensive income for the year	-	-	-	15,750,804	15,750,804
Surplus for the year retained in statutory funds - net of tax	-	-	12,510,294	(12,510,294)	-
Capital contributed to statutory fund	-	-	1,005,000	(1,005,000)	-
Transferred from ledger to shareholder	-	-	-	-	-
Transfer for the issuance of share capital	-	(1,800,000)	-	(1,800,000)	(3,600,000)
Transfer to General reserve	-	-	-	-	-
Transfer for the issuance of share capital	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	8,000,000	1,031,761	42,115,721	2,235,510	53,382,992
<b>Balance as at 01 January 2025</b>	8,000,000	1,031,761	42,115,721	2,235,510	53,382,992
Dividend paid for the year 31 December 2024	-	(764,490)	-	(2,235,510)	(3,000,000)
Transferred to reserve	-	-	-	-	-
Transfer to unappropriated profit	-	-	-	-	-
Total comprehensive income for the year	-	-	-	16,109,291	16,109,291
Surplus for the year retained in statutory funds - net of tax	-	-	12,026,999	(12,026,999)	-
Capital contributed to statutory fund	-	-	-	-	-
Transferred from ledger to shareholder	-	-	-	-	-
Transfer for the issuance of share capital	-	-	-	-	-
<b>Balance as at 31 December 2025</b>	8,000,000	267,271	54,142,720	4,082,292	66,492,283

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 form an integral part of these unconsolidated financial statements.

  
**CHAIRMAN**  
SALEEM ZIA

  
**DIRECTOR**  
SYED HAMID ALI

  
**DIRECTOR**  
SHAQAN MURTAZA


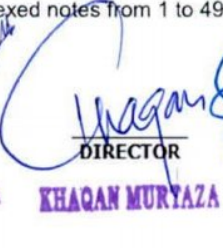
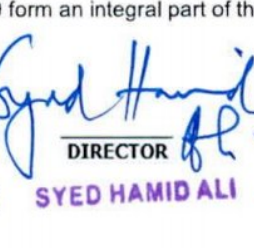
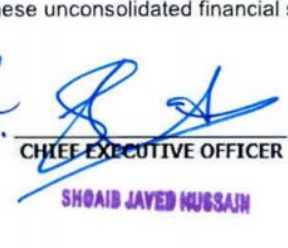

  
**CHIEF EXECUTIVE OFFICER**  
SHOAIB JAVED HUSSAIN

  
**CHIEF FINANCIAL OFFICER**  
MUHAMMAD AMJAD

STATE LIFE INSURANCE CORPORATION OF PAKISTAN  
UNCONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating Cash flows	Note	2025	2024
		-----Rupees in '000-----	
<b>(a) Underwriting activities</b>			
Insurance premiums received		475,431,141	193,728,399
Reinsurance premiums paid		(2,606,030)	(44,784)
Claims paid		(170,007,565)	(280,013,421)
Surrenders paid		(36,340,527)	(78,096,551)
Reinsurance and other recoveries received		1,571,032	(20,900)
Commissions paid		(27,155,369)	(23,632,706)
Other underwriting payments		(7,567,428)	(7,908,242)
<b>Net cash flow from underwriting activities</b>		<b>233,325,254</b>	<b>(195,988,205)</b>
<b>(b) Other operating activities</b>			
Income tax paid		(27,750,998)	(17,367,490)
Other operating payments		451,123,524	(574,639)
General management expense paid		(231,755,134)	192,584,471
Loans secured against life insurance policies - advanced		(34,120,781)	(16,989,797)
Loans secured against life insurance policies - repayments received		25,257,911	25,522,122
<b>Net cash flow used in other operating activities</b>		<b>(267,917,878)</b>	<b>183,174,667</b>
<b>Total cash flow from all operating activities</b>		<b>(34,592,624)</b>	<b>(12,813,538)</b>
<b>Investment activities</b>			
Profit / return received		278,155,882	198,272,244
Dividends received		25,415,463	20,417,194
Rentals received		2,205,899	1,941,483
Payment for investments		(823,281,549)	(447,317,510)
Proceeds from disposal of investments		629,489,512	247,030,838
Fixed capital expenditure		(1,305,709)	(991,617)
Proceeds from sale of property and equipment		14,086	1,400
<b>Total cash flow generated from investing activities</b>		<b>110,693,585</b>	<b>19,354,032</b>
<b>Financing activities</b>			
Dividends paid		(3,000,000)	(2,500,000)
<b>Net cash used in financing activities</b>		<b>(3,000,000)</b>	<b>(2,500,000)</b>
<b>Net cash flow generated from all activities</b>		<b>73,100,961</b>	<b>4,040,494</b>
Cash and cash equivalents at the beginning of the year		76,358,237	72,317,743
<b>Cash and cash equivalents at the end of the year</b>	16.1	<b>149,459,198</b>	<b>76,358,237</b>
<b>Reconciliation to statement of comprehensive income</b>			
Operating cash flows		(34,592,624)	(12,813,538)
Depreciation expense		(329,459)	(234,638)
Investment income		347,222,448	367,611,268
Amortization/capitalization		1,069,460	848,631
Allocation of surplus		-	-
Increase in assets other than cash		(150,046,460)	79,502,667
(Increase)/decrease in liabilities other than running finance		191,724,875	(89,572,851)
Change in policy holder liabilities		(331,248,833)	(324,390,469)
Change in deferred tax liabilities		(7,690,116)	(7,998,384)
Other adjustments		-	2,798,118
<b>Profit for the year after taxation</b>		<b>16,109,292</b>	<b>15,750,803</b>

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

 CHAIRMAN SALEEM ZIA	 DIRECTOR KHAQAN MURYAZA	 DIRECTOR SYED HAMID ALI	 CHIEF EXECUTIVE OFFICER SHOAIJ JAVED HUSSAIN	 CHIEF FINANCIAL OFFICER MUMTAZ ANJAD
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**STATE LIFE INSURANCE CORPORATION OF PAKISTAN  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 01, 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 along with 7 Regions, 4 zones for group life business and in the gulf countries comprising United Arab Emirates (UAE) through zonal office located at Dubai (UAE).

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

1.3 Geographical location and addresses of business units of the Corporation are as under:

<b>BUSINESS UNITS</b>	<b>GEOGRAPHICAL LOCATION</b>	<b>ADDRESS</b>
Southern Region	Karachi	State Life Building No.2, Wallace Road, Karachi.
North Region	Islamabad	State Life Building No. 9, 33-E, Blue Area, Islamabad.
Khyber Pakhtunkhwa Region	Peshawar	State Life Building No. 34, The Mall, Peshawar.
Central Region	Lahore	15-A, Davis Road, Lahore.
Faisalabad Region	Faisalabad	State Life Building No. 2, Liaquat Road, Faisalabad.
Hyderabad Region	Hyderabad	State Life Building, Thandi Sarak, Hyderabad.
Multan Region	Multan	Chowk Nawan Shaheer, Abdali Road, Multan.
Group & Pension Karachi Zone	Karachi	State Life Building No. 2, Wallace Road, Karachi.
Group & Pension Peshawar Zone	Peshawar	State Life Building No. 34, The Mall, Peshawar.
Group & Pension Rawalpindi Zone	Rawalpindi	State Life Building No. 8, Kashmir Road, Rawalpindi.
Group & Pension Lahore Zone	Lahore	15-A, Davis Road, Lahore.
Gulf Zone	Dubai	Saqr Al Qasmi Building, Salah Al Din Road, P.O. Box 11278, Dubai, UAE.

1.4 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 September 22, 2016. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and ceded Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations. The Corporation launched the Window Takaful Operations on January 28, 2021.

1.5 In prior years, Privatization Commission (PC) has envisioned to divest the shares of Government of Pakistan held by Ministry of Commerce through an Initial Public Offer (IPO). For this purpose, PC sent the Term of Reference (ToR) to the Corporation vide letter no. PC/SLIC-IPO/B&U/04 dated June 24, 2015 regarding the appointment of lead manager and book runner for public offering through domestic stock exchange transaction, which was been approved by the Board on August 11, 2015.

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Moreover, PC also constituted an Evaluation Committee to evaluate technical and financial proposals of bids received. Based on the evaluation process of the Committee, the Board of PC appointed consortium of Habib Bank Limited, Bank Alfalah Limited, Arif Habib Limited and Elixir Securities Pakistan (Private) Limited as lead manager and book runner for IPO as mentioned in the 243rd meeting of the Board of Directors held on February 20, 2016.

The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion), 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the re-organization and conversion of the State Life Insurance Corporation of Pakistan into a Public Limited Company.

After the commencement of this Ordinance, the Federal Government established a Company to be known as State Life Insurance Company Limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The National Assembly converted the said Ordinance into bill for the conversion of State Life Insurance Corporation to State Life Insurance Company Limited and sent the bill to Senate for approval and the Senate, instead of passing the bill, proposed few amendments in the bill. For the consideration of the proposed amendments, the matter was moved to National Assembly Standing Committee on Commerce.

Ministry of Commerce (MoC), vide letter No.1(7)/2013-SLIC-INS dated September 10, 2020, informed that the Senate of Pakistan passed the Bill with certain amendments. The Bill was forwarded to the National Assembly (the Assembly), however, the Assembly did not pass the amended Bill within 90 days. Therefore, a request was made to the Ministry of Parliamentary Affairs to place the same before the Joint Session of the Parliament for consideration. However, Bill was not passed by the Joint Session due to end of Assembly session that day. Hence, in terms of Article 76(3) of the Constitution of Pakistan said Bill has been lapsed, despite the fact that it had been passed by the Senate.

On January 25, 2023 in a Committee Room of MoC, it was unanimously decided that now the Finance Division shall draft a new legislation with the technical support of legal advisors, to enable the requisite amendments/changes in the legal / regulatory framework of the five selected State-Owned Enterprise (SOEs). The draft shall be shared with the Line Ministries/(SOEs) for their views/concurrence before its submission to the Federal Cabinet and subsequently to the Parliament.

- 1.6 The Corporation maintains a shareholders' fund and six statutory funds, separately in respect of its each class of life insurance business. The details relating to each fund has been described in note 4.4.

## 2 BASIS OF PREPARATION

These unconsolidated financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

### 2.1 Statement of compliance

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

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

Where provisions of, directives and notifications issued under the Companies Act, 2017 and provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations 2019 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 and provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2019, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 have been followed.

As required by Circular 15 of 2019 dated November 18, 2019 issued by the Securities & Exchange Commission of Pakistan (the Commission), the Corporation has prepared and annexed to these financial statements, a standalone set of financial statements for Window Takaful Operations of the Corporation, as if these are carried out by a standalone Takaful Operator. These financial statements for window takaful operations of the Corporation are submitted in compliance under the conditions imposed by the Commission as stated above.

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## 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

## 2.3 Functional and presentation currency

These unconsolidated 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 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year:

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

### 3.2 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective in the current year:

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2026:

	<b>Effective date (period beginning on or after)</b>
- IFRS 9 - 'Financial Instruments'	January 01, 2027
- IFRS 7 - 'Financial Instruments Disclosures' (Amendments)	January 01, 2027
- IFRS 18 - 'Presentation and Disclosure in Financial Statements'	January 01, 2027
- IFRS 17 - 'Insurance Contracts'	January 01, 2027

IFRS 9 'Financial Instruments' when applicable shall replace International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement' requirements related to classification, measurement, impairment, and derecognition of financial assets and financial liabilities.

IFRS 7 'Financial Instruments Disclosures' (amendments) when applicable shall cover all types of financial instruments, except those that are specifically covered by another standards.

IFRS 18 Presentation and Disclosure in Financial Statements, when applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.

IFRS 17 - 'Insurance Contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However, the Securities and Exchange Commission of Pakistan through S.R.O. 1336 (1)/2025 has directed companies engaged in insurance and reinsurance business for application of IFRS 17 for periods beginning on or after January 1, 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 standards requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition / derecognition of IFRS 17. Companies subject to the requirement of the above SRO will also be required to adopt requirements of IFRS 9 from the date of transition.

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The management is in the process of assessing the impact of these standards and amendments on the financial statements of the Company. There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

### 3.2.1 Temporary exemption from application of IFRS 9

The SECP has already notified the adoption of IFRS 9 'Financial Instruments' on companies operating in Pakistan. However, as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the IASB for entities whose 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 Company doesn't engage in significant activities other than insurance based on historical available information. Additional disclosures, as required by 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

Description	2025					
	Fails the SPPI Test			Passes the SPPI Test		
	Fair value	Impairment	Change in unrealised gain / loss during the year	Carrying value	Impairment	Change in unrealised gain / loss during the year
	-----Rupees in '000-----					
Investment in equity securities	347,570,957	(219,366)	56,139,412	-	-	-
Investment in government securities	-	-	-	1,549,277,422	-	-
Investment in debt securities	-	-	-	43,207,237	(7,573)	-
Investment in mutual funds	20,595,303	-	(1,121,298)	-	-	-
Loans secured against life insurance policies	-	-	-	156,365,739	-	-

Description	2024					
	Fails the SPPI Test			Passes the SPPI Test		
	Fair value	Impairment	Change in unrealised gain / loss during the year	Carrying value	Impairment	Change in unrealised gain / loss during the year
	-----Rupees in '000-----					
Investment in equity securities	294,971,033	(219,366)	68,936,946	-	-	-
Investment in government securities	-	-	-	1,334,312,555	-	-
Investment in debt securities	-	-	-	30,108,018	(7,573)	(172,274)
Investment in mutual funds	81,786,892	-	19,114,211	-	-	-
Loans secured against life insurance policies	-	-	-	154,825,679	-	-

*etc*

### 3.3 Applicability of SOE Act, 2023

The Corporation, being a public sector company as defined in Section 2(54) of the Companies Act, 2017, falls within the scope of the State-Owned Enterprises (Governance and Operations) Act, 2023 ("SOE Act") under Section 3, which required all SOE's to prepare their financial statements following the requirement of International Financial Reporting Standards.

Section 25(2) of the SOE Act states:

*"The financial statements must be prepared in accordance with International Financial Reporting Standards and the financial statements together with the notes to them must include all information that is necessary to ensure that the financial statements give a true and fair view of the financial position of the state-owned enterprise and the group consisting of the state-owned enterprise and its subsidiaries: Provided that where a state-owned enterprise is not following the International Financial Reporting Standards at the time of coming into effect of this Act, the Board shall ensure compliance with this provision within a period of three years from coming into effect of this Act."*

Further, ICAP Circular No. 3/2025 issued pursuant to clarification from the Finance Division, Government of Pakistan confirms that this requirement applies to all public sector companies within the SOE Act's scope, and that "IFRS as notified by SECP" or the use of SECP-granted exemptions will not be permissible for financial statements issued after January 30, 2026.

Currently, the Corporation is availing SECP's notified adoption timeframe for IFRS 17 - Insurance Contracts (effective 1 January 2027) and the temporary exemption from IFRS 9 - Financial Instruments under the Amendments to IFRS 4 - Insurance Contracts ("Applying IFRS 9 with IFRS 4"), which permits eligible insurers to defer IFRS 9 application until IFRS 17 becomes effective. While these exemptions remain valid under SECP regulations until their respective adoption dates, the SOE Act requires unreserved compliance with full IFRS (IASB versions) by the statutory deadline i.e. financial statements issued after January 30, 2026.

### 3.4 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with the 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 recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

#### (a) Classification of investments

In investments classified as "held to maturity", 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) Policyholders' liabilities

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each reporting date. In determining the value, both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the Corporation underwrites are taken into account. The basis used are applied consistently from year to year.

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Furthermore, shadow accounting is applied where the measurement of policyholders' liabilities depends directly on the value of investments in equity securities, and the related unrealized gains or losses are recognized in the statement of comprehensive income. A corresponding shadow adjustment to the policyholders' liabilities is also recognized in the statement of comprehensive income, to the extent that those unrealized gains or losses relate to the policyholders' liabilities being measured.

The basic liability consists of the estimated actuarial liability against each contract, which is in force. Following elements are added to this amount:

- any reserve required for premiums;
- reserve for incurred but not reported (IBNR) claims;
- reserve for income benefit in course of payment; and
- reserve for potential losses on a policy-to-policy basis.

The deferred premium in respect of group life and health insurance schemes is included in actuarial liability.

**(c) Provision for taxation**

In making estimates for taxation currently payable by the Corporation, the management considers the current income tax laws, the decision of appellate authorities on certain issues in the past and an independent opinion given by the taxation / legal advisor of the Corporation.

**(d) Impairment of other assets, including premium 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 amortization**

In making estimates of depreciation / amortization, 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.

**(f) Staff retirement benefits**

Staff retirement benefits are provided as per actuarial valuation or following the actuarial advice which is based upon certain assumptions.

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#### **4 MATERIAL ACCOUNTING POLICY INFORMATION**

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

##### **4.1 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.

###### **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 unconsolidated 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 additions and disposals is charged from the date when the asset becomes available for use to the date of disposal.

###### **Derecognition**

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

###### **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.

##### **4.2 Investment properties**

Investment properties are accounted for under the cost model in accordance with International Accounting Standard 40, 'Investment Property'.

These are carried at cost less accumulated depreciation and impairment losses, if any. Subsequent expenditure, depreciation and gains or losses on disposal are accounted for in the same manner as of operating fixed assets.

##### **4.3 Other assets**

Stock of stationery, printed material and maintenance store in hand for investment properties etc. are valued at lower of cost or net realizable value. Cost is determined on 'first in first out' basis.

##### **4.4 Funds**

The Corporation maintains a shareholders' fund and six statutory funds, separately in respect of its each class of life insurance business, namely:

- Pakistan Life Fund (Other than Group);
- Group Life Fund (ordinary life);
- Overseas Life Fund (ordinary life);
- Pension Fund;
- Accidental and health Insurance Fund; and
- Family Takaful Fund.

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Assets, liabilities, revenues and expenses are referable to respective statutory funds or allocated to shareholders' fund.

Expenses of principal office are distributed among all funds on fair and equitable basis.

**(a) Pakistan Life Fund other than Group**

Pakistan Life Fund comprises individual life business and group life business carried out in Pakistan as well as individual life Rupee business conducted outside Pakistan. Policyholders' liabilities as shown in the Pakistan Life Fund are based on an actuarial valuation conducted by the Appointed Actuary as at the reporting date.

Within the Pakistan Life Fund, business can be further classified as individual life conventional business, BANCA business, group insurance business and a small amount of annuity business. Most of the policies contain Discretionary Participation Feature (DPF).

**(b) Group Life Fund (ordinary life)**

The Group Life Fund comprises group life insurance business undertaken by the Corporation, providing coverage against death and related risks to members of various schemes and corporate clients.

Policyholders' liabilities are determined on the basis of an actuarial valuation conducted by the Appointed Actuary at the reporting date.

Premiums are recognized over the period of coverage, and claims and related expenses are recognized as incurred.

**(c) Overseas Life Fund**

The Overseas Life Fund entirely consists of individual life conventional business carried out at UAE, Kingdom of Saudi Arabia and Kuwait through zonal office located in Dubai (UAE). Policyholders' liabilities as shown in the Overseas Life Fund are based on an actuarial valuation conducted by the Appointed Actuary as at the reporting date.

Exchange gains and losses on translation of currencies of Overseas Life Fund and Pakistan Life Fund (Rupee business) are taken to revenue account through statement of comprehensive income. Most of the new business written under the Overseas Life Fund contains a Discretionary Participation Feature (DPF).

**(d) Pension Fund**

The Pension Fund consists of funds on account of group pension deposit administration contracts. Policyholders' liabilities as shown in the pension fund are based on an actuarial valuation conducted by the Appointed Actuary as at the reporting date.

**(e) Accidental and Health Insurance Fund**

The Health and Accident Fund comprises health and personal accident insurance business undertaken by the Corporation, including individual, group, and government-sponsored schemes.

Policyholders' liabilities are based on estimates of outstanding claims, including claims incurred but not reported (IBNR), determined at the reporting date using actuarial techniques and management judgment.

The business includes health (hospitalization coverage) and personal accident insurance. Premiums are recognized over the coverage period and claims and related expenses are recognized as incurred.

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#### **(f) Family Takaful Fund**

The Corporation on receipt of license to start Window Takaful Operations, established a statutory fund namely 'Family Takaful Fund' to offer 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 the 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.

#### **4.5 Insurance contracts - classification**

The Corporation maintains six statutory funds which are as follows:

- Pakistan Life Fund Other than Group (ordinary life);
- Group Life Fund (ordinary life);
- Overseas Life Fund (ordinary life);
- Pension Fund;
- Accidental and health Insurance Fund; and
- Family Takaful Fund.

During the year, the Corporation has segregated its life business into separate statutory funds, namely Pakistan Life Fund and Group Life Fund. Accordingly, the classification of business is presented based on these distinct funds.

The Pakistan Life Fund comprises individual life conventional business and a small portion of annuity business. Most of the new individual life conventional policies written by the Corporation contain a Discretionary Participation Feature (DPF).

The Group Life Fund consists of group life insurance business.

The Overseas Life Fund entirely consists of individual life conventional business. Most of the new business written under the overseas life fund contains a DPF.

The Pension Fund consists of funds administered under Group Pension Deposit Administration contracts.

The Accident and Health Insurance Fund consists of Group Health and Accident Insurance Contracts.

Considering all the six statutory funds together, the bulk of Corporation business consists of individual life conventional policies. Most of the remaining business consists of group life insurance business.

The Corporation also offers some supplementary benefits attached in the form of riders to the individual life policies and the group life contracts. Each of these classes of business are described in greater detail below.

#### **Contract details and measurement**

The insurance contracts offered by the Corporation are described below:

##### **4.5.1 Individual life policies**

#### **Individual life conventional products**

These are long term contracts with either level or single premiums. These plans generally provide for some death benefit on death during the currency of the policy and a survival benefit either on the happening of certain contingencies or on the maturity of the policy. The premiums are payable only in the life time of the policyholder. In case of term insurance products there is no survival benefit.

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### **Universal life policies**

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the Pakistan Life Fund.

### **Term insurance policies**

A few products of the Corporation are term insurance plans providing benefits only in case of death. Under these policies no benefit is due if the policy holder survives the duration of the policy. The Corporation sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

### **Annuities**

The Corporation also has a small number of individual and group life-annuities on its books. Under these contracts a periodic income benefit is payable to the insured life for as long as annuitant is alive. Besides, the Corporation offers annuity-certain plans under which periodic income benefit is payable for a stipulated period and is not dependent on the life of the policyholder.

### **Supplementary riders**

The Corporation offers various types of supplementary riders. Some of these riders offer additional life coverage, in some cases they offer accidental death and disability benefits. The benefits can take various forms such as lump sum payment or an income benefit or waiver of premiums due under the host policy contract.

### **Insured event**

Under the individual life insurance policies in most cases the insured event is either death or survival until the maturity date of the policy, except in case of term insurance where there is no maturity benefit. Under the annuity policies the Corporation is exposed to the risk of longevity. In this case the insured event is survival of the life insured for a long duration, exceeding the period normally expected under standard mortality tables.

In case of supplementary rider, the insured event is either death or just accidental death or disability whether accidental or natural or both.

### **Distribution channel**

The individual life business of the Corporation is sold through its dedicated sales force which is present all over the country. This field force is organized under a three-tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by area manager and a sector head. Presently there are 1,096 area managers and 150 sector heads who are working in 33 different zones and 7 regions throughout country in addition to this there is one zone in Gulf region who is head by Zonal Chief, Gulf. The Gulf zone has its own marketing team of sector heads, Area Managers and Sales Force.

The individual life policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

## **4.5.2 Group life policies**

### **Basic coverage**

The group life policies are generally one-year renewable term insurance contracts. In most cases they provide group coverage to the employees of an employer. Sometimes the coverage is tied up with loans extended by the employer for house building or purchase of motor vehicles or other household items. In some cases, group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. There are also a small number of group endowment policies which provide benefits identical to individual life policies but under the umbrella of a group contract.

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### **Supplementary coverage**

In many cases the group policies also provide supplementary coverage which may include accidental or natural disability benefits and additional accidental death benefit. These riders also take the form of one-year renewable term insurance policies.

### **Insured event**

Under the group life insurance policies in most cases the insured event is death due to any cause. In case of supplementary coverage, the insured event can include accidental death or disability or natural disability.

### **Distribution channel**

The group insurance business is sold through four group and pension zones of the Corporation. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Corporation, however, some of the group business is also procured through individual life field force of the Corporation.

Most of the lives covered under the group insurance consist of industrial and office workers, civil servants and employees of corporations, banks, other financial institutions, army, navy etc.

## **4.6 Re-insurance contracts held**

### **4.6.1 Conventional**

The Corporation has reinsurance arrangements with Swiss Re. The net retention limit of the Corporation for individual life is Rs. 5 million (2024: Rs. 5 million) per policy and for group life is Rs. 5 million (2024: Rs. 5 million) per person of risk. Reinsurance premiums are recognized in accordance with the pattern of recognition of the related premium. These are measured in line with the terms and conditions of the reinsurance treaty.

Reinsurance liabilities represent balances due to reinsurance companies. Balances 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.

### **4.6.2 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.

### **4.6.3 Retakaful expenses**

Retakaful expenses are recognized through liability.

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.



#### 4.7 Claims

The liability in respect of outstanding claims represents the ascertained value of claims incurred and reported before the end of the accounting year. Incurred but not reported (IBNR) cases are provided on the basis of actuarial advice and included in the policyholders' liabilities.

On 19 May 2014, Securities and Exchange Commission of Pakistan (SECP) has issued Circular No. 11 of 2014 in which they have prohibited all life insurers from writing back the unclaimed insurance benefit amount in any circumstances. The unclaimed insurance benefits are the amount which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts include unclaimed maturity benefits, long outstanding claims and unintimated or unclaimed death or disability claims. The Corporation has a practice of writing back claims which are outstanding for more than three years from the date from which the claims become payable and an equivalent amount has been placed in 'reserve for unpaid insurance benefits' within the policyholders' liabilities. The Corporation has received letter dated 22 May 2015 from SECP clarifying that the practice to retain the unclaimed insurance benefits in its actuarial reserve is in compliance with the clause 3 of the aforementioned Circular.

#### 4.8 Amount due to other insurers / reinsurers / takaful / retakaful

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

#### 4.9 Premium due but unpaid

Premiums due but unpaid are recognized at cost, which is the fair value of consideration to be received less provision for impairment, if any.

#### 4.10 Amount due from other insurers / reinsurers / takaful / retakaful

Amount due from other insurers / reinsurers / takaful / retakaful are carried at cost less provision for impairment, if any.

#### 4.11 Acquisition costs

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

#### 4.12 Expenses of management

Expenses of management represent directly attributable expenses and indirect expenses allocated to statutory funds.

#### 4.13 Staff retirement benefits

##### a) Provident fund

The Corporation operates a defined contribution plan, a recognized contributory provident fund scheme for all its eligible employees. For employees who have opted for the gratuity scheme, monthly contributions at the rate of 8.33% of their basic salaries are made to the fund by the Corporation. However, in respect of employees who have opted for the pension scheme, no contribution is made by the Corporation to the provident fund.

##### b) Gratuity fund

The Corporation maintains a funded defined benefit plan for those officers who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid last month's drawn salary for each completed year of service. Liability for the fund is based on the advice of appointed actuary.

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#### **c) Pension fund**

The Corporation operates a defined benefit plan, a funded pension scheme for its employees opting for the pension scheme established in 1984 and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. From a previous year pursuant to the order of Honorable Supreme Court of Pakistan, the Corporation has restored its pension scheme, as aforesaid, that was in effect before December 31, 1999. Liability for the fund is based on the advice of appointed actuary.

#### **d) Compensated absences**

From the year 2002, the un-availed earned leave balance of officers is encashed to the extent of two third of the leave balance with simultaneously proceeding on leave for one third leave balances, minimum for twelve days. A policy is already in force for the staff on similar lines. For officers leaves up to 60 days can be carried forward up to the date of retirement and can be encashed at retirement. Similarly, in respect of staff leaves up to 180 days can be carried forward up to the date of retirement and can be encashed at retirement.

#### **e) Post retirement medical benefits**

The Corporation provides medical facilities to its retired officers and their spouses in accordance with the service regulations. As at December 31, 2025, liability for post-retirement medical benefits as computed by the appointed actuary is estimated at Rs. 5,171 million (2024: Rs. 4,178 million) and the same has been provided in these unconsolidated financial statements.

### **4.14 Loans secured against life insurance policies**

#### **Cash loans**

Loans in cash against the security of life insurance policies may be extended to the policyholders to the extent of 80% of surrender value of the respective policy, provided the policy has been in force for at least two years.

#### **Automatic non-forfeiture provisions**

(a) Automatic Premium Loans secured against surrender value of the policy may be extended to the extent of the surrender value of the respective policy, provided the policyholder has exercised Automated Premium Loan option.

(b) An advance equal to one year premium may be allowed to the policyholder only once, if the policyholder has exercised Auto Paid-up option provided the respective policy has been in force for at least two years.

### **4.15 Revenue recognition**

#### **4.15.1 Premium**

- First year individual life premium is recognized when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the Corporation under the Automatic Premium Loan (APL).

- Single premiums are recognized once the related policies are issued against the receipt of premium. Premiums for group life, accident & health and overseas group life and health business are recognized when due.

- The Corporation continues to provide the cover even if the premium is received after the grace period.

#### **4.15.2 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.

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#### **4.15.3 Individual Life Family Takaful**

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

#### **4.15.4 Rental income on investment properties**

Rental income is recognized on an accrual basis except where dues are more than six months old in which case income is recognized on a receipt basis, except for the cases that are under litigation.

#### **4.16 Investment income**

Income on government securities, term finance certificates and other fixed income securities is recognized on an accrual basis for the number of days these are held taking into account effective yield on the instruments.

Dividend income is recognized when the Corporation's right to receive dividend is established. Income on debentures is recognized at the prescribed rates, except where recovery is considered doubtful in which case the income is recognized on a receipt basis.

Capital gain / loss arising on sale of listed securities is recognized on settlement date.

Regular way purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the settlement date. Settlement date is the date on which an asset is delivered to or by the Corporation.

#### **4.17 Deferred capital grant**

Grants received for capital expenditure is credited to "Deferred liabilities". Amount equal to the depreciation charged during the year as per rate applicable to the respective assets is transferred to other income. Grants received in cash for revenue expenditure are treated as income on the basis of expenditure incurred.

#### **4.18 Others**

All other incomes are recognized on accrual basis.

#### **4.19 Taxation**

##### **Current**

Provision of current tax is based on the taxable income for the year determined in accordance with prevailing laws (fourth Schedule to the Income Tax Ordinance, 2001) for taxation of income. All sources of income of the Corporation are taxed as one basket income using prevailing tax rate expected to apply to the profit for the year, if enacted. The charge for the current tax also includes adjustments, where considered necessary, to the 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 balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization on settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date.

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

#### **4.20 Bad and doubtful debts**

Known bad debts are written off and impairment loss is recognized for debts / receivables considered doubtful.

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## **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.

### **4.21 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 recognized, as an expense, for the amount by which the asset's carrying amount exceeds its recoverable amount.

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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).

#### **4.22 Related party transactions and transfer pricing**

Transactions and contracts with related parties are conducted at arm's length, with pricing determined in accordance with the comparable uncontrolled price method.

#### **4.23 Cash and bank**

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

#### **4.24 Dividend and appropriation of reserve**

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance 2000, are recognized in the year in which these are approved.

#### **4.25 Earnings per share**

The Corporation 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 Corporation by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated if there is any potential dilutive effect on the Corporation's reported net profits.

#### **4.26 Segment reporting**

Operating segment is a distinguishable component of the Corporation that is engaged in providing services that are subject to risks and returns that are different from those of other operating segments. The Corporation accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Regulations, 2017.

The Corporation's business segments currently reports six statutory funds, separately in respect of each class of life insurance business.

#### **4.27 Foreign currency translations**

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the reporting date. Gains and losses on translations are taken to income currently. Non-monetary items that are major in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

#### **4.28 Leases**

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

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

The lease liability is subsequently 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 fixed lease payments or an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension 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 statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected to apply the practical expedient to account for each lease component and any nonlease components as a single lease component and not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

#### **4.29 Financial instruments**

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are recognized 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 investment are initially recognized at cost being the fair value of consideration given and its related transaction cost are charged to statement of comprehensive income. These investments are subsequently measured at their market value with any gain or loss in statement of comprehensive income.

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### **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 Funds 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 amortized 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.

#### **4.30 Investments in associates and subsidiaries**

Associates are all entities over which the Corporation has significant influence but no control. Investment in associates that is held through investment-linked insurance funds is measured at fair value through profit or loss. Subsidiary is an entity over which the Corporation has control. Investment in subsidiaries is carried at cost less accumulated impairment losses, if any.

#### **4.31 Takaful Operator's 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.

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	2025	2024
	----- Rupees in 000 -----	
Operating assets	2,561,998	1,898,905
Capital work in progress	591,130	16,301
	<u>3,153,128</u>	<u>1,915,206</u>

5 PROPERTY AND EQUIPMENT

Operating assets  
Capital work in progress

5.1 Operating assets

Description	2025						Depreciation Rate (%)				
	Cost			Depreciation							
	As at 01 January	Additions / (disposals)	Adjustment	Transfer from Investment Property / Capital work in progress	As at 31 December	As at 01 January		For the year/ (disposal)	Transfer from Investment Property	As at 31 December	Written down value as at 31 December 2025
----- Rupees in '000 -----											
Building, roads and structure	810,051	11,702		522,688	1,344,441	192,361	12,377	73,938	278,676	1,065,765	1
Electric installation and fittings	876,329	111,599 (778)		987,150	709,055	54,146 (273)			762,928	224,222	10
Furniture and fixtures	968,416	256,592 (135)		1,224,873	561,751	65,984 (25)			627,710	597,163	10
Office equipment	376,211	122,605 (8,081)		490,735	224,710	34,435 (4,585)			254,560	236,175	10 to 30
Computer installations-basic	1,408,061	80,926 (2,658)		1,486,329	998,933	164,095 (384)			1,162,644	323,685	30
Computer installations-peripherals	113,365	12,665		126,030	94,441	10,175			104,616	21,414	30
Vehicles	366,125	69 (2,433)		363,761	238,402	31,898 (113)			270,187	93,574	20
	4,918,558	596,158 (14,085)		522,688	6,023,319	3,019,653	373,110 (5,380)	73,938	3,461,321	2,561,998	

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Description	2024										Depreciation Rate (%)
	Cost					Depreciation					
	As at 01 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property / Capital work in progress	As at 31 December	As at 01 January	For the year / (disposals)	Transfer from Investment Property	As at 31 December	Written down value as at 31 December 2024	
Building, roads and structure	738,773	71,278	-	-	810,051	181,102	11,259	-	192,361	617,690	1
Electric installation and fittings	822,571	55,561 (1,803)	-	-	876,329	662,577	48,251 (1,773)	-	709,055	167,274	10
Furniture and fixtures	810,859	160,811 (3,254)	-	-	968,416	515,123	49,750 (3,122)	-	561,751	406,665	10
Office equipment	301,363	75,910 (1,062)	-	-	376,211	198,717	26,459 (466)	-	224,710	151,501	10 to 30
Computer installations-basic	1,068,791	340,846 (1,576)	-	-	1,408,061	899,256	101,029 (1,352)	-	998,933	409,128	30
Computer installations-peripherals	103,465	10,570 (670)	-	-	113,365	88,311	6,799 (669)	-	94,441	18,924	30
Vehicles	306,139	65,771 (5,785)	-	-	366,125	209,566	29,318 (482)	-	238,402	127,723	20
	4,151,961	780,747 (14,150)	-	0	4,918,558	2,754,652	272,865 (7,864)	-	3,019,653	1,898,905	

----- Rupees in '000 -----

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5.2 Assets with zero value

Description of Assets	2025		2024	
	Cost	Net book value	Cost	Net book value
	-----Rupees in '000-----			
Electric installation and fittings	114,756	-	102,650	-
Furniture and fixture	306,500	-	295,736	-
Office equipment	130,759	-	124,828	-
Computer installation - basic	485,396	-	858,442	-
Computer installation - peripheral	64,903	-	84,290	-
Vehicles	130,154	-	202,999	-
	<b>1,232,468</b>	<b>-</b>	<b>1,668,945</b>	<b>55,419</b>

5.3 There are no assets held by third parties as at reporting date.

5.4 Capital work in progress

	2025	2024
	----- Rupees in '000 -----	
Opening balance	16,301	18,112
Less: Provision for impairment	-	(1,811)
Additions	574,829	-
Transfer to investment properties	-	-
Transfer to property and equipment	-	-
Closing balance	<b>591,130</b>	<b>16,301</b>

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	2025	2024
	----- Rupees in '000 -----	
Note		
	6.1	3,577.807
	6.5	(2,891)
	<u>3,158.570</u>	<u>3,574.916</u>

6 INVESTMENT PROPERTIES

Investment properties  
Less: Provision for impairment

6.1 Investment properties

	2025							Depreciation Rate (%)		
	Cost			Depreciation			Written down value as at 31 December 2025			
	As at 01 January	Additions/ (Disposals)	Transfer/ Adjustments	As at 31 December	For the year	Transfer/ Adjustments			As at 31 December	
	----- Rupees in '000 -----									
Freehold land	275,868		(343)	275,525	-	-	-	275,525	-	
Leasehold land	332,697		(8,069)	324,628	132,675	3,854	(3,753)	132,776	191,852	1 to 5
Building, roads and structure	3,102,744	100,630	(514,276)	2,689,098	488,568	28,640	(70,185)	447,023	2,242,075	1 to 5
Electric installation and fittings	1,825,400	28,715	-	1,854,115	1,337,659	64,396		1,402,055	452,060	10
	<u>5,536,709</u>	<u>129,345</u>	<u>(522,688)</u>	<u>5,143,366</u>	<u>1,958,902</u>	<u>96,890</u>	<u>(73,938)</u>	<u>1,981,854</u>	<u>3,161,512</u>	

	2024							Depreciation Rate (%)		
	Cost			Depreciation			Written down value as at 31 December 2024			
	As at 01 January	Additions/ (Disposals)	Transfer/ Adjustments	As at 31 December	For the year	Transfer/ Adjustments			As at 31 December	
	----- Rupees in '000 -----									
Freehold land	274,616	1,252	-	275,868	-	-	-	-	275,868	-
Leasehold land	332,697	-	-	332,697	128,811	3,864	-	132,675	200,022	1 to 5
Building, roads and structure	2,924,485	178,259	-	3,102,744	461,738	26,830	-	488,568	2,614,176	1 to 5
Electric installation and fittings	1,787,346	38,054	-	1,825,400	1,277,574	60,085	-	1,337,659	487,741	10
	<u>5,319,144</u>	<u>217,565</u>	<u>-</u>	<u>5,536,709</u>	<u>1,868,123</u>	<u>90,779</u>	<u>-</u>	<u>1,958,902</u>	<u>3,577,807</u>	

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6.2 The market and forced sale values of the investment properties owned by the Corporation, as determined by independent valuers (KGT (Private) Limited), amounted to Rs. 146,496 million and Rs. 124,522 million respectively as at December 31, 2025 (2024: Rs. 140,240 million and Rs. 119,224 million respectively).

6.3 The above includes, title deeds of 61 land/buildings, that were taken over by the Corporation under the Life Insurance (Nationalization) Order, 1972 (LINO) dated November 01, 1972 and have been transferred in the name of the Corporation. The title deeds 13 buildings / plots (2024: 13 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation as per the LINO order.

6.4 Other than the properties disclosed in note 6.3 above, the corporation has 7 investment properties costing Rs. 34,114 million (2024: Rs. 33,134 million) that are under encroachment and subject to pending legal proceedings. Management does not expect any material financial loss beyond existing provisions.

6.5 There are properties costing Rs. 5,123 million (2024: Rs. 4,532 million) having written down value of Rs. 3,432 million (2024: Rs. 2,891 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 2,942 million (2024: Rs.2,891 million) exists.

6.6 The investment properties also include Rs. 25.8 million (2024: Rs. 25.8 million) paid by the Corporation to the People Media Foundation (PMF) for acquisition of ground floor measuring 13,000 sq. ft. in PMF Complex (Press Club Building) at G-8, Markaz, Islamabad. The Corporation has taken over the possession of ground floor in July 1996, under an irrevocable General Power of Attorney, as the construction of building was incomplete. The management of the Corporation is of the opinion that under irrevocable General Power of Attorney, the Corporation is in a position to freely transfer the title of said property in its own name.

**7 INVESTMENTS IN SUBSIDIARIES - at cost**

	2025	2024
	----- Rupees in '000 -----	
Alpha Insurance Company Limited	7.1	298,918
State Life (Lakie Road) Properties (Private) Limited	7.1	12,910
Less: provision for impairment		(12,910)
State Life (Abdullah Haroon Road) Properties (Private) Limited	7.1	26,182
Less: provision for impairment		(1,482)
	323,618	323,618

**7.1 Investment in Subsidiaries**

	2025	2024	Face value	Company Name
	----- Number of shares -----		Rs.	
	47,547,843	47,547,843	10	Alpha Insurance Company Limited
				Equity held 95.15% (2024:95.15%)
	414,916	414,916	10	State Life (Lakie Road) Properties (Private) Limited
				Equity held 100% (2024:100%)
	779,500	779,500	10	State Life (Abdullah Haroon Road) Properties (Private) Limited
				Equity held 100% (2024:100%)
		-		
	323,618	323,618		

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7.2 The Corporation's interests in its subsidiaries were as follows:

Name	2025						
	Country of Incorporation	Assets	Liabilities	Break up value per share	Revenues	Profit / (loss)	Interest held (%)
		---- Rupees in '000 ----			---- Rupees in '000 ----		
Alpha Insurance Company Limited	Pakistan	2,026,740	1,190,794	16.72	329,146	22,467	95.15%
State Life (Lakie Road) Properties (Private) Limited	Pakistan	2,846	10,453	(9.76)	242	(503)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited	Pakistan	148,974	16,949	318.20	12,410	11,230	100%
<b>Total at the end of 2025</b>		<u>2,178,560</u>	<u>1,218,196</u>		<u>341,798</u>	<u>33,194</u>	

Name	2024						
	Country of Incorporation	Assets	Liabilities	Break up value per share	Revenues	Profit / (loss)	Interest held (%)
		---- Rupees in '000 ----			---- Rupees in '000 ----		
Alpha Insurance Company Limited (Restated)	Pakistan	1,744,730	917,874	16.54	369,971	38,598	95.15%
State Life (Lakie Road) Properties (Private) Limited	Pakistan	2,899	9,669	(8.68)	121	(5)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited	Pakistan	125,653	10,973	276.39	11,491	10,216	100%
<b>Total at the end of 2024</b>		<u>1,873,281</u>	<u>938,517</u>		<u>381,583</u>	<u>48,809</u>	

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9 INVESTMENTS IN GOVERNMENT SECURITIES

HELD TO MATURITY	2025				2024			
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Payment	Carrying Value	Effective Yield (%)	Carrying Value	Carrying Value
----- Rupees in '000 -----								
<b>Pakistan Investment Bond</b>								Rupees in '000
3 year Pakistan Investment Bonds	2025 - 2026	12.38% - 13.04%	29,702,617	30,125,000	29,702,617	13.92% - 21.00%	241,513,680	
5 year Pakistan Investment Bonds	2025 - 2027	13.32% - 13.37%	38,439,061	40,500,000	38,439,061	9.12% - 13.37%	147,099,643	
10 year Pakistan Investment Bonds	2026 - 2035	7.50% - 16.50%	1,022,413,362	1,058,779,500	1,022,413,362	7.50% - 19.08%	502,948,249	
15 year Pakistan Investment Bonds	2026 - 2040	8.05% - 12.70%	293,096,208	1,085,353,700	293,096,208	8.05% - 10.46%	114,075,921	
20 year Pakistan Investment Bonds	2026 - 2039	9.72% - 16.50%	69,419,657	68,041,300	69,419,657	9.72% - 16.50%	69,303,270	
30 year Pakistan Investment Bonds	2036 - 2038	11.52% - 16.23%	37,963,877	40,050,000	37,963,877	11.51% - 16.22%	37,942,489	
			<u>1,491,034,782</u>	<u>2,322,849,500</u>	<u>1,491,034,782</u>		<u>1,112,883,252</u>	
<b>Sukuk Bonds - Takaful Fund</b>	2025 - 2028	10.40% - 12.49%	5,538,767	5,019,900	5,538,767	8.51% - 19.20%	2,166,645	
<b>Islamic Republic of Pakistan Bond</b>	2025 - 2036	14.50% - 18.68%	2,456,539	2,386,035	2,456,539	14.50% - 18.68%	8,331,676	
<b>Treasury Bills</b>								
6 month Pakistan Treasury Bills	2026	10.90%	50,247,334	52,000,000	50,247,334	11.13% - 13.79%	210,930,982	
			<u>1,549,277,422</u>	<u>2,382,255,435</u>	<u>1,549,277,422</u>		<u>1,334,312,555</u>	

9.1 Government securities include Rs.1,246.5 million (2024: Rs.501.5 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

9.2 Market value of government securities carried at amortized cost amounted to Rs. 1,598,607 million (2024: Rs.1,307,949 million), which has been done based on PKRV valuation technique taken by MUFAP.

10 INVESTMENTS IN DEBT SECURITIES

HELD TO MATURITY - OTHERS	2025			2024			
	Note	Cost	Impairment / (provision)	Carrying Value	Cost	Impairment / (provision)	Carrying Value
----- Rupees in '000 -----							
<b>Debt Securities</b>							
Debt Securities	10.1	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities	10.2	-	-	-	28,322,365	-	28,322,365
<b>FAIR VALUE THROUGH PROFIT OR LOSS</b>							
Foreign fixed income securities	10.2	43,207,237	(7,573)	43,207,237	1,785,653	-	1,785,653
		<u>43,214,810</u>	<u>(7,573)</u>	<u>43,207,237</u>	<u>30,115,591</u>	<u>(7,573)</u>	<u>30,108,018</u>

10.1 Debt securities include an amount of Rs. 7,573 million (2024: Rs. 7,573 million) pertaining to those companies which are in liquidation process since 1974. Further, a court case is in process against the Colony Textile Mills Limited against debenture loan amounting to Rs. 0.678 million (2024: Rs. 0.678 million). The Corporation had made full provision against these debentures.

10.2 It represents investments made by gulf zone of the Corporation.

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11 INVESTMENTS IN MUTUAL FUNDS

FAIR VALUE THROUGH PROFIT OR LOSS

	2025			2024		
	Cost	Impairment / (provision)	Carrying value	Cost	Impairment / (provision)	Carrying value
----- Rupees in '000 -----						
<b>Listed - Others</b>						
Open and close ended mutual fund	8,606,840	-	14,688,246	68,047,446	-	77,515,708
<b>Unlisted - Others</b>						
Close ended mutual fund	594,190	-	5,907,057	594,190	-	4,271,184
	<b>9,201,030</b>	<b>-</b>	<b>20,595,303</b>	<b>68,641,636</b>	<b>-</b>	<b>81,786,892</b>

11.1 Open and close ended mutual funds

2025			2024		
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Open ended mutual funds - Pakistan Life Fund

	Rs. in '000			Rs. in '000		
	Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
National Investment Trust Units	14,611,875	430,413	2,451,142	75,996,262	2,304,969	10,662,276
Pak Capital Market Fund	-	-	-	137,662	373	3,088
NIT Government Bond Fund	-	-	-	28,278,954	300,000	311,173
NIT Income Fund	-	-	-	9,831,295	100,000	109,712
NIT Islamic Equity Fund	-	-	-	27,397,784	200,000	444,666
HBL Growth Fund"B"(PICIC Growth Fund)	-	-	-	12,384,663	-	422,317
HBL Investment Fund -Class"B"	-	-	-	1,793,173	-	28,686
HBL Money Market Fund	-	-	-	24,082,117	2,686,000	2,704,422
Al Meezan Mutual Fund	10,367,396	39,311	532,892	10,288,351	39,311	382,765
MCB Pakistan Stock Market Fund	2,335,836	599,946	848,438	36,758	962	8,351
JS Growth Fund	-	-	-	284,744	19,867	102,186
HBL Growth Fund"A"(PICIC Growth Fund)	-	-	-	12,024,904	243,312	137,445
HBL Investment Fund-Class"A"	-	-	-	1,607,710	23,653	6,736
ABL Cash Fund	-	-	-	643,481,845	7,181,000	7,181,000
ABL Government Securities Fund	-	-	-	39,809,483	448,000	448,000
ABL Income Fund	-	-	-	26,630,682	298,000	298,000
AL Habib Cash Fund	-	-	-	44,639,056	4,928,000	4,938,865

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2024

Open ended mutual funds - Pakistan Life Fund

	2025			2024		
	Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
	-----Rs. in '000-----			-----Rs. in '000-----		
AL Habib Income Fund	-	-	-	8,616,649	956,000	959,378
AL Habib Money Fund	-	-	-	19,149,154	2,076,000	2,080,173
Alfalah GHP Cash Fund	-	-	-	1,005,078	551,000	550,994
Alfalah GHP Income Multipal Fund	-	-	-	3,041,060	379,000	378,977
Alfalah GHP Sovereign Fund	-	-	-	7,502,941	893,000	893,000
Alfalah GHP Money Market Fund	-	-	-	57,437,993	6,191,000	6,191,241
Atlas Income Fund	-	-	-	1,486,034	864,000	863,995
Atlas Liquid Fund	-	-	-	626,506	342,000	341,997
Atlas Money Market Fund	-	-	-	4,471,408	2,495,000	2,495,001
Atlas Sovereign Fund	-	-	-	12,010,521	1,379,000	1,379,048
HBL Cash Fund	-	-	-	62,271,673	6,987,000	6,986,882
HBL Government Securities Fund	-	-	-	4,391,369	562,000	562,007
HBL Income Fund	-	-	-	5,693,700	709,000	708,980
J.S Cash Fund	-	-	-	12,877,861	1,474,000	1,474,000
J.S Income Fund	-	-	-	5,700,926	634,000	634,000
Lakson Income Fund	-	-	-	9,439,991	1,065,000	1,065,020
Lakson Money Market Fund	-	-	-	32,589,666	3,656,000	3,655,909
MCB DCF Income Fund	-	-	-	14,251,298	1,709,000	1,712,721
MCB Pakistan Sovereign Fund	-	-	-	31,430,948	1,889,000	1,894,658
Nafa Government Securities Savings Fund	-	-	-	50,592,694	586,000	586,000
NBP Government Securities Liquid Fund	-	-	-	112,972,654	1,265,000	1,268,005
NBP Income Opportunity Fund	-	-	-	46,345,184	553,000	554,604
NBP Mahana Amdani Fund	-	-	-	71,853,921	800,000	802,522
NBP Saving Fund	-	-	-	57,714,147	620,000	621,460
Pakistan Income Enhancement Fund	-	-	-	26,862,344	1,636,000	1,640,215
Pakistan Income Fund	-	-	-	3,439,440	209,000	209,361
UBL Cash Fund	-	-	-	26,194,311	2,848,000	2,854,918
UBL Government Securities Fund	-	-	-	6,747,282	792,000	795,100
UBL Growth and Income Fund	-	-	-	3,035,690	327,000	327,005
UBL Income Opportunity Fund	-	-	-	2,511,741	305,000	305,905
UBL Liquidity Plus Fund	-	-	-	26,226,983	2,888,000	2,884,934
UBL Money Market Fund	-	-	-	14,924,951	1,634,000	1,638,013

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2025	2024
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**Open ended mutual funds - Pakistan Life Fund**

	Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
	-----Rs. in '000-----			-----Rs. in '000-----		
NBP Stock Fund	48,389,394	1,446,940	2,210,718	-	-	-
Lakson Equity Fund	649,420	158,898	220,433	-	-	-
ABL Stock Fund	11,696,182	329,232	457,991	-	-	-
UBL Financial Sector Fund	484,564	98,548	168,220	-	-	-
UBL Stock Advantage Fund	5,522,151	1,059,063	1,521,132	-	-	-
Atlas Stock Market Fund	1,047,481	1,584,028	2,281,411	-	-	-
Atlas Islamic Stock Fund	284,236	360,807	467,592	-	-	-
Al Habib Islamic Stock Fund	3,330,259	455,339	614,429	-	-	-
AL Habib Stock Fund	2,351,297	281,818	421,642	-	-	-
Al-Ameen Islamic Energy Fund	1,102,251	284,262	382,626	-	-	-
Al-Ameen Shariah Stock Fund	2,718,839	964,204	1,396,586	-	-	-
Golden Arrow Stock Fund	4,667,177	136,443	178,632	-	-	-
Alfalalah GHP Alpha Fund	1,098,041	91,401	130,824	-	-	-
Alfalalah GHP Stock Fund	1,960,075	286,187	403,539	-	-	-
	<u>8,606,840</u>	<u>14,688,246</u>			<u>68,047,447</u>	<u>77,515,708</u>

**11.2 Close ended mutual funds - Pakistan Life Fund**

	Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
	-----Rs. in '000-----			-----Rs. in '000-----		
NIT Equity Market Opportunity Fund	10,179,666	594,190	5,907,057	10,179,666	594,190	4,271,184

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		2025	2024
	Note	----- Rupees in '000 -----	
<b>12 INVESTMENT IN FIXED DEPOSITS</b>			
Deposits maturing within 12 months	12.1	<u>779,523</u>	<u>7,606,293</u>
12.1	These carry mark-up ranging from 3.92% to 6.80% (2024: 3.92% to 6.80%) per annum on outstanding balances.		
<b>13 INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLES</b>			
<b>Unsecured and considered good</b>			
Due from insurance contract holders		60,067,618	251,441,260
Less: provision for impairment of receivables from insurance contract holders		-	-
Due from other insurers / reinsurers / retakaful		1,011,201	1,885,796
Less: provision for impairment of due from other insurers / reinsurers		-	-
		<u>61,078,819</u>	<u>253,327,056</u>
<b>14 OTHER LOANS AND RECEIVABLES</b>			
Accrued investment income		98,108,789	73,839,601
Accrued profit on bank deposits		993,536	1,464,032
Loans to agents		105,711	101,766
Loans to employees	14.1	1,913,303	1,828,814
Advance to contractors		590,128	342,882
Other receivables		33,300,327	18,589,999
Deposit against bank guarantee		502,387	552,387
		<u>135,514,182</u>	<u>96,719,481</u>
14.1	This includes unsecured, interest-free short-term loans to employees amounting to Rs.573.825 million (2024: Rs. 572.335 million). It also includes secured employee loans of Rs.1,338.203 million (2024: Rs.1,256.204 million), which carry an interest rate of 8% per annum and are secured against property or vehicle documents. These loans have not been discounted to their present value, as the resulting financial impact is not considered material in the context of these financial statements.		
<b>15 DEPOSIT AND PREPAYMENTS</b>			
Security deposit		100,000	100,385
Prepayments		215,356	224,884
		<u>315,356</u>	<u>325,269</u>
<b>16 CASH AND BANK BALANCES</b>			
- Cash in hand		59,207	50,412
- Policy and revenue stamps, bond papers		14,038	8,072
<b>Cash at bank</b>			
- Savings accounts	16.1	130,741,748	56,831,894
- Current accounts		18,644,204	19,467,860
		<u>149,459,198</u>	<u>76,358,238</u>
16.1	These carry mark-up ranging from 9% to 12.48% (2024: 9% to 12.78%) per annum on outstanding balances.		

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17 ORDINARY SHARE CAPITAL

17.1 AUTHORIZED SHARE CAPITAL

2025	2024		2025	2024
Number of shares		Note	----- Rupees in '000 -----	
<u>90,000,000</u>	<u>90,000,000</u>	Ordinary shares of Rs. 100 each	<u>9,000,000</u>	<u>9,000,000</u>

17.2 Issued, subscribed and paid up share capital

2025	2024		2025	2024
Number of shares			Rupees in '000	
<u>80,000,000</u>	<u>80,000,000</u>	Ordinary shares of Rs. 100 each fully paid in cash	<u>8,000,000</u>	<u>8,000,000</u>

17.3 All ordinary shares have equal voting rights.

18 LEDGER ACCOUNT C AND D

	2025	2024
	----- Rupees in '000 -----	
Opening balance	65,730,037	44,216,359
Change in solvency margin through statement of comprehensive income	19,717,114	21,513,678
	<u>85,447,151</u>	<u>65,730,037</u>
Related deferred tax liability on:		
Opening balance	(23,614,316)	(15,615,932)
Charge to statement of comprehensive income	(7,581,786)	(7,998,384)
Closing balance	(31,196,102)	(23,614,316)
Net of tax	<u>54,251,049</u>	<u>42,115,721</u>

19 RESERVES

Revenue reserves

General reserve	<u>267,271</u>	<u>1,031,761</u>
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20 INSURANCE LIABILITIES

Reported outstanding claims (including claims in payment)	20.1	64,721,627	64,992,051
Incurred but not reported claims	20.2	15,429,664	11,309,944
Investment component of unit-linked and account value policies	20.3	3,787,238	1,963,409
Liabilities under individual conventional insurance contracts	20.4	2,230,445,299	1,905,429,231
Liabilities under group insurance contracts (other than investment linked)	20.5	10,558,077	10,872,336
Other insurance liabilities (premium deficiency reserve)	20.6	4,149,862	3,546,382
		<u>2,329,091,767</u>	<u>1,998,113,353</u>

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	2025	2024
	----- Rupees in '000 -----	
<b>20.1 Reported outstanding claims (including claims in payment)</b>	<b>Note</b>	
<b>Gross of Reinsurance</b>		
Payable within one year	64,721,627	64,992,051
Payable over a period of time exceeding one year	-	-
	<u>64,721,627</u>	<u>64,992,051</u>
<b>Recoverable from Reinsurance</b>		
Receivable within one year	-	-
Receivable over a period of time exceeding one year	-	-
	<u>-</u>	<u>-</u>
Net reported outstanding claims	<u>64,721,627</u>	<u>64,992,051</u>
<b>20.2 Incurred but not reported claims</b>		
Gross of reinsurance	15,429,664	11,309,944
Reinsurance recoveries	-	-
Net of reinsurance	<u>15,429,664</u>	<u>11,309,944</u>
<b>20.3 Investment component of unit-linked and account value policies</b>		
Investment component of unit-linked policies	<u>3,787,238</u>	<u>1,963,409</u>
<b>20.4 Liabilities under individual conventional insurance contracts</b>		
Gross of reinsurance	2,232,179,814	1,906,916,958
Reinsurance credit	(1,734,515)	(1,487,727)
Net of reinsurance	<u>2,230,445,299</u>	<u>1,905,429,231</u>
<b>20.5 Liabilities under group insurance contracts (other than investment linked)</b>		
Gross of reinsurance	11,209,108	10,872,336
Reinsurance credit	(651,031)	-
Net of reinsurance	<u>10,558,077</u>	<u>10,872,336</u>
<b>20.6 Other insurance liabilities (premium deficiency reserve)</b>		
Gross of reinsurance	4,343,816	3,651,193
Reinsurance recoveries	(193,954)	(104,811)
Net of reinsurance	<u>4,149,862</u>	<u>3,546,382</u>
<b>21 RETIREMENT BENEFIT OBLIGATIONS</b>		
Post retirement benefits	4,733,360	2,897,207
Accumulated compensation absences	2,643,120	2,487,198
	<u>7,376,480</u>	<u>5,384,405</u>

As stated in note 4.13, the Corporation operates employees' pension fund, officers' gratuity funds and employees' post retirement medical benefits.

The latest actuarial valuation of the schemes, as at December 31, 2025, was carried out by independent actuaries, Akhtar & Hasan (Private) Limited, using the projected unit credit method. The results of the actuarial valuations are as follows:

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21.1 Post retirement benefits

	Employees' Pension Fund		Officers Gratuity Fund		Employees' PRMB Scheme	
	2025	2024	2025	2024	2025	2024
----- Rupees in '000 -----						
<b>Balance Sheet Reconciliation</b>						
Fair value of plan assets	45,726,263	40,446,255	5,319	16,668	-	-
Present value of defined benefit obligations	(45,294,312)	(39,172,740)	-	(9,076)	(5,170,630)	(4,178,313)
<b>Recognized asset / (liability)</b>	<b>431,951</b>	<b>1,273,515</b>	<b>5,319</b>	<b>7,592</b>	<b>(5,170,630)</b>	<b>(4,178,313)</b>
<b>Movement in the fair value of plan assets</b>						
Fair value as at 01 January	40,446,254	30,859,384	16,669	23,476	-	-
Expected return on plan assets	4,825,665	4,646,725	1,464	2,875	-	-
Actuarial gain / (loss)	1,662,752	3,449,588	(634)	810	-	-
Employer contributions	(1,208,408)	1,490,557	(1,099)	(9,298)	-	-
Benefits paid	-	-	(11,081)	(1,194)	-	-
Fair value as at 31 December	45,726,263	40,446,254	5,319	16,669	-	-
<b>Movement in the defined benefit obligations</b>						
Obligation as at 01 January	39,172,741	32,290,269	9,076	17,218	4,178,313	3,500,123
Current service cost	1,085,550	843,655	116	334	157,338	129,632
Interest cost	4,686,460	4,873,698	540	1,930	506,138	532,351
Actuarial gain / (loss)	2,933,079	3,580,814	(914)	(893)	604,115	183,036
Benefits paid	(2,583,517)	(2,415,694)	(8,818)	(9,512)	(275,275)	(166,829)
Obligation as at 31 December	45,294,312	39,172,741	-	9,076	5,170,630	4,178,313
<b>Cost</b>						
Current service cost	1,085,550	843,655	116	334	157,338	129,632
Interest cost	4,686,460	4,873,698	540	1,930	506,138	532,351
Expected return on plan assets	(4,825,665)	(4,646,725)	(1,464)	(2,875)	-	-
Recognition of actuarial loss	1,270,327	131,226	(280)	(1,703)	604,115	183,036
Expense	2,216,671	1,201,854	(1,088)	(2,314)	1,267,591	845,019
<b>Actual return on plan assets</b>	<b>6,488,417</b>	<b>8,096,313</b>	<b>830</b>	<b>3,685</b>	<b>-</b>	<b>-</b>
Principal actuarial assumptions used are as follows:						
Discount rate and expected return on plan assets	11.00%	12.25%	11.00%	12.25%	11.00%	12.25%
Salary increase rate	10.00%	10.25%	10.00%	10.25%	10.00%	10.25%
Pension increase rate	6.25%	7.50%	-	-	-	-

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**Mortality rates**

-----SLIC (2001-05)-1-----

	Employees' Pension Fund		Officers Gratuity Fund		Employees' PRMB Scheme	
	2025	2024	2025	2024	2025	2024
Maturity profile of the defined benefit obligation						
			----- Rupees in '000 -----			
Weighted average duration	8.96	8.75	-	0.45	9.38	8.72

**Distribution of timing of benefit payments (time in years)**

	2025	2024	2023	2022	2021
1	3,221,895	2,971,882	9,733	274,892	253,252
2	3,427,064	3,077,623	-	295,479	271,356
3	3,986,972	3,290,335	-	351,515	313,444
4	4,771,054	3,978,207	-	426,475	365,678
5	4,759,522	4,551,142	-	505,916	433,892
6-10	27,095,111	25,501,875	-	3,636,028	3,200,258

**Comparison for five years:**

As at 31 December

	2025	2024	2023	2022	2021
Fair value of plan assets	(45,731,582)	(40,462,923)	(30,882,861)	(27,670,511)	(27,150,514)
Benefit obligations	50,464,942	43,360,130	35,807,610	31,869,174	31,553,841
Arrears	-	-	-	-	36,747
Deficit	4,733,360	2,897,207	4,924,749	4,198,662	4,440,074

**Experience adjustments**

Loss on plan assets (as percentage of plan assets)	-10%	-7%	-16%	-15%	-16%
Loss on benefit obligations (as percentage of benefit obligations)	9%	7%	14%	13%	14%

The effect of a 1% movement in actuarial assumptions are as follows:

	Employees' Pension Fund		Officers Gratuity Fund		Employees' PRMB Scheme	
	2025	2024	2025	2024	2025	2024
Impact on the defined benefit obligation						
Increase in assumption of discount rate	41,237,580	35,743,444	-	9,036	4,685,849	3,814,171
Decrease in assumption of discount rate	50,139,508	43,250,621	-	9,117	5,741,856	4,603,357
Increase in assumption of long term salary increase	46,663,583	40,079,488	-	-	5,407,943	4,348,031
Decrease in assumption of long term salary increase	44,043,131	38,339,003	-	-	4,955,192	4,024,204
Increase in assumption of pension increase rate	48,410,347	41,906,212	-	-	-	-
Decrease in assumption of pension increase rate	42,603,180	36,807,524	-	-	-	-

**Expected contribution for the year.**

Current services cost	1,357,021	206,359
Interest income / (cost) - net	(24,138)	565,098
	1,332,884	771,457

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	2025	2024
	----- Rupees in '000 -----	
Opening balance	2,487,198	2,179,000
Addition during the year	155,922	308,198
Closing balance of compensated absences	<u>2,643,120</u>	<u>2,487,198</u>

**21.2 Accumulated compensation absences movement in payable**

Opening balance  
 Addition during the year  
 Closing balance of compensated absences

**22 DEFERRED TAXATION**

**Deferred tax credit arising in respect of:**

On retained balance on Ledger Account D

<u>31,196,103</u>	<u>23,614,317</u>
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Balance as at 01 January 2025	23,614,317	Recognised in the statement of comprehensive income	7,581,786	Balance as at 31 December 2025	31,196,103
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Deferred credit arising in respect of:

- on retained balance on Ledger Account D

23,614,317	7,581,786	31,196,103
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Deferred credit arising in respect of:

- on retained balance on Ledger Account D

15,615,932	7,998,384	23,614,317
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23	INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL PAYABLES	Note	2025	2024
			----- Rupees in '000 -----	
	Due to other insurers / reinsurers		<u>1,204,537</u>	<u>2,843,961</u>
<b>24</b>	<b>OTHER CREDITORS AND ACCRUALS</b>			
	Agents commission payable		10,799,566	8,754,916
	Accrued expenses		15,532,648	21,479,308
	Profit commission payable to Bureau of Emigration & Overseas Employment	24.1	10,010,530	8,643,141
	Payable to PHIMC	24.2	10,319	16,274,469
	Experience refund payable		6,510,482	200,347,222
	Other liabilities		<u>38,316,987</u>	<u>18,587,577</u>
			<u>81,180,532</u>	<u>274,086,632</u>

**24.1** This represents the commission payable to the Bureau of Emigration & Overseas Employment under the Emigrant Group Insurance Contract, to be utilized by BOE for emigrant welfare and related initiatives.

**24.2** This represents amount payable to Punjab Health Initiative Management Company ('PHIMC') in respect of its share as part of universal health insurance in the territory of Punjab province as identified in the notification vide No. SO(DEV-I)25-69/2020(P-PVI).

## 25 CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

**25.1.1** According to the Sindh Sales Tax on Services Act, 2011, sales tax is applicable on insurance premium written within the Province of Sindh. Similarly, the revenue authorities of Punjab, Balochistan and Khyber Pakhtunkhwa have introduced sales tax on insurance premium effective from July 03, 2015, November 01, 2018 and 2021, respectively.

The applicability of sales tax on life and health insurance premiums remains a disputed matter across the insurance industry. The industry's position is that insurance contracts represent financial arrangements contingent upon the occurrence of specified events and do not constitute provision of taxable services. Based on this position, the Insurance Association of Pakistan (IAP), along with various insurance companies including the Corporation, has filed constitutional petitions before the Honourable High Courts of Sindh, Lahore, and Peshawar.

The details of key petitions are as follows:

High Court, Karachi (Sindh): C.P. No. D-7677/2019 (Life Insurance Premium) dated: January 14, 2025 State life & Others vs. The Province of Sindh & Others

Supreme Court of Pakistan: CPLA No. 1101/2025 (appeal against Sindh High Court judgment) State the Secretary Finance Department, Karachi Life Insurance Corporation of Pakistan thr its Authorized Representative, Karachi v. The Province of Sindh through and others

High Court, Lahore (Punjab): W.P. No. 55421/2019 (Life & Health Insurance Premium)

High Court, Karachi (Sindh): C.P. No. D-4318/2023 (Health Insurance Premium) dated: September 2023 State Life & Others vs The Province of Sindh & Others

High Court, Peshawar (Khyber Pakhtunkhwa): W.P. No. 3521/2023 (Life Insurance Premium) dated: July 29, 2021 State Life vs The Province of Khyber Pakhtunkhwa

In respect of Balochistan Revenue Authority, no demand or notice has been received by the Corporation to date; accordingly, no petition has been filed in this jurisdiction.

During the year, the Honourable High Court of Sindh, in its judgement dated January 14, 2025, dismissed the petition filed by on procedural grounds and referred the matter to the Sindh Revenue Board. Subsequently, the IAP has filed a petition for leave to appeal before the Honourable Supreme Court of Pakistan, which is currently pending adjudication.

Furthermore, subsequent to the year, dated January 27, 2026 the Punjab Revenue Authority issued a show cause notice raising a demand of Rs. 15,568 million. The Corporation, through the IAP, has challenged the same and filed a contempt petition No. 8119/2026, which is pending adjudication before the Honourable High Court of Lahore.

Based on the opinion of legal advisors and the current status of litigation, the management believes that the matter will be resolved favourably. Accordingly, no provision has been recognised in these financial statements.

However, the Corporation has determined the estimated aggregate exposure in respect of the above matter amounting to Rs. 13,672 million (2024: Rs. 10,674 million), calculated on the basis of risk premium and excluding the investment component of the policies.

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**25.1.2** The Corporation has been involved in various tax litigations relating to the applicability of turnover tax and minimum tax under the Income Tax Ordinance, 2001.

In respect of assessment years 1992-1993 to 1995-1996, the Inland Revenue Department contended that the tax payable under the Fourth Schedule to the repealed Income Tax Ordinance, 1979 was less than the turnover tax and, accordingly, additional tax was payable. The Corporation challenged this position before the Honourable High Court of Sindh, which decided the matter against the Corporation vide its judgement dated November 24, 2020.

Subsequently, the Corporation filed petitions before the Honourable Supreme Court of Pakistan, which were disposed of with directions to refer the matter to the Alternative Dispute Resolution Committee (ADRC) under section 134A of the Income Tax Ordinance, 2001. The ADRC has since deliberated on the matter and determined in its meeting dated June 17, 2025 that turnover tax is applicable, resulting in a demand of Rs. 681.6 million. Being aggrieved with decision, the Corporation filed Constitutional Petition CPLA D-29/2026 in the Hon'ble High Court, Karachi (Sindh) in respect of denial of access to the Courts or any other appellate forum under section 134A of the Income Tax Ordinance, 2001, which is violation of fundamental right of tax payer to seek judicial determination of its legal rights and obligations in line with the private institutions.

Further, for tax years 2018 to 2023, the Inland Revenue authorities issued notices under section 122(9) of the Income Tax Ordinance, 2001, asserting that the tax paid by the Corporation under the Fourth Schedule was less than 1.25% of its gross turnover and, accordingly, minimum tax under section 113 (turnover tax) was applicable. The Corporation contested these proceedings on the grounds that, in terms of section 99 of the Ordinance, taxation of insurance business is governed by the Fourth Schedule, under which taxable income is determined based on shareholders' surplus, while amounts attributable to policyholders are either deductible or not subject to tax. Accordingly, levy of minimum tax on gross turnover is inconsistent with the statutory framework applicable to life insurance business.

Subsequent to replies, the Additional Commissioner raised a demand of Rs. 14,293 million, which was upheld by the Commissioner (Appeals). The matter was taken to the Alternate Dispute Resolution Committee (ADRC), which confirmed applicability of section 113 but ruled that 97.5% of investment and interest income elements are not included in turnover. Pursuant to this, the Corporation paid Rs. 8,685 million under protest. After the ADRC's order contained material errors and no reconstitution was made, the Corporation filed a Constitutional Petition (CPLA D-29/2026) before the Hon'ble High Court, Karachi (Sindh), challenging denial of access to appellate forum under section 134A. Separately, notices for tax years 2003 to 2017 have also been issued after FBR condoned time limits under section 214A.

In addition, notices under sections 122(5A) and 122(9) dated April 14, 2025 were issued for tax years 2003 to 2008 and 2010 to 2017, following condonation of time limits by the Federal Board of Revenue (FBR) vide order dated March 20, 2025 issued under section 214A of the Ordinance. The Corporation filed replies; however, the Additional Commissioner passed orders under section 122(5A) and raised tax demands under section 137(2) on May 30, 2025. Subsequently, recovery proceedings were initiated through notices under section 138(3A) on June 18, 2025, and the Corporation's bank accounts were attached for an amount of Rs. 4,909.36 million. The Corporation filed an application before the Alternative Dispute Resolution Committee (ADRC) on the same date. Thereafter, the Commissioner Inland Revenue remanded the matter for de novo consideration on July 01, 2025. The Inland Revenue authorities have since approached the FBR for fresh condonation of time for the relevant tax years, and the matter remains under process. The Corporation has also filed a Constitutional Petition (C.P. No. D-6205/2025) before the Honourable High Court of Sindh challenging the legality of condonation of time-barred assessments. The Honourable High Court, vide order dated December 23, 2025, has granted interim relief and restrained the FBR from passing any adverse order. The matter is currently pending adjudication.

Moreover, for tax year 2024, the tax authorities have raised additional demands on account of turnover tax and certain disallowances. The Corporation has obtained a stay order from the Honourable High Court of Sindh against recovery and has also referred the matter to ADRC, which is yet to conclude its proceedings.

Based on the opinion of legal advisors and the current status of the above matters, management believes that the ultimate outcome will be favourable. Accordingly, no provision has been recognised in these financial statements.

**25.1.3** In 2010, the Inland Revenue authorities issued notices to the Corporation for tax years 2008 and 2009, alleging non-deduction of withholding tax under section 151(1)(d) of the Income Tax Ordinance, 2001 on payments made to policyholders upon maturity of insurance policies. The tax authorities contended that the bonus component of such payments constituted profit on debt and was therefore subject to withholding tax. Accordingly, tax demands amounting to Rs. 710.12 million and Rs. 738.51 million were raised for tax years 2008 and 2009, respectively.

The Corporation challenged the matter before the Commissioner Inland Revenue (Appeals), who decided in favour of the Corporation vide orders dated September 29, 2011. The appellate authority held that payments made to policyholders on maturity of policies do not constitute profit on debt and are therefore not subject to withholding tax under the aforesaid provisions.

Subsequently, the Inland Revenue authorities filed appeals before the Appellate Tribunal Inland Revenue, which were dismissed vide order dated April 17, 2014. Further appeals have been filed by the tax authorities before the Honourable High Court of Sindh, which are currently pending adjudication.

Based on the opinion of legal advisors and the favourable decisions at the appellate levels, the management believes that the ultimate outcome of the matter will be in favour of the Corporation. Accordingly, no provision has been recognised in these financial statements.

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- 25.1.4** In 2013, the Inland Revenue authorities issued notices to the Corporation for tax years 2010 to 2012, alleging non-deduction of withholding tax under section 151(1)(d) of the Income Tax Ordinance, 2001 on payments made to policyholders on maturity of insurance policies. Orders under sections 161 and 205 were passed, resulting in a cumulative demand of Rs. 1,577.46 million (including default surcharge). The Corporation discharged the demand under protest and filed appeals. The Commissioner Inland Revenue (Appeals) decided against the Corporation, but the Appellate Tribunal Inland Revenue decided in favour of the Corporation vide consolidated order dated February 21, 2017. The Department has filed reference applications before the Sindh High Court, which are pending. Out of the Rs. 1,577.46 million paid, the Department adjusted Rs. 587.39 million against tax years 2011 and 2017, and the balance of Rs. 990.08 million was adjusted against advance tax for tax year 2025.

Separately, for tax year 2013, a similar demand of Rs. 609.23 million (including default surcharge) was raised and discharged under protest. The Department issued a refund of Rs. 500 million in July 2015, adjusted outstanding demands for tax years 2009 (Rs. 10.8 million), 2010 (Rs. 12.58 million), and 2011 (Rs. 56.37 million), and adjusted the balance of Rs. 29.48 million against advance tax for tax year 2025. The Appellate Tribunal decided in favour of the Corporation on March 25, 2024, and the Department's reference is pending before the Sindh High Court. Based on favourable appellate decisions and legal advice, management believes the ultimate outcome will be in favour of the Corporation. Accordingly, no provision has been made in these financial statements.

- 25.1.5** The Additional Commissioner Inland Revenue (ACIR), Large Taxpayers Unit, Karachi issued notices under section 122 of the Income Tax Ordinance, 2001 in respect of tax years 2011, 2013 and 2014, raising various tax-related issues similar to those disclosed in related notes.

Subsequently, amended assessment orders were passed, resulting in an aggregate tax demand of Rs. 520.63 million (Tax Year 2011: Rs. 56.37 million, Tax Year 2013: Rs. 107.12 million and Tax Year 2014: Rs. 357.14 million).

The Corporation filed appeals before the Commissioner Inland Revenue (Appeals), which were partly decided in favour of the Corporation, while certain matters were either decided against the Corporation or remanded back to the ACIR for re-adjudication

Both the Corporation and the Inland Revenue authorities have filed further appeals before the Appellate Tribunal Inland Revenue against the decisions of the Commissioner Inland Revenue (Appeals), which are pending adjudication. In respect of remanded matters, proceedings before the ACIR are also in progress.

Based on the opinion of legal advisors and the current status of the cases, the management believes that the ultimate outcome of these matters will be favourable. Accordingly, no provision has been recognised in these financial statements.

- 25.1.6** The Additional Commissioner Inland Revenue (ACIR), Large Taxpayers Unit, Karachi issued a notice under section 122(9) of the Income Tax Ordinance, 2001 in respect of tax year 2020, raising various tax-related matters. Subsequently, an amended assessment order under section 122(5A) was passed, resulting in a tax demand of Rs. 458.25 million. Out of aforesaid tax demand, recovery of Rs. 306.04 million was not enforced by Inland Revenue Department as Lahore High Court has granted stay to Field Worker's Federation of Pakistan. Balance tax demand amounting to Rs. 152.21 million has been adjusted against tax refund pertaining to tax year 2012. The Corporation filed an appeal before the Commissioner Inland Revenue (Appeals), who vide order dated March 09, 2023 granted partial relief, while certain matters were decided against the Corporation and others were remanded back to the tax authorities for re-adjudication.

Both the Corporation and the Inland Revenue authorities have filed cross appeals before the Appellate Tribunal Inland Revenue against the said order, which are currently pending adjudication. Proceedings in respect of remanded matters are also ongoing. Based on the opinion of legal advisors and the current status of the case, the management believes that the ultimate outcome will be favourable. Accordingly, no provision has been recognised in these financial statements.

- 25.1.7** Returns of taxable income, being a deemed assessment order u/s 120(1) of the Income Tax Ordinance, 2001 were duly submitted by the Corporation for tax years 2003 and 2006.

Notices dated August 12, 2008 and May 22, 2012 were issued by the ACIR u/s 122(5A)/122(9) of the Ordinance for tax year 2003 and 2006 respectively for amendment of abovementioned deemed assessment orders on the grounds that surplus attributable to the policyholders was not paid within three years from the year of its appropriation and hence it should be added back in the taxable income of the Corporation under the provisions of section 34(5) of the Ordinance.

The Corporation submitted detailed explanation/information along with relevant supporting documents against above notices to the tax authorities. ACIR passed amended assessment orders u/s 122(5A) of the Ordinance dated September 29, 2008 and June 30, 2012 and determined tax demand of Rs. 2,126.25 million and Rs. 1,401.20 million for tax year 2003 and 2006 respectively.

Appeals against amended assessment orders were filed by the Corporation before the CIR(A). CIR(A) deleted the above demands vide orders dated July 04, 2012 and October 31, 2012 for tax years 2003 and 2006 respectively.

Inland Revenue Department filed appeals before Appellate Tribunal against the orders of CIR(A) which were also decided in favour of the Corporation vide consolidated order dated September 21, 2016. Inland Revenue Department has filed Income Tax Reference Applications before Honorable High Court, Karachi (Sindh), against the order of ATIR which are pending adjudication.

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- 25.1.8 Deputy Commissioner (Unit-37), Sindh Revenue Board (SRB) issued demand notice dated 30 July, 2024 for deposit of Sindh Workers Welfare Fund (SWWF) under the provisions of The Sindh Workers Welfare Fund Act, 2014 for Financial Years 2022 and 2023 for Rs. Rs. 413 million and Rs. 490 million respectively. SLIC referred these notice for legal opinion on the status of applicability of the SWWF on SLIC being a Statutory Corporation controlled by the Federal Government. And as per the legal opinion, this tax is not applicable on SLIC. SLIC also obtained the comments from its tax consultant and the answer was the same is inapplicable. The matter is still pending.
- 25.1.9 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated April 29, 2020 for tax year 2018. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on financial assets and investment property related expenses, advances to employees at interest rate lower than benchmark rate and difference between profit as per financial statements and as per tax return.

Based on the information/explanation submitted, ACIR passed an amended assessment order u/s 122 (5A) whereby tax refundable position of Rs. 1,007.84 million is determined for tax year 2018.

An appeal against all the above-mentioned assessments made by the ACIR was filed by the Corporation before the CIR(A) on September 29, 2020. The CIR(A), on the basis of the facts and the arguments submitted, passed an order dated December 21, 2021. Through the said order, issue of impairment in value of shares is decided in favour of Corporation whereas issue of investment property related expenses is decided against the Corporation. Further, issues of unrealized loss on investments, investment related expenses and interest on loans / advances to employees were remanded back to the concerned taxation officer for reassessment. Corporation as well as Inland Revenue Department filed cross appeals before the Appellate Tribunal against the order of the CIR(A), which are still pending for hearing. No date for the hearing has been fixed till date.

#### Other Tax Matters

The Corporation is currently involved in various tax litigations with tax authorities pertaining to withholding taxes and income tax return assessments, with an aggregate exposure of Rs. 1,742 million. Based on the opinion of the Corporation's tax advisors, management believes that the ultimate outcome of these matters will be decided in the Corporation's favor. Accordingly, no provision has been made in these financial statements in respect of these matters.

- 25.2 As of the reporting date, there are several suits in the nature of civil services of employees, rental disputes etc, where the Corporation is defendant. These suits are nominal in value and has no material impact on these unconsolidated financial statements.

#### Commitments

The Corporation is committed in respect of capital expenditure contracts aggregating to Rs.1,371 million (2024: Rs. 900 million). There were no other commitments at the reporting date.

Letter of guarantees

	2025	2024
	----- Rupees in '000 -----	
	<u>502,387</u>	<u>552,387</u>

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		2025	2024
	Note	----- Rupees in '000 -----	
<b>26</b>	<b>NET PREMIUM REVENUE / CONTRIBUTION REVENUE</b>		
	<b>Gross premiums / contribution:</b>		
	Regular premium / contribution individual policies		
	First year	37,906,783	29,400,793
	Single premium / contribution individual policies	2,768,952	1,376,778
	Second year renewal	24,827,535	20,829,244
	Subsequent year renewal	116,728,958	106,589,657
	Group policies with cash values	61,737	64,252
	Group policies without cash values	136,819,422	169,247,308
	Less: experience premium refund	(29,783,999)	(62,239,883)
	<b>Total gross premiums/ contribution</b>	<b>289,329,389</b>	<b>265,268,149</b>
	<b>Less: reinsurance premiums / contribution ceded</b>		
	On individual life first year business	(165,701)	(114,678)
	On individual life second year business	(73,207)	(65,897)
	On individual life renewal business	(287,121)	(266,328)
	On group policies	(718,343)	(551,082)
	-Less: Reinsurance commission on risk premium	277,767	104,071
		(966,606)	(893,914)
	<b>Net premiums revenue / contribution</b>	<b>288,362,783</b>	<b>264,374,235</b>
<b>27</b>	<b>INVESTMENT INCOME</b>		
	<b>Income from equity securities</b>		
	Fair value through profit or loss		
	- Dividend income	25,415,448	20,417,184
	<b>Income from government and debt securities</b>		
	Held to maturity		
	- Return on government and debt securities	163,863,793	149,045,438
	Fair value through profit or loss		
	- Return on debt securities	-	9,637
		<b>189,279,240</b>	<b>169,472,259</b>
<b>28</b>	<b>NET REALIZED FAIR VALUE GAIN ON FINANCIAL ASSETS</b>		
	<b>Fair value through profit or loss</b>		
	Realized gain on equity securities	<b>60,143,213</b>	<b>17,936,470</b>
<b>29</b>	<b>NET FAIR VALUE GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
	Net unrealized gain / (loss) on investments at fair value through profit or loss	55,018,115	119,811,764
	Reversal in value	-	-
	Reversal related to the (loss) / appreciation on shares held by LIC	-	-
	Investment related expenses	(113,885)	(110,876)
		<b>54,904,231</b>	<b>119,700,888</b>
<b>30</b>	<b>NET RENTAL INCOME</b>		
	Rental income	2,335,812	1,957,363
	Less: expenses attributable to investment properties	(1,249,511)	(1,025,715)
		<b>1,086,301</b>	<b>931,648</b>
<b>30.1</b>	This includes depreciation expense of Rs. 43.779 million related to property and equipment, and Rs. 96.890 million related to investment properties.		

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31 OTHER INCOME	Note	2025	2024
		----- Rupees in '000 -----	
Return on bank balances		12,424,854	27,341,724
Gain on sale of property and equipment		729	1,857
Return on loans to employees		102,948	85,042
Return on loans to policyholders		25,256,297	31,786,320
Exchange gain on revaluation		407,746	-
Miscellaneous income	30.1	8,921,067	355,060
		<u>47,113,642</u>	<u>59,570,003</u>

30.1 During the year, the Corporation reversed a provision of Rs. 8,372 million (2024: Nil) following a favorable judgment by the Lahore High Court in cases pertaining to revenue and policy stamps.

### 32 NET INSURANCE BENEFITS

#### Gross Claims

##### Claims under individual policies

- by death	12,769,428	11,171,598
- by insured event other than death	337,182	229,486
- by maturity	58,307,869	50,257,889
- by surrender	54,824,717	78,096,551
- annuity payments	11,776	15,129
- Bonus in cash	-	-
<b>Total gross individual policy claims</b>	<b>126,250,972</b>	<b>139,770,653</b>

##### Claims under group policies

- by death	9,128,239	8,232,234
- by insured event other than death	89,156,341	80,825,885
- by maturity	-	-
- by surrender	2,833	847
- annuity payments	90	233
<b>Total gross group policy claims</b>	<b>98,287,504</b>	<b>89,059,199</b>
<b>Total gross claims</b>	<b>224,538,476</b>	<b>228,829,852</b>

#### Less: Reinsurance Recoveries

-on individual life claims	(251,912)	(204,570)
-on group life claims	(444,525)	(319,418)
	(696,437)	(523,988)
Claim related expenses	23,384	22,533
<b>Net insurance benefit expense</b>	<b>223,865,423</b>	<b>228,328,397</b>

32.1 There are various cases pertaining to policyholders in relation to individual and group insurance policies, claiming amount due as per policy amounting to Rs. 459.15 million (2024: Rs. 281.58 million) but the Corporation is of the view that such claims are not valid based on the criteria provided in the policy issued. In total there are 343 cases out of which 13 cases are in the Supreme Court of Pakistan, 172 cases are pending in different High Courts of Pakistan and remaining in the lower courts.

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## 32.2 Claim Development

### Life Claims Development

Accident years	2021	2022	2023	2024	2025
Estimate of ultimate claims cost: -	----- Rupees in '000 -----				
At the end of accident year	6,075,768	5,261,086	5,106,256	5,589,178	<b>5,822,722</b>
One year later	8,629,001	7,982,946	8,136,759	9,131,451	
Two years later	8,986,575	8,384,290	8,633,734		
Three years later	9,128,970	8,535,592			
Four years later	9,254,152				
Current estimate of cumulative claims	9,497,024	8,837,885	9,071,389	10,050,526	<b>9,877,287</b>
Cumulative payments	(9,430,753)	(8,810,434)	(8,710,237)	(9,419,343)	<b>(6,948,286)</b>
Liability recognized in the statement of financial position	66,272	27,451	361,153	631,183	<b>2,929,002</b>

### Group Claims Development

Accident years	2021	2022	2023	2024	2025
Estimate of ultimate claims cost: -	----- Rupees in '000 -----				
At the end of accident year	2,559,992	2,459,507	2,675,068	3,021,997	<b>3,129,018</b>
One year later	5,696,305	5,395,051	5,632,477	6,630,881	-
Two years later	6,841,567	6,423,903	6,803,094	-	-
Three years later	7,383,665	6,940,189	-	-	-
Four years later	7,687,518	-	-	-	-
Current estimate of cumulative claims	8,003,007	7,413,276	7,687,181	8,711,342	<b>8,353,828</b>
Cumulative payments	(7,561,261)	(6,779,197)	(6,990,811)	(7,650,150)	<b>(5,352,443)</b>
Liability recognized in the statement of financial position	441,746	634,079	696,370	1,061,192	<b>3,001,385</b>

## 32.3 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated 19 May 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits are described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

Description	Total Amount	1-6 Months	7-12 Months	13-24 Months	25-36 Months
	----- Rupees in '000 -----				
Unclaimed maturity benefits	<b>20,094,138</b>	<b>1,508,650</b>	<b>13,387,133</b>	<b>3,073,095</b>	<b>2,125,260</b>
Unclaimed death benefits	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-
	<b>20,094,138</b>	<b>1,508,650</b>	<b>13,387,133</b>	<b>3,073,095</b>	<b>2,125,260</b>

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33	ACQUISITION EXPENSES	Note	2025 ----- Rupees in '000 -----	2024
	<b>Remuneration to insurance intermediaries on individual policies:</b>			
	- commission to agent on first year premiums		18,580,858	15,171,190
	- commission to agent on second year premiums		3,330,941	2,713,223
	- commission to agent on subsequent renewal premiums		3,934,129	3,619,270
	- other benefits to insurance intermediaries		3,334,615	2,998,445
	- branch overhead	33.1	6,245,974	5,121,246
	<b>Total</b>		<u>35,426,516</u>	<u>29,623,374</u>
	<b>Remuneration to insurance intermediaries on group policies:</b>			
	- commission		16,146	17,731
	- other benefits to insurance intermediaries		3,330	8,593
			<u>19,476</u>	<u>26,324</u>
	<b>Other acquisition costs:</b>			
	- Stamp duty		1,221,739	2,678,517
	- Initial medical fees		99,715	108,480
			<u>1,321,454</u>	<u>2,786,997</u>
			<u>36,767,447</u>	<u>32,436,695</u>
			2025	2024
			----- Rupees in '000 -----	
33.1	<b>Branch overhead</b>			
	Employee benefits cost		3,960,767	3,508,366
	Traveling expense		1,951,587	1,340,747
	Printing and stationery		14,380	13,568
	Postage and telephone		49,525	40,057
	Electricity, gas and water		45,309	47,909
	Rent		118,708	92,860
	Prize and awards		21,733	17,374
	Conference and meetings		79,564	56,870
	Repair and maintenance		4,401	3,495
			<u>6,245,974</u>	<u>5,121,246</u>
34	<b>MARKETING AND ADMINISTRATION EXPENSES</b>			
	Employee benefit cost	34.1	16,116,059	14,286,767
	Travelling expenses		1,022,197	849,109
	Advertisements and sales promotion		206,514	230,877
	Printing and stationery		374,828	469,209
	Depreciation		329,459	234,638
	Rent, rates and taxes		195,867	206,983
	Legal and professional charges - business related		2,543,946	2,388,798
	Electricity, gas and water		465,889	557,944
	Office repairs and maintenance		111,406	85,635
	Bank charges		26,764	25,609
	Postages, telegrams and telephone		196,925	214,857
	Appointed Actuary fees		12,742	10,549
	Training expense		167,413	129,177
	Annual supervision fees SECP		100,000	100,000
			<u>21,870,009</u>	<u>19,790,152</u>

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		2025	2024
	Note	----- Rupees in '000 -----	
<b>34.1 Employee benefit cost</b>			
Salaries, allowances and other benefits		14,063,900	13,246,493
Charges for post employment benefits		2,052,159	1,040,274
		<u>16,116,059</u>	<u>14,286,767</u>
<b>35 OTHER EXPENSES</b>			
Auditors' remuneration	35.1	21,891	37,491
Revenue stamps		11,452	42,544
Exchange loss on revaluation		-	132,963
Conference and meetings		195,673	155,579
Insurance charges		112,748	525,148
Office maintenance		260,007	185,094
Entertainment		52,539	43,480
Other expenses		143,895	102,905
		<u>798,205</u>	<u>1,225,204</u>
<b>35.1 Auditors' remuneration</b>			
<b>Business within Pakistan</b>			
<b>Annual audit and half yearly review fee</b>			
Crowe Hussain Chaudhary & Co.		5,400	-
Riaz Ahmad & Company			18,900
		<u>5,400</u>	<u>18,900</u>
<b>Out of Pocket</b>			
Crowe Hussain Chaudhary & Co.		972	-
Riaz Ahmad & Company		-	2,160
		972	2,160
<b>Business Outside Pakistan</b>			
<b>Audit fee</b>			
Crowe Hussain Chaudhary & Co.		15,519	-
Sajjad Haider and Co		-	16,431
Out of pocket expenses		-	-
		<u>15,519</u>	<u>16,431</u>
		<u>21,891</u>	<u>37,491</u>

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	2025	2024
	----- Rupees in '000 -----	
<b>36 INCOME TAX EXPENSE</b>		
<b>For the year</b>		
Current	2,589,436	2,077,880
Deferred	7,690,116	7,998,384
	<u>10,279,552</u>	<u>10,076,265</u>
<b>For the prior year</b>		
Current	(49,355)	(12,482)
Total income tax charge for the year	<u>10,230,197</u>	<u>10,063,782</u>
<b>36.1 Relationship between tax expense and accounting profit</b>		
Profit before tax	26,339,488	25,814,586
Tax at the applicable rate @ 29% (2024: 29%)	7,638,451	7,486,230
Reconciliation:		
Education cess for the year	7,152	8,576
Impact of super tax @ 10% (2024: 10%)	2,633,949	2,581,459
Effect of prior year changes	(49,355)	(12,482)
Others	-	-
Tax expense for the year	<u>10,230,197</u>	<u>10,063,782</u>
<b>37 Earnings per share - Rupees</b>		
Profit for the year	<u>16,109,291</u>	<u>15,750,804</u>
	----- Numbers in '000 -----	
Weighted average number of ordinary shares outstanding as at year end	<u>80,000</u>	<u>80,000</u>
Earnings per share	<u>201.37</u>	<u>196.89</u>

The Corporation has not issued any instrument which would dilute its basic earnings per share when exercised. Therefore, there is no dilutive effect on earnings per share.

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38 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND MANAGEMENT EXECUTIVES

	Chief Executive Officer		Directors		Management Executives	
	2025	2024	2025	2024	2025	2024
	-----Rs in '000-----					
Fees	-	-	5,040	17,080	-	-
Managerial remuneration	36,540	62,307	-	-	87,377	98,911
House rent allowance	-	-	-	-	21,826	28,026
Utilities	-	-	-	-	20,007	25,691
Special allowance	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Car allowance	-	-	-	-	-	-
Others	-	-	-	-	38,363	48,507
Reimbursements	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-
Staff provident fund	-	-	-	-	-	-
	<u>36,540</u>	<u>62,307</u>	<u>5,040</u>	<u>17,080</u>	<u>167,573</u>	<u>201,135</u>
Number of persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>11</u>	<u>19</u>	<u>22</u>

38.1 In addition to the above, Chief Executive Officer and Senior Management Executives are also entitled to the Corporation maintained vehicles and mobile phone facility.

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Corporation has related party relationships with provident fund, pension fund scheme, gratuity fund, state owned profit oriented entities and its key management personnel.

Accrual of liability in respect of the funds are made annually. Remuneration to key management personnel are determined in accordance with the terms of their employment / appointment. Certain key management personnel are also provided with free use of the Corporation maintained vehicles and post retirement benefits in accordance with their entitlement under the terms of their employment.

The related parties also comprise subsidiaries, directors, key management personnel and employees' benefits funds. The Corporation in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from chairman and executive directors are disclosed in the relevant notes.

**Terms and conditions of transactions with related parties**

Transactions with related parties are carried out at the agreed terms as approved by the Board of Directors. There have been no guarantees provided or received for any related party receivables or payables.

Other material transactions and balances with related parties are given below:

	2025	2024
	----- Rupees in '000 -----	
<b>Profit oriented state-controlled entities</b>		
<b>Common ownership</b>		
Investment in shares - State Bank of Pakistan	<u>3,221</u>	<u>3,221</u>
PIBs deposited with State Bank of Pakistan	<u>1,246,500</u>	<u>1,246,500</u>
<b>Subsidiaries</b>		
<b>Alpha Insurance Company Limited (95.15% holding)</b>		
Rental income received	<u>3,503</u>	<u>5,761</u>
Group insurance	<u>200</u>	<u>1,614</u>
<b>Staff retirement fund</b>		
Contribution to provident fund	<u>53</u>	<u>331</u>
Contribution to pension fund	<u>678,714</u>	<u>741,335</u>
Contribution to funded gratuity	<u>53</u>	<u>295</u>
Expense charged for pension fund	<u>2,583,516</u>	<u>2,415,694</u>

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40 SEGMENTAL INFORMATION

40.1 Revenue account by statutory fund

	Statutory Funds					Family Takaful Fund			Aggregate
	Pakistan Life Fund	Group Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Sub Funds		2025	
						Life	Group		
	----- Rs in '000 -----								
<b>Income</b>									
Premium less reinsurances	174,714,246	10,139,020	4,086,949	61,737	96,143,134	3,182,770	13,338	21,588	288,362,783
Rental income from investment property	1,086,301	-	-	-	-	-	-	-	1,086,301
Net investment income	338,846,871	234,958	2,796,719	77,466	7,649,220	518,652	18,155	16,283	350,158,324
<b>Total net income</b>	<b>514,647,418</b>	<b>10,373,978</b>	<b>6,883,668</b>	<b>139,203</b>	<b>103,792,354</b>	<b>3,701,421</b>	<b>31,492</b>	<b>37,871</b>	<b>639,607,408</b>
<b>Insurance benefits and expenditure</b>									
Insurance benefits, including bonuses, net of reinsurance recoveries	121,880,002	8,773,482	4,089,637	78,883	88,908,865	52,192	11,935	70,427	223,865,423
Management expenses less recoveries	52,891,141	829,525	880,914	363	3,637,077	1,189,282	1,768	1,670	59,431,740
<b>Total insurance benefits and expenditure</b>	<b>174,771,144</b>	<b>9,603,007</b>	<b>4,970,551</b>	<b>79,247</b>	<b>92,545,942</b>	<b>1,241,473</b>	<b>13,703</b>	<b>72,097</b>	<b>283,297,163</b>
<b>Excess of income over insurance benefits and expenditures</b>	<b>339,876,274</b>	<b>770,971</b>	<b>1,913,118</b>	<b>59,956</b>	<b>11,246,412</b>	<b>2,459,947</b>	<b>17,789</b>	<b>(34,226)</b>	<b>356,310,244</b>
Surplus transferred from PLF	(7,630,021)	7,630,021	-	-	-	-	-	-	-
Net change in insurance liabilities (other than outstanding claims)	(295,813,831)	-	(916,174)	(14,254)	193,352	(2,616,051)	(3,481)	6,678	(299,163,761)
<b>Surplus/ (deficit) before tax</b>	<b>36,432,422</b>	<b>8,400,992</b>	<b>996,944</b>	<b>45,702</b>	<b>11,439,764</b>	<b>(156,104)</b>	<b>14,308</b>	<b>(27,548)</b>	<b>57,146,483</b>
<b>Taxes chargeable to statutory funds</b>									
Prior year(s)	-	-	-	-	-	-	-	-	-
<b>Surplus/ (deficit) after tax</b>	<b>36,432,422</b>	<b>8,400,992</b>	<b>996,944</b>	<b>45,702</b>	<b>11,439,764</b>	<b>(156,104)</b>	<b>14,308</b>	<b>(27,548)</b>	<b>57,146,483</b>
Movement in policyholders' liabilities	295,813,831	-	916,174	14,254	(193,352)	2,616,051	3,481	(6,678)	299,163,761
<b>Transfers to and from shareholders' fund</b>									
- Surplus appropriated to shareholders' fund	(5,275,847)	-	(68,447)	-	-	-	-	-	(5,344,294)
- Funds transferred from PLF to GLF	(19,415,584)	19,415,584	-	-	-	-	-	-	-
- Capital returned to shareholders' fund	-	-	-	-	-	-	-	-	-
- Fund transferred to general reserve	-	-	-	-	-	-	-	-	-
- Funds transferred from Takaful - life to Takaful Group and Health	-	-	-	-	(300,000)	160,000	140,000	-	-
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	-	-
Net transfer to/from shareholders' fund	(24,691,431)	19,415,584	(68,447)	-	(300,000)	160,000	140,000	-	(5,344,294)
Balance of statutory fund at beginning of the year	1,881,357,605	-	46,227,507	737,799	66,526,880	3,762,281	86,409	152,861	1,998,851,342
<b>Balance of statutory fund at end of the year</b>	<b>2,188,912,427</b>	<b>27,816,576</b>	<b>48,072,178</b>	<b>797,755</b>	<b>77,773,292</b>	<b>5,922,228</b>	<b>264,198</b>	<b>258,635</b>	<b>2,349,817,292</b>

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Revenue account by statutory fund

	Statutory Funds					Aggregate		
	Pakistan Life Fund	Group Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful Fund		
						Life	Group	Health

For the year ended 31 December 2024

----- Rs in '000 -----

<b>Income</b>												
Premium less reinsurances	163,278,823	-	3,593,411	64,252	95,417,141	1,893,405	17,437	109,766				264,374,235
Rental income from investment property	931,648	-	-	-	-	-	-	-				931,648
Net investment income	351,976,554	-	2,482,119	68,119	10,783,334	450,165	4,244	6,716				365,771,251
<b>Total net income</b>	516,187,025	-	6,075,530	132,371	106,200,475	2,343,571	21,682	116,482				631,077,134
<b>Insurance benefits and expenditure</b>												
Insurance benefits, including bonuses, net of reinsurance recoveries	143,297,108	-	4,270,611	60,828	80,566,875	13,651	8,540	110,785				228,328,398
Management expenses less recoveries	48,207,964	-	905,694	2,306	3,446,652	871,806	1,732	12,836				53,448,990
<b>Total insurance benefits and expenditure</b>	191,505,072	-	5,176,305	63,133	84,013,527	885,457	10,272	123,621				281,777,388
<b>Excess of income over insurance benefits and expenditures</b>	324,681,953	-	899,225	69,237	22,186,948	1,458,113	11,409	(7,139)				349,299,747
Net change in insurance liabilities (other than outstanding claims)	(301,905,384)	-	(878,676)	(10,977)	(1,672,712)	(1,462,694)	(10,827)	(52,682)				(305,993,952)
<b>Surplus/ (deficit) before tax</b>	22,776,569	-	20,549	58,260	20,514,236	(4,581)	582	(59,821)				43,305,795
<b>Taxes chargeable to statutory funds</b>												
Prior year(s)	-	-	-	-	-	-	-	-				-
<b>Surplus/ (deficit) after tax</b>	22,776,569	-	20,549	58,260	20,514,236	(4,581)	582	(59,821)				43,305,795
Movement in policyholders' liabilities	301,905,384	-	878,676	10,977	1,672,712	1,462,694	10,827	52,682				305,993,952
<b>Transfers to and from shareholders' fund</b>												
- Surplus appropriated to shareholders' fund	(4,357,314)	-	(43,284)	-	-	-	-	-				(4,400,598)
- Capital returned to shareholders' fund	-	-	-	-	-	-	-	-				-
- Fund transferred to general reserve	-	-	-	-	-	-	-	-				-
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	-				-
- Capital contributions from shareholders' fund	-	-	-	-	-	770,000	75,000	160,000				1,005,000
Net transfer to/from shareholders' fund	(4,357,314)	-	(43,284)	-	-	770,000	75,000	160,000				(3,395,598)
Balance of statutory fund at beginning of the year	1,561,032,966	-	45,371,566	668,562	44,339,931	1,534,168	-	-				1,652,947,193
<b>Balance of statutory fund at end of the year</b>	1,881,357,605	-	46,227,507	737,799	66,526,879	3,762,281	86,409	152,861				1,998,851,342

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40.2 Segmental results by line of business

	Statutory Funds					Family Takaful Fund			Aggregate
	Pakistan Life Fund	Group Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Sub Funds			
						Life	Group	Health	
<b>Income</b>									
	----- Rs in '000 -----								
<b>Gross premiums</b>									
- First year	38,229,077	-	689,988	-	-	1,756,670	-	-	40,675,735
- Second year	23,456,283	-	419,457	-	-	951,795	-	-	24,827,535
- Subsequent year renewal	113,156,854	-	3,036,176	-	-	535,929	-	-	116,728,958
Group policies with cash value	-	-	-	61,737	-	-	-	-	61,737
Group policies without cash value	-	11,190,620	-	-	125,579,208	-	28,007	21,588	136,819,422
Less: experience premium refund	-	(347,925)	-	-	(29,436,074)	-	-	-	(29,783,999)
<b>Total gross premiums</b>	174,842,214	10,842,695	4,145,621	61,737	96,143,134	3,244,393	28,007	21,588	289,329,389
<b>Less: reinsurance premiums ceded</b>									
On individual life first year business	(97,492)	-	(6,586)	-	-	(61,624)	-	-	(165,701)
On individual life second year business	(70,335)	-	(2,873)	-	-	-	-	-	(73,207)
On individual life renewal business	(237,908)	-	(49,212)	-	-	-	-	-	(287,121)
On group policies	-	(703,674)	-	-	-	-	(14,669)	-	(718,343)
Less: Reinsurance commission on risk premium	277,767	-	-	-	-	-	-	-	277,767
	(127,968)	(703,674)	(58,671)	-	-	(61,624)	(14,669)	-	(966,606)
<b>Net Premiums</b>	174,714,246	10,139,020	4,086,949	61,737	96,143,134	3,182,770	13,338	21,588	288,362,783
Rental income from investment property	1,086,301	-	-	-	-	-	-	-	1,086,301
Net investment income	338,846,871	234,958	2,796,719	77,466	7,649,220	518,652	18,155	16,283	350,158,324
<b>Total net income</b>	514,647,418	10,373,978	6,883,668	139,203	103,792,354	3,701,421	31,492	37,871	639,607,408
<b>Insurance benefits and expenditures</b>									
Claims, including bonuses, net of reinsurance recoveries	121,880,002	8,773,482	4,089,637	78,883	88,908,865	52,192	11,935	70,427	223,865,423
Management expenses less recoveries	52,891,141	829,525	880,914	363	3,637,077	1,189,282	1,768	1,670	59,431,740
Current tax	-	-	-	-	-	-	-	-	-
<b>Total insurance benefits and expenditures</b>	174,771,144	9,603,007	4,970,551	79,247	92,545,942	1,241,473	13,703	72,097	283,297,163
<b>Excess of income over insurance benefits</b>	339,876,274	770,971	1,913,118	59,956	11,246,412	2,459,947	17,789	(34,226)	356,310,244
Surplus transferred from PLF	(7,630,021)	7,630,021	-	-	-	-	-	-	-
Add: Policyholder liabilities at the beginning of year	1,796,778,743	-	36,549,040	176,824	2,710,168	2,585,690	10,827	52,682	1,838,863,974
Less: Policyholder liabilities at the end of year	2,092,592,574	-	37,465,214	191,078	2,516,816	5,201,741	14,308	46,004	2,138,027,735
<b>Surplus/(deficit) after tax</b>	36,432,422	8,400,992	996,944	45,702	11,439,764	(156,104)	14,308	(27,548)	57,146,484

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Segmental results by line of business

Income	Statutory Funds					Family Takaful Fund			Aggregate
	Pakistan Life Fund	Group Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Sub Funds			
						Life	Group	Health	
	----- Rs in '000 -----								
Gross premiums	29,155,527	-	491,728	-	-	1,130,316	-	-	30,777,571
- First year	19,849,078	-	372,617	-	-	607,549	-	-	20,829,244
- Second year	103,612,703	-	2,778,237	-	-	198,717	-	-	106,589,657
- Subsequent year renewal	-	-	-	-	-	-	-	-	-
Group policies with cash value	-	-	-	64,252	-	-	-	-	64,252
Group policies without cash value	12,177,355	-	-	-	156,922,041	-	38,146	109,766	169,247,308
Less: experience premium refund	(734,983)	-	-	-	(61,504,900)	-	-	-	(62,239,883)
<b>Total gross premiums</b>	<b>164,059,680</b>	<b>-</b>	<b>3,642,582</b>	<b>64,252</b>	<b>95,417,141</b>	<b>1,936,582</b>	<b>38,146</b>	<b>109,766</b>	<b>265,268,149</b>
<b>Less: reinsurance premiums ceded</b>									
On individual life first year business	(68,485)	-	(3,016)	-	-	(43,177)	-	-	(114,678)
On individual life second year business	(63,030)	-	(2,867)	-	-	-	-	-	(65,897)
On individual life renewal business	(209,746)	-	(56,582)	-	-	-	-	-	(266,328)
On group policies	(530,373)	-	-	-	-	-	(20,709)	-	(551,082)
Less: Reinsurance commission on risk premium	90,777	-	13,294	-	-	-	-	-	104,071
	(780,857)	-	(49,171)	-	-	(43,177)	(20,709)	-	(893,914)
<b>Net Premiums</b>	<b>163,278,823</b>	<b>-</b>	<b>3,593,411</b>	<b>64,252</b>	<b>95,417,141</b>	<b>1,893,405</b>	<b>17,437</b>	<b>109,766</b>	<b>264,374,235</b>
Rental income from investment property	931,648	-	-	-	-	-	-	-	931,648
Net investment income	351,976,554	-	2,482,119	68,119	10,783,334	450,165	4,244	6,716	365,771,251
<b>Total net income</b>	<b>516,187,025</b>	<b>-</b>	<b>6,075,530</b>	<b>132,371</b>	<b>106,200,475</b>	<b>2,343,570</b>	<b>21,681</b>	<b>116,482</b>	<b>631,077,133</b>
<b>Insurance benefits and expenditures</b>									
Claims, including bonuses, net of reinsurance recoveries	143,297,108	-	4,270,611	60,828	80,566,875	13,651	8,540	110,785	228,328,398
Management expenses less recoveries	48,207,964	-	905,694	2,306	3,446,652	871,806	1,732	12,836	53,448,990
Current tax	-	-	-	-	-	-	-	-	-
<b>Total insurance benefits and expenditures</b>	<b>191,505,072</b>	<b>-</b>	<b>5,176,305</b>	<b>63,134</b>	<b>84,013,527</b>	<b>885,457</b>	<b>10,272</b>	<b>123,621</b>	<b>281,777,388</b>
<b>Excess of income over insurance benefits</b>	<b>324,681,953</b>	<b>-</b>	<b>899,225</b>	<b>69,237</b>	<b>22,186,948</b>	<b>1,458,113</b>	<b>11,409</b>	<b>(7,139)</b>	<b>349,299,746</b>
Add: Policyholder liabilities at the beginning of year	1,494,873,358	-	35,670,364	165,849	1,037,456	1,122,995	-	-	1,532,870,022
Less: Policyholder liabilities at the end of year	1,796,778,743	-	36,549,040	176,824	2,710,168	2,585,690	10,827	52,682	1,838,863,974
<b>Surplus/(deficit) before tax</b>	<b>22,776,568</b>	<b>-</b>	<b>20,549</b>	<b>58,262</b>	<b>20,514,236</b>	<b>(4,582)</b>	<b>582</b>	<b>(59,821)</b>	<b>43,305,794</b>

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40.3 Segment Statement of financial position

Assets	Rs in '000					
	Statutory Funds	Shareholders Fund	2025	Statutory Funds	Shareholders Fund	2024
Property and equipment	3,153,128	-	3,153,128	1,915,206	-	1,915,206
Investment properties	3,158,570	-	3,158,570	3,574,916	-	3,574,916
Investments in subsidiaries	323,618	-	323,618	323,618	-	323,618
Investments	1,950,730,290	9,920,629	1,960,650,920	1,732,160,402	9,018,097	1,741,178,498
Loans secured against life insurance policies	156,365,739	-	156,365,739	154,825,679	-	154,825,679
Insurance / reinsurance receivables	61,078,819	-	61,078,819	253,327,056	-	253,327,056
Other loans and receivables	133,291,065	2,223,118	135,514,182	94,636,790	2,082,691	96,719,481
Taxation - payments less provision	40,441,376	15,074,266	55,515,642	31,956,710	(2,116,691)	29,840,019
Deposit and prepayments	315,356	-	315,356	325,269	-	325,269
Cash and bank balances	149,459,080	117	149,459,198	83,964,417	113	83,964,531
<b>Total assets</b>	<b>2,498,317,042</b>	<b>27,218,130</b>	<b>2,525,535,172</b>	<b>2,357,010,062</b>	<b>8,984,210</b>	<b>2,365,994,273</b>
<b>Liabilities</b>						
Insurance liabilities net of reinsurance recoveries	2,329,091,767	-	2,329,091,767	1,998,113,353	-	1,998,113,353
Retirement benefit obligations	7,376,480	-	7,376,480	5,384,405	-	5,384,405
Deferred capital grant	290	-	290	3,237	-	3,237
Premium received in advance	7,122,914	-	7,122,914	6,487,496	-	6,487,496
Insurance / reinsurance payables	1,204,537	-	1,204,537	2,843,961	-	2,843,961
Deferred tax	31,304,433	-	31,304,433	23,614,317	-	23,614,317
Other creditors and accruals	81,180,532	-	81,180,532	274,086,632	-	274,086,632
Taxation - provision less payments	-	2,541,460	2,541,460	-	2,077,880	2,077,880
<b>Total Liabilities</b>	<b>2,457,280,953</b>	<b>2,541,460</b>	<b>2,459,822,413</b>	<b>2,310,533,402</b>	<b>2,077,880</b>	<b>2,312,611,281</b>

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MOVEMENT IN INVESTMENTS

	Rs in '000		
	Held to Maturity	Fair value through profit and loss	Total
<b>At beginning of previous year</b>			
Additions	1,231,482,087	155,069,510	1,386,551,597
Disposals (sale and redemptions)	327,660,695	119,659,487	447,320,182
Unwinding of (premium) / discount	(227,058,556)	(17,642,893)	(244,701,449)
Unrealized fair value gain	30,550,695	-	30,550,695
<b>At beginning of current year</b>	<b>1,362,634,921</b>	<b>378,543,576</b>	<b>1,741,178,497</b>
Additions	772,202,564	58,929,754	831,132,318
Disposals (sale and redemptions)	(571,561,966)	(122,639,074)	(694,201,040)
Unwinding of (premium) / discount	29,209,141	-	29,209,141
Unrealized fair value gain	-	53,332,003	53,332,003
<b>At end of current year</b>	<b>1,592,484,660</b>	<b>368,166,259</b>	<b>1,960,650,919</b>

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

### **42.1 Insurance risk**

#### **42.1.1 Insurance contracts - classification**

The Corporation maintains six statutory funds which are as follows:

- Pakistan Life Fund
- Group Life Fund
- Overseas Life Fund
- Pension Fund
- Accidental and Health Insurance Fund
- Family Takaful Fund

During the year, the Corporation has segregated its life business into separate statutory funds, namely Pakistan Life Fund and Group Life Fund. Accordingly, the classification of business is presented based on these distinct funds.

The Pakistan Life Fund comprises individual life conventional business and a small portion of annuity business. Most of the new individual life conventional policies written by the Corporation contain a Discretionary Participation Feature (DPF).

The Group Life Fund consists of group life insurance business.

The Overseas Life Fund entirely consists of individual life conventional business. Most of the new business written under the overseas life fund contains a DPF.

The Pension Fund consists of funds administered under Group Pension Deposit Administration contracts.

The Accident and Health Insurance Fund consists of Group Health and Accident Insurance Contracts.

Family Takaful Fund is consist of individual family takaful business.

Considering all the statutory funds together, the bulk of Corporation business consists of individual life conventional policies. Most of the remaining business consists of group life insurance business. Group Health is a relatively new venture of the Corporation which started in 2012 and has yet to register any significant growth. The Corporation also offers some supplementary benefits attached in the form of riders to the individual life policies and the group life contracts. Each of these classes of business are described in greater detail below.

#### **42.1.2 Contract details and measurement**

The insurance contracts offered by the Corporation are described below:

##### **42.1.2.1 Individual life policies**

###### **Individual life conventional products**

These are long term contracts with either level or single premiums. These plans generally provide death benefit on death during the tenure of the policy and a survival benefit either on the happening of certain contingencies or on the maturity of the policy. The premiums are payable only in the life time of the policyholder. In case of term insurance products there is no survival benefit.

###### **Universal life policies**

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the Pakistan Life Fund.

###### **Term insurance policies**

A few products of the Corporation are term insurance plans providing benefits only in case of death. Under these policies no benefit is due if the policy holder survives the duration of the policy. The Corporation sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

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## **Annuities**

The Corporation also has a small number of individual and group life-annuities on its books. Under these contracts a periodic income benefit is payable to the insured life for as long as annuitant is alive. Besides, the Corporation offers annuity-certain plans under which periodic income benefit is payable for a stipulated period and is not dependent on the life of the policyholder.

## **Supplementary riders**

The Corporation offers various types of supplementary riders. Some of these riders offer additional life coverage, in some cases they offer accidental death and disability benefits. The benefits can take various forms such as lump sum payment or an income benefit or waiver of premiums due under the host policy contract.

## **Insured event**

Under the individual life insurance policies in most cases the insured event is either death or survival until the maturity date of the policy, except in case of term insurance where there is no maturity benefit. Under the annuity policies the Corporation is exposed to the risk of longevity. In this case the insured event is survival of the life insured for a long duration, exceeding the period normally expected under standard mortality tables.

In case of supplementary rider the insured event is either death or just accidental death or disability whether accidental or natural or both.

## **Distribution channel**

The individual life business of the Corporation is sold through its dedicated sales force which is present all over the country. This field force is organized under a three tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by a sector head is further grouped over 1243 area offices, more than 166 sector offices, 33 zones and 7 regional offices in addition to one zone for the Gulf Region. The Gulf zone has its own marketing team of sector heads, area managers and sales force.

The individual life policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

### **42.1.2.2 Group life policies**

#### **Basic coverage**

The group life policies are generally one year renewable term insurance contracts. In most cases they provide group coverage to the employees of an employer. Some times the coverage is tied up with loans extended by the employer for house building or purchase of motor vehicles or other household items. In some cases group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. There are also a small number of group endowment policies which provide benefits identical to individual life policies but under the umbrella of a group contract.

#### **Supplementary coverage**

In many cases the group policies also provide supplementary coverage which may include accidental or natural disability benefits and additional accidental death benefit. These riders also take the form of one year renewable term insurance policies.

#### **Insured event**

Under the group life insurance policies in most cases the insured event is death due to any cause. In case of supplementary coverage the insured event can include accidental death or disability or natural disability.

#### **Distribution channel**

The group insurance business is sold through four group and pension zones of the Corporation. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Corporation. However, some of the group business is also procured through individual life field force of the Corporation.

Most of the lives covered under the group insurance consist of industrial and office workers, civil servants and employees of Corporations, banks, other financial institutions, armed forces etc.

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#### **42.1.2.3 Pension business**

The pension portfolio of the Corporation consists of group deposit administration pension contracts. These are long-term contracts providing pension benefits to the employees of the policyholder. Under these contracts, the Corporation does not retain any insurance risk apart from a nominal investment return guarantee. The services offered by the Corporation include benefit administration, funding advice and investment of the funds.

These contracts do not transfer any significant insurance risk from the policyholders to the Corporation. These are therefore by nature similar to investment contracts.

The distribution channel employed for the pension business is the same as for the group insurance business.

The target market for this business is also similar to the target market for group insurance business.

#### **42.1.2.4 Group Health Business**

In 2012, the Corporation entered the Health Insurance Market by signing an agreement with the Benazir Income Support Program (BISP) authorities for providing Health Insurance to the beneficiaries enrolled under BISP Waseela-e-Sehat Program. This contract terminated on 30 June 2015. However, settlement of the Equalization Reserve Fund (ERF) balance is still pending. Consequently, a provision for this has been kept in the Actuarial Reserves.

In the year 2015, the Corporation entered into two other agreements, namely Prime Minister's National Health Insurance Scheme (PMNHIS) and KPK Micro Health Insurance Scheme. However, no health cards were issued under either scheme in 2015. Therefore, no specific liability was kept for these contracts.

##### **Insured event**

The PMNHIS and the KPK schemes are aimed at providing the underprivileged sector of the society the access to health care to cope with a variety of health shocks. The schemes provide in-patient health insurance facilities to enrolled families, subject to Rupee limits prescribed under the respective agreements.

#### **42.1.3 Reserving method**

##### **42.1.3.1 Individual life policies**

The Corporation values its individual life policy liabilities by a modified net level premium method. Under this method the Corporation's future obligations in respect of guaranteed sums assured and declared bonuses are discounted using a conservative interest basis. The policy liabilities are calculated by deducting from this amount the discounted value of future net premiums receivable under the valued policies, using a conservative basis for calculating the net premiums.

##### **42.1.3.2 Universal life policies**

For universal life policies the amount of reserve is equal to the actual accumulated value of the portion of premiums invested in the Pakistan Life Fund after accounting for the investment return allocated to these policies.

##### **42.1.3.3 Group life policies**

Group life business consists of short duration one year renewable term insurance policies. Besides, it contains a five year life insurance scheme for emigrants. It is the Corporation's policy to record only the earned premium in the revenue account. The Corporation holds reserve for claims incurred but not reported up to the valuation date and provision for experience refunds where applicable.

The Corporation also holds a premium deficiency reserve for this block of business. This reserve is calculated on the basis of the unearned premium reserve. The amount of this reserve reflects the view of the Appointed Actuary regarding the eventual loss ratio expected under group insurance contracts.

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#### 42.1.3.4 **Supplementary riders**

For the supplementary riders attached to individual life policies the Corporation holds a reserve equal to one full year's premium due under these policies. On the other hand, the supplementary riders attached to the group life policies are valued in the same way as the group life policies themselves.

#### 42.1.3.5 **Pension plans**

The Corporation holds a reserve equal to the market value of the assets backing the pension business statutory fund. Classification of the Government bonds held by this statutory fund as Held to Maturity means that they are valued on an IRR basis, which is currently less than their market value.

#### 42.1.4 **Reserves for outstanding claims**

The Corporation holds a reserve for all claims which have been reported but are still outstanding at the reporting date. Another estimated reserve is kept within the actuarial liability for claims which have been incurred but have not yet been reported. The pattern of time lag in reporting of claims observed in previous years is used as a means of estimating as accurately as possible the liability expected to arise from the incurred but not reported claims using the chain ladder method of estimation.

#### 42.1.5 **Liability adequacy test**

The adequacy of liability held by the Corporation has been tested using an alternative reserving method based upon realistic estimates of future mortality, expenses, lapses and investment return. Based on the results of this test the Appointed Actuary considers that the liability being kept by the Corporation is adequate.

#### 42.1.6 **Reinsurance contracts held**

The Corporation reinsures its Pakistan business under a surplus treaty arrangement. Under this arrangement any insurance risk on a particular life which exceeds the retention level is automatically ceded to the reinsurer. The retention level is fixed by the Corporation at a level which it considers optimum and safe.

There is a similar surplus treaty arrangement for reinsurance of the Corporation's Gulf business. The retention level of the Gulf business is fixed by the Corporation which it deems to be safe for that business.

Under both these treaties the re-insurer is not under an obligation to reinsure certain high sum assured cases which exceed the obligatory limit of the reinsurer as specified in the respective treaty. Such cases are reinsured by the Corporation on a facultative basis.

The reinsurers of the Corporation are highly rated companies with a sound credit record.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

The Corporation assesses impairment on its reinsurance assets on a regular basis to identify any losses in recoveries. As of now, the Corporation's all reinsurance assets are due from re-insurers with a credit rating of "A or above". The reinsurers maintain a sound credit history and hence no impairment provision is required.

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#### **42.1.7 Accounting estimates and judgments and process used for deciding assumptions**

##### **42.1.7.1 Mortality and disability**

Due to nature of its business, the Corporation is exposed to the risk of mortality. The reserving basis utilizes a conservative estimate of mortality. The Corporation carries out a continuous mortality investigation of its individual life and group life business to assess the actual level of mortality experienced by it. The result of this study utilized to ascertain the safety margin built into its reserving basis and the mortality level to be utilized for testing the adequacy of its liability.

The Corporation also has a small exposure to disability risk covered by some of its supplementary contracts. The Corporation constantly monitors its disability experience and an investigation is carried out whenever it assesses that there is an adequate data for arriving at credible results.

##### **42.1.7.2 Investment income**

Due to the long term nature of its individual life policies, the Corporation is exposed to the risk of adverse fluctuations in interest rates. In particular a long term declining trend in the interest rates can produce a financial strain for the Corporation. To some extent this risk is mitigated by the Corporation's policy to match the duration of its assets with the duration of its liabilities, whenever this is possible. The reserving basis employed by the Corporation for valuing its liabilities contains adequate safeguards to counter any residual interest rate risk.

The past trend in returns available on Government bonds and the relationship of these returns to other financial variables such as inflation rate and short term interest rates is constantly analyzed to form an opinion regarding the investment returns expected to be earned in the future on a medium term and long term basis. These estimates are utilized in testing the adequacy of liabilities on a realistic basis.

##### **42.1.7.3 Expenses**

The Corporation is also exposed to the risk of management expenses being beyond the permissible limits or increase in expenses at a pace faster than expected. The Corporation carries out an annual expense analysis to keep track of its expenses. The result of this study is utilized in the estimation of liability under realistic assumptions to ensure the adequacy of the reserves being held.

#### **42.1.8 Frequency and severity of claims**

##### **42.1.8.1 Frequency**

Since the Corporation covers a large number of lives from diverse backgrounds, which are geographically spread all over the country, the frequency of claims is normally expected to remain relatively stable over time due to the law of large numbers. However, the frequency can be affected in case there is a variation in the mortality rates experienced by the group of lives insured by the Corporation. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

##### **42.1.8.2 Severity**

To some extent, the Corporation is protected from isolated large claims because the liability for any claim exceeding its retention level is automatically passed on to the reinsurer under the existing treaty arrangements. However, there is also the risk of a large number of small claims occurring due to a catastrophic event. Exposure to catastrophic events is also dependent upon the concentration of risk.

The Corporation is represented by 33 zones which are spread out all over the country. However, as the population of the country is concentrated more in the Punjab and Sindh provinces, the business distribution of the Corporation naturally reflects the same pattern. Nearly 87 % of the Corporation's business emanates from these two provinces.

In addition, there is also some concentration of risk due to the nature of group business. These policies are typically issued to an employer for coverage of all the persons in their employment. Normally, the employees of an employer are distributed over one or more establishments maintained by the employer's business. This produces local concentration of risk wherever such establishments happen to exist. Furthermore, a large number of such establishments can exist in a small geographical area such as an industrial zone or the business district of a major city.

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#### 42.1.9 Sources of uncertainty in estimation of future benefit payments and premium receipts

There are many theoretical reasons giving rise to uncertainty in estimation of future benefit payments and premium receipts.

Generally, mortality rates for a large segment of the population are quite stable from year to year but mortality is dependent upon a number of factors. Unhygienic living conditions, inadequate health care facilities, prevalence of general stress in society or emergence of epidemic disease are some socio-economic reasons which may give rise to an adverse trend in mortality rates.

Life insurance also serves as a channel for savings. However, in times of economic recession the savings rate can fall. This can reflect upon the Corporation in the form of lower new business growth and higher lapse rates of existing policies.

#### 42.1.10 Management of insurance risk

The insurance law has laid down some minimum criteria for insurance risk management, which is mandatory for all insurers. This includes guidance regarding minimum capital requirement for insurers, requirement to submit a financial condition report on an annual basis, minimum reserving basis for the financial condition report, minimum solvency requirements and requirement to match the currency of assets and liabilities. Also the law lays down certain restrictions on the assets that may be counted as admissible assets, prescribes guidelines for valuation of assets and liabilities, prescribes reinsurance arrangements and prescribes guidelines for investment of funds.

The Corporation's strategy for management of insurance risk meets the minimum standards laid down by the law in addition to certain other practices which are specified by the Corporation.

##### 42.1.10.1 Financial risk

###### a) Interest risk

The Corporation values its liabilities at the rate of 3.75% per annum, which is a requirement prescribed by the SECP. However, the actual return earned by the Corporation is much more than this. This large gap between the valuation discount rate and the market rate ensures that there is an adequate margin for the Corporation to absorb any impact of adverse fluctuation in the interest rates.

As a further security mechanism all the guaranteed liabilities of the Corporation are fully backed by the combined value of cash in hand, Government bonds and policy loans. The first two of these asset classes are by definition risk free. Also the policy loans are fully backed by the cash values of the underlying policies. Hence this asset class also does not carry any default risk.

The practice of valuing the assets Held to Maturity by the IRR method precludes any possibility of sudden changes in the investment return for which credit is taken in the accounts. This stability in the returns add another layer of security against interest risk.

###### b) Expense risk

Expense risk is the risk that the actual expenses of the Corporation will exceed the expense margins built in the premium rates. To cover this risk, a specific provision is kept in the actuarial reserves.

###### c) Mortality risk

The mortality used in the reserving basis is the mortality prescribed by the SECP, which is the SLIC 2001-2005 table. Due to advancement in health care technology the current mortality levels are lower than the mortality rates of this table. Hence, the reserving basis has adequate margins for absorbing the impact of adverse fluctuation in mortality.

###### d) Surrenders risk

The reserving basis used by the Corporation does not assume any surrenders. However, the Corporation ensures that the reserves kept by it for each policy are more than its surrender value. This ensures that the Corporation does not suffer any adverse impact in case any policies are surrendered.

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e) **Inflation risk**

To a certain extent some inflation risk is already built into the reserving basis, since the average premium size and the average sum assured per policy tends to increase in line with inflation. Also at each actuarial valuation date the Appointed Actuary reviews the special provisions required to be kept as described under the heading Expense risk, keeping in view the expense level of the Corporation on the valuation date. This provides a mechanism of adjusting for any unanticipated movements in the inflation rate.

f) **Catastrophe risk**

The business of the Corporation is spread all over the country. However the insurance penetration rate in the country is still very low. This means that for any localized segment of the population only a small proportion of the people would be covered under life insurance. The proportion covered by the Corporation's policies is expected to be even smaller. As a result any localized catastrophic event is not expected to have any significant impact on the Corporation.

The situation is a bit different on the group insurance side where there is a higher concentration of risk because by its very nature this business often covers a large number of persons located within a restricted geographical area, such as a building or a factory premises.

This risk is mitigated to an extent due to the presence of reinsurance cover for the individual and group policies. In addition the premium rates of the Corporation are designed to adequately cater for this risk. Premium deficiency reserve held by the Corporation for its group business provides an extra layer of security against this risk.

g) **Currency risk**

The Corporation deals in only one currency within Pakistan. Hence, this risk is non-existent for the Pakistan Life Fund.

In case of the Gulf business the Corporation writes business in UAE Dirhams and US Dollars. The exchange rate parity between these two currencies is relatively stable. Also, there is a high degree of matching between the assets and liabilities in these two currencies.

The effect of fluctuation of currency risk upto 10% on the net assets to the revenue account will be as follows:

	2025	2024
	----- Rupees in '000 -----	
<b>UAE Dirhams</b>		
10% increase	197,235	1,353,353
10% decrease	(197,235)	(1,353,353)
<b>US Dollars</b>		
10% increase	4,671,061	3,286,450
10% decrease	(4,671,061)	(3,286,450)

42.1.10.2 **Credit risk and asset risk**

Management of credit risk and asset risk deals with risks emanating from the assets side of the statement of financial position. Management of this risk has already been adequately explained under the heading "Financial risk management objectives and policies". Hence, no further explanation is deemed to be necessary.

42.1.10.3 **Operational risk or pricing risk**

The Corporation utilizes industry recognized underwriting practices to ensure that only standard risks are written on standard rates. Any sub standard risks identified during the underwriting process are charged suitable extra premiums. This ensures fair and equitable treatment between various risk categories and helps in keeping its standard rates competitive by the insurance industry standards.

This practice also protects the Corporation against the risk of large number of sub-standard impaired lives accumulating on its policy portfolio, since extra premium automatically charged to commensurate with such risk.

For lives which are otherwise uninsurable, the Corporation offers a special product line known as the non-declination scheme. Individuals who are unable to obtain insurance cover due to their poor state of health can choose to obtain cover under this scheme, which by passes normal underwriting in return for a suitable extra premium and waiting period.

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#### 42.1.11 Sensitivity analysis

Mortality rates and the discounting factor are the two most significant variables which can have an impact on the policyholder liabilities. The Corporation has tested the sensitivity of its liabilities to both these variables which is as follows:

Variable	Quantum of Change	% change in liability
Increase in mortality	10%	0.07%
Decrease in mortality	10%	-0.07%
Increase in discount rate	0.5% addition in rate	-3.27%
Decrease in discount rate	0.5% addition in rate	3.42%

According to the Life Insurance (Nationalization) Order, 1972, any increase or decrease in the actuarial surplus is shared by the policyholders and the Government as the sole shareholder in the ratio of 97.5% and 2.5% respectively.

#### 42.2 Financial risk

The Corporation is exposed to variety of financial risks: market risk (comprising interest rate risk, currency risk, and other price risk), credit risk and liquidity risk in relation to the financial statements on its statement of financial position. The Corporation's risk management program is geared to ensure the survival of the Corporation as a going concern in the face of all sources of significant identifiable financial risks. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

The Board of Directors has the overall responsibility for establishment and oversight of the Corporation's risk management framework and is responsible for developing risk management policies and its monitoring.

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Interest rate risk

2024						
Interest / Markup bearing			Non-interest / Non-markup bearing			
Maturity upto one year	Maturity after year	Sub total	Maturity upto one year	Maturity after year	Sub total	Total
8	-	-	294,971,033	-	294,971,033	294,971,033
11	-	-	81,786,892	-	81,786,892	81,786,892
9	552,629,137	1,334,312,555	-	-	-	1,334,312,555
10	3,187,433	30,108,018	-	-	-	30,108,018
Loans secured against life insurance policies	-	154,825,679	-	-	-	154,825,679
13	-	-	251,441,260	1,885,796	253,327,056	253,327,056
14	76,560,111	76,560,111	19,816,487	-	19,816,487	96,376,599
15	-	-	100,385	-	100,385	100,385
16	56,831,894	7,606,293	19,518,272	-	19,518,272	83,956,459
As at 31 December 2024	689,208,575	971,035,975	1,660,244,551	1,885,796	669,520,125	2,329,764,675
<b>Financial Liabilities</b>						
20	-	-	64,992,051	1,933,121,302	1,998,113,353	1,998,113,353
23	-	-	6,487,496	-	6,487,496	6,487,496
24	-	-	2,843,961	-	2,843,961	2,843,961
As at 31 December 2024	-	-	348,410,141	1,933,121,302	2,281,531,444	2,281,531,443
On Balance Sheet Financial Instrument						
As at 31 December 2024						
			689,208,575	971,035,975	1,660,244,551	319,224,189
					(1,931,235,506)	(1,612,011,318)
						48,233,233

Note

(Rupees in '000)

Financial Assets

Investments

Equity securities	8	-	-	294,971,033	-	294,971,033	294,971,033
Mutual funds	11	-	-	81,786,892	-	81,786,892	81,786,892
Government securities	9	552,629,137	1,334,312,555	-	-	-	1,334,312,555
Debt securities	10	3,187,433	26,920,585	-	-	-	30,108,018
Loans secured against life insurance policies		-	154,825,679	-	-	-	154,825,679
Insurance / takaful / reinsurance / relataful receivables	13	-	-	251,441,260	1,885,796	253,327,056	253,327,056
Other loans and receivables	14	76,560,111	76,560,111	19,816,487	-	19,816,487	96,376,599
Deposit and prepayments	15	-	-	100,385	-	100,385	100,385
Cash and bank balances	16	56,831,894	7,606,293	19,518,272	-	19,518,272	83,956,459
As at 31 December 2024		689,208,575	971,035,975	1,660,244,551	1,885,796	669,520,125	2,329,764,675

Financial Liabilities

Insurance liabilities [including policyholders' liabilities and ledger	20	-	-	64,992,051	1,933,121,302	1,998,113,353	1,998,113,353
Premium received in advance		-	-	6,487,496	-	6,487,496	6,487,496
Insurance / takaful / reinsurance / relataful payables	23	-	-	2,843,961	-	2,843,961	2,843,961
Other creditors and accruals	24	-	-	274,086,632	-	274,086,632	274,086,632
As at 31 December 2024		-	-	348,410,141	1,933,121,302	2,281,531,444	2,281,531,443

On Balance Sheet Financial Instrument

As at 31 December 2024

689,208,575

971,035,975

1,660,244,551

319,224,189

(1,931,235,506)

(1,612,011,318)

48,233,233

#### 42.2.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements of prices of financial instruments and securities. Such price movements can arise due to variation of market interest rates, currency exchange rates, industry profitability and other economic factors.

The Corporation's investments are primarily in long term Government bonds. In addition, the Corporation also has a significant exposure to the equity market and invests some funds in corporate term finance certificates. Funds awaiting long term investment are kept in short duration fixed deposits with banks.

#### 42.2.3 Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk since it issues insurance policies which are long term in nature. These policies are essentially backed by long term Government bonds and cash at bank.

It is the policy of the Corporation to match the average duration of its investments in Government bonds with the average duration of its policyholders liabilities as much as possible but this is not always possible due to market limitations. This is because sufficient quantities of the Government bonds of longer duration are not available in the market. As a result some mismatch in the average duration of the Corporation's liabilities and assets is possible.

Interest rate risk exposures from options and guarantees embedded in insurance liabilities

The Corporation's deposit administration pension contracts have certain guarantees that transfer interest rate risk to the Corporation. These guarantees include a minimum guaranteed investment return of 0.375% per month on the pension funds being managed by the Corporation. The pension liabilities of the Corporation are a very insignificant proportion of overall liabilities of the Corporation and historically investment return earned on the assets backing these liabilities has never been below the amount of the guaranteed return.

#### 42.2.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. This risk arises if there is a currency mismatch between the assets and liabilities.

All assets and liabilities of the Corporation within Pakistan are in Pakistan rupees. This business is therefore not exposed to any currency risk.

The Corporation's Overseas Life Fund undertakes business in US Dollars and UAE Dirhams. It is policy of the Corporation to ensure the maximum possible currency matching between its assets and liabilities in each currency. Historically, UAE Dirham has remained pegged to US Dollar, hence any inadvertent mismatch between these two currencies is not expected to entail any significant currency risk.

Carrying amounts of the Corporation's foreign currency denominated assets, liabilities and reserves are as follows:

	2025		2024	
	UAE Dirhams	US Dollar	UAE Dirhams	US Dollar
Assets	35,878	174,439	244,614	246,543
Liabilities	9,870	6,747	66,424	128,635
Reserves	26,008	167,692	178,190	117,908

#### 42.2.5 Other price risk

Other price risk is the risk that equity prices can fluctuate due to speculative investment activity, variations in the profit outlook of industries, interest rates prevailing in the market and general market sentiment, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

#### 42.2.6 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Corporation. The key areas of exposure to credit risk for the Corporation are in relation to its investment portfolio, reinsurance program and to a lesser extent amounts due from policyholders and intermediaries.

The Corporation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Corporation uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers. The Corporation's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. The Corporation extends policy loans to its policyholders. These loans are entirely backed by the cash values of their policies.

The Corporation does not have any significant credit risk exposure to any single counterparty or any group of counterparties. Concentration of credit did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The Corporation does not invest in derivative financial instruments.

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

	Note	2025 ----- Rupees in '000 -----	2024
Cash and bank balances	16	149,385,952	83,906,046
Loans secured against life insurance policies		156,365,739	154,825,679
Investments:			
Mutual funds	11	20,595,303	81,786,892
Debt securities	10	43,207,237	30,108,018
Insurance / takaful / reinsurance / retakaful receivables	13	61,078,819	253,327,056
Deposit and prepayments	15	100,000	100,385
Other loans and receivables	14	134,924,054	96,376,599
Total		<u>565,657,105</u>	<u>700,430,675</u>

#### The age analysis of Insurance / takaful / reinsurance / retakaful receivables:

Up to 1 year	<u>61,078,819</u>	<u>253,327,056</u>
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Subsequent years premium falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the corporation under the Automatic Non-forfeiture provisions. However, premiums due in the month of December but not received are recognized if the grace period is to expire after the next 1st January. Hence the age of outstanding premium is always less than one year.

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

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Bank Name	Long term	Short term	Rating Agency	2025 -----Rupees in '000-----	2024
Allied Bank Limited	AAA	A1+	PACRA	760	1,384
Bank Al Habib Limited	AAA	A1+	PACRA	6,320,375	6,301,159
Bank Al Falah Limited	AAA	A1+	PACRA	5,884,030	17,125,715
Dubai Islamic Bank	AA	A1+	VIS	504,914	469,960
First Women Bank Limited	A-	A-2	PACRA	11,712	7,307
Habib Bank Limited	AAA	A1+	VIS	23,112,158	20,609,181
MCB Bank Limited	AAA	A1+	PACRA	207,628	185,452
Mobilink Micro Finance Bank Limited	A	A-1	PACRA	411,749	199,653
Barclays Banks	A+	F1	FITCH	36,195	-
Bank of Punjab	AA+	A1+	PACRA	1,825,460	5,740,272
Faysal Bank Limited	AA+	A1+	VIS	53,987,610	418,121
Samba Bank Limited	AA	A1+	PACRA	15,857	3,891
Silk Bank Limited	A-	A-2	VIS	-	12,326
Sindh Bank Limited	AA	A1+	VIS	-	1
Soneri Bank Limited	AA-	A1+	PACRA	8,856,455	2,762,357
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	708,385	159
Bank Makramah Limited	A-	A2	VIS	-	4,927
United Bank Limited	AAA	A1+	VIS	47,559,924	27,764,338
JS Bank Limited	AA	A1+	PACRA	33,868	-
Summit Bank	A-	A2	VIS	18,201	-
Julius Bar Bank	A1	Prime-1	MOODY'S	262,106	118,965
Kuwait Finance Bank	A	F1	FITCH	356,683	289,173
National Bank of Pakistan	AAA	A1+	VIS	42,769	-
Bank of Singapore	AA-	F1+	FITCH	8,636	1,891,705
				<b>150,165,475</b>	<b>83,906,046</b>

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

Rating Status	2025 ----- Rupees in '000 -----	2024
A or above	<b>1,011,201</b>	<b>1,885,796</b>

#### 42.2.7 Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its obligations associated with financial liabilities as they fall due.

The Corporation has adopted an appropriate liquidity risk management framework for the management of the Corporation's liquidity requirements. The Corporation manages liquidity risk by maintaining banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Corporation is exposed to liquidity risk arising from clients on its insurance and investment contracts. The Corporation maintains adequate liquid reserves to meet any eventuality arising from a catastrophe.

Liquidity management ensures that the Corporation has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. In practice, most of the Corporation's assets are marketable securities which could be converted into cash when required.

*WV*

42.2.8 The fair values of all major financial assets are estimated to be not significantly different from their carrying values except for the following:

	2025	
	Carrying value	Fair value
	----- Rupees in '000 -----	
Government securities	1,549,277,422	1,598,606,755

	2024	
	Carrying value	Fair value
	----- Rupees in '000 -----	
Government securities	1,334,312,555	1,307,949,330

#### 42.2.9 Reinsurance risk

In order to minimise the financial exposure arising from large claims, the Corporation, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Corporation obtains reinsurance cover only from companies with sound financial health.

### 43 CAPITAL RISK MANAGEMENT

The Corporation manages its capital to ensure that it remains financially solvent while maintaining adequate financial strength to sustain business growth. It also complies with the minimum capital requirements of the SECP. The capital structure of the Corporation consists of equity attributable to the Government which is the sole shareholder of the Corporation and accumulated surplus.

There were no changes made to the objectives, policies and processes for managing capital.

Further details are given in the table below:

	2025	2024
	----- Rupees in '000 -----	
Accumulated surplus	4,082,292	2,235,510
Ledger account C and D	54,142,720	42,115,721
General reserve	267,271	1,031,761
Issued, subscribed and paid-up capital	8,000,000	8,000,000
Shareholders' equity	66,492,283	53,382,992

*CTV*

#### 44 FAIR VALUE OF FINANCIAL INSTRUMENTS

##### 44.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Corporation's financial assets and financial liabilities as at December 31, 2025.

The Corporation considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
-----Rupees in '000-----				
<b>Financial Assets</b>				
- Cash and bank balances	149,459,198	149,459,198	76,358,238	76,358,238
- Loans secured against life insurance policies	156,365,739	156,365,739	154,825,679	154,825,679
- Deposit and prepayments	100,000	100,000	100,385	100,385
- Other loans and receivables	134,924,054	134,924,054	96,376,599	96,376,599
- Insurance / takaful / reinsurance / retakaful receivables	61,078,819	61,078,819	253,327,056	253,327,056
	501,927,810	501,927,810	580,987,957	580,987,957
<b>Investments:</b>				
<b>Fair value through Profit and loss</b>				
Listed equity securities and mutual fund units	362,188,504	362,188,504	372,417,939	372,417,939
Unlisted equity securities and mutual fund units	5,977,756	5,977,756	4,339,986	4,339,986
<b>Held to maturity</b>				
Government securities	1,549,277,422	1,598,606,755	1,334,312,555	1,307,949,330
Debt securities	43,207,238	43,207,238	30,108,018	30,108,018
	1,960,650,920	2,009,980,253	1,741,178,497	1,714,815,273
<b>TOTAL</b>	<b>2,462,578,730</b>	<b>2,511,908,063</b>	<b>2,322,166,454</b>	<b>2,295,803,229</b>
<b>Financial Liabilities</b>				
- Balance of statutory funds-including policyholders' liability	2,329,091,767	2,329,091,767	1,998,113,353	1,998,113,353
- Creditors and accruals	81,180,532	81,180,532	274,086,632	274,086,632
- Premium received in advance	7,122,914	7,122,914	6,487,496	6,487,496
- Insurance / takaful / reinsurance / retakaful payables	1,204,537	1,204,537	2,843,961	2,843,961
<b>TOTAL</b>	<b>2,418,599,750</b>	<b>2,418,599,750</b>	<b>2,281,531,443</b>	<b>2,281,531,443</b>

##### 44.2 FAIR VALUE HIERARCHY

The level in the fair value hierarchy within which the asset or liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assets and liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

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

The table below analyses assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

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	As at 31 December 2025	Level 1	Level 2	Level 3
-----Rupees in '000-----				
<b>Financial Assets at carrying value</b>				
<b>Investments at carrying value Fair value through profit or loss</b>				
Listed equity securities and mutual fund units	362,259,202	362,259,202	-	-
Unlisted equity securities and mutual fund units	5,907,057	-	5,907,057	-
	<b>368,166,259</b>	<b>362,259,202</b>	<b>5,907,057</b>	<b>-</b>
	As at 31 December 2024	Level 1	Level 2	Level 3
-----Rupees in '000-----				
<b>Financial Assets at carrying value</b>				
<b>Investments at carrying value Fair value through profit or loss</b>				
Listed equity securities and mutual fund units	372,417,939	372,417,939	-	-
Unlisted equity securities and mutual fund units	4,339,986	-	4,339,986	-
	<b>376,757,925</b>	<b>372,417,939</b>	<b>4,339,986</b>	<b>-</b>

Carrying values of all other financial assets and liabilities approximate their fair value.

#### 44.3 Transfers during the period

During the year to 31 December 2025:

- There were no transfers between Level 1 and Level 2 fair value measurements.
- There were no transfers into or out of Level 3 fair value measurements.

#### 44.4 Valuation techniques

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock
- Unlisted equity securities are carried at cost.
- Fair value of open-ended mutual fund is determined on the basis of closing net assets value taken from MUFAP.

#### 45 CORRESPONDING FIGURES

The corresponding figures in these unconsolidated financial statements have been reclassified for appropriate and improved presentation. The following reclassifications were made during the year:

Reclassification From	Reclassified to	--Rs in '000--
Cash And Bank Balances	Investment In Fixed Deposits	779,523

#### 46 SUBSEQUENT EVENTS

The Board of Directors of the Corporation in their meeting held on 30 APR 2026 declared dividend of Rs. 3,200 million (2024: Rs. 3,000 million).

These unconsolidated financial statements for the year ended 31 December 2025 do not include the effect of these appropriations and these will be accounted for in the unconsolidated financial statements for the year ending 31 December 2026.

CXL

47 NUMBER OF EMPLOYEES

2025

2024

The details of number of employees are as follows:

Permanent employees as at year end	3,452	3,601
Contractual employees as at year end	338	336
Area managers	1,347	1,357
	<u>5,137</u>	<u>5,294</u>
Average number of employees during the year	<u>5,216</u>	<u>5,082</u>

48 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Corporation on 30 APR 2026

49 GENERAL

Figures in these unconsolidated financial statements have been rounded off to nearest thousand of Rupees. In narrative notes, certain figures have been rounded off to million of Rupees.

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CHAIRMAN  
SALEEM ZIA

  
DIRECTOR  
KHAQAN MURTAZA

  
DIRECTOR  
SYED HAMID ALI

  
CHIEF EXECUTIVE OFFICER  
SHOAIB JAVED MUSSAIN

  
CHIEF FINANCIAL OFFICER  
MUNAMMAD ANJAD

## Statement by the Appointed Actuary

Required under Section 52(2) (a) & (b) of the Insurance Ordinance, 2000

In my opinion,

- a. The policyholders liabilities / technical liabilities included in the balance sheet of State Life Insurance Corporation of Pakistan as at December 31, 2025 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b. Each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.

*Faisal H. Zai*

(Faisal Zai)

Appointed Actuary of the Corporation

Dated: 30 APR 2026

# Statement of Directors

(As per requirement of Section 46(6) and Section 52(2) (C) of the Insurance Ordinance, 2000)

## Section 46 (6)

- a. In our opinion the financial statements of the State Life Insurance Corporation of Pakistan for the year ended December 31, 2025, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, and any rules made there under;
- b. State Life Insurance Corporation of Pakistan has at all times in the period complied with the provisions of the Insurance Ordinance and the Insurance Rules made there under relating to paid-up-capital, solvency and re-insurance / retakaful arrangements; and
- c. As at December 31, 2025, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up-capital, solvency and reinsurance / retakaful arrangements.

## Section 52 (2) (C)

- d. In our opinion, each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017.

Dated:

 CHAIRMAN SALEEM ZIA	 DIRECTOR KHAQAN MURTAZA	 DIRECTOR SYED HAMID ALI	 CHIEF EXECUTIVE OFFICER SHOAIJ JAVED HUSSAIN	 CHIEF FINANCIAL OFFICER MUMTAZ AHMAD
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